PROTEGE ASSOCIATES SDN BHD
SUITE C-11-12, PLAZA MONT' KIARA
2 JALAN KIARA, MONT' KIARA
50480 KUALA LUMPUR, MALAYSIA
GEN +603 6201 9301 FAX +603 6201 7302
www.protege.com.my

Protégé ASSOCIATES

BRAND | FINANCE | MARKET

The Board of Directors
Ambest Group Berhad,
No.9, 11 & 42A
Jalan Damar
11960 Batu Maung
Pulau Pinang

Date: 0 5 JAN 2026

Dear Sirs/Madams,

Independent Market Research Report on the Engineering Supporting Industry in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion in the Prospectus of Ambest Group Berhad ("**Ambest**" or "**Company**") in relation to its proposed listing on the ACE Market of Bursa Malaysia Securities Berhad.

We have been engaged by the Company to provide an independent market research of the abovementioned industry in which Ambest and its subsidiaries ("**Ambest Group**", or "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry, and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research, and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Thank you.

Yours sincerely,

Seow Cheow Seng
Managing Director

About Protégé Associates Sdn Bhd
Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Seow Cheow Seng
Seow Cheow Seng is the Managing Director of Protégé Associates. He has 25 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

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The research for this IMR Report was completed in December 2025

For further information, please contact:

Protégé Associates Sdn Bhd
Suite C-11-12, Plaza Mont' Kiara,
2 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur, Malaysia.
Tel: 603 6201 9301

1.0 Introduction to the Engineering Supporting Industry

The engineering supporting industry ("ESI") primarily centres on the production of intermediate metal goods, which are subsequently utilised in the manufacturing of diverse end products. According to the Malaysian Investment Development Authority ("MIDA"), the ESI is segmented as follows:

Figure 1: ESI Segmentation

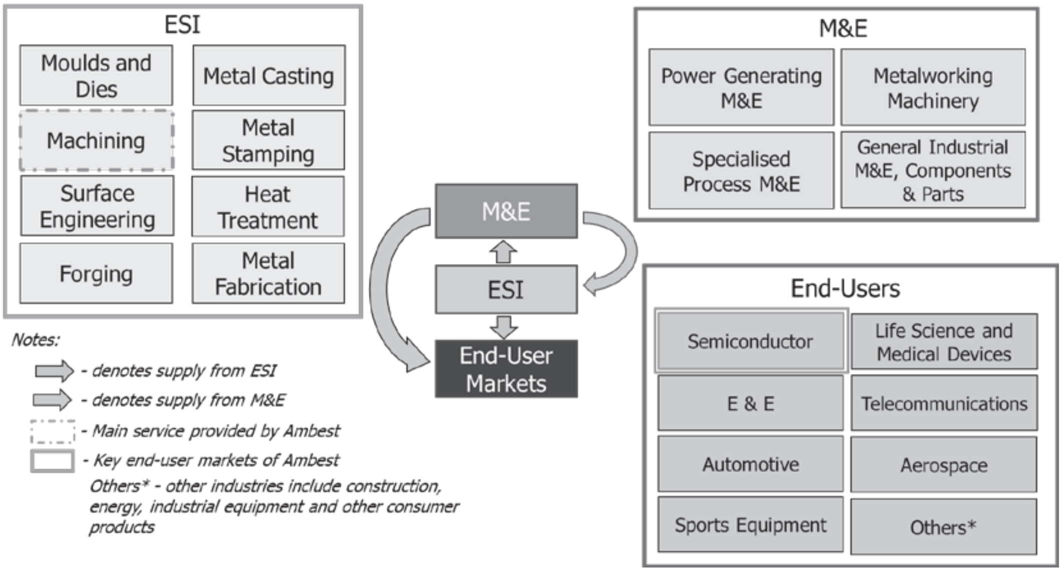
Segmentation	Description
Moulds and dies	A mould is a container in which molten metal or other liquid substances are poured into to form products in the same shape as the mould once the substance solidifies. A die is a block of metal of specific shape or pattern cut and is used for shaping a metal workpiece through mechanical forces.
Machining	Refers to the process of producing high-precision machined parts and components through advanced computer numerical control ("CNC") machines. Advanced CNC machines are also capable of multi-axis machining, in which machining tools can move in four (4) or more directions to manufacture complex parts and components. Examples of precision machined parts and components include shafts, pins, brushes, jigs, and other machined components found in hard disk drives.
Metal casting	Includes foundries, die casting, magnesium injection moulding and investment casting. In foundries, molten metal is poured into a mould to produce a specific metal part or component. Die casting is a process in which molten metal is injected into dies at high pressures to form a casting that takes the shape of the die used. Similarly, magnesium injection moulding is a process which uses magnesium alloys that are heated into a semi-solid state and injected at high speeds into moulds to produce precision moulded components. An investment casting process involves creating a three (3)-dimensional ("3D") wax version of the final product and subsequently dipping the wax product into a ceramic suspension that hardens over the wax structure.
Metal stamping	It is the process of manufacturing stamped metal parts from sheet metal. Stamped metal parts can be used in various industries such as the electrical and electronics ("E&E"), machinery and equipment ("M&E") as well as automotive industries.
Surface engineering	It is the process of modifying the surface properties of a metallic or non-metallic product using a wide range of technologies (generally via a plating process).
Heat treatment	Involves the heating and cooling of metal to various temperatures to alter its physical and mechanical properties.
Forging	It is a process involving the use of physical force to bend and alter the physical shape of a metal into a desired form. Forging is mainly used in the manufacturing iron and steel products.
Metal fabrication	Involves the process of creating metal structures from metal materials via cutting, bending, welding, machining, forming and assembly to create the final product.

Sources: MIDA and Protégé Associates

The ESI manufactures and provides metal components to a wide range of end-user markets, in particular the M&E industry. The M&E industry consists of four (4) main sub-segments, namely power generating M&E, metalworking machinery, specialised process M&E, and general industrial M&E, components and parts. The M&E industry supplies metalworking machinery to the ESI to produce intermediate metal products. The ESI then supplies these intermediate metal products back to the M&E industry, which is then used to manufacture various M&E products. The M&E industry subsequently supplies these products to end-user. At the same time, the ESI also directly supplies intermediate metal products to end-user markets.

Figure 2 below illustrates the connection between the ESI and end-user markets.

Figure 2: ESI and End-user Markets



Source: Protégé Associates

2.0 Overview of the M&E Industry and Selected End-User Markets

2.1 Overview of the M&E Industry in Malaysia

The M&E industry in Malaysia bolsters the manufacturing activities of various end-user industries, including the E&E, automotive, aerospace, medical, oil and gas, and food production industries. As these end-user industries continue to expand from consistent foreign and domestic direct investment, the M&E industry is expected to follow suit. According to the MIDA, Malaysia is one of the largest M&E industries amongst the Association of Southeast Asian Nations ("ASEAN"), whereby it can provide tailored products, end-to-end manufacturing, as well as other various comprehensive solutions to both domestic and international manufacturers. Over 85% of M&E companies in Malaysia are small and medium enterprises, employing a highly skilled workforce.

However, the country is still reliant on imported M&E to fulfil local demand. M&E imports have been on the rise in recent years. According to the Department of Statistics Malaysia ("DOSM"), M&E imports reached RM89.38 billion in 2022, up from RM68.55 billion in 2021. In 2023, the slowdown in global economic activities had led to slower import growth for M&E. M&E imports increased by a marginal 0.4% to RM89.76 billion in 2023. Global economic activities continued to recover in 2024, leading to M&E imports increasing by 26.7% to RM113.72 billion.

Similarly, Malaysian exports of M&E has also been growing over the years. M&E exports from Malaysia was valued at RM60.41 billion in 2022, up from RM49.92 billion in 2021. The global economic slowdown in 2023 had also impacted M&E exports from the country, whereby the value of exports declined by 5.2% to RM57.28 billion. In 2024, the recovery in global economic activities saw Malaysian M&E exports rebounding by 20.5% to RM69.04 billion during the year. The Malaysian M&E industry primarily exports products to ASEAN countries, the United States of America ("USA"), and China. Due to the critical role of the M&E industry in Malaysia's economic and technological advancement, continuous investments have been directed towards its development. In 2024, a total of 142 M&E projects worth RM10.60 billion were approved, indicating sustained commitment to industry growth.

The Malaysian M&E industry is poised for continued expansion, driven by the growth of end-user markets within the broader manufacturing sector. As manufacturing activities intensify, investments are expected to increase in enhancing and expanding production capacities, including the adoption of automated equipment solutions. This, in turn, will drive up demand for M&E solutions in Malaysia, supporting the industry's growth trajectory. At the same time, the rise of Industry 4.0 is transforming how business activities are conducted. M&E companies in Malaysia are in the midst of adopting Industry 4.0 solutions and utilising technologies such as Internet of Things ("IoT"), Big Data Analytics ("BDA"), cloud computing, robotics and additive manufacturing. This bodes well for the development of the local M&E industry.

2.2 Overview of the Global Semiconductor Industry

Semiconductors serve as vital elements manufactured within the E&E industry and play a fundamental role in electronic product manufacturing where they facilitate the flow of electrical currents. The expansion of the global semiconductor industry in recent years has primarily stemmed from the increasing demand for electronics like smartphones, the widespread adoption of technologies such as IoT and cloud computing, the implementation of fifth-generation telecommunications technology ("5G"), as well as the growing popularity of electric vehicles ("EV"). Advanced functionality of 5G smartphones is anticipated to encourage users to upgrade their devices, leading to higher demand for semiconductors accordingly. Additionally, the increasing popularity of the IoT, which involves integrating network connectivity into everyday objects, has led to increased embedding of software, sensors, actuators, and networking capabilities in consumer and industrial devices for signal and data generation, reception, and exchange.

At the same time, the growing adoption of cloud computing, along with the accompanying software and infrastructure such as high-performance computers and data centres, serves as a catalyst for the global semiconductor industry. Cloud computing stands out as a major market for artificial intelligence ("AI") chips utilised in data centres, where these chips enhance machine learning capabilities. Furthermore, the semiconductor demand is bolstered by the increasing integration of electronic components in both traditional and emerging industries. For instance, features once exclusive to luxury vehicles, such as keyless entry, Bluetooth connectivity, in-car entertainment systems, and reversing cameras, are now commonplace in most passenger vehicles.

The global semiconductor industry can be divided into four (4) regions namely the Americas, Asia Pacific, Japan and Europe, and was valued at USD630.55 billion in 2024 based on the World Semiconductor Trade Statistics ("WSTS"). The Asia Pacific region has retained its top position (in terms of revenue), generating sales of USD337.44 billion in 2024, accounting for 53.5% of global semiconductor sales. The Asia Pacific region hosts several prominent semiconductor companies globally, including Samsung Electronics (South Korea), MediaTek Inc. (Taiwan), and Hynix Semiconductor Inc. (South Korea), thus helping the region maintain its position as a global leader. This is followed by the Americas region with sales amounting to USD195.12 billion and accounting for 30.9% of global semiconductor sales in 2024. Semiconductor sales in Europe and Japan accounted for 8.1% and 7.4% of global semiconductor sales respectively in 2024.

Going forward, the global semiconductor industry is projected to expand continuously as an ever-increasing number of E&E devices are being produced with embedded semiconductor technology. The advancement in technology is expected to lead to the launching of new electronic devices which would contribute to higher demand for semiconductors. The WSTS organisation has forecasted the global semiconductor industry to expand in 2025 due to higher memory and logic chip sales resulting from investments in AI and improving consumer electronics sales. Nevertheless, the slowing global economy and elevated inflation may dampen demand for memory chips used in consumer electronics, resulting in weaker than expected growth. The global semiconductor industry is forecast to reach USD700.87 billion in 2025 and grow at a CAGR of 8.8% to USD962.70 billion in 2029.

Additionally, the global semiconductor industry may also be affected by tensions between the USA and China. Since 2022, the USA has imposed export controls on advanced semiconductor technology (including AI chips) to China. This restriction extends beyond American companies, applying to any entity worldwide utilising USA semiconductor technology. Additionally, the regulations prohibit USA citizens, residents, and green-card holders from employment in Chinese semiconductor firms. Companies seeking to supply equipment for semiconductor chip production in China must obtain a license from the USA. Japan and the Netherlands have also followed suit in implementing export controls of advanced semiconductor manufacturing equipment in 2023. China then retaliated by restricting the exports of two (2) metals, namely gallium and germanium, which are key to the manufacturing of semiconductors. In early January 2025, the USA proposed a revision to its Export Administration Regulations controls on advanced integrated circuits and AI models. The move serves to protect the USA's national security and foreign policy interests, and add new license exceptions to facilitate the export, reexport and transfer of advanced integrated circuits to end users in destinations that do not raise national security or foreign policy concerns. These geopolitical tensions may lead to some global semiconductor companies having to cease operations in China or stop exporting products to the country in the short-term. Some companies may also opt to establish new operations in locations outside China, which may lead to a downturn in the industry until the new operations commence.

Despite the challenges, growth of the global semiconductor industry will continue to be driven by major economies shoring up and growing their local semiconductor industries. The USA introduced the Creating Helpful Incentives to Produce Semiconductor and Science Act of 2022 ("CHIPS Act") on August 9, 2022. This act entails subsidies for companies investing in chip fabrication plants, chip research and development, and workforce development. It also offers incentives for facilities manufacturing semiconductor manufacturing equipment, aiming to bolster the semiconductor industry in the USA. Similarly, China has intensified investments in its local semiconductor industry to enhance its domestic supply chain amidst US restrictions on tech exports. Between 2021 and 2022, the country allocated over USD290.8 billion to semiconductor-related investment projects, focusing primarily on semiconductor equipment and materials. In May 2024, China had set up a state-backed fund worth 344 billion

Renminbi to further support its semiconductor industry. Additionally, in July 2023, the European Union ("EU") implemented the European Chips Act to reduce its vulnerabilities and dependencies on foreign entities. This act mobilizes more than EUR43 billion and aims to double the region's market share to 20% by 2030. Other major semiconductor powerhouses across the globe have also jumped on the bandwagon in developing their local semiconductor industries. The Japanese Government had set aside a total of 4 trillion Japanese Yen ("¥") between fiscal 2021 and fiscal 2023 for subsidies for helping companies build semiconductor plants in Japan. The country has also earmarked almost ¥2 trillion as a supplementary budget for the chip industry in fiscal 2024. Taiwan had in November 2023 announced that the country's semiconductor firms are expected to invest USD210 billion over the next five (5) years to cement Taiwan's lead over its peers in the global semiconductor industry. Such initiatives are expected to boost investment in the semiconductor industry and foster its growth in the future.

3.0 Overview of the ESI in Malaysia

As an industry catering to a diverse range of end-user markets such as the semiconductor, life sciences and medical technology, and M&E industries, the Malaysian ESI relies on export demand from these end-users. Concurrently, industry growth is often subject to cyclical patterns influenced by fluctuations in global economic conditions and volatile foreign currencies, particularly the USD, which tends to impact export demand.

The cyclical growth patterns can also be attributed to the cyclical nature of technology-based end-user markets, notably the semiconductor industry. The semiconductor industry experiences frequent introductions of new or enhanced electronic devices, primarily composed of semiconductors, leading to the accelerated obsolescence of older technologies. Consequently, pricing for existing devices tends to depreciate to maintain competitiveness in the market. This downward pricing pressure is passed throughout the entire semiconductor industry value chain, including the ESI, which supplies various parts and components.

Figure 3: Estimated Market Size (in terms of sales value of manufactured products in Malaysia) and Growth Forecast of the ESI in Malaysia, 2021-2029

Year	Market Size (RM billion)	Growth Rate (%)
2021	7.62	22.3
2022	9.37	22.9
2023	10.15	8.3
2024	12.50	23.2
2025^f	13.96	11.7
2026^f	15.23	9.1
2027^f	16.73	9.8
2028^f	18.50	10.6
2029^f	20.47	10.6

Notes:

1. *CAGR (2025-2029) (base year of 2024): 10.4%*
2. *^{f} denotes forecast*
3. *The estimated market size and growth forecast exclude sales of non-ESI related metal fabrication activities such as the fabrication of simple household items to large-scale metal fabricated structures for skyscrapers and oil drilling platform.*

Source: Protégé Associates

In recent times, the local ESI has faced challenges due to the increasing trend of trade protectionism. Governments around the world have sought to protect domestic industries from foreign competition by imposing tariffs, import quotas, product standards, or offering government subsidies. The trade conflict between the USA and China stands out as a prominent example. This tension has resulted in disruptions to the global supply chain and trade operations, posing risks to the global economy's stability. The COVID-19 outbreak in 2020 further aggravated the situation. Due to its extensive connections to end-user markets within the global supply chain, the Malaysian ESI is highly responsive to economic fluctuations, and its performance is influenced by ongoing developments in the global economy. Consequently, any adverse effects on the global economy, such as policies related to trade protectionism and outbreaks of viruses, are expected to adversely affect the Malaysian ESI.

In 2022, the Malaysian ESI showed growth driven by continued performance in end-user industries such as life sciences and medical technology, optoelectronics, and semiconductors. However, the global economy faced various challenges including the Russia-Ukraine conflict, which later led to increased commodity prices. The growing inflationary environment prompted central banks around the world to raise interest rates to combat the rising prices, which led to a slowdown in the global economy. Consumer demand for electronics decreased due to lower disposable income resulting from higher inflation and interest rates. There was also a shift in consumer spending from purchase of goods towards travel and entertainment post-pandemic. Nonetheless, others end-user markets of the semiconductor industry (including enterprise networking, industrial, medical and transportation) remained resilient during the year, thus countering the decline in consumer-led markets.

In 2023, the Malaysian ESI continue to grow, albeit at a slower pace, amidst an inflationary environment, weaker consumer spending, and a global economic slowdown. The decline in the global semiconductor industry affected demand for engineering support services in Malaysia. However, demand from other sectors such as life sciences and medical technology driven by advancements such as internet-connected wearable medical devices and the increasing elderly population's healthcare needs helped to offset this decline. The ESI in Malaysia continued its expansionary trend in 2024, primarily driven strong performance within the manufacturing sector. The sales value of the manufacturing sector in 2024 reached RM1.9 trillion, which was an increase of 4.6% from the previous year.

Going into 2025, the ESI in Malaysia is likely to experience cyclical growth due to fluctuations in the global economy due to the ongoing trade war and a volatile foreign currency exchange that are expected to continue impacting the export demand for the intermediate metal products from the ESI in Malaysia. Nevertheless, growth of the ESI is likely to be driven by factors such as technological advancements, strong government support towards the M&E industry and other end-user markets, as well as a global ageing population. The Malaysian ESI can also benefit from the trade war on technology between the USA and China in the form of trade and investment diversion to countries outside of the USA and China. As part of the global supply chain, the ESI in Malaysia may benefit from multinational companies shifting manufacturing facilities to the country, whereby the semiconductor and technology industries are likely to be key beneficiaries of potential investment diversion. The ESI in Malaysia was valued at RM12.50 billion in 2024 and is projected to expand from RM13.96 billion in 2025 to RM20.47 billion in 2029 at a CAGR of 10.4% for the period.

4.0 Competitive Analysis

According to MIDA, the local ESI is highly competitive with more than 1,000 domestic and foreign companies competing fiercely against one another to gain market share. The ESI in Malaysia relatively high barriers to entry. While the barriers may be lower for smaller-scale operations, potential new entrants require a relatively high capital outlay to invest in manufacturing facilities, high-end production machineries and equipment, raw materials, stocks, storage facilities and manpower. In addition, any future upgrading of machineries may also lead to additional cost due to technological advancement. At the same time, customers usually prefer reliable and reputable manufacturers or suppliers that have sound technical knowledge and established reputation. Furthermore, long screening and vetting processes are often required when using parts and components from a new supplier, and customers may prefer to stick with existing suppliers which have already obtained approval for their products.

Ambest Group is an engineering supporting services provider principally involved in the manufacturing of precision-machined parts and components. For this report, Protégé Associates has used the following criteria when selecting industry players in Malaysia for comparison with Ambest Group:

- Involved in the provision of precision machining;
- Cater to semiconductor/E&E end-user markets; and
- Registered an annual turnover of below RM500 million based on the latest publicly available financial information (The threshold is selected based on Protégé Associates' study on the list of companies in the ESI in Malaysia and their financials).

The above criteria are used to narrow down the list of industry players that can be selected for comparison with Ambest Group. The criteria are used to select industry players that are deemed to be more similar to Ambest Group in terms of upcoming revenue, type of products, and principal activities. After taking into consideration the above criteria, Protégé Associates has selected the below companies for comparison purposes. It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive. These market players cater to a wide range of end-user markets and may not serve the exact same end-user markets as Ambest Group.

Coraza Integrated Technology Berhad ("Coraza")

Coraza is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company while principal activities of its subsidiaries include fabrication of sheet metal and precision machined components, as well as the provision of related services, such as design and development and value-added sub-module assembly services. Coraza's end-user markets include the M&E, life science and medical technology, semiconductor, instrumentation, and aerospace industries. The geographical markets served by Coraza include Malaysia, Singapore, USA, European countries, and other Asian countries.

CPE Technology Berhad ("CPE")

CPE is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is principally involved in the manufacturing of precision machined parts and components and provision of CNC machining services. CPE's end-user markets include the semiconductor, life science and medical technology, and sport equipment industries. The geographical markets served by CPE include USA, Singapore, Malaysia, Italy, Japan, Thailand, Germany, Portugal, Switzerland, Romania, and China.

Frencken Mechatronics (M) Sdn Bhd ("Frencken")

Frencken is a wholly-owned subsidiary of Frencken Group Limited, which is listed on the Mainboard of the Singapore Exchange. It is principally involved in the manufacture of machined parts and components for the E&E industries, semiconductor industrial machinery equipment, aerospace industry, medical equipment industry, environmental equipment, professional machines and other solar energy equipment and machineries. The geographical markets served by Frencken Group Limited include Netherlands, China, Malaysia, Singapore, Czech Republic, Hungary, USA, Germany, Switzerland, Thailand, India, Indonesia, United Kingdom, Mexico, Italy, Slovakia and others.

Kobay Technology Berhad ("Kobay")

Kobay is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company while principal activities of its subsidiaries include manufacture of metal works and structures, modules and parts for oil and gas production and extraction equipment, manufacture of semiconductor assembly and testing equipment, manufacture of precision moulds and parts, precision plating and surface treatment and manufacture of precision metal stamping, sheet metal and die casting parts. The geographical markets served by Kobay include Malaysia, Singapore, USA, and others.

Northeast Group Berhad ("Northeast")

Northeast is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company while principal activities of its subsidiaries include the manufacturing of precision engineering components, serving a diverse range of industries including photonics, electrical and electronics, semiconductor, telecommunications, and optoelectronics. The geographical markets served by Northeast include Malaysia, USA, United Kingdom, Thailand, Singapore, Russia, Canada, Germany, Hungary and others.

Oxford Innotech Berhad ("Oxford")

Oxford is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company while principal activities of its subsidiaries include the provision of precision engineering solutions (comprising sheet metal fabrication, CNC machining and plastic injection moulding); mechanical assembly solutions; and automation and robotic solutions. Oxford's end-user markets include the semiconductor, electrical and electronic, telecommunications, modular building systems, ergonomic furniture, and automotive industries. The geographical markets served by Oxford include Malaysia, North America, Europe and other Asian countries.

PMC Precision Sdn Bhd ("PMC")

PMC is principally involved in the manufacturing of precision-machined parts and components. PMC's end-user markets include the semiconductor, photonics, motion, medical and machinery industries. The geographical markets served by PMC include Malaysia, Singapore, USA, and Europe.

SFP Tech Holdings Berhad ("SFP")

SFP is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company while principal activities of its subsidiaries include provision of sheet metal fabrication, CNC machining, assembly services as well as automation equipment solutions. SFP's end-user markets include the M&E, semiconductor, electrical and electronics and solar PV industries. The geographical markets served by SFP include China, Malaysia, USA, Singapore, Hong Kong, and others.

UWC Berhad ("UWC")

UWC is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company while principal activities of its subsidiaries include provision of precision sheet metal fabrication and value-added assembly services and provision of precision machined components. UWC's end-user markets include the semiconductor, life sciences and medical technology, telecommunications, and M&E industries. The geographical markets served by UWC include Malaysia, USA, Singapore, Thailand, India, Netherlands, France, Australia, China, and others.

Figure 4: Comparison between Ambest and Selected Industry Players in the ESI in Malaysia

Company	Information from FYE	Revenue (RM'000)	Gross Profit (RM'000)	Profit after Tax (RM'000)	Gross Profit Margin (%)	Profit after Tax Margin (%)
Ambest	31 December 2024	47,259.95	14,261.71	7,058.29	30.18	14.94
Coraza	31 December 2024	109,031.71	21,054.74	4,393.47	19.31	4.03
CPE	30 June 2025	129,141.00	39,941.00	23,590.00	30.93	18.27
Frencken	31 December 2023	209,184.99	17,736.86	1,480.00	8.48	0.71
Kobay	30 June 2025	341,927.29[a]	82,797.96	(19,916.64)	24.22	(5.8)

Company	Information from FYE	Revenue (RM'000)	Gross Profit (RM'000)	Profit after Tax (RM'000)	Gross Profit Margin (%)	Profit after Tax Margin (%)
Northeast	30 September 2024	90,143.16	34,691.58	13,743.13	38.48	15.24
Oxford	31 December 2024	92,905.00[b]	31,264.00	15,585.00	33.65	16.78
PMC	31 March 2025	66,918.59	28,134.82	19,391.52	42.04	28.98
SFP	31 December 2024	169,536.00[c]	74,216.00	11,980.00	43.78	7.07
UWC	31 July 2025	386,174.96	N/A	39,523.84	N/A	10.23

Notes:
1. *The above figures (which are based on the latest available audited financial information) only provide an indication and are not considered directly comparable as not all companies carry out activities which are completely similar to each other or in the same geographical area.*
2. *The list of industry players is not exhaustive.*

[a] *Includes revenue generated from property development division of RM22.8 million, from pharmaceutical division of RM76.8 million, and from asset management division of RM27.0 million.*

[b] *Includes revenue generated from mechanical assembly solutions division of RM43.0 million and from automation and robotics solutions division of RM5.2 million.*

[c] *Includes revenue generated from automated equipment solutions division of RM10.4 million.*

Sources: Ambest, annual reports/ prospectus of Coraza, CPE, Kobay, Northeast, Oxford, SFP, and UWC, Companies Commission of Malaysia and Protégé Associates

4.1 Ambest's Market Share Analysis

The revenue generated by Ambest in its financial year ended 31 December 2024 was RM47.26 million, which is equivalent to 0.38% of the ESI in Malaysia in 2024. The market share is derived based on the revenue of Ambest over the market size of the ESI in Malaysia in 2024 of RM12.50 billion.

5.0 Demand Conditions

Figure 5: Demand Conditions Affecting the ESI in Malaysia, 2025 - 2029

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2025-2026	2027-2028	2029
+	Technological Advancement	High	High	High
+	Strong Government Support towards the M&E Industry and End-User Markets	High	High	Medium
-	Geopolitical Tension across the Globe Affecting Economic Activities	High	Low	Low

Source: Protégé Associates

Technological Advancement

With technological advancements, a growing array of electronic components has been integrated into both traditional and emerging devices across diverse industries. Given the ESI's dependence on its end-user markets, it stands to gain from the rapid evolution of technological trends that fuel the growth of these markets.

In particular, the expansion of the global semiconductor industry has been fuelled by the emergence of new and innovative electronic devices. Examples include augmented reality ("AR"), virtual reality ("VR"), and 3D printing, which have spurred the creation of products like AR glasses, VR headsets, and 3D printing machines. Furthermore, the proliferation of 5G technology, AI, and BDA has brought about a technological revolution, giving rise to smart factories equipped with interconnected machinery, autonomous vehicles, and intelligent home devices such as advanced lighting systems and door locks. This ongoing technological revolution is expected to drive further advancements in the semiconductor and E&E industries, resulting in the production of more sophisticated semiconductor and electronic devices with enhanced performance, capacity, and technology.

The utilisation of integrated circuits in telecommunication devices and transmission infrastructure has also increased, leading to additional development of the semiconductor industry. One of the latest advancements in telecommunication technology is the 5G technology, which offers enhanced speed and broader coverage. Some of the features of 5G include a higher number of multiple input and output streams, resulting in increased data transmission rates compared to fourth-generation wireless broadband technology. The higher data transmission rates and expanded input/output streams necessitate the utilisation of more advanced semiconductor technology to provide adequate support.

The rise of the IoT where there are increasing usage of sensors and semiconductors in both consumer and industrial products is also expected to bolster growth of the semiconductor industry. This extends to the Internet of Medical Things ("IoMT"), which refers to the usage of medical devices that are embedded with connectivity and sensor technology to monitor a patient's health conditions. The use of IoMT devices also provides healthcare providers with the necessary data required to take immediate health actions or detect health issues at an early stage.

Moreover, there has also been achievements in materials engineering. The emergence of innovative materials has not only significantly influenced human progress but has also become a fundamental element in shaping a technologically advanced future. These new materials have paved the way for the development of cutting-edge technologies across various industries, including civil engineering, biomedical sciences, and electrical engineering. In civil engineering, the utilisation of advanced alloys and composite materials has facilitated the construction of structures that are both more durable and efficient. In the biomedical field, biomaterials and nanomaterials stand at the forefront, driving the creation of revolutionary medical devices and prosthetics, thereby improving healthcare outcomes and transforming lives. Additionally, the electrical engineering sector has seen notable advancements with the introduction of superconductors and photonic crystals, leading to increased efficiency and energy conservation.

Strong Government Support towards the M&E Industry and End-User Markets

The M&E industry in Malaysia supports the local ESI by purchasing intermediate metal products from the ESI. The M&E industry is crucial for Malaysia's advancement into a high-technology nation, as it is linked to key economic sectors like manufacturing, construction, and services.

The local E&E industry is another focus of the Malaysian Government. Under the Twelfth Malaysia Plan ("12MP"), the Malaysian Government aims to accelerate the development of eight strategic and high impact industries, including the E&E sector. In particular, the E&E industry will be encouraged to adopt advanced technologies, strengthen the industry ecosystem to move up the value chain, focus on the development of talent and capability, as well as to enhance research and development and design and development. The Malaysian Government had introduced the New Investment Policy ("NIP") to ensure Malaysia remains a competitive destination for high-value investments that will deliver economic growth. Under the NIP, the Malaysian Government introduces initiatives at both the national and sector levels. At the sectoral level, the Malaysian Government has identified three (3) economic sectors namely E&E, the digital economy, and pharmaceuticals. Specifically, initiatives for the E&E industry include expanding support to accelerate Industry 4.0 adoption by SMEs, enhancing E&E intra- and inter-cluster linkages, establishing a joint public-private E&E Sector Development Fund, and launching an investment accelerator programme targeting participants within key industries along the E&E value chain. The Malaysian Government had also in Budget 2024 highlight its plans to establish a high-tech industrial area in Kerian, Perak, to bolster the E&E industry in the northern region. Budget 2024 also allocates funding through government-linked companies and government-linked investment companies to support local startups in high-growth industries such as E&E, digital economy, and space technology. Any development in the E&E industry can only serve to benefit its supporting semiconductor industry. In Budget 2025, the Malaysian Government had agreed to introduce a New Incentive Framework (to be implemented in third quarter of 2025) focusing on high-value activities to improve the existing practice of providing product-centric incentives. This includes to increase the level of economic complexity in the E&E sector, by way of high value-added activities such as IC design services and advanced materials. Tax incentives for increasing exports have also been extended to IC design activities. In Budget 2026, the Malaysian Government had intensified its support for high-value sector, including Khazanah Nasional Berhad and Kumpulan Wang Persaraan ("KWAP") investing RM550 million in the semiconductor ecosystem to increase collaboration between local firms and multinational companies. The creation of SemiconStart, a new incubator programme by Malaysian Technology Development Corporation in collaboration with global incubators, aims to help early-stage startups gain mentorship, access to global financing, prototype creations at discounted rates and a wider customer network. Also, the RM7.9 billion allocation for Technical and Vocational Education and Training ("TVET"), including RM650 million focused on AI, EV, and semiconductor training, reflects the Government's commitment to growing the country's high-tech industries.

The Malaysian Government had launched the National Semiconductor Strategy ("NSS") in May 2024. Some of the targets of the NSS set by the Government include attracting RM500 billion in investments, focusing on IC design, advanced packaging, and wafer fabrication; developing Malaysia as a global research and development ("R&D") hub for semiconductors with world-class universities and corporate R&D; allocating a sum of at least RM25 billion for targeted incentives; training and upskilling 60,000 high-skilled Malaysian engineers; and establishing 10 Malaysian companies in design and advanced packaging with revenues between RM1 billion and RM4.7 billion, and 100 semiconductor-related companies with revenues around RM1 billion. This is likely to increase the level of investment in the semiconductor industry and lead to growth of the industry going forward.

Geopolitical Tension across the Globe Affecting Economic Activities

As part of the global supply chain, Malaysia's economic activities can be affected by geopolitical events across the globe. There's been a rise in trade protectionism in global trade, notably from major economies such as the USA and China. The USA banned the sales of advanced semiconductor chips to China by enacting export controls on the supply of advanced semiconductors and required American companies to obtain a licence to sell equipment for making these advanced semiconductor chips to China. Japan and the Netherlands also limited selling some high-tech equipment to China in 2023. On 9 August 2022, the USA introduced the CHIPS Act, which provides subsidies to companies manufacturing semiconductors in the USA to help them develop and thus reducing the need to rely on China. On 2 April 2025, the USA announced the introduction of a "reciprocal tariff" policy, which imposes 10% or higher tax rates for specific countries on all imports from all trading partners (including Malaysia) unless otherwise stated. Subsequently on 9 April 2025, a temporary 90-day suspension on the country-specific rates (only a duty of 10% will be imposed) for all trading partners except China. The reciprocal tariff came into effect on 1 August 2025, whereby a 19% tariff was imposed on Malaysian products. However, certain goods including semiconductors, some pharmaceutical components, palm oil, rubber, cocoa, as well as automobiles and aerospace parts, were exempted from the tariffs. This increase in protectionism could potentially impact global trade and slow down the world economy. Furthermore, impact of the downside risk may increase if the uncertainties over trade protectionism are prolonged.

The heightening geopolitical tensions is also marked by physical conflicts erupting in different pockets of regions including the Russia-Ukraine and Israel-Hamas war as well as maritime disputes in Asia Pacific that threaten to escalate into wider conflicts. Based on the International Monetary Fund, global economic growth stood at 3.3% in 2024 and is forecast to expand by a growth rate of 2.8% and 3.0% in 2025 and 2026 respectively. The ongoing trend of trade protectionism and physical conflicts disrupt trade flows and cause inflationary pressure on traded goods such as oil and renewable energy equipment, which negatively impacts global economic growth.

In Malaysia, the end-user markets for the ESI are influenced by economic cycles and global economic conditions. The trade protectionism by major economies and the Russia-Ukraine war are anticipated to negatively impact the demand for end-user products in Malaysia, affecting the need for intermediate metal products from the ESI. However, the above developments have also reshaped the global supply chain in response to these global geopolitical challenges, whereby certain countries or regions not involved in these issues might experience benefits through trade or investment diversion. Southeast Asia with its cost-competitiveness has emerged as a new centre for global manufacturing. Based on the United States Trade Representative, it was estimated that USA goods imports from the Association of Southeast Asian Nations ("ASEAN") totalled USD352.3 billion in 2024, up 13.3% from 2023. Specifically, Malaysia stands to benefit from the ongoing trade tensions between the USA and China. This situation is expected to prompt more USA companies to outsource electronic manufacturing services to Malaysia, which will support the demand for engineering support services. Additionally, some multinational companies including Intel Corp, Infineon Technologies AG, and AT&S have expressed plans to invest over USD10 billion in new production capacity in Malaysia, which is anticipated to positively impact the local ESI. The first phase of the Infineon Technologies AG semiconductor fabrication plant has been completed and operational since August 2024, with the second phase currently underway. AT&S's production facility started construction in late 2021 and commenced operations in early 2025. Intel Corp in early December 2025 announced an additional investment of RM860 million to make Malaysia its assembly and test operations hub. At the same time, Intel Corp's advanced packaging facility in Penang, which has a capital expenditure of RM12 billion, is 99% complete.

6.0 Supply Conditions

Figure 6: Supply Conditions Affecting the ESI in Malaysia, 2025 - 2029

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2025-2026	2027-2028	2029
+	Expansion within the ESI	High	High	High
+	Growing Sophistication of Manufacturing Technology	High	High	High
+	Support from the Malaysian Government	High	High	High
-	Downward Pricing Pressure from Customers	Medium	Medium	Medium

Source: Protégé Associates

Expansion within the ESI

To stay competitive in the global market, manufacturing companies continuously improve their production facilities and adopt the latest manufacturing technologies. This is also true for the ESI, where companies invest in upgrades and new technology to meet customer demands. Some companies enhance their competitive edge by offering integrated services and complete manufacturing solutions, or by focusing on niche products that require special design and development skills. This involves closely collaborating with customers to develop products, from initial design to final prototypes, while addressing issues like materials, quality, and manufacturing processes.

Growing Sophistication of Manufacturing Technology

The advancement of technological facilities and resources, which include state-of-the-art machine and tools, the use of computer system along with advanced computer-aided design and other related design and engineering software, R&D facilities, quality control facilities, has been a key driver of the global expansion of the manufacturing sector. These advanced technologies enable the production of highly precise end products with minimal human error.

At present, manufacturing technology is very much shaped by digitalisation transformation, driven by connected technologies. It is described as Industry 4.0, smart manufacturing, or digital factories. Industry 4.0 introduces the combination of digitalised and automated manufacturing process and real time physical progress monitoring to make decentralised decisions. As part of the manufacturing sector, the advancement in technology also benefits the expansion of the local ESI. The implementation of cutting-edge technologies facilitates the development of more sophisticated engineering solutions and services, allowing local industries to meet higher standards of precision and quality demanded by global markets.

Support from the Malaysian Government

Due to its close linkages with the Malaysian M&E industry for supplying parts and components and other metal fabrication services, the Malaysian Government has been supportive of the local ESI with the introduction of various supporting programmes in the form of tax incentives that are relevant for manufacturing companies, all of which are expected to aid in the expansion of the ESI in Malaysia. These incentives include but are not limited to reinvestment allowance, group relief, Industrial Building Allowance, and deduction of audit fees. In addition, the Malaysian Government launched various Industry4WRD related financial facility supports and incentives to help SMEs to drive digital transformation in their manufacturing businesses. These include the Industry4WRD Intervention Fund, Domestic Investment Strategic Fund, and the automation capital allowance. The Malaysian Government had also announced the New Industrial Master Plan 2030 ("NIMP 2030") to improve the country's manufacturing sector. Amongst other measures, the NIMP 2030 aims to improve access to funding and capital for the sector to grow via the NIMP 2030 Industrial Development Fund and NIMP 2030 Strategic Co-Investment Fund. The continued support of the Malaysian Government augers well for the growth of the local ESI.

Downward Pricing Pressure from Customers

The ESI is exposed to the risk of downward pricing pressure from technology-driven markets like the semiconductor industry. Semiconductors are always evolving, with newer and more advanced products regularly coming into the market. This has led to obsoletion of older semiconductor products and prices of older products depreciating to stay competitive in the marketplace. This pricing pressure affects the entire semiconductor supply chain, including the ESI, which provides various parts and components. As a result, ESI companies are forced to accept lower profits or cut costs to meet customer demands and stay financially stable.

However, ESI companies have been investing in better manufacturing facilities and the latest technologies to offer comprehensive manufacturing solutions. Leveraging on their expertise, some companies are moving into more specialised production areas that require advanced design and development capabilities. This shift allows them to move away from low-profit production while maintaining financial health.

7.0 Prospects and Outlook of the ESI in Malaysia

The market size (measured by sales value of manufactured products in Malaysia) of the ESI in Malaysia was valued at RM12.50 billion in 2024, which was an expansion from RM10.15 billion in 2023. The local ESI is forecast to reach RM13.96 billion in 2025 and expand by a CAGR of 10.4% to reach RM20.47 billion in 2029, supported by the advancement in technology as well as expansion in end-user markets. In the short term, the growth of the Malaysian ESI may be affected by the global economic slowdown, an inflationary environment, and subdued consumer spending. Nevertheless, the increasing demand for engineering supporting services from end-user industries is likely to support the Malaysian ESI. The semiconductor industry is also expected to stage a recovery, further supporting growth of the Malaysian ESI. Growth in the industry is expected to be underpinned by an increasing number of electronic components being incorporated into both emerging and traditional industries, thus spurring demand for more semiconductors. Furthermore, the global semiconductor industry is also expected to be driven by the advancement in telecommunication technology such as the rollout of 5G technology and the increasing adoption of IoT and IoMT, in which both will boost demand for semiconductors. The ESI is also set to benefit from the expansion of other end-user markets such the life sciences and medical technology, instrumentation and sport equipment industries, all of which rely on the ESI to supply parts, components and services to them.

Closer to home, the local ESI is poised to benefit from the growth of the local M&E industry which serves as an important supporting industry for the broader manufacturing sector. As manufacturing activities intensify, there's an anticipated uptick in investments, especially those that focus on enhancing and expanding production capacities, which would translate to increased demand for the M&E solutions in Malaysia. Manufacturers are also adopting the "just-in-time" method for its advantages such as reduced warehousing and inventory costs, greater control over inventory turnover and prevention of overproduction as well as unsold product accumulation. The need for swift production in response to orders from customers would require manufacturers to increase their manufacturing capacity. These developments will continue to support the local M&E industry and translate to higher demand for engineering supporting services.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS

9.1.1 We are dependent on our major customers

We are dependent on 2 of our major customers, namely Customer A and Customer B. They have cumulatively contributed approximately 82.28%, 72.55%, 69.31% and 82.84% of our total revenue for Financial Periods Under Review, respectively.

	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Customer A	29,481	49.65	21,324	46.60	10,503	22.22	7,731	19.43
Customer B	19,372	32.63	11,876	25.95	22,255	47.09	25,229	63.41
Subtotal	**48,853**	**82.28**	**33,200**	**72.55**	**32,758**	**69.31**	**32,960**	**82.84**
Our total revenue	**59,376**	**100.00**	**45,760**	**100.00**	**47,260**	**100.00**	**39,785**	**100.00**

Such dependency is common in our nature of business, as we are required to undergo a qualification process to become an approved / recognised vendor to our major customers. The qualification process is time-consuming and as such, our major customers generally prefer to source products and services from their approved / recognised vendor, thereby leading to our Group receiving recurring orders from our major customers and resulting in our major customers contributing a significant portion of our Group's revenue.

While we enjoy good working relationships with our major customers, there can be no assurance that we will be able to retain our major customers or maintain or increase the level of business activity that we have with them. Additionally, we generally do not enter into any long-term contracts with our customers in view that we generally produce a variety of customised products for our customers. We may experience a decrease or cessation in orders from our major customers. During the Financial Periods Under Review, orders from our major customers have been on a fluctuating trend. Revenue contribution from Customer A had been on a decreasing trend during the Financial Periods Under Review in particular, reduced from RM29.48 million in FYE 2022 to RM7.73 million in FPE 2025. We experienced an overall decrease in our revenue during FYE 2023, mainly due to reduced orders from Customer A and Customer B amid the overall slowdown in the global semiconductor industry in 2023. We managed to mitigate the adverse impact arising from the reduced sales from Customer A in FYE 2024 by securing higher sales from other customers.

Our sales to our major customers are based on purchase orders, where the selling prices are negotiated on a case-by-case basis and may vary according to various factors such as, among others, design, specifications, complexity of the manufacturing process, setup time, volume of order, raw material prices and delivery lead time. We may be required by our major customers to reduce the unit selling price for certain products if the actual volume of orders is higher than originally quoted. In such circumstances, we may need to write down the carrying values of the relevant finished goods due to a revision of standard costing and reallocation of fixed costs. For FYE 2024, we recorded inventories written down of approximately RM1.11 million.

While we have not experienced any disputes with Customer A and Customer B since the commencement of our business relationship, there can be no assurance that disputes will not occur in the future. If there are any adverse changes to working relationship with our major customers and we are unable to retain our major customers, while also being unable to secure new customers with the same scale of orders in a timely manner, our business and financial performance may be negatively affected.

9.1.2 We may be exposed to disruptions in our manufacturing operations

Our business is reliant on the efficient and smooth running of our manufacturing operations, which are supported by our workforce and a range of machinery and equipment such as CNC milling, CNC turning and CNC turn-milling machines. While we undertake regular scheduled maintenance of our machinery and equipment to ensure that they work optimally, we may experience unexpected failures that may lead to unanticipated downtime which would lead to an interruption in our manufacturing operations. Any unanticipated disruptions may affect our production schedule and may lead to a delay in the delivery of products to our customers. For the Financial Periods Under Review and up to the LPD, we have not experienced any disruptions to our manufacturing operations that affected our production schedule and delivery of products to our customers. However, there can be no assurance that disruptions to our manufacturing operations in the future will not affect our business and financial performance.

9.1.3 We are subject to regulatory requirements for our business operations

Our business is subject to various laws and regulations. As at the LPD, our Group has obtained the necessary licenses and approvals to carry out our business operations. Kindly refer to Section 7.19 of this Prospectus for further information on the major licences and approvals obtained by our Group.

The licences and approvals obtained by our Group are subject to conditions and requirements that have been imposed by the various issuing bodies. Should there be instances of non-compliance by our Group, the licences and approvals obtained by our Group may be terminated, revoked, or may not be renewed upon expiry. Additionally, our Group and/or our Directors may be subject to penalties, fines, or potential prosecutions in the event of any non-compliance with the relevant laws and regulations. While we have internal processes to monitor our compliance with the relevant laws and regulations and track the validity of our licences and approvals, there can be no assurance that we will be able to renew our licences and approvals in a timely manner or comply with conditions imposed. Failure to successfully renew our licences and approvals may adversely affect our business operations and our future financial performance.

9.1.4 We are dependent on our Executive Directors and Key Senior Management team for continued success and growth of our business

The success and achievements of our Group thus far can be attributed to our Directors and Key Senior Management who have been involved in developing business strategies and charting the growth of our Group. Our Managing Director, Tan Beng Beng, and our Executive Director, Lim Eng Guan, have over 25 years and 29 years of experience in the engineering support industry respectively. In addition, they are supported by our management team who each have over 20 years of experience in their respective fields. The resignation or loss of our Key Senior Management simultaneously or without suitable or timely replacements may affect our business operations and our ability to compete with our competitors. In such event, the financial performance of our Group may be adversely affected.

9.1.5 We are dependent on our major suppliers

We are dependent on 3 of our major suppliers, namely Altra Precision (a sub-contractor to whom we outsource our sheet metal fabrication and machining processes), SL Metals and Supplier F (both of whom are approved vendor of our Group's major customer, Customer B which requires Ambest Technology to obtain raw materials from SL Metals and Supplier F for certain products) who have cumulatively contributed approximately 20.78%, 30.83%, 34.63%, and 34.71% of the total net purchases for the Financial Periods Under Review respectively. Our Group's purchases from Altra Precision are mainly fabricated sheet metal products while our Group purchases aluminium from SL Metals and Supplier F.

While we have maintained good working relationships with Altra Precision, SL Metals, as well as Supplier F, and have not experienced any material disputes in the past and up to the LPD, there can be no assurance that they will be able to continue supporting us in the future at the same level they have been doing so. If they cease or reduce their services to us, we may not be able to replace them with other suppliers in a timely manner, thereby affecting our business operations. This may subsequently affect our financial results and the prospects of our Group.

9.1.6 We are exposed to fluctuations in raw material prices

We are exposed to fluctuations in raw material prices when purchasing raw materials such as aluminium, which contributed approximately 12.60%, 5.68%, 26.61%, and 38.58% of our raw material purchases for Financial Periods Under Review respectively. The price of aluminium is affected by factors including but not limited to demand and supply conditions. Any adverse changes in demand and supply conditions may cause the price of the raw materials to increase, thus causing an increase in manufacturing cost. While we have generally been able to pass on the increase in cost to our customers, there can be no assurance that we will be able to pass on the increase in cost (in full or partially) to our customers in the future. We would then have to bear the increase in cost which may adversely affect our financial performance.

9.1.7 We are exposed to fluctuations in foreign exchange transaction risks which may impact the profitability of our Group

Our Group's sales and purchases are denominated in RM and other currencies, namely the USD, SGD, and RMB.

Sales denominated in USD and SGD contributed approximately 55.91%, 66.23%, 38.31% and 20.94% to our total revenue for Financial Periods Under Review respectively.

	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	RM'000	**%(1)**	**RM'000**	**%(1)**	**RM'000**	**%(1)**	**RM'000**	**%(1)**
USD	33,197	55.91	30,307	66.23	10,708	22.66	8,331	20.94
SGD	-	-	-	-	7,396	15.65	-	-
Total	**33,197**	**55.91**	**30,307**	**66.23**	**18,104**	**38.31**	**8,331**	**20.94**

Note:

(1) Based on the revenue of our Group for the Financial Periods Under Review of RM59.38 million, RM45.76 million, RM47.26 million and RM39.79 million respectively.

Meanwhile, purchases denominated in USD, SGD, and RMB are approximately 8.37%, 2.08%, 3.46%, and 5.37% of our total purchases for the Financial Periods Under Review respectively.

	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	RM'000	**%(1)**	**RM'000**	**%(1)**	**RM'000**	**%(1)**	**RM'000**	**%(1)**
USD	1,713	4.60	184	0.74	765	3.02	951	4.65
SGD	207	0.56	332	1.34	113	0.44	147	0.72
RMB	1,193	3.21	-	-	-	-	-	-
Total	**3,113**	**8.37**	**516**	**2.08**	**878**	**3.46**	**1,098**	**5.37**

Note:

(1) Based on the total purchases of our Group for the Financial Periods Under Review of RM37.19 million, RM24.79 million, RM25.35 million, and RM20.45 million respectively.

Our net realised and unrealised gain or loss on foreign exchange for the Financial Periods Under Review are as follows:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	**RM'000**	**RM'000**	**RM'000**
Realised gain/(loss) on foreign exchange	604	401	(380)	(201)
Unrealised (loss)/gain on foreign exchange	(248)	4	303	(69)
Net gain/(loss)	**356**	**405**	**(77)**	**(270)**
PBT	9,464	9,044	8,167	5,856
Net gain/(loss) on foreign exchange as a % of PBT	3.76	4.48	(0.94)	(4.61)

We are exposed to foreign exchange gains or losses in the conversion of foreign currencies into RM, mainly arising from the timing difference between our billings and actual receipt of payments from our customers and/or conversion for transactions which are conducted in currencies other than RM. As such, any unfavourable fluctuations in the foreign exchange rates may have an adverse impact on our financial performance and profitability.

Currently, we do not maintain any foreign currency accounts for sales proceeds or payments in foreign currencies. We also do not enter into any formal financial instruments to hedge against foreign exchange rate fluctuations. Nevertheless, we will continue to monitor and review exchange rate fluctuations and take steps to protect ourselves if the risk becomes more significant to our Group. However, there can be no assurance that fluctuations in foreign currency will not affect our Group's future earnings and financial performance.

9.1.8 We may experience delays in realising our future plans

We plan to renovate our Facility 42A and add an additional storey to the building to expand our manufacturing area and accommodate additional machinery and equipment as well as construct a new cleanroom. Such activities may be subject to various uncertainties such as the ability to obtain the necessary licenses and approvals from relevant authorities, or delays in installing the cleanroom, as well as delays in procuring new machinery. If we experience any setbacks in realising our future plans, our business growth may be subsequently affected as we may not be able to keep up with our customers' demands.

Additionally, delays in construction and renovation may lead to higher-than-expected costs. We may be required to use internally generated funds to cover the additional costs, thus limiting our working capital. We may also be required to undertake bank borrowings, which would increase our interest expenses.

9.1.9 We may be exposed to inadequate insurance coverage to cover all losses or liabilities that may arise in the course of our business operations

Our business is subject to incidents such as fire, flood, power outages, and burglary which are outside of our control. These unexpected events may cause interruptions in or prolonged suspension of our manufacturing operations. We have purchased various insurance policies to insure against, amongst others, all risk, fire, and personal accidents and we continuously review our insurance coverage to ensure that they are valid and adequate for our current operations. As at the LPD, the total sum insured amounted to approximately RM48.97 million.

While we have various insurance coverages in place, they are subject to exclusions and limitations in liability in terms of amount and events. There can be no assurance that our insurance coverage will be able to cover all losses or liabilities that we may suffer in our operations. As such, our business and financial performance may be adversely affected if our insurance coverage is not sufficient to cover all losses or liabilities incurred.

9.1.10 We are exposed to interest rate risk

For FPE 2025, our Group's total outstanding interest-bearing borrowings (excluding lease liability) stood at RM37.61 million, comprising term loans, hire purchases, revolving credit and bankers' acceptance with interest rates ranging from 2.90% to 6.69% per annum; out of which approximately RM29.21 million or 77.67% are floating rate borrowings.

Our Group's interest expenses for borrowings (excluding lease liability) for the Financial Periods Under Review are as follows:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Interest expenses on hire purchases	113	226	220	289
Interest expenses on term loans	-	216	989	902
Interest expenses on revolving credit	-	-	-	99
Interest expenses on banker's acceptance	-	-	-	47
Total interest expenses on borrowings (excluding lease liability)	**113**	**442**	**1,209**	**1,337**
PBT	9,464	9,044	8,167	5,856
Total interest expenses on borrowings (excluding lease liability) as a % of PBT	1.19	4.89	14.80	22.83

In view that a significant portion of our Group's outstanding borrowings consist of floating rate borrowings, any significant increase in interest rates would increase our finance costs and in turn may have an adverse impact on our financial performance and cash flows.

9.1.11 We may not be able to effectively manage our capacity expansion

To meet the anticipated increase in demand for our precision machining services, we intend to purchase additional machinery and equipment. For clarity, our Group had previously invested in machinery and equipment to demonstrate our ability to keep up with more advanced requirements and increase our production capacity before securing the additional orders from our customers. Purchasing additional machinery and equipment will enable us to increase our production capacity and produce more complex precision-machined parts and components. Additionally, we plan to establish a new cleanroom in anticipation of increased precision-machined parts and components that need to be packed under cleanroom conditions.

Our expansion plans may be subject to uncertainties regarding demand from existing and new customers, and there can be no assurance that the demand for our services will increase in line with our increased production capacity. We will be required to incur capital expenditure costs for the purchase and installation of additional machinery and equipment. If we are unable to recover the cost incurred for said expansion, our business and financial performance may be adversely affected.

9.1.12 We are exposed to delays in collection

We face delays in collecting payments from our customers. The normal credit period granted to our Group's customers ranges from 30 to 90 days. During the Financial Periods Under Review, our trade receivables turnover periods were 83, 110, 129, and 113 days, respectively. Save for the FYE 2022, our trade receivables turnover periods for the Financial Periods Under Review exceeded the normal credit period granted to our customers.

Slower collections from our customers could negatively impact our cash flow, potentially affecting our ability to pay suppliers and subcontractors on time. Although our Group has managed to generate positive operating cash flows during the reviewed periods, there can be no guarantee that we will not experience any future collection delays or payment defaults, which may have a material adverse impact on our cash flow and financial stability.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are reliant on the semiconductor industry

Our Group's business is dependent on the end-user markets of our customers, namely the semiconductor industry, which contributed 100.00% of our revenue for the Financial Periods Under Review. Changes in the semiconductor industry may be influenced by factors including but not limited to global economic condition, political and regulatory risks, and demand trends for the industry's products.

The global semiconductor industry is subject to continued geopolitical tensions including that between the USA and China. Since imposing export controls on advanced semiconductor technology in 2022, the USA has continued to implement export restrictions. In early January 2025, the USA proposed a revision to its Export Administration Regulations controls on advanced integrated circuits and AI models. The move serves to protect the USA's national security and foreign policy interests, and add new license exceptions to facilitate the export, reexport and transfer of advanced integrated circuits to end users in destinations that do not raise national security or foreign policy concerns. These geopolitical tensions may lead to some global semiconductor companies having to cease operations in China or stop exporting products to the country in the short-term. Some companies may also opt to establish new operations in locations outside of China, which may lead to a downturn in the industry until the new operations commence.

In 2025, the USA announced the introduction of reciprocal tariffs, which imposes 10% or higher tax rates for specific countries on all imports from all trading partners (including Malaysia) unless otherwise stated. The reciprocal tariff came into effect on 1 August 2025, whereby a 19% tariff was imposed on Malaysian products. However, certain goods including semiconductors, some pharmaceutical components, palm oil, rubber, cocoa, as well as automobiles and aerospace parts, were exempted from the tariffs. While Malaysian exports of semiconductors to the USA are not currently significantly affected as Malaysian semiconductor exports to the USA remain exempt from these retaliatory tariffs, there can be no assurance that policy changes by the USA administration will not adversely impact the competitiveness of Malaysian exports to the USA.

As our Group is generating revenue solely from customers serving the end-users in the semiconductor industry, a downturn or negative performance in the semiconductor industry is likely to adversely affect the demand for our Group's services and will likely lead to an adverse impact on our business operations and financial performance. We experienced an overall decrease in our revenue during FYE 2023, mainly due to reduced orders from Customer A and Customer B amid the overall slowdown in the global semiconductor industry in 2023.

9.2.2 We are subject to changes and advancements in technology

Our Group is an engineering supporting services provider, primarily involved in the manufacturing of precision engineering parts and components, which can then be used by our customers to produce products across various industries. As such, we are subject to changes and advancements in technology in the various industries that our customers are involved in. To meet their changing needs, our Group must be able to adapt to new technologies and introduce them to our customers in a timely manner.

If we are unable to anticipate and develop new solutions in terms of production processes for our customers in a timely manner, we may be unable to retain our customers or attract new customers. Additionally, undertaking new capital investments and production process development activities (such as purchase of new jigs and fixtures) to keep abreast with the changes in technology will result in our Group incurring costs that may not be recouped if we are unsuccessful in retaining our customers or attracting new customers. This would lead to an adverse impact on our financial performance and profitability.

9.2.3 We operate in a competitive industry

The engineering support industry in Malaysia is highly competitive, with more than 1,000 market players *(Source: Malaysian Investment Development Authority)*. Not only does our Group face competition from incumbent industry players but also potential new industry players. New industry players may be equipped with newer and more advanced technology and machinery while incumbent industry players may have greater resources that may enable them to fund development of their products and services, adapt to newer technologies at faster rates, and conduct more sales and marketing activities. While we strive to remain competitive in the engineering support industry, there can be no assurance that we will be able to successfully compete with other players in the engineering support industry. If we are unable to compete with other players, our financial performance and business operations may be adversely affected.

9.2.4 We are subject to economic, political, and regulatory risks in Malaysia and the markets that we serve

Our Group operates principally from Malaysia and generates revenue from local sales as well as from overseas sales to countries such as Singapore and Sri Lanka. As such, we are subject to the economic, political, and regulatory environment of the countries we serve. Any adverse changes in the aforementioned conditions, such as but not limited to, changes in political leadership; war; changes in government policies regarding taxation, import duties, and tariffs; as well as changes in economic conditions could affect the demand for our customers' products and subsequently affect the demand for our services. This may in turn lead to an adverse effect on our business and financial performance.

On 2 April 2025, President Donald Trump of the USA announced a comprehensive tariff strategy aimed at addressing perceived trade imbalances of the USA. This plan included a baseline tariff of 10% applied universally to imports from all countries, effective 5 April 2025. Additionally, reciprocal tariffs targeting specific countries with higher duties were introduced, with varying rates. For Malaysia, a reciprocal tariff rate of 24% was set to take effect on 9 April 2025. On 9 April 2025, President Donald Trump announced a 90-day pause on certain tariffs, excluding those on Chinese imports. On 8 July 2025, President Donald Trump notified Malaysia that the USA would impose a 25% tariff on products from Malaysia with effect from 1 August 2025. This rate was subsequently revised to 19% through an order issued on 31 July 2025, with the revised tariff taking effect on 1 August 2025. While semiconductor products are currently not subject to the reciprocal tariff, there is no certainty as to whether the tariffs on semiconductor products will eventually be enacted. This uncertainty is expected to lead to greater volatility in the global supply chains, particularly affecting industries which are reliant on international trade. If the tariffs are imposed, it is expected to adversely affect the competitiveness of Malaysian exports into the USA market.

During the Financial Periods Under Review, our Group was not affected by the USA reciprocal tariffs. Our Group did not export goods to the USA market for FYE 2022 and FYE 2023. For FYE 2024, less than 0.03%, a negligible amount of our revenue, was derived from direct exports of goods to the USA market. Similarly, during the FPE 2025, less than 0.05% a negligible amount of our revenue, was derived from direct exports of goods to the USA market. Notwithstanding the above, some of our Group's customers and/or end customers may be exporting directly to the USA market from Malaysia and/or other countries which are subject to the tariffs imposed by the USA. While we are currently unable to determine nor quantify the extent of the exposure of our customers or their end customers to the USA, there can be no assurance that our customers' or their end customers' product will not be impacted by the tariffs and subsequently lead to a decline in demand for our products.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 Our Listing is exposed to the risk that it may be delayed or aborted

Our Listing may be delayed or aborted should any of the following events occur: -

(i) the selected investors fail to subscribe for the portion of our IPO Shares allocated to them;

(ii) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge from its obligations under the Underwriting Agreement;

(iii) the revocation of approvals from the relevant authorities for the Listing and/or admission for whatever reason; or

(iv) we fail to meet the public shareholding spread requirement of the Listing Requirements of at least 25% of our enlarged issued share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Listing.

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

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to have been withdrawn and cancelled and we shall repay without interest all monies received from the applicants and if any such money is not repaid within 14 days of the stop order, we shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC from the expiration of that period pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any of our IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

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

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and we shall repay without interest all monies received from the applicants and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC from the expiration of that period and take necessary steps to effect the order pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either: -

(a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

(b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

9.3.2 There is no prior market for our Shares

There has been no prior market for our Shares prior to our Listing and there can be no assurance that an active market for our Shares will develop, or even if developed, that such market liquidity can be sustained.

In addition, there can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market of Bursa Securities upon our Listing. There is also no assurance that the market price of our Shares will not decline below the IPO Price.

9.3.3 Volatility of our Share price and trading volume

The volatility of trading price and volume of our Shares on Bursa Securities may fluctuate due to, amongst others, the following factors, some of which are not within our control and may be unrelated or disproportionate to our financial results: -

(i) variations in our financial results and operations;

(ii) success or failure of our Executive Directors and/or Key Senior Management in implementing business and growth strategies;

(iii) additions or departures of any of our Executive Directors and/or Key Senior Management;

(iv) fluctuation in stock market prices and volume;

(v) changes in government laws, decrees, legislation or regulation;

(vi) changes in securities analysts' recommendations and projections of our Group's financial performance;

(vii) changes in market conditions, general economic conditions or stock market sentiments or other related events or factors; and

(viii) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities.

The performance of Bursa Securities, market and investors sentiment could be affected by external factors such as the performance of the regional and global stock exchanges, the inflow or outflow of foreign funds as well as internal factors such as economic and political conditions and the growth potential of the various sectors of the local economy. These factors contribute to the volatility of trading price and volume on Bursa Securities, thus adding risks to the future volatility of the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters who are also substantial shareholders and Directors of our Company will collectively hold approximately 70.40% of our enlarged total number of Shares upon our Listing. As a result, they will be able to effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends as well as having substantial voting control over our Company. Because of the size of their collective shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

9.4.2 There is no assurance of payment of dividends to our shareholders

In recommending dividend, our Board would take into consideration a number of factors, including but not limited to our Group's financial performance, cash flows, debt servicing and financing obligations and covenants, capital expenditure plans and compliance with the relevant laws and regulations. Whilst we will endeavour to declare and pay dividends annually, there is a risk that our Company would not be in the position to pay any dividends in the future as a result of the aforementioned factors.

9.4.3 Forward-looking/prospective statements in this Prospectus may not be achievable

Certain statements in this Prospectus may be forward-looking or prospective in nature which may not be reflective of our actual results in the future. Such forward-looking or prospective statements in this Prospectus are based on certain assumptions and judgements which are subject to uncertainties. There can be no assurance that such forward-looking or prospective statements will materialise or are achievable as the actual results may differ significantly from such statements.

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Under the Listing Requirements, a RPT is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party.

A "**related party**" of a listed issuer is:

(i) a director, having the meaning given in subsection 2(1) of the CMSA, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or

(ii) a major shareholder, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the nominal amount of that shares on the aggregate of the nominal amounts of those shares is:

  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or

  (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or

(iii) a person connected with such director or major shareholder.

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10.1.1 Our Group's RPTs

There were no other existing or proposed RPTs, entered or to be entered into by our Group, which involve the interests, direct or indirect, of a related party (including the Directors of our Group, major shareholders and/or persons connected with them) which are material to our Group during the Financial Periods Under Review and for the subsequent period up to the date of this Prospectus, save as disclosed below:

				Transactions Value				
No.	**Transacting Parties**	**Nature of Relationship**	**Nature of Transaction**	**FYE 2022 RM'000**	**FYE 2023 RM'000**	**FYE 2024 RM'000**	**FPE 2025 RM'000**	**1 October 2025 up to the LPD RM'000**
1.	• Amco Technology[1] • Ambest Technology	• Tan Beng Beng and Lim Eng Guan are the directors and substantial shareholders of Amco Technology. • They are also the Promoters, substantial shareholders and directors of Ambest Technology.	Purchase of used machinery and motor vehicle by Ambest Technology from Amco Technology.	1,845[a] *Being 5.22% of our Group's total assets*	-	-	-	-
			Security and utility deposits for office and factory spaces located at Office and Factory No. 11 paid by Ambest Technology to Amco Technology.	-	44[b] *Being 0.10% of our Group's total assets*	-	-	-
			CNC machining services charged by Amco Technology to Ambest Technology.	4,655[2] *Being 10.02% of our Group's cost of sales*	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value				
				FYE 2022	FYE 2023	FYE 2024	FPE 2025	1 October 2025 up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
1.			Electricity expenses charged by Amco Technology to Ambest Technology.	464[(c)] *Being 1.00% of our Group's cost of sales*	223[(c)] *Being 0.68% of our Group's cost of sales*	-	-	-
			Rental expenses for Office and Factory No. 11 paid by Ambest Technology to Amco Technology.	-	288[(d)] *Being 7.03% of our Group's administrative expenses*[#]	468[(d)]* *Being 8.96% of our Group's administrative expenses*[#]	324[(d)] *Being 7.33% of our Group's administrative expenses*	108[(d)] *Being 2.15% of our Group's administrative expenses*
			Hire purchase payment erroneously charged to Amco Technology reimbursed by Ambest Technology.	16 *Being 0.07% of our Group's total liabilities*	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

				Transactions Value				
				FYE 2022	FYE 2023	FYE 2024	FPE 2025	1 October 2025 up to the LPD
No.	**Transacting Parties**	**Nature of Relationship**	**Nature of Transaction**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2.	• Amex Marketing • Ambest Technology	• Tan Beng Beng is the substantial shareholder and director of Amex Marketing. • He is also the Promoter, substantial shareholder and director of Ambest Technology.	Purchase of tools and equipment by Ambest Technology from Amex Marketing.	28[(e)] *Being 0.06% of our Group's cost of sales*	-	-	-	-
3.	• Yomax • Ambest Technology	• Tan Beng Beng is the substantial shareholder and director of Yomax • He is also the Promoter, substantial shareholder and director of the Ambest Technology.	Purchase of machining parts and tools by Ambest Technology from Yomax.	221[(f)] *Being 0.48% of our Group's cost of sales*	-	-	-	-
			Rental expenses for copier machines charged by Yomax to Ambest Technology.	6[(g)] *Being 0.15% of our Group's administrative expenses*	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value				
				FYE 2022	FYE 2023	FYE 2024	FPE 2025	1 October 2025 up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
4.	• Tan Beng Beng and Lim Eng Guan • Ambest Technology	• Tan Beng Beng and Lim Eng Guan are the Promoters, substantial shareholders and directors of our Group	Rental expenses for Previous Premises No. 5 charged by Tan Beng Beng and Lim Eng Guan to Ambest Technology.	17(3) *Being 0.04% of our Group's cost of sales#*	8(3) *Being 0.02% of our Group's cost of sales#*	-	-	-
			Advances from Tan Beng Beng and Lim Eng Guan to Ambest Technology for working capital requirement.	1,100(4) *Being 5.09% of our Group's total liabilities*	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

Notes:

* *Based on the monthly rental of RM36,000, the total rental amount for FYE 2024 comprises 12 months rental of office and factory spaces, and an advance 1 month rental payment of RM36,000, while the total rental amount for FYE 2025 comprises 3 months rental of office and factory spaces for the period of February 2025 until May 2025 and an advance 1 month rental payment of RM36,000.*

\# *Rental expenses for Office and Factory No. 11 paid by Ambest Technology to Amco Technology are benchmarked against our Group's administrative expenses, while rental expenses for Previous Premises No. 5 charged by Tan Beng Beng and Lim Eng Guan to Ambest Technology are benchmarked against our Group's cost of sales, in order to be consistent with the profit or loss line items under which these rental expenses are being categorised and captured under.*

(1) Amco Technology has sold all its CNC machinery to Ambest Technology in 2022. Amco Technology has ceased its business operation in fabrication of industrial engineering parts and products since December 2024, save for the rental income charged to Ambest Technology. Amco Technology had on 26 May 2025 filed with CCM to change its principal activity to property holding and to amend its memorandum & articles of association.

(2) Quotation was not obtained at the material time when the transaction was made and quotation obtained now may not be reflective and comparable to the past transactions undertaken, given the designs requirements, complexity of the customised products, materials costs at that time, minimum order quantity (MOQ) and the sophistication of the machinery used, all of which could have influenced the pricing.

Complex machining requires intricate programming setups, which can be time-consuming and more costly, especially during the initial setup, which includes creating custom tooling, fixtures, and jigs to assist in the manufacturing process tailored to different customer requirements that impact the overall price. Advanced CNC machinery used for complex machining can further increase the CNC machining price. Additionally, high initial setup costs can be reduced if the volume or batch sizes are larger, due to economies of scale. Conversely, small or one-off projects may incur higher per-unit costs due to setup time and lower efficiency, which can further affect the price of CNC machining services offered. Based on the above, our Group is unable to determine whether the CNC machining services charged by Amco Technology to Ambest Technology were conducted on an arm's length basis.

The total transacted value for CNC machining services provided by Amco Technology during FYE 2022 amounted to RM4,664,929. The amount disclosed in the table above is after setting off a credit note of RM9,450 issued by Amco Technology during FYE 2022 in relation to a transaction that took place in FYE 2021.

(3) No market comparable for similar properties in the vicinity or third-party quotations were obtained at the material time when the transaction was made and quotation obtained now may not accurately reflect or be comparable to the past transaction. Previous Premises No. 5 were used by Ambest Technology for its operations until 30 June 2023, after which our Group relocated to the new premises at Facility No. 9 and Office and Factory No. 11. The factory spaces were leased from Tan Beng Beng and Lim Eng Guan at a monthly rental rate of RM1,400. There was no formal tenancy agreement executed between Ambest Technology and Tan Beng Beng and Lim Eng Guan. Such transactions have not recurred since FYE 2023, as our Group has relocated to new premises at Facility No. 9 and Office and Factory No. 11 and ceased renting the Previous Premises No. 5. Based on the above, our Group is unable to determine whether the rental for Previous Premises No. 5 was conducted on an arm's length basis.

(4) The advances from the related parties to the Ambest Technology were not conducted on an arm's length basis as the advances were provided interest-free. However, they were not detrimental to our Group. As at the LPD, all advances have been fully settled by our Group. Moving forward, our Group will no longer obtain or provide any advances from or to its related parties.

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

Save for the transactions in Notes (2), (3) and (4) above, all other RPTs were conducted on an arm's length basis and competitive commercial terms not more favourable to the related parties and were not detriment to the minority shareholders of *our* Group. This was determined based on the following:

(a) the purchase of used machinery from Amco Technology was based on quotations obtained from third-party CNC machine dealers who accept trade-in used machines, whereas the purchase of motor vehicle was benchmarked against selling prices of similar motor vehicles listed online at the time of purchase;

(b) the refundable security and utility deposits were part of the tenancy agreement dated 1 May 2023 entered between Ambest Technology (the tenant) and Amco Technology (the landlord), for the Office and Factory No. 11. These deposits are intended to cover potential non-payment of rent and utility charges during the tenancy term and are fully refundable at the end of the tenancy period, subject to the tenant settling all outstanding rent and utility charges. The imposition of refundable security and utility deposits is consistent with the common practice for tenancy agreements with third parties.

(c) the electricity charges incurred in FYE 2022 and 2023 for both properties at Previous Premises No. 5 and Previous Premises No. 10 were paid by Amco Technology and charged back to Ambest Technology based on the actual monthly electricity bills, as the usage of the electricity at both premises were attributable to machinery used for CNC machining owned by Ambest Technology.

(d) the rental expenses for the Office and Factory No. 11 payable/paid to Amco Technology were based on the terms which are commonly adopted by tenancy agreements of similar nature entered into by third-parties and based on the prevailing market rental rates of other comparable properties within the vicinity;

(e) the purchase of the tools and equipment from Amex Marketing were based on market prices comparable to those of similar tools and equipment sold to third-parties by Amex Marketing;

(f) the purchase of machinery parts and tools from Yomax were based on the market prices comparable to those of similar machinery parts and tools sold to third-parties by Yomax; and

(g) the rental expenses for copier machines were based on the monthly rental invoices for copier machines between Yomax and the owner of the copier machines. As the copier machines were used by Ambest Technology, the rental cost incurred was charged to Ambest Technology.

Save for the rental expenses for the Office and Factory No. 11 payable to Amco Technology, all other RPTs as disclosed above will not subsist after the Listing.

There is no RPT which is material to our Group that has been effected after the FPE 2025 or entered into but not yet effected up to the date of this Prospectus.

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms.

10.2 PROCEDURES TAKEN TO ENSURE THAT FUTURE RELATED PARTY TRANSACTIONS WILL BE CARRIED OUT ON ARM'S LENGTH BASIS

Pursuant to our Listing, we have implemented the following procedures in relation to the managing of RPTs and RRPTs:

(a) our Audit and Risk Management Committee, comprising independent directors, will be responsible for, amongst others, reviewing and evaluating all the terms of the RPTs and RRPTs before they are entered into by our Group;

(b) we have adopted a Policy and Procedures on Related Party Transactions, which governs the framework of RPTs and RRPTs of our Group; and

(c) we will observe the disclosure requirements and other obligations under the Listing Requirements pertaining to RPTs and RRPTs, including making immediate announcements and seeking the approval of our shareholders at general meetings, if required and to appoint advisers as required under the Listing Requirements. Interested Directors shall abstain from deliberation and voting at the relevant Board meetings and interested Directors and major shareholders of our Company shall abstain and procure persons connected to them to abstain from voting at the general meetings held to approve the resolutions relating to the RPTs. For RRPTs, we will obtain an annual mandate from our shareholders at general meetings, if required.

10.3 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/or our Subsidiary was a party during the Financial Periods Under Review and for the subsequent period up to the date of this Prospectus.

10.4 LOANS AND FINANCIAL ASSISTANCE TO OR FOR THE BENEFIT OF RELATED PARTIES

There are no loans (including guarantees of any kind) or financial assistance made by us to or for the benefit of any related party for the Financial Periods Under Review and up to the LPD.

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10.5 LOANS AND FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP

Save as disclosed below, there are no loans (including guarantees of any kind) or financial assistance received by us from any related party for the Financial Periods Under Review and up to the LPD:

No.	Transacting Parties	Nature of Relationship	Nature of Transaction	Transactions Value				
				FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**	**1 October 2025 up to the LPD**
				RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
1.	• Tan Beng Beng and Lim Eng Guan • Ambest Technology	• Tan Beng Beng and Lim Eng Guan are the Promoters, substantial shareholders and directors of our Group	Advances from Tan Beng Beng and Lim Eng Guan to Ambest Technology for working capital requirement.	1,100 **Outstanding balance as at the LPD:** Nil	-	-	-	-

For the Financial Periods Under Review and up to the LPD, our Promoters and Directors (namely, Tan Beng Beng and Lim Eng Guan) have jointly and severally provided personal guarantees in favour of several financial institutions including Alliance Bank Malaysia Berhad, Alliance Islamic Bank Berhad, Hong Leong Islamic Bank Berhad, Maybank Islamic Berhad, Public Bank Berhad, Mitsubishi HC Capital Malaysia Sdn Bhd and SMFL Hire Purchase (Malaysia) Sdn Bhd (collectively, the "**Financiers**"), for the banking and hire purchase facilities extended by the Financiers to our Group ("**Personal Guarantees**"). We have applied to the Financiers for the discharge of the Personal Guarantees, by substituting the same with corporate guarantee from our Company. Until such discharge and substitution of guarantees have been implemented by the Financiers, our Promoters and Directors (namely, Tan Beng Beng and Lim Eng Guan) will continue to guarantee the banking and hire purchase facilities extended to our Group. As at the LPD, we have received conditional consents from the Financiers to discharge the Personal Guarantees and substitute the same with corporate guarantee from our Company upon the completion of our Listing.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN OTHER SIMILAR BUSINESSES AND CORPORATIONS

As at the LPD, none of our Directors and/or substantial shareholders has any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade as our Group or are either customers or suppliers of our Group, save as disclosed below:

Name of company	Principal activities	Nature of interest
Amco Technology[1]	Property holding company	• Tan Beng Beng and Lim Eng Guan are the Promoters, substantial shareholders and Directors of Ambest, each holding a 50.00% direct interest in Ambest before our Listing, which will be reduced to 35.20% direct interest each in Ambest following the completion of our Listing. • Tan Beng Beng and Lim Eng Guan are the Directors and substantial shareholders of Amco Technology, each holding 50.00% direct interest in Amco Technology. Amco Technology is a major supplier of our Group for FYE 2022.

Note:

(1) As at the LPD, Amco Technology has ceased its business operations in fabrication of industrial engineering parts and products and changed its principal activity to property holding, where it continues to own the Office and Factory No. 11. Amco Technology was not included as part of our Group due to the following considerations:

(i) allows our Group to streamline our corporate structure and business operations under Ambest Technology, as the business operations previously carried out by Amco Technology were identical to Ambest Technology, and the additional administrative and statutory costs to run Amco Technology would impose unnecessary costs to our Group;

(ii) the acquisition of the Office and Factory No. 11 which is owned by Amco Technology would incur additional costs such as legal fees and stamp duty, and would increase our Group's gearing, as the acquisition would need to be financed by additional bank borrowings; and

(iii) the Promoters do not intend to dispose of the Office and Factory No. 11 at this juncture due to high costs arising from real property gain tax.

Our Board (save for the interested Directors namely Tan Beng Beng and Lim Eng Guan) is of the view that any potential conflict of interest situation which may arise through the direct and indirect interests of Tan Beng Beng and Lim Eng Guan in Amco Technology above is mitigated due to the following:

i. the company has ceased its business operation in fabrication of industrial engineering parts and products since December 2024; and

ii. Amco Technology had on 26 May 2025 filed with CCM to change its principal activity to property holding and to amend its memorandum and articles of association.

Moving forward, following our Listing, our Audit and Risk Management Committee will continue to review and assess the financial risk and matters in relation to any related party transactions and potential conflict of interest situations that may arise to ensure that transactions are carried out in the best interest of our Group. These matters may include any transactions, procedures or course of conduct within our Group that raise questions of management integrity.

11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by Malacca Securities

Malacca Securities has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO.

11.2.2 Declaration by WYNCORP

WYNCORP has confirmed that there is no existing or potential conflict of interest in its capacity as the Corporate Finance Adviser for our IPO.

The scope of work of our Corporate Finance Adviser includes, among others, the following:

(a) in consultation with our Promoters and Principal Adviser, advising on the Pre-Listing Exercise and equity structure of our Company in preparation for our Listing;

(b) in consultation with our Promoters and Principal Adviser, assisting on conceptualising, advising, planning and implementing the Listing, including the offer structure, size and method of achieving the optimal public shareholding spread, pricing of the Shares, the enlarged issued share capital and other related capital/financial matters. For the avoidance of doubt, the role of our Corporate Finance Adviser does not involve making available, offer for subscription or purchase or issue an invitation to subscribe for or purchase securities in relation to our Listing;

(c) in consultation with our Principal Adviser, advising us on the suitability of professionals appointed in relation to our Listing;

(d) in consultation with our Promoters and Principal Adviser, assisting us in reviewing the submission documents and this Prospectus and, where applicable, advising on all relevant matters that may arise in the process of implementation of our Listing;

(e) together with our Principal Adviser, advising us on the regulatory requirements and compliance matters, including the appropriate corporate governance structure, in relation to our Listing; and

(f) participating in the due diligence working group to verify the information, data, documents and representations by our Directors contained in this Prospectus and submissions to the relevant authorities, based on the scope as agreed in the due diligence planning memorandum.

11.2.3 Declaration by ZICO

ZICO has confirmed that there is no existing or potential conflict of interest in their capacity as the Due Diligence Solicitors for our IPO.

11.2.4 Declaration by Grant Thornton

Grant Thornton has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

11.2.5 Declaration by Protégé

Protégé has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

11.2.6 Declaration by Sterling Business Alignment Consulting Sdn Bhd

Sterling Business Alignment Consulting Sdn Bhd has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Internal Control Review Consultant for our IPO.

11.3 MONITORING AND OVERSIGHT OF RPT AND CONFLICT OF INTERESTS

The functions of our Audit and Risk Management Committee include, amongst others, reviewing related party transactions and conflict of interest situations that arose, persist or may arise within our Group including any transactions, procedures or course of conduct that raise questions of management integrity and the measures taken to resolve, eliminate or mitigate such conflicts and report to the Board accordingly. Conflict of interest include a situation in which a person has competing interests which could improperly influence the performance of his/her duties and responsibilities or where a person's ability to perform his/her duties effectively or impartially is potentially impaired by personal interest, considerations or relationships.

In order to manage such conflict of interest situation, our Board has adopted a Conflict of Interest Policy to provide guidance on how to deal with situations involving conflict of interest or potential conflict of interest as and when they arise. Our Board has also established a Related Party Transaction Policy and Procedures which set out the policies and procedures relating to the conduct of RPTs involving our Group to ensure that they are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length and are not to the detriment of the interest of our Company's minority shareholders.

Our Audit and Risk Management Committee shall periodically review the Conflict of Interest Policy and the Related Party Transaction Policy and Procedures to ensure that they are updated based on prevailing laws and regulations from time to time.

Before any RPT is entered into by our Group, the interested Directors and major shareholders of our Company are required to disclose their interests in such RPT to our Company for deliberation by our Audit and Risk Management Committee and further approval of our Board, if required. Any RPT must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company, on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. Interested Directors will also be required to abstain from deliberations and voting on board discussions and/or resolutions pertaining to the RPT in which they have interest.

Any conflict of interest situations must also be immediately declared and fully disclosed by the conflicted Directors and/or Key Senior Management for deliberation by our Audit and Risk Management Committee. The Audit and Risk Management Committee shall also review the measures required to be taken to resolve, eliminate or mitigate such conflict of interest situations and report to the Board accordingly. In respect of our interests in companies carrying on similar business, the conflicted Directors and/or Key Senior Management will also be required to abstain from any involvement, discussion and/or decision making pertaining to matters and/or transactions where a conflict of interest may arise.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated as a private limited company under the name of Ambest Group Sdn Bhd on 16 February 2023 in Malaysia under the Act. Our Company was converted to a public limited company under the name of Ambest Group Berhad on 12 June 2025. Upon completion of the Pre-Listing Exercise, Ambest Technology Sdn Bhd become our wholly-owned subsidiary.

Our Group's historical audited financial information comprises the combined statements of financial position, combined statements of profit or loss and other comprehensive income and combined statements of cash flow for the Financial Periods Under Review. The historical financial information has been prepared in accordance with MFRS and IFRS and were not subject to any audit qualification.

The historical financial information of our Group for the Financial Periods Under Review should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.2 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

12.1.1 Combined statements of profit or loss and other comprehensive income

		Audited		Unaudited	Audited
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	59,376	45,760	47,260	29,654	39,785
Cost of sales	(46,466)	(32,642)	(32,998)	(20,142)	(28,367)
GP	**12,910**	**13,118**	**14,262**	**9,512**	**11,418**
Other income	605	413	323	10	220
Administrative expenses	(3,950)	(4,097)	(5,222)	(3,677)	(4,422)
Finance costs	(113)	(490)	(1,266)	(876)	(1,368)
Finance income	12	100	70	68	8
PBT	**9,464**	**9,044**	**8,167**	**5,037**	**5,856**
Taxation	(2,279)	(2,235)	(1,109)	(418)	(636)
PAT	**7,185**	**6,809**	**7,058**	**4,619**	**5,220**
EBITDA (1)	10,711	11,970	12,937	8,346	10,505
GP margin (%) (2)	21.74	28.67	30.18	32.08	28.70
EBITDA margin (%) (3)	18.04	26.16	27.37	28.14	26.40
PBT margin (%) (4)	15.94	19.76	17.28	16.99	14.72
PAT margin (%) (5)	12.10	14.88	14.93	15.58	13.12
Basic EPS (sen) (6)	1.80	1.70	1.76	1.15	1.30
Diluted EPS (sen) (7)	1.41	1.34	1.38	0.91	1.02
Effective tax rate (%)	24.08	24.71	13.58	8.30	10.86

Notes:

(1) EBITDA is computed as follows:

	FYE 2022 RM'000	Audited FYE 2023 RM'000	FYE 2024 RM'000	Unaudited FPE 2024 RM'000	Audited FPE 2025 RM'000
PBT	9,464	9,044	8,167	5,037	5,856
Add:					
Amortisation of intangible asset	57	80	100	70	120
Depreciation charges [(8)]	1,089	2,456	3,474	2,431	3,169
Finance costs	113	490	1,266	876	1,368
Less:					
Finance income	(12)	(100)	(70)	(68)	(8)
EBITDA	**10,711**	**11,970**	**12,937**	**8,346**	**10,505**

(2) GP margin is computed based on the GP over revenue.

(3) EBITDA margin is computed based on the EBITDA over revenue.

(4) PBT margin is computed based on the PBT over revenue.

(5) PAT margin is computed based on the PAT over revenue.

(6) The basic EPS is computed based on the PAT of our Group divided by the existing issued Shares of our Company before the Public Issue comprising 400,000,002 Shares.

(7) The diluted EPS is computed based on the PAT of our Group divided by the enlarged issued Shares of our Company after the Public Issue comprising 510,000,002 Shares.

(8) Depreciation charges comprise depreciation of PPE and rights-of-use asset.

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12.1.2 Combined statements of financial position

	Audited As at 31 December			Audited As at 30 September
	2022 RM'000	**2023 RM'000**	**2024 RM'000**	**2025 RM'000**
ASSETS				
Non-current assets				
PPE	14,470	18,002	50,676	51,213
Right-of-use asset	-	1,304	913	619
Intangible asset	301	278	292	483
	14,771	**19,584**	**51,881**	**52,315**
Current assets				
Inventories	1,896	1,697	5,426	7,231
Trade receivables	15,062	12,616	20,849	12,204
Other receivables, deposits and prepayments	593	3,209	2,585	3,689
Current tax assets	-	-	596	1,433
Cash and bank balances	3,005	4,908	822	1,323
	20,556	**22,430**	**30,278**	**25,880**
TOTAL ASSETS	**35,327**	**42,014**	**82,159**	**78,195**
EQUITY				
Equity attributable to owners of the Company				
Share capital [(1)]	-	*	*	*
Invested equity [(2)]	500	1,500	2,500	2,500
Retained profits	13,222	20,031	27,089	32,309
TOTAL EQUITY	**13,722**	**21,531**	**29,589**	**34,809**
LIABILITIES				
Non-current liabilities				
Borrowings	7,688	9,535	31,563	32,477
Lease liability	-	950	556	248
Deferred tax liabilities	186	243	115	88
	7,874	**10,728**	**32,234**	**32,813**
Current liabilities				
Trade payables	9,394	6,199	9,163	3,967
Other payables and accruals	1,988	784	3,379	1,067
Borrowings	1,845	2,230	7,400	5,130
Lease liability	-	375	394	409
Current tax liabilities	504	167	-	-
	13,731	**9,755**	**20,336**	**10,573**
TOTAL LIABILITIES	**21,605**	**20,483**	**52,570**	**43,386**
TOTAL EQUITY AND LIABILITIES	**35,327**	**42,014**	**82,159**	**78,195**
Net Assets	**13,722**	**21,531**	**29,589**	**34,809**
Net Assets per Share (RM) [(3)]	27.44	14.35	11.84	13.92

Notes:

* *Represents RM2.00 comprising 2 Shares.*

(1) *Represents the share capital of our Company.*

(2) *Represents the share capital of our Subsidiary.*

(3) *NA per Share as at 31 December 2022 is computed based on the net assets of our Group divided by the number of our Subsidiary's issued shares as at 31 December 2022 comprising 500,000 shares.*

NA per Share as at 31 December 2023, 2024 and FPE 2025 are computed based on the net assets of our Group divided by the aggregate number of issued shares of our Company and our Subsidiary as at 31 December 2023, 31 December 2024 and 30 September 2025 comprising 1,500,002, 2,500,002 and 2,500,002 shares respectively.

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12.1.3 Combined statements of cash flows

	FYE 2022 RM'000	Audited FYE 2023 RM'000	FYE 2024 RM'000	Audited FPE 2025 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
PBT	9,464	9,044	8,167	5,856
Adjustments for:				
Accretion of interest on lease liability	-	48	57	31
Amortisation of intangible asset	57	80	100	120
Depreciation of PPE	1,089	2,195	3,083	2,875
Depreciation of right-of-use asset	-	261	391	293
Intangible asset written off	-	-	2	-
Interest expenses	113	442	1,209	1,337
Interest income	(13)	(100)	(70)	(8)
Inventories written down	-	-	1,112	-
(Gain)/Loss on disposal of PPE	-	(5)	17	-
PPE written off	4	384	-	*
Unrealised loss/(gain) on foreign exchange	248	(4)	(303)	69
Operating profit before working capital changes	10,962	12,345	13,765	10,573
Net changes in:				
Inventories	(485)	198	(4,841)	(1,805)
Receivables	(3,476)	2,184	(9,204)	7,768
Payables	(804)	(4,399)	5,556	(7,504)
Cash generated from operations	6,197	10,328	5,276	9,032
Income tax paid	(2,240)	(2,516)	(2,000)	(1,500)
Interest income	12	100	70	8
Net cash from operating activities	3,969	7,912	3,346	7,540
CASH FLOWS FROM INVESTING ACTIVITIES				
Deposits paid for acquisition of PPE	-	(2,351)	(451)	(747)
Net changes in fixed deposits with licensed bank	-	(1,031)	1,031	-
Proceeds from disposal of PPE	-	60	100	-
Purchase of PPE	(2,498)	(3,153)	(7,359)	(1,597)
Purchase of intangible asset	(188)	(57)	(115)	(312)
Net cash used in investing activities	(2,686)	(6,532)	(6,794)	(2,656)

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	FYE 2022 RM'000	Audited FYE 2023 RM'000	FYE 2024 RM'000	Audited FPE 2025 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown on hire purchase	-	-	-	2,940
Net change in bankers' acceptance	-	-	928	547
Net change in revolving credit	-	-	3,000	(3,099)
Proceeds from issuance of shares	-	1,000	1,000	-
Repayment of hire purchases	(972)	(2,204)	(2,605)	(2,962)
Repayment of lease liability	-	(288)	(432)	(324)
Net drawdown/(repayment) of term loans	1,965	984	(1,498)	(1,484)
Net cash from/(used in) financing activities	993	(508)	393	(4,382)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,276**	**872**	**(3,055)**	**502**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**-**	**-**	*****	**(1)**
CASH AND CASH EQUIVALENTS AT BEGINNING	**729**	**3,005**	**3,877**	**822**
CASH AND CASH EQUIVALENTS AT END	**3,005**	**3,877**	**822**	**1,323**
Cash and cash equivalents are represented by:				
Cash and bank balances	3,005	1,869	791	1,291
Fixed deposits with a licensed bank	-	3,039	31	32
	3,005	4,908	822	1,323
Less: Fixed deposits with maturity more than 3 months	-	(1,031)	-	-
	3,005	**3,877**	**822**	**1,323**

Note:

* *Less than RM1,000.*

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12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our Group's financial condition and results of operations for the Financial Periods Under Review should be read in conjunction with the financial information of our Group as extracted from the Accountants' Report and the accompanying notes as set out in Section 13 of this Prospectus.

The following discussion and analysis contain data derived from our Group's audited combined financial statements for the Financial Periods Under Review and may include certain forward-looking statements that involve risks, uncertainties and assumptions. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements are discussed in the "Forward-Looking Statements" section of this Prospectus and elsewhere in this Prospectus, in particular the risk factors as set out in Section 9 of this Prospectus. Such forward-looking statements should not in any manner or circumstance be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person. Investors are cautioned not to place undue reliance on the forward-looking statements made as of the date of this Prospectus.

12.2.1 Overview of Our Group's operations

Our Company's principal activities are investment holding and provision of management services. Our Group, through our Subsidiary, is principally involved in the following business segments:

(i) Precision machining; and

(ii) Sheet metal fabrication.

Please refer to Section 7 of this Prospectus for the detailed overview of our Group's business and Section 12.3 of this Prospectus for the significant factors affecting our operations and financial performance.

12.2.2 Revenue

Our Group's revenue derived from the business segment of precision machining and sheet metal fabrication.

Our precision machining business involves various processes of working with metal such as milling, turning, and turn-milling to produce precision-machined parts and components. We also offer additional processes such as surface finishing treatment and sub-modular assembly to our customers when required.

Our sheet metal fabrication business involves processes such as stamping, bending, and welding to form the desired shapes. The fabricated sheet metal can then be used as enclosures and assembled with the precision-machined parts and components that are produced in-house by us when sub-modular assembly process (additional process offered by our Group under the precision machining business segment) is required by our customers.

Our Group generates revenue by selling products predominantly in Malaysia. A small portion of the revenue is generated from the overseas sales. The products sold locally are denominated in RM and USD, whilst overseas sales are denominated in RM, USD and SGD.

Our revenue is recognised upon delivery to and acceptance of our products by our customers. We do not practice any fixed pricing policy. The selling prices, and correspondingly GP margin, of our products are determined and negotiated on a case-to-case basis, and may vary according to various factors such as, among others, design, specifications, complexity of the manufacturing process, setup time, volume of order, raw material prices and delivery lead time.

Due to the nature of our business where our products are customised based on our customers' orders, our products may vary in terms of design, specification, size, manufacturing process and materials required. Accordingly, different unit selling price is applied to our products despite similar measurement unit in terms of size and quantity.

(i) Revenue by business segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Precision machining	49,095	82.68	33,959	74.21	38,165	80.76	22,861	77.09	31,912	80.21
Sheet metal fabrication	10,281	17.32	11,801	25.79	9,095	19.24	6,793	22.91	7,873	19.79
Total	**59,376**	**100.00**	**45,760**	**100.00**	**47,260**	**100.00**	**29,654**	**100.00**	**39,785**	**100.00**

(ii) Revenue by geographical market

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic:										
Malaysia	59,349	99.95	37,813	82.63	39,643	83.88	25,792	86.98	39,535	99.37
International:										
Singapore	20	0.04	7,905	17.28	7,533	15.94	3,797	12.80	144	0.36
Sri Lanka	1	*	42	0.09	53	0.11	53	0.18	66	0.17
Japan	6	0.01	-	-	-	-	-	-	-	-
Others	-	-	-	-	31(1)	0.07	12(2)	0.04	40(3)	0.10
	27	0.05	7,947	17.37	7,617	16.12	3,862	13.02	250	0.63
Total	**59,376**	**100.00**	**45,760**	**100.00**	**47,260**	**100.00**	**29,654**	**100.00**	**39,785**	**100.00**

12. FINANCIAL INFORMATION *(CONT'D)*

Notes:

* *Negligible.*

(1) Consist of USA, Thailand and Switzerland.

(2) Consist of USA and Thailand.

(3) Consist of USA and Switzerland.

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(a) Comparison between the FYE 2022 and the FYE 2023

Our Group's revenue decreased by RM13.62 million or 22.94% from RM59.38 million in FYE 2022 to RM45.76 million in FYE 2023. The decrease in the overall revenue was mainly driven by:

(i) lower revenue from precision machining business segment amounting to RM15.14 million, mainly due to:

(aa) a significant decrease in sales to two (2) of our Group's major customers, namely Customer A (decreased by RM11.30 million) and Customer B (decreased by RM7.50 million). The decrease in sales to the two major customers was mainly attributable to lower orders received for precision-machined parts and components during FYE 2023 resulting from the overall slowdown in the global semiconductor industry in 2023 in response to weakening demand in the end user markets, which has impacted the customers' demands during the year;

(bb) decrease in sales of precision-machined parts and components to two (2) of our Group's top customers, namely Customer C (decreased by RM1.71 million) and Customer D (decreased by RM1.34 million); resulting from the overall slowdown in the global semiconductor industry in 2023 in response to weakening demand in the end user markets, which has impacted the customers' demands during the year;

which was partially offset by:

(cc) additional sales of precision-machined parts and components amounting to RM7.86 million to a newly secured major customer, namely RT Supplies, in FYE 2023.

The abovementioned decrease in revenue from precision machining business segment for the FYE 2023 was partially offset by:

(ii) higher revenue from sheet metal fabrication business segment amounting to RM1.52 million, mainly due to:

(aa) additional sales of fabricated sheet metal parts amounting to RM3.14 million from one of our Group's major customers, namely Customer A in FYE 2023;

Which was partially offset by:

(bb) decrease in sales of fabricated sheet metal parts to two (2) of our Group's top customers, namely Customer C (decreased by RM0.91 million) and Customer E (decreased by RM0.71 million) in FYE 2023.

By geographical market, our Group's revenue from overseas market increased significantly by RM7.92 million from RM0.03 million in FYE 2022 to RM7.95 million in FYE 2023. This was mainly due to the increase in revenue generated from Singapore as a result of the newly secured major customer, RT Supplies, in FYE 2023.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's revenue increased by RM1.50 million or 3.28% from RM45.76 million in FYE 2023 to RM47.26 million in FYE 2024. The increase in the overall revenue was mainly due to:

(i) higher revenue from precision machining business segment amounting to RM4.21 million, mainly due to the gradual recovery of the global semiconductor industry in 2024, which led to:

(aa) increase in orders for precision-machined parts and components from one (1) of our Group's major customers, namely Customer B, which contributed additional sales of RM10.38 million; and

(bb) increase in orders for precision-machined parts and components from one (1) of our Group's top customers, namely Customer E, which contributed additional sales of RM0.70 million; and

(cc) additional sales of precision-machined parts and components amounting to RM1.39 million from Altra Precision, who is our major supplier (a sub-contractor to whom we outsource our sheet metal fabrication and machining processes) but also procured precision-machined parts and components from us;

which was partially offset by:

(dd) decrease in sales of precision-machined parts and components to one (1) of our Group's major customer, namely Customer A, amounting to RM8.29 million.

The abovementioned increase in revenue from precision machining business segment for the FYE 2024 was partially offset by:

(ii) lower revenue from sheet metal fabrication business segment amounting to RM2.71 million, mainly due to:

(aa) decrease in orders for fabricated sheet metal parts from one (1) of our Group's major customers, namely Customer A (decreased by RM2.53 million) and another top customer, namely Customer C (decreased by RM1.03 million);

which was partially offset by:

(bb) higher sales of fabricated sheet metal parts amounting to RM0.86 million to one of our Group's top customers, namely Customer E.

(c) Comparison between the FPE 2024 and the FPE 2025

Our Group's revenue increased by RM10.14 million or 34.20% from RM29.65 million in FPE 2024 to RM39.79 million in FPE 2025. The increase in the overall revenue was mainly due to:

(i) higher revenue from precision machining business segment amounting to RM9.05 million, mainly due to:

(aa) increase in orders for precision-machined parts and components from one (1) of our Group's major customers, namely Customer B, which contributed additional sales of RM11.90 million;

(bb) increase in orders for precision-machined parts and components from one (1) of our Group's major customers, namely Customer A, which contributed additional sales of RM1.34 million; and

(cc) increase in orders for precision-machined parts and components from two (2) of our Group's top customers, namely Customer E (increased by RM0.49 million) and Customer G (increased by RM0.26 million);

which was partially offset by:

(dd) absence of orders for precision-machined parts and components from one (1) of our Group's major customer, namely RT Supplies, which resulted in a decline in sales amounting to RM3.70 million; and

(ee) decrease in orders for precision-machined parts and components amounting to RM1.35 million from Altra Precision, who is our major supplier (a sub-contractor whom we outsource our sheet metal fabrication and machining processes) but also procured precision-machined parts and components from us; and

(ii) higher revenue from sheet metal fabrication business segment amounting to RM1.08 million, mainly due to:

(aa) higher sales of fabricated sheet metal parts amounting to RM1.76 million to one (1) of our top customers, namely Customer E;

which was partially offset by:

(bb) lower sales of fabricated sheet metal parts amounting to RM0.68 million to one (1) of our major customers, namely Customer A.

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12.2.3 Cost of sales

(i) Cost of sales by business segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Precision machining	40,843	87.90	26,840	82.23	28,118	85.21	16,582	82.33	23,647	83.36
Sheet metal fabrication	5,623	12.10	5,802	17.77	4,880	14.79	3,560	17.67	4,720	16.64
Total	**46,466**	**100.00**	**32,642**	**100.00**	**32,998**	**100.00**	**20,142**	**100.00**	**28,367**	**100.00**

Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, our Group's total cost of sales decreased by RM13.83 million or 29.76% from RM46.47 million in FYE 2022 to RM32.64 million in FYE 2023; mainly due to overall decrease in cost of sales incurred by our precision machining business segment amounting to RM14.00 million during FYE 2023, in line with the decrease in revenue generated from our precision machining business segment. The decrease was, however, partially offset by the overall increase in cost of sales incurred by our sheet metal fabrication business segment amounting to RM0.17 million, in line with the increase in revenue generated from our sheet metal fabrication business segment during FYE 2023.

Comparison between the FYE 2023 and the FYE 2024

For FYE 2024, our Group's total cost of sales increased by RM0.36 million or 1.10% from RM32.64 million in FYE 2023 to RM33.00 million in FYE 2024; mainly due to overall increase in cost of sales incurred by our precision machining business segment amounting to RM1.28 million during FYE 2024, in line with the increase in revenue generated from our precision machining business segment. The increase was, however, partially offset by the overall decrease in cost of sales incurred by our sheet metal fabrication business segment amounting to RM0.92 million, in line with the decrease in revenue generated from our sheet metal fabrication business segment during FYE 2024.

Comparison between the FPE 2024 and the FPE 2025

For FPE 2025, our Group's total cost of sales increased by RM8.23 million or 40.86% from RM20.14 million in FPE 2024 to RM28.37 million in FPE 2025; attributable to higher cost of sales incurred by our precision machining and sheet metal fabrication business segments amounting to RM7.07 million and RM1.16 million respectively, in line with the increase in revenue generated from both business segments during FPE 2025.

(ii) Cost of sales by cost components

	Audited						Unaudited		Audited	
	FYE 2022		**FYE 2023**		**FYE 2024**		**FPE 2024**		**FPE 2025**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Material costs	36,837	79.28	25,064	76.78	21,708	65.79	12,486	61.99	18,754	66.11
Labour costs	5,757	12.39	2,852	8.74	4,819	14.60	3,199	15.88	4,650	16.39
Overhead costs	3,872	8.33	4,726	14.48	6,471	19.61	4,457	22.13	4,963	17.50
Total	**46,466**	**100.00**	**32,642**	**100.00**	**32,998**	**100.00**	**20,142**	**100.00**	**28,367**	**100.00**

Our cost of sales comprises 3 main components, namely material costs, labour costs and overhead costs. During the Financial Periods Under Review, the fluctuation in cost of sales was in tandem with the revenue trend of our Group.

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(a) Material costs

Material costs, comprising mainly semi-finished machining parts, fabricated sheet metal parts, aluminium and surface treatment costs, accounted for approximately 79.28%, 76.78%, 65.79%, 61.99% and 66.11% of our Group's total cost of sales for FYE 2022, FYE 2023, FYE 2024, FPE 2024 and FPE 2025 respectively. Please refer to Section 7.8 of this Prospectus for further details of the raw materials or inputs purchased by our Group for the Financial Periods Under Review.

We source the raw materials or inputs used in our Group's business operations mainly from local suppliers, accounting for approximately 91.63%, 97.92%, 96.54%, 95.89% and 94.74% of our Group's total purchases for the FYE 2022, FYE 2023, FYE 2024, FPE 2024 and FPE 2025 respectively. We will obtain quotations for raw materials or inputs from our suppliers before we proceed to submit our quotations to our customers; hence, actual purchases of raw materials or inputs will normally be made upon confirmation of orders from our customers.

Due to the nature of our Group's business where our products are customised according to our customers' specifications and requirements, the raw materials or inputs consumed for each product may vary in terms of type of materials, shape, size and thickness as specified by our customers. As such, despite similar measurement unit in terms of quantity being used, the material costs vary from one product to another depending on our customers' specifications and requirements.

<u>Comparison between the FYE 2022 and the FYE 2023</u>

Our Group's material costs decreased by RM11.78 million or 31.98% from RM36.84 million in FYE 2022 to RM25.06 million in FYE 2023 which was primarily attributable to the following:

(i) lower purchases of semi-finished machining parts (decreased by RM6.12 million), aluminium (decreased by RM3.28 million) and other materials (decreased by RM2.81 million) used in our precision machining business segment, in tandem with the decrease in revenue from our precision machining business segment in FYE 2023;

which was partially offset by:

(ii) higher purchases of fabricated sheet metal parts amounting to RM0.18 million, in line with the increase in revenue from our sheet metal fabrication business segment in FYE 2023.

<u>Comparison between the FYE 2023 and the FYE 2024</u>

Our Group's material costs decreased by RM3.35 million or 13.37% from RM25.06 million in FYE 2023 to RM21.71 million in FYE 2024 which was primarily attributable to the following:

(i) lower purchases of semi-finished machining parts amounting to RM4.11 million, as higher level of precision machining processes are undertaken in-house by our Group in line with the additions of machinery and higher number of foreign workers employed; and

(ii) lower purchases of fabricated sheet metal parts amounting to RM0.92 million, in line with the decrease in revenue from our sheet metal fabrication business segment in FYE 2024;

(iii) increase in inventories amounting to RM3.73 million for FYE 2024 (where the purchase costs of the corresponding raw materials or inputs are deducted from the material costs and to be expensed off only upon delivery of sales), mainly due to higher finished goods maintained to cater for delivery of sales in subsequent financial year.

which was partially offset by:

(iv) higher purchases of aluminium amounting to RM5.34 million, as higher level of precision machining processes are

<u>Comparison between the FPE 2024 and the FPE 2025</u>

Our Group's material costs increased by RM6.26 million or 50.12% from RM12.49 million in FPE 2024 to RM18.75 million in FPE 2025 which was primarily attributable to the following:

(i) higher purchases of aluminium (increased by RM3.89 million) and other materials (increased by RM0.11 million), due to a higher level of precision machining processes being undertaken in-house by our Group, in line with the increase in revenue from precision machining business segment in FPE 2025;

(ii) higher purchases of fabricated sheet metal parts amounting to RM1.16 million, in line with the increase in revenue from our sheet metal fabrication business segment in FPE 2025;

(iii) higher purchases of surface treatment services amounting to RM0.69 million in FPE 2025; and

(iv) lower increase in inventories amounting to RM1.48 million for FPE 2025 (where the purchase costs of the corresponding raw materials or inputs are deducted from the material costs and to be expensed off only upon delivery of sales), mainly due to higher utilisation of raw materials or inputs in line with the revenue growth during FPE 2025;

which was partially offset by:

(v) lower purchases of semi-finished machining parts amounting to RM1.13 million in FPE 2025, as higher level of precision machining processes are undertaken in-house by our Group.

(b) Labour costs

Labour costs accounted for approximately 12.39%, 8,74%, 14.60%, 15.88% and 16.39% of our Group's total cost of sales for FYE 2022, FYE 2023, FYE 2024, FPE 2024 and FPE 2025 respectively.

Labour costs comprise mainly salaries, allowances, incentives, bonuses, statutory contributions, wages and overtime for workers and employees deployed in the production and production-related functions/departments.

Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, our Group's labour costs decreased by RM2.91 million or 50.52%, from RM5.76 million in FYE 2022 to RM2.85 million in FYE 2023, which was primarily attributable to the following:

(i) lower wages for workers involved in production amounting to RM1.78 million, mainly due to the reduction of foreign labour headcount from 66 as at end of FYE 2022 to 17 as at end of FYE 2023, where foreign workers who are unable to obtain the permit under the Program Rekalibrasi Tenaga Kerja ("**RTK**") 2.0 have been discontinued taking into consideration the uncertainties and slowdown in the global semiconductor industry and in line with the decrease in revenue from our precision machining business segment for FYE 2023; and

(ii) net decrease in incentives and bonuses incurred amounting to RM1.13 million, in line with the decrease in revenue from our precision machining business segment for FYE 2023.

Comparison between the FYE 2023 and the FYE 2024

For FYE 2024, our Group's labour costs increased by RM1.97 million or 69.12% from RM2.85 million in FYE 2023 to RM4.82 million in FYE 2024, which was primarily attributable to the following:

(i) higher wages for workers involved in production amounting to RM0.99 million, mainly due to increase in foreign labour headcount from 17 as at end of FYE 2023 to 61 as at end of FYE 2024, where new foreign workers with valid working permit are being recruited in line with the revenue growth for our precision machining business segment during FYE 2024. For avoidance of doubt, all foreign workers employed by our Group as at the LPD are in possession of valid working permit;

(ii) increase in bonuses incurred amounting to RM0.40 million, in line with the improved financial performance during FYE 2024; and

(iii) increase in salaries for employees involved in production amounting to RM0.33 million, mainly due to increase in headcount from 53 as at end of FYE 2023 to 59 as at end of FYE 2024 in line with the revenue growth for our precision machining business segment during FYE 2024.

(iv) higher overtime incurred amounting to RM0.19 million, in line with the increase in production activities for our precision machining business segment in tandem with the revenue growth during FYE 2024.

Comparison between the FPE 2024 and the FPE 2025

For FPE 2025, our Group's labour costs increased by RM1.45 million or 45.31% from RM3.20 million in FPE 2024 to RM4.65 million in FPE 2025, which was primarily attributable to the following:

(i) higher wages for workers involved in production amounting to RM0.67 million, mainly due to increase in foreign labour headcount from monthly average of 48 for FPE 2024 to monthly average of 60 for FPE 2025 as well as the revision to minimum monthly wage (from RM1,500 increased to RM1,700) implemented by the Government effective from 1 February 2025;

(ii) increase in salaries for employees involved in production amounting to RM0.46 million, mainly due to increase in headcount from monthly average of 54 for FPE 2024 to monthly average of 68 for FPE 2025, in line with the revenue growth for our precision machining business segment during FPE 2025; and

(iii) higher overtime incurred amounting to RM0.16 million, in line with the increase in production activities for our precision machining business segment in tandem with the revenue growth during FPE 2025.

(c) Overhead costs

Overhead costs accounted for 8.33%, 14.48%, 19.61%, 22.13% and 17.50% of our Group's total cost of sales for FYE 2022, FYE 2023, FYE 2024, FPE 2024 and FPE 2025 respectively.

Overhead costs mainly consist of depreciation charges on machineries and equipment, costs of tools and equipment, forwarding and freight charges, utilities costs and upkeep and maintenance costs relating to production activities.

Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, our Group's overhead costs increased by RM0.86 million or 22.22% from RM3.87 million in FYE 2022 to RM4.73 million in FYE 2023. This was mainly attributable to the following:

(i) higher costs incurred for tools and equipment amounting to RM0.92 million, mainly due to purchase of additional jigs and fixtures in line with our Group's efforts to secure orders for new products from our customers; and

(ii) higher depreciation charges amounting to RM0.92 million, mainly due to additions of new machineries during FYE 2023, as well as the full year effect of depreciation charges on machineries acquired from Amco Technology (where lower depreciation charges were recorded during FYE 2022 as the said acquisition took place only in second half of 2022);

which was partially offset by:

(iii) lower upkeep and maintenance costs amounting to RM0.66 million; and

(iv) decrease in commission payable to our employees (who are involved in sales and business development) amounting to RM0.20 million, in line with the decrease in revenue during FYE 2023.

Comparison between the FYE 2023 and the FYE 2024

For the FYE 2024, our Group's overhead costs increased by RM1.74 million or 36.79% from RM4.73 million in FYE 2023 to RM6.47 million in FYE 2024. This was mainly attributable to the following:

(i) higher costs incurred for tools and equipment amounting to RM1.13 million, mainly due to purchase of additional jigs and fixtures in line with our Group's efforts to secure orders for new products from our customers;

(ii) higher depreciation charges amounting to RM0.61 million, in line with additions of new machineries during FYE 2024; and

(iii) higher electricity expenses incurred amounting to RM0.17 million, in line with the increase in production activities for our precision machining business segment in tandem with the revenue growth during FYE 2024;

which was partially offset by the decrease in upkeep and maintenance costs amounting to RM0.14 million.

Comparison between the FPE 2024 and the FPE 2025

For the FPE 2025, our Group's overhead costs increased by RM0.50 million or 11.21% from RM4.46 million in FPE 2024 to RM4.96 million in FPE 2025. This was mainly attributable to the following:

(i) higher depreciation charges amounting to RM0.65 million, in line with the additions of new machineries during FPE 2025 as well as the full-period effect of depreciation charges on machineries acquired after FPE 2024 (between October 2024 to December 2024);

(ii) higher electricity charges amounting to RM0.11 million, in line with the increase in production activities for our precision machining business segment in tandem with the revenue growth during FPE 2025;

(iii) higher costs incurred for packaging materials amounting to RM0.08 million, in line with the increase in production activities for our precision machining business segment in tandem with the revenue growth during FPE 2025; and

(iv) higher commission payable to our employees (who are involved in sales and business development) amounting to RM0.07 million, in line with the increase in revenue during FPE 2025;

which was partially offset by:

(v) lower costs incurred for tools and equipment amounting to RM0.47 million, mainly due to lower purchases of additional jigs and fixtures during FPE 2025.

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12.2.4 GP and GP margin

(i) GP by business segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Precision machining	8,252	63.92	7,119	54.27	10,047	70.45	6,279	66.01	8,265	72.39
Sheet metal fabrication	4,658	36.08	5,999	45.73	4,215	29.55	3,233	33.99	3,153	27.61
Total	**12,910**	**100.00**	**13,118**	**100.00**	**14,262**	**100.00**	**9,512**	**100.00**	**11,418**	**100.00**

(ii) GP margin by business segment

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
	%	%	%	%	%
Precision machining	16.81	20.96	26.33	27.47	25.90
Sheet metal fabrication[(1)]	45.31	50.83	46.34	47.59	40.05
Overall GP margin	**21.74**	**28.67**	**30.18**	**32.08**	**28.70**

Note:

(1) The GP margin from the sheet metal fabrication business segment is relatively higher during the Financial Periods Under Review as we managed to secure competitive pricing from our sub-contractors to whom we outsource our sheet metal fabrication processes. In addition, the sheet metal fabrication business segment is not subject to labour costs and fixed overhead costs as we do not produce in-house. As the approved vendor to our customers particularly those from the precision-machining business segment, we are able to serve as a one-stop centre offering additional services which include sheet metal fabrication to these customers from the precision-machining business segment. As such, we are able to demand a higher margin for the sheet metal fabrication service provided.

(a) Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, our Group's GP increased by RM0.21 million or 1.63% to RM13.12 million (FYE 2022: RM12.91 million). The increase was primarily attributable to the higher GP contribution from sheet metal fabrication business segment by RM1.34 million, in line with the higher sales from sheet metal fabrication business segment during the year; which was partially offset by lower GP contribution from precision machining business segment by RM1.13 million in tandem with the decrease in revenue during the year.

The overall GP margin of our Group increased by 6.93% from 21.74% in FYE 2022 to 28.67% in FYE 2023, mainly due to:

(i) higher GP margin for the precision machining business segment, which increased from 16.81% in FYE 2022 to 20.96% in FYE 2023, mainly due to overall decrease in material costs and labour costs as elaborated in Sections 12.2.3(ii)(a) and 12.2.3(ii)(b) of this Prospectus; and

(ii) higher GP margin from sheet metal fabrication business segment, which increased from 45.31% in FYE 2022 to 50.83% in FYE 2023, mainly due to changes in product mix where additional higher-margin fabricated sheet metal products (due to more complicated processes) were sold to Customer A during the year as compared to FYE 2022.

Our Group does not practice fixed pricing policy. The selling prices, and correspondingly GP margin, of our products are determined and negotiated on a case-to-case basis, and may vary according to various factors such as, among others, design, specifications, complexity of the manufacturing process, setup time, volume of order, raw material prices and delivery lead time.

(b) Comparison between the FYE 2023 and the FYE 2024

For FYE 2024, our Group's GP increased by RM1.14 million or 8.69% to RM14.26 million (FYE 2023: RM13.12 million). The increase was primarily attributable to higher GP contribution from precision machining business segment by RM2.93 million, in line with the higher sales from precision machining business segment during the year; which was partially offset by lower GP contribution from sheet metal fabrication business segment by RM1.78 million, in tandem with the decrease in revenue from sheet metal fabrication business segment during the year.

The overall GP margin of our Group increased by 1.51% from 28.67% in FYE 2023 to 30.18% in FYE 2024, mainly due to higher GP margin for the precision machining business segment which increased from 20.96% in FYE 2023 to 26.33% in FYE 2024, mainly due to changes in product mix where higher-margin precision-machined parts and components (due to more complicated processes) were sold during the year as compared to FYE 2024. The improvement in GP margin for the precision machining business segment was partially offset by lower GP margin for sheet metal fabrication business segment which decreased from 50.83% in FYE 2023 to 46.34% in FYE 2024, mainly due to reduced sales of higher-margin fabricated sheet metal products.

Our Group does not practice fixed pricing policy. The selling prices, and correspondingly GP margin, of our products are determined and negotiated on a case-to-case basis, and may vary according to various factors such as, among others, design, specifications, complexity of the manufacturing process, setup time, volume of order, raw material prices and delivery lead time.

(c) Comparison between the FPE 2024 and the FPE 2025

For FPE 2025, our Group's GP increased by RM1.91 million or 20.08% to RM11.42 million (FPE 2024: RM9.51 million). The increase was primarily attributable to higher GP contribution from the precision machining business segment by RM1.99 million, in line with higher sales from precision machining business segment during FPE 2025; which was partially offset by lower GP contribution from sheet metal fabrication business segment by RM0.08 million due to lower GP margin from sheet metal fabrication business segment during FPE 2025 as further explained below.

The overall GP margin of our Group decreased by 3.38% from 32.08% in FPE 2024 to 28.70% in FPE 2025, mainly due to:

(i) lower GP margin for our precision machining business segment, which decreased from 27.47% in FPE 2024 to 25.90% in FPE 2025, mainly due to overall increase in overhead costs as elaborated in Section 12.2.3(ii)(c) of this Prospectus; and

(ii) lower GP margin for our sheet metal fabrication business segment, which decreased from 47.59% in FPE 2024 to 40.05% in FPE 2025, mainly due to reduced sales of higher-margin fabricated sheet metal products.

Our Group does not practice fixed pricing policy. The selling prices, and correspondingly GP margin, of our products are determined and negotiated on a case-to-case basis, and may vary according to various factors such as, among others, design, specifications, complexity of the manufacturing process, setup time, volume of order, raw material prices and delivery lead time.

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12.2.5 Other income

The following table sets out the breakdown of our Group's other income during the Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on foreign exchange	605	100.00	405	98.06	303	93.81	-	-	179	81.36
Scrap metals	-	-	3	0.73	20	6.19	10	100.00	41	18.64
Gain on disposal of PPE			5	1.21	-	-	-	-	-	-
Total	**605**	**100.00**	**413**	**100.00**	**323**	**100.00**	**10**	**100.00**	**220**	**100.00**

(a) Comparison between the FYE 2022 and the FYE 2023

Our Group's other income decreased by approximately RM0.20 million or 32.79% from RM0.61 million for FYE 2022 to RM0.41 million for FYE 2023; mainly due to lower gain on foreign exchange amounting to approximately RM0.20 million.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's other income decreased by approximately RM0.09 million or 21.95% from RM0.41 million for FYE 2023 to RM0.32 million for FYE 2024; mainly due to lower gain on foreign exchange amounting to approximately RM0.10 million.

(c) Comparison between the FPE 2024 and the FPE 2025

Our Group's other income increased by approximately RM0.21 million or 2,100.00% from RM0.01 million for FPE 2024 to RM0.22 million for FPE 2025; mainly due to higher gain on foreign exchange amounting to approximately RM0.18 million.

12.2.6 Administrative expenses

The following table sets out the breakdown of our Group's administrative expenses during the Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Amortisation of intangible assets	57	1.44	80	1.95	100	1.91	70	1.90	120	2.71
Depreciation charges	120	3.04	564	13.77	974	18.65	719	19.55	804	18.18
Directors' remuneration	1,508	38.18	1,144	27.92	1,333	25.53	909	24.72	1,055	23.86
Loss on foreign exchange	248	6.28	-	-	380	7.28	354	9.63	448	10.13
License fee	*	-	91	2.22	90	1.72	68	1.85	93	2.10
PPE written off	4	0.10	384	9.37	2	-	-	-	*	-
Printing, courier and stationery	25	0.63	24	0.59	29	0.56	17	0.46	24	0.54
Road tax and insurance	15	0.38	57	1.39	58	1.10	54	1.47	67	1.52
Staff costs	1,341	33.95	917	22.38	1,298	24.86	844	22.95	1,023	23.14
Staff welfare	51	1.29	21	0.51	28	0.54	21	0.57	13	0.29

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff welfare	51	1.29	21	0.51	28	0.54	21	0.57	13	0.29
Travelling and accommodation	2	0.05	29	0.71	84	1.61	89	2.42	26	0.59
Upkeep expenses	79	2.00	179	4.37	185	3.54	84	2.29	108	2.44
Utilities costs	9	0.23	11	0.27	15	0.29	9	0.25	17	0.39
Professional fees	163	4.13	250	6.10	236	4.52	121	3.29	187	4.23
Rentals	26	0.66	40	0.98	13	0.25	10	0.27	9	0.20
Others (1)	302	7.64	306	7.47	397	7.60	308	8.38	428	9.68
Total	**3,950**	**100.00**	**4,097**	**100.00**	**5,222**	**100.00**	**3,677**	**100.00**	**4,422**	**100.00**

Notes:

* *Less than RM1,000.*

(1) *Comprise advertisement, assessment, bank charges, deposit forfeited, entertainment, gift and donation, levy fee, membership fee, subscription fee, sundry expenses, stamp duty, quit rent, workers' recruitment expense, loss on disposal of PPE and directors' fee.*

(a) Comparison between the FYE 2022 and the FYE 2023

Our Group's administrative expenses increased by approximately RM0.15 million or 3.80% from RM3.95 million in FYE 2022 to RM4.10 million in FYE 2023.

The increase in administrative expenses was mainly due to the following:

(i) higher depreciation charges amounting to RM0.44 million; primarily attributable to the costs incurred for renovation, office equipment, furniture and fittings in conjunction with the relocation of our Group's operations to Facility No. 9 and Office and Factory No. 11;

(ii) higher PPE written off amounting to RM0.38 million, primarily in relation to renovation, office equipment, furniture and fittings of the Previous Premises No. 5 which were no longer in use following the relocation of our Group's operations to Facility No. 9 and Office and Factory No. 11; and

(iii) higher upkeep expenses amounting to RM0.10 million incurred during FYE 2023;

which was partially offset by the decrease in staff costs and directors' remuneration amounting to RM0.42 million and RM0.36 million respectively, primarily attributable to net decrease in incentives and bonuses incurred, in line with the decrease in revenue from our precision machining business segment for FYE 2023.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's administrative expenses increased by approximately RM1.12 million or 27.32% from RM4.10 million in FYE 2023 to RM5.22 million in FYE 2024.

The increase in administrative expenses was mainly due to the following:

(i) higher depreciation charges amounting to RM0.41 million, primarily due to the costs incurred for the acquisition of Facility 42A, Hostel No. 1 and office equipment, furniture and fittings to be used in our Group's operations;

(ii) higher loss on foreign exchange amounting to RM0.38 million;

(iii) higher staff costs amounting to RM0.38 million, primarily resulting from overall increase in headcount, higher bonuses and salary increment, in line with the increase in revenue for FYE 2024; and

(iv) higher directors' remuneration amounting to RM0.19 million, primarily resulting from higher bonuses and salary increments for FYE 2024 in line with the increase in revenue for FYE 2024.

(c) Comparison between the FPE 2024 and the FPE 2025

Our Group's administrative expenses increased by approximately RM0.74 million or 20.11% from RM3.68 million in FPE 2024 to RM4.42 million in FPE 2025.

The increase in administrative expenses was mainly due to the following:

(i) higher staff costs amounting to RM0.18 million, primarily resulting from overall increase in headcount and salary increment, in line with the increase in revenue for FPE 2025;

(ii) higher director's remuneration amounting to RM0.15 million, primarily resulting from salary increment for FPE 2025, in line with the increase in revenue for FPE 2025;

(iii) higher other costs amounting to RM0.12 million, primarily due expenses incurred for the renewal of foreign workers' permits during FPE 2025;

(iv) higher loss on foreign exchange amounting to RM0.09 million;

(v) higher depreciation charges amounting to RM0.09 million, primarily due to the costs incurred for the renovation of Facility 42A and acquisition of office equipment, furniture and fittings to be used in our Group's operations; and

(vi) higher professional fees amounting to RM0.07 million, primarily due to overall increase in fees payable to auditors and tax agent as well as additional costs incurred for preparation of corporate video.

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12.2.7 Finance costs

The following table sets out the breakdown of our Group's finance costs during the Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Accretion of interest on lease liability	-	-	48	9.8	57	4.50	45	5.14	31	2.27
Interest expenses on hire purchases	113	100.00	226	46.12	220	17.38	153	17.46	289	21.13
Interest expenses on term loans	-	-	216	44.08	989	78.12	678	77.40	902	65.94
Interest on revolving credit	-	-	-	-	-	-	-	-	99	7.23
Interest on banker's acceptance	-	-	-	-	-	-	-	-	47	3.43
Total	**113**	**100.00**	**490**	**100.00**	**1,266**	**100.00**	**876**	**100.00**	**1,368**	**100.00**

(a) Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, our Group's finance costs increased by RM0.38 million or 345.45% to RM0.49 million (FYE 2022: RM0.11 million). The increase was primarily attributable to the following:

(i) higher interest expenses on hire purchases amounting to approximately RM0.11 million, mainly due to additional hire purchases obtained to finance the acquisition of machineries used in our Group's operations; and

(ii) additional interest expenses on term loans amounting to approximately RM0.22 million, mainly due to higher portion of borrowing costs arising from term loans borrowed specifically for the purpose of the construction of Facility No. 9 being expensed off during FYE 2023 as compared to FYE 2022 (where the borrowing costs were being capitalised as part of the PPE).

(b) Comparison between the FYE 2023 and the FYE 2024

For FYE 2024, our Group's finance costs increased by RM0.78 million or 159.18% to RM1.27 million (FYE 2023: RM0.49 million). The increase was primarily due to additional interest expenses on term loans amounting to RM0.77 million, in line with new term loan being drawn down during FYE 2024 to finance the acquisition of Facility 42A. The acquisition of Facility 42A was undertaken to cater for future expansion and to house new and additional CNC machinery, as there is limited factory space within Facility No. 9 and Office and Factory No. 11 for further expansion. This is in line with our Group's expansion strategy, in order to demonstrate to customers that our Group is capable of handling new and additional orders.

(c) Comparison between the FPE 2024 and the FPE 2025

For FPE 2025, our Group's finance costs increased by RM0.49 million or 55.68% to RM1.37 million (FPE 2024: RM0.88 million). The increase was primarily attributable to the following:

(i) additional interest expenses on term loans amounting to approximately RM0.22 million, mainly due to the full-period effect for term loan interest in relation to Facility 42A (of which lower interest expenses were recorded in FPE 2024 as the term loan was fully drawn down only in April 2024);

(ii) higher interest expenses on hire purchases amounting to approximately RM0.14 million, mainly due to additional hire purchases obtained to finance the acquisition of machineries used in our Group's operations; and

(iii) additional interest expenses on revolving credit and banker's acceptance aggregating to approximately RM0.15 million, which were utilised for working capital purposes.

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12.2.8 Taxation

The following table sets out our Group's taxation during the Financial Periods Under Review:

	FYE 2022 RM'000	Audited FYE 2023 RM'000	FYE 2024 RM'000	Unaudited FPE 2024 RM'000	Audited FPE 2025 RM'000
PBT	**9,464**	**9,044**	**8,167**	**5,037**	**5,856**
Income tax					
Current year provision	(2,220)	(2,000)	(1,568)	(968)	(785)
Over/(Under) provision in prior year	50	(178)	331	331	122
	(2,170)	(2,178)	(1,237)	(637)	(663)
Deferred tax					
Relating to the origination and reversal of temporary differences	(117)	(180)	69	160	34
Over/(Under) provision in prior year	8	123	59	59	(7)
	(109)	(57)	128	219	27
Overall tax expenses	**(2,279)**	**(2,235)**	**(1,109)**	**(418)**	**(636)**
Effective tax rate (%)	**24.08**	**24.71**	**13.58**	**8.30**	**10.86**

(a) FYE 2022

For FYE 2022, our Group's overall tax expenses stood at RM2.28 million, representing an effective tax rate of 24.08%, which was slightly higher than the statutory tax rate applicable in Malaysia of 24.00%; mainly attributable to the following:

(i) tax effect of expenses not deductible for tax purpose amounting to RM0.11 million;

which was partially offset by the following:

(ii) over provision of income tax and deferred tax in prior year aggregating to approximately RM0.06 million accounted for during FYE 2022; and

(iii) reduced tax rate on the first RM600,000 chargeable income of Ambest Technology, resulting in lower tax expense by RM0.04 million.

(b) FYE 2023

For FYE 2023, our Group's overall tax expenses stood at RM2.24 million, representing an effective tax rate of 24.71%, which was slightly higher than the statutory tax rate applicable in Malaysia of 24.00%; mainly attributable to the following:

(i) tax effect of expenses not deductible for tax purpose amounting to RM0.24 million; and

(ii) under provision of income tax in prior year amounting to RM0.18 million accounted for during FYE 2023;

which was partially offset by the following:

(iii) tax effect of reinvestment allowance claimed during FYE 2023 amounting to RM0.23 million in relation to qualifying capital expenditures pertaining to building costs of Facility No. 9 and machinery costs; and

(iv) over provision of deferred tax in prior year amounting to RM0.12 million accounted for during FYE 2023.

(c) FYE 2024

For FYE 2024, our Group's overall tax expenses stood at RM1.11 million, representing an effective tax rate of 13.58%, which was lower than the statutory tax rate applicable in Malaysia of 24.00%; mainly attributable to the following:

(i) tax effect of reinvestment allowance claimed during FYE 2024 amounting to RM0.82 million in relation to qualifying capital expenditures pertaining to building costs of Facility 42A and machinery costs;

(ii) over provision of income tax and deferred tax in prior year aggregating to approximately RM0.39 million accounted for during FYE 2024; and

(iii) reduced tax rate on the first RM600,000 chargeable income of Ambest Technology, resulting in lower tax expense by RM0.04 million;

which was partially offset by the following:

(iv) tax effect of expenses not deductible for tax purpose amounting to RM0.41 million.

(d) FPE 2025

For FPE 2025, our Group's overall tax expenses stood at RM0.64 million, representing an effective tax rate of 10.86%, which was lower than the statutory tax rate applicable in Malaysia of 24.00%; mainly attributable to the following:

(i) tax effect of reinvestment allowance claimed during FPE 2025 amounting to RM0.66 million in relation to qualifying capital expenditures pertaining to machinery costs;

(ii) over provision of income tax in prior year amounting to approximately RM0.12 million accounted for during FPE 2025; and

(iii) reduced tax rate on the first RM600,000 chargeable income of Ambest Technology, resulting in lower tax expense by RM0.04 million;

which was partially offset by the following:

(iv) tax effect of expenses not deductible for tax purpose amounting to RM0.05 million; and

(v) under provision of deferred tax in prior year amounting to approximately RM0.01 million accounted for during FPE 2025.

12.2.9 PBT, PBT margin, PAT and PAT margin

The following table sets out our Group's PBT, PBT margin, PAT and PAT margin for the Financial Periods Under Review:

		Audited		Unaudited	Audited
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2024**	**FPE 2025**
PBT (RM'000)	9,464	9,044	8,167	5,037	5,856
PBT margin (%)	15.94	19.76	17.28	16.99	14.72
PAT (RM'000)	7,185	6,809	7,058	4,619	5,220
PAT margin (%)	12.10	14.88	14.93	15.58	13.12

(a) Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, notwithstanding the overall increase in our Group's GP, our Group's PBT decreased by RM0.42 million or 4.44% from RM9.46 million in FYE 2022 to RM9.04 million in FYE 2023, mainly due to the following:

(i) overall decrease in other income, the details of which as discussed in Section 12.2.5(a) of this Prospectus;

(ii) overall increase in administrative expenses, the details of which as discussed in Section 12.2.6(a) of this Prospectus; and

(iii) overall increase in finance costs, the details of which as discussed in Section 12.2.7(a) of this Prospectus.

Our Group's PBT margin increased by 3.82% from 15.94% in FYE 2022 to 19.76% in FYE 2023, mainly contributed by the improved GP margin for FYE 2023 as discussed in Section 12.2.4(a) of this Prospectus.

Our Group's PAT decreased by RM0.38 million or 5.29% from RM7.19 million in FYE 2022 to RM6.81 million in FYE 2023, mainly due to lower PBT achieved for FYE 2023 as discussed above in this section.

Our Group's PAT margin increased by 2.78% from 12.10% in FYE 2022 to 14.88% in FYE 2023, in line with the improved PBT margin achieved for FYE 2023 as discussed above in this section.

(b) Comparison between the FYE 2023 and the FYE 2024

For FYE 2024, notwithstanding the overall increase in our Group's GP, our Group's PBT decreased by RM0.87 million or 9.62% from RM9.04 million in FYE 2023 to RM8.17 million in FYE 2024, mainly due to the following: -

(i) overall decrease in other income, the details of which as discussed in Section 12.2.5(b) of this Prospectus;

(ii) overall increase in administrative expenses, the details of which as discussed in Section 12.2.6(b) of this Prospectus; and

(iii) overall increase in finance costs, the details of which as discussed in Section 12.2.7(b) of this Prospectus.

For FYE 2024, notwithstanding the improvement in our Group's GP margin, our Group's PBT margin decreased by 2.48% from 19.76% in FYE 2023 to 17.28% in FYE 2024; mainly due to higher finance costs and administrative expenses incurred during FYE 2024.

For FYE 2024, notwithstanding the overall decrease in our Group's PBT, our Group's PAT increased by RM0.25 million or 3.67% from RM6.81 million in FYE 2023 to RM7.06 million in FYE 2024; mainly due to lower tax expenses and effective tax rate for FYE 2024, the details of which as discussed in Section 12.2.8(c) of this Prospectus.

For FYE 2024, notwithstanding the lower PBT margin, our Group's PAT margin increased by 0.05% from 14.88% in FYE 2023 to 14.93% in FYE 2024; mainly due to lower tax expenses and effective tax rate for FYE 2024, the details of which as discussed in Section 12.2.8(c) of this Prospectus.

(c) Comparison between the FPE 2024 and the FPE 2025

For FPE 2025, our Group's PBT increased by RM0.82 million or 16.27% from RM5.04 million in FPE 2024 to RM5.86 million in FPE 2025, mainly due to the following: -

(i) overall increase in GP in tandem with the revenue growth, the details of which as discussed in Section 12.2.4(c) of this Prospectus; and

(ii) overall increase in other income, the details of which as discussed in Section 12.2.5(c) of this Prospectus;

which was partially offset by:

(iii) overall increase in administrative expenses, the details of which as discussed in Section 12.2.6(c) of this Prospectus; and

(iv) overall increase in finance costs, the details of which as discussed in Section 12.2.7(c) of this Prospectus.

For FPE 2025, our Group's PBT margin decreased by 2.27% from 16.99% in FPE 2024 to 14.72% in FPE 2025; mainly due to:

(i) overall decrease in GP margin, the details of which as discussed in Section 12.2.4(c) of this Prospectus;

(ii) overall increase in administrative expenses, the details of which as discussed in Section 12.2.6(c) of this Prospectus; and

(iii) overall increase in finance costs, the details of which as discussed in Section 12.2.7(c) of this Prospectus;

which was partially offset by overall increase in other income, the details of which as discussed in Section 12.2.5(c) of this Prospectus.

For FPE 2025, our Group's PAT increased by RM0.60 million or 12.99% from RM4.62 million in FPE 2024 to RM5.22 million in FPE 2025; in line with higher PBT achieved for FPE 2025 as discussed above in this section, which was partially offset by higher tax expenses and effective tax rate for FPE 2025, the details of which as discussed in Section 12.2.8(d) of this Prospectus.

For FPE 2025, our Group's PAT margin decreased by 2.46% from 15.58% in FPE 2024 to 13.12% in FPE 2025; in line with lower PBT margin recorded for FPE 2025 as discussed above in this section, as well as higher tax expenses and effective tax rate for FPE 2025, the details of which as discussed in Section 12.2.8(d) of this Prospectus.

12.2.10 Review of financial positions

(i) Assets

Our Group's assets are as follows:

	Audited As at 31 December			Audited As at 30 September
	2022 RM'000	**2023 RM'000**	**2024 RM'000**	**2025 RM'000**
ASSETS				
Non-current assets				
PPE	14,470	18,002	50,676	51,213
Right-of-use asset	-	1,304	913	619
Intangible asset	301	278	292	483
	14,771	**19,584**	**51,881**	**52,315**
Current assets				
Inventories	1,896	1,697	5,426	7,231
Trade receivables	15,062	12,616	20,849	12,204
Other receivables, deposits and prepayments	593	3,209	2,585	3,689
Current tax assets	-	-	596	1,433
Cash and bank balances	3,005	4,908	822	1,323
	20,556	**22,430**	**30,278**	**25,880**
TOTAL ASSETS	**35,327**	**42,014**	**82,159**	**78,195**

(a) Comparison between the FYE 2022 and the FYE 2023

Our Group's total assets increased by approximately RM6.68 million or 18.91% to RM42.01 million as at 31 December 2023 (31 December 2022: RM35.33 million), mainly due to:

(i) overall increase in PPE amounting to approximately RM3.53 million, mainly attributable to:

(aa) additions of machineries used in our Group's operations amounting to RM2.28 million;

(bb) costs aggregating to RM2.08 million incurred for renovation, office equipment, furniture and fittings in conjunction with the relocation of our Group's operations to Facility No. 9 and Office and Factory No. 11; and

(cc) acquisition of Bungalow No. 32A amounting to RM1.25 million;

which was partially offset by depreciation charges amounting to RM2.19 million;

(ii) overall increase in cash and bank balances amounting to approximately RM1.90 million, primarily resulting from higher net cash from operating activities generated in FYE 2023 and proceeds from issuance of shares by Ambest Technology;

(iii) overall increase in right-of-use asset amounting to approximately RM1.30 million, resulting from the lease of Office and Factory No. 11; and

(iv) overall increase in other receivables, deposits and prepayments amounting to approximately RM2.62 million, mainly due to higher deposits paid for the acquisition of PPE particularly in relation to Facility 42A and Hostel No. 1.

which was partially offset by the decrease in trade receivables amounting to RM2.45 million in tandem with the decrease in revenue during FYE 2023.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's total assets increased by approximately RM40.15 million or 95.57% to RM82.16 million as at 31 December 2024 (31 December 2023: RM42.01 million), mainly due to:

(i) overall increase in PPE amounting to approximately RM32.67 million, mainly attributable to:

(aa) additions of machineries used in our Group's operations amounting to RM6.91 million;

(bb) acquisition of Facility 42A amounting to RM25.79 million. The acquisition of Facility 42A was undertaken to cater for future expansion and to house new and additional CNC machinery, as there is limited factory space within Facility No. 9 and Office and Factory No. 11 for further expansion. This is in line with our Group's expansion strategy, in order to demonstrate to customers that our Group is capable of handling new and additional orders; and

(cc) acquisition of Hostel No. 1 amounting to RM1.96 million;

which was partially offset by depreciation charges amounting to RM3.08 million; and

(ii) overall increase in trade receivables and inventories amounting to approximately RM8.23 million and RM3.73 million respectively, in tandem with the increase in revenue during FYE 2024, and slower collections from trade receivables;

which was partially offset by overall decrease in cash and bank balances amounting to approximately RM4.09 million primarily resulting from lower net cash from operating activities recorded for FYE 2024.

(c) Comparison between the FYE 2024 and the FPE 2025

Our Group's total assets decreased by approximately RM3.96 million or 4.82% to RM78.20 million as at 30 September 2025 (31 December 2024: RM82.16 million), mainly due to:

(i) overall decrease in trade receivables amounting to approximately RM8.65 million due to good collections from trade receivables during FPE 2025;

which was partially offset by:

(ii) overall increase in inventories amounting to RM1.81 million, mainly due to higher raw materials, work in progress and finished goods maintained to cater for delivery of sales after FPE 2025;

(iii) overall increase in other receivables, deposits and prepayments amounting to RM1.10 million, mainly due to additional deposits paid in relation to acquisition of new machineries and prepayments in relation to listing expenses;

(iv) overall increase in current tax assets amounting to RM0.84 million, mainly due to lower income tax provision made for FPE 2025 as compared to the monthly income tax (CP204) instalment payments made during FPE 2025;

(v) overall increase in PPE amounting to approximately RM0.54 million, mainly attributable to:

(aa) additions of machineries used in our Group's operations amounting to RM2.84 million; and

(bb) costs aggregating to RM0.49 million incurred for renovation mainly in relation to Facility 42A;

which was partially offset by depreciation charges amounting to RM2.88 million; and

(vi) overall increase in cash and bank balances amounting to approximately RM0.50 million, primarily resulting from higher net cash from operating activities recorded for FPE 2025; and

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(ii) Liabilities

Our Group's liabilities are as follows:

	Audited As at 31 December			Audited As at 30 September
	2022 RM'000	**2023 RM'000**	**2024 RM'000**	**2025 RM'000**
LIABILITIES				
Non-current liabilities				
Borrowings	7,688	9,535	31,563	32,477
Lease liability	-	950	556	248
Deferred tax liabilities	186	243	115	88
	7,874	**10,728**	**32,234**	**32,813**
Current liabilities				
Trade payables	9,394	6,199	9,163	3,967
Other payables and accruals	1,988	784	3,379	1,067
Borrowings	1,845	2,230	7,400	5,130
Lease liability	-	375	394	409
Current tax liabilities	504	167	-	-
	13,731	**9,755**	**20,336**	**10,573**
TOTAL LIABILITIES	**21,605**	**20,483**	**52,570**	**43,386**

(a) Comparison between the FYE 2022 and the FYE 2023

Our Group's total liabilities decreased by approximately RM1.13 million or 5.23% to RM20.48 million as at 31 December 2023 (31 December 2022: RM21.61 million), mainly due to:

(i) decrease in trade payables amounting to approximately RM3.20 million, primarily resulting from lower purchases made in tandem with the decrease in revenue during FYE 2023; and

(ii) decrease in other payables and accruals amounting to approximately RM1.20 million, primarily resulting from lower sum of accruals for bonuses in tandem with the decrease in revenue during FYE 2023.

which was partially offset by:

(iii) overall increase in borrowings amounting to approximately RM2.23 million, mainly resulting from additional term loans drawn down to finance the acquisition of Hostel No. 1[(1)] and Bungalow No. 32A; and

(iv) overall increase in lease liability amounting to approximately RM1.33 million, resulting from the lease of Office and Factory No. 11;

Note:

(1) A portion of the term loan was drawn down in December 2023 for partial payment of the consideration payable for the acquisition of Hostel No. 1. The acquisition of Hostel No. 1 was completed in January 2024.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's total liabilities increased by approximately RM32.09 million or 156.69% to RM52.57 million as at 31 December 2024 (31 December 2023: RM20.48 million), mainly due to:

(i) overall increase in borrowings amounting to approximately RM27.20 million, mainly resulting from new term loan drawn down to finance the acquisition of Facility 42A; and

(ii) overall increase in trade payables amounting to approximately RM2.96 million, primarily resulting from higher purchases made in tandem with the increase in revenue during FYE 2024; and

(iii) overall increase in other payables and accruals amounting to approximately RM2.60 million, primarily due to outstanding balances owing to suppliers in relation to the acquisition of machineries.

(c) Comparison between the FYE 2024 and the FPE 2025

Our Group's total liabilities decreased by approximately RM9.18 million or 17.46% to RM43.39 million as at 30 September 2025 (31 December 2024: RM52.57 million), mainly due to:

(i) overall decrease in trade payables amounting to approximately RM5.20 million, in line with prompt payments to trade payables during FPE 2025;

(ii) overall decrease in other payables and accruals by approximately RM2.31 million, primarily attributable to settlements made for outstanding balances owing to suppliers in relation to the acquisition of machineries (brought forward from FYE 2024) during FPE 2025;

(iii) overall decrease in borrowings amounting to RM1.36 million, mainly due to:

(aa) decrease in revolving credit amounting to RM3.00 million due to net repayments made during FPE 2025; and

(bb) decrease in term loans amounting to RM0.58 million, primarily due to net repayments made during FPE 2025;

which was partially offset by:

(cc) increase in hire purchases amounting to RM1.63 million; mainly due to net drawdown of hire purchases during FPE 2025 to finance the acquisition of machineries used in our Group's operations; and

(dd) increase in banker's acceptance amounting to RM0.59 million, mainly due to additional sum utilised for working capital purposes; and

(iv) overall decrease in lease liability amounting to RM0.29 million, due to payments made for the lease of Office and Factory No.11 during FPE 2025.

12.2.11 Key financial ratios

The key financial ratios of our Group are as follows:

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
Trade receivables turnover period (days)	83	110	129	113
Trade payables turnover period (days)	71	87	85	63
Inventories turnover period (days)	13	20	39	61
Current ratio (times)	1.50	2.30	1.49	2.45
Gearing ratio (times)	0.69	0.55	1.32	1.08

(iii) Trade receivables turnover period

	Audited			
	FYE 2022 RM'000	**FYE 2023 RM'000**	**FYE 2024 RM'000**	**FPE 2025 RM'000**
Trade receivables as at the beginning of the financial year	11,888	15,062	12,616	20,849
Trade receivables as at the end of the financial year	15,062	12,616	20,849	12,204
Average trade receivables balance (1)	13,475	13,839	16,733	16,527
Revenue for the financial year	59,376	45,760	47,260	39,785
Number of days	365	365	365	273
Trade receivables turnover period (2) (days)	**83**	**110**	**129**	**113**

Notes:

(1) Computed based on the average of the trade receivables balance at the beginning and end of the respective financial year.

(2) Computed based on the formula:

$$\frac{\textit{Average trade receivables balance}}{\textit{Revenue for the respective financial year}} \quad x \quad \textit{Number of days}$$

The normal credit periods granted to our Group's customers range from 30 to 90 days. The credit periods granted are mainly assessed and approved on a case-to-case basis taking into consideration various factors such as relationship, payment history, credit worthiness, transaction volume, financial background, market reputation as well as customer's ability to pay. Considering the increase in the trade receivables turnover period, our Group maintains close communication with our Group's customers (through calls and emails) to follow up on payment for overdue balances as well as to request for payment on balances that are falling due. Notwithstanding the increase in the trade receivables turnover period, our Group has not experienced any significant bad debts for the Financial Periods Under Review and up to the LPD.

(a) Comparison between the FYE 2022 and the FYE 2023

The Group's trade receivables turnover period increased from 83 days in FYE 2022 to 110 days in FYE 2023, mainly due to slower collections from customers in the semiconductor industry. In addition, the Group recorded higher sales billings during the fourth quarter of FYE 2023.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's trade receivables turnover period increased from 110 days in the FYE 2023 to 129 days in FYE 2024, mainly due to slower collections from customers in the semiconductor industry. In addition, the Group recorded higher sales billings during the fourth quarter of FYE 2024.

(c) Comparison between the FYE 2024 and the FPE 2025

Our Group's trade receivables turnover period decreased from 129 days in the FYE 2024 to 113 days in FPE 2025, mainly due to good collections from customers during FPE 2025.

(d) Ageing analysis of trade receivables as at 30 September 2025

		Exceeding credit period			
	Within credit period RM'000	**1 – 30 days RM'000**	**31 – 90 days RM'000**	**> 90 days RM'000**	**Total RM'000**
30 September 2025					
Trade receivables	11,529	524	127	24	12,204
% of total trade receivables (%)	94.47	4.29	1.04	0.20	100.00
Collections up to the LPD	10,449	509	118	21	11,097
Balance outstanding trade receivables as at the LPD	**1,080**	**15**	**9**	**3**	**1,107**

The trade receivables of our Group as at 30 September 2025 stood at RM12.20 million, of which RM0.68 million or 5.57% had exceeded our normal credit period.

As at the LPD, our Group has collected RM11.10 million or 90.98% of our Group's total trade receivables which were outstanding as at 30 September 2025.

The balance outstanding trade receivables yet to be collected as at the LPD is mainly due to outstanding balances amounting to RM0.97 million due from one (1) of our major customers, namely Customer A. The outstanding balances are expected to be collected in the foreseeable future.

Our Board is of the opinion that the remaining outstanding trade receivables are recoverable, after taking into consideration the customers' historical payment trends throughout the Financial Periods Under Review and up to the LPD, where our Group has not experienced any significant bad debts for the Financial Periods Under Review and up to the LPD.

(iv) Trade payables turnover period

	Audited			
	FYE 2022 RM'000	**FYE 2023 RM'000**	**FYE 2024 RM'000**	**FPE 2025 RM'000**
Trade payables as at the beginning of the financial year	8,615	9,394	6,199	9,163
Trade payables as at the end of the financial year	9,394	6,199	9,163	3,967
Average trade payables balance [(1)]	9,005	7,797	7,681	6,565
Cost of sales for the financial year	46,466	32,642	32,998	28,367
Number of days	365	365	365	273
Trade payables turnover period [(2)] (days)	**71**	**87**	**85**	**63**

Notes:

(1) Computed based on the average of trade payables balance at the beginning and end of the respective financial year.

(2) Computed based on the formula:

$$\frac{\textit{Average trade payables balance}}{\textit{Cost of sales for the respective financial year}} \quad x \quad \textit{Number of days}$$

The normal credit period granted to our Group by our suppliers range from 30 days to 120 days. It is our Group's practice to pay our suppliers promptly to maintain good business relationships and ensure a steady supply at competitive rates.

(a) Comparison between the FYE 2022 and the FYE 2023

Our Group's trade payables turnover period increased from 71 days in FYE 2022 to 87 days in FYE 2023, mainly due to our Group took longer time to settle payments to our suppliers in line with slower collections from customers. In addition, the Group recorded higher purchases during the fourth quarter of FYE 2023.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's trade payables turnover period remained relatively consistent at 85 days in FYE 2024, as compared to 87 days in FYE 2023.

(c) Comparison between the FYE 2024 and the FPE 2025

Our Group's trade payables turnover period decreased from 85 days in FYE 2024 to 63 days in FPE 2025, mainly due to prompt payments to our suppliers.

(d) **Ageing analysis of trade payables as at 30 September 2025**

		Exceeding credit period			
	Within credit period RM'000	**1 – 30 days RM'000**	**31 – 90 days RM'000**	**> 90 days RM'000**	**Total RM'000**
30 September 2025					
Trade payables	3,144	453	294	76	3,967
% of total trade payables (%)	79.25	11.42	7.41	1.92	100.00
Payments up to the LPD	2,284	155	264	76	2,779
Balance outstanding trade payables as at the LPD	**860**	**298**	**30**	**-**	**1,188**

The trade payables of our Group as at 30 September 2025 stood at RM3.97 million, of which RM0.82 million or 20.75% had exceeded normal credit period.

As at the LPD, our Group has settled RM2.78 million or 70.03% of the total trade payables which were outstanding as at 30 September 2025. The outstanding balances are expected to be settled in the foreseeable future. There is no legal action initiated by our trade payables/suppliers to demand for payment from our Group as at the LPD.

(v) **Inventories turnover period**

	FYE 2022 RM'000	**FYE 2023 RM'000**	**FYE 2024 RM'000**	**FPE 2025 RM'000**
Inventories as at the beginning of the financial year	1,410	1,896	1,697	5,426
Inventories as at the end of the financial year	1,896	1,697	5,426[(3)]	7,231
Average inventories balance [(1)]	1,653	1,797	3,562	6,329
Cost of sales for the financial year	46,466	32,642	32,998	28,367
Number of days	365	365	365	273
Inventories turnover period [(2)] (days)	**13**	**20**	**39**	**61**

Notes:

(1) Computed based on the average of inventories balance at the beginning and end of the respective financial year.

(2) Computed based on the formula:

$$\frac{\textit{Average inventories balance}}{\textit{Cost of sales for the respective financial year}} \quad x \quad \textit{Number of days}$$

(3) After inventories written down of approximately RM1.11 million.

Our operations are primarily on "supply-to-order" basis, where our products are subject to confirmed orders from our customers and customised in accordance with our customers' specifications and requirements. The selling prices of our products are negotiated on a case-to-case basis and may vary according to various factors such as, among others, design, specifications, complexity of the manufacturing process, setup time, volume of order, raw material prices and delivery lead time. We may be required by our major customers to reduce the unit selling price for certain products if the actual volume of orders is higher than originally quoted. In such circumstances, we may need to write down the carrying values of the relevant finished goods due to revision of standard costing and reallocation of fixed costs. For FYE 2024, we recorded inventories written down of approximately RM1.11 million.

(a) Comparison between the FYE 2022 and the FYE 2023

Our Group's inventories turnover period increased from 13 days in FYE 2022 to 20 days in FYE 2023, in line with the higher average inventories balance in FYE 2023, mainly in relation to finished goods maintained to cater for delivery of future sales after the financial year-end where delivery of certain finished goods was deferred at the request of our major customers.

(b) Comparison between the FYE 2023 and the FYE 2024

Our Group's inventories turnover period increased from 20 days in FYE 2023 to 39 days in FYE 2024, mainly in relation to finished goods maintained to cater for delivery of future sales after the financial year-end as additional buffer stocks are being maintained to meet the anticipated orders from our major customers.

(c) Comparison between the FYE 2024 and the FPE 2025

Our Group's inventories turnover period increased from 39 days in FYE 2024 to 61 days in FPE 2025, mainly in relation to raw materials, work in progress and finished goods maintained to cater for delivery of future sales after the FPE 2025, as additional buffer stocks are being maintained to meet the anticipated orders from our major customers.

(vi) Current ratio

	Audited As at 31 December			**Audited As at 30 September**
	2022 RM'000	**2023 RM'000**	**2024 RM'000**	**2025 RM'000**
Current assets	20,556	22,430	30,278	25,880
Current liabilities	13,731	9,755	20,336	10,573
Current ratio [(1)] (times)	**1.50**	**2.30**	**1.49**	**2.45**

Note:

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

Our Group's current ratio maintained between a low of 1.49 times to a high of 2.45 times during the Financial Periods Under Review, indicating that our Group has sufficient working capital and is capable of meeting its current obligations as its current assets such as inventories and trade receivables, which can be readily converted to cash, together with its cash and bank balances and short-term funds are more than enough to meet its current liabilities for the next 12 months.

(a) Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, our Group's current ratio stood at 2.30 times (FYE 2022: 1.50 times). The increase in current ratio was mainly due to:

(i) increase in other receivables, deposits and prepayments, primarily resulting from higher deposits paid for the acquisition of PPE particularly in relation to Facility 42A and Hostel No. 1; and

(ii) decrease in trade payables, primarily resulting from lower purchases made in tandem with the decrease in revenue during FYE 2023;

which was partially offset by decrease in trade receivables in line with the decrease in revenue during FYE 2023.

(b) Comparison between the FYE 2023 and the FYE 2024

For FYE 2024, our Group's current ratio stood at 1.49 times (FYE 2023: 2.30 times). The decrease in current ratio was mainly due to:

(i) increase in current portion of borrowings, in line with additional hire purchases and term loans drawn down mainly to finance the acquisition of machineries and Facility 42A;

(ii) increase in trade payables, primarily resulting from higher purchases made in tandem with the increase in revenue during FYE 2024;

(iii) increase in other payables, primarily due to outstanding balances owing to suppliers in relation to the acquisition of machineries;

(iv) decrease in cash and bank balances, primarily resulting from lower net cash from operating activities recorded for FYE 2024;

which was partially offset by the increase in inventories and trade receivables in tandem with the increase in revenue during FYE 2024.

(c) Comparison between the FYE 2024 and the FPE 2025

For the FPE 2025, our Group's current ratio stood at 2.45 times (FYE 2024:1.49 times). The increase in current ratio was mainly due to:

(i) decrease in trade payables due to prompt payments to trade payables during FPE 2025;

(ii) decrease in other payables and accruals primarily attributable to settlements made for outstanding balances owing to suppliers in relation to the acquisition of machineries (brought forward from FYE 2024) during FPE 2025; and

(iii) decrease in current portion of borrowings, in line with the repayments of revolving credit utilised for working capital purposes and net repayments of term loans;

which was partially offset by the decrease in trade receivables due to good collections from trade receivables during FPE 2025.

(vii) Gearing ratio

	Audited As at 31 December			Audited As at 30 September
	2022 RM'000	**2023 RM'000**	**2024 RM'000**	**2025 RM'000**
Total borrowings	9,533[(1)]	11,765[(1)]	38,963[(2)]	37,607[(3)]
Less: Cash and bank balances	(3,005)	(4,908)	(822)	(1,323)
Net debts	6,528	6,857	38,141	36,284
Total equity	13,722	21,531	29,589	34,809
Gearing ratio [(4)] (times)	**0.69**	**0.55**	**1.32**	**1.08**
Net gearing ratio [(5)] (times)	**0.48**	**0.32**	**1.29**	**1.04**

Notes:

(1) Comprise hire purchases and term loans.

(2) Comprise hire purchases, bankers' acceptance, revolving credit and term loans.

(3) Comprise hire purchases, bankers' acceptance and term loans.

(4) Computed based on total borrowings divided by total equity.

(5) Computed based on net debts divided by total equity.

(a) Comparison between the FYE 2022 and the FYE 2023

For FYE 2023, our Group's gearing ratio decreased from 0.69 times as at 31 December 2022 to 0.55 times as at 31 December 2023. This was mainly due to overall increase in total equity, resulting from the PAT recorded by our Group for FYE 2023 and increase in share capital of Ambest Technology.

(b) Comparison between the FYE 2023 and the FYE 2024

For FYE 2024, our Group's gearing ratio increased from 0.55 times as at 31 December 2023 to 1.32 times as at 31 December 2024. This was mainly due to overall increase in total borrowings, resulting primarily from new term loan being drawn down during FYE 2024 to finance the acquisition of Facility 42A. The acquisition of Facility 42A was undertaken to cater for future expansion and to house new and additional CNC machinery, as there is limited factory space within Facility No. 9 and Office and Factory No. 11 for further expansion. This is in line with our Group's expansion strategy, in order to demonstrate to customers that our Group is capable of handling new and additional orders.

(c) Comparison between the FYE 2024 and the FPE 2025

For FPE 2025, our Group's gearing ratio decreased from 1.32 times as at 31 December 2024 to 1.08 times as at 30 September 2025. This was mainly due to overall increase in total equity, resulting from the PAT recorded by our Group for FPE 2025.

12.3 SIGNIFICANT FACTORS AFFECTING OUR OPERATIONS AND FINANCIAL PERFORMANCE

12.3.1 Significant factors affecting our operations and financial performance over the Financial Periods Under Review

Our Group's operations and financial performance have been and will continue to be affected by various factors including, but not limited to the following:

(a) Reliance on the end-user markets of our customers

Our Group's business is dependent on the end-user markets of our customers which may be adversely affected by factors such as political, economic, and regulatory risks; changes in technology; and decrease in demand for their products. For the Financial Years Under Review, our customers were solely involved in the semiconductor industry.

A downturn in the semiconductor industry or negative performance in the end-user markets of our customers may affect the demand for our products and may lead to an adverse impact on our business operations and financial performance.

(b) Production capacity and space

Over the Financial Periods Under Review, we have been increasing our production capacity by purchasing new machineries and equipment. Please refer to Section 7.22 of this Prospectus for the material investments made by our Group during the Financial Periods Under Review and Section 7.13 of this Prospectus for the production capacity of our Group for the FYE 2024.

We have also actively expanded our production facilities. We have relocated to Facility No. 9 (owned premises) and Office and Factory No. 11 (rented premises) in FYE 2023 as part of our efforts to increase the production space. In addition, we have acquired Facility 42A in FYE 2024, which was undertaken to cater for future expansion and to house new and additional CNC machinery, as there is limited factory space within Facility No. 9 and Office and Factory No. 11 for further expansion. This is in line with our Group's expansion strategy, in order to demonstrate to customers that our Group is capable of handling new and additional orders. Please refer to Section 7.16.1 of this Prospectus for further information on Facility 42A.

Our capital expansion plans may involve various risks such as uncertainties relating to market demands, and we cannot guarantee that our expansion plans will be carried out without failure or delay, nor can we provide the assurance that the demand for our precision machining products will increase in line with the increase in production capacity and space in the future. If we cannot recoup the increased costs for the capital expansion, our business, results of operations and financial condition could be affected.

(c) Fluctuations in foreign currency exchange rates

A portion of our sales are denominated in USD and SGD, whereas a portion of our purchases are denominated in USD, SGD and RMB. We are exposed to foreign exchange gains or losses in the conversion of foreign currencies into RM, mainly arising from the timing difference between our billings and actual receipt of payments from our customers and/or conversion for transactions which are conducted in currencies other than RM. As such, any unfavourable fluctuations in the foreign exchange rates may have an adverse impact on our financial performance and profitability.

Currently, we do not maintain any foreign currency accounts for sales proceeds or payments in foreign currencies. We also do not enter any formal financial instruments to hedge against foreign exchange rate fluctuations. Nevertheless, we will continue to monitor and review exchange rate fluctuations and take steps to protect ourselves if the risk becomes more significant to our Group. However, there can be no assurance that fluctuations in foreign currency will not affect our Group's future earnings and financial performance.

Please refer to Section 9.1.4 of this Prospectus and Note 24.6 of the Accountant's Report as set out in Section 13 of this Prospectus for further details on our exposure to foreign currency risks for the Financial Periods Under Review.

(d) Fluctuations in interest rates

Our Group's financial performance for the Financial Periods under Review has not been materially affected by fluctuations in interest rates. However, any significant increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse impact on our Group's financial performance.

Please refer to Section 9.1.10 of this Prospectus and Note 24.5 of the Accountant's Report as set out in Section 13 of this Prospectus for our exposure to interest rate risks for the Financial Periods Under Review.

(e) Fluctuations in raw materials/inputs and commodity prices

Our Group's profitability may be adversely affected by a significant increase in raw materials/inputs and commodity prices. While our Group's financial performance for the Financial Periods Under Review were not materially affected by the fluctuations in raw materials/inputs and commodity prices, there can be no assurance that any major adverse future fluctuations in raw materials/inputs and commodity prices would not have an impact on our Group's operations, financial performance and financial position.

(f) Implication of inflation

Our Group's financial performance for the Financial Periods Under Review has not been materially affected by the impacts of inflation. However, any significant rise in inflation in the future may have an adverse impact on our Group's financial performance.

(g) Changes in Government, economic, fiscal, monetary policies, regulatory risk and occurrence of force majeure events

Our Group's financial performance has not been materially affected by any government, economic, fiscal or monetary policies throughout the Financial Periods Under Review and the period up to the LPD. However, moving forward, there is no assurance that our financial performance will not be adversely affected by the impact of future changes in Government, economic, fiscal or monetary policies.

Please refer to Section 9.2.4 of this Prospectus for risks relating to changes in economic, political, and regulatory in Malaysia and the markets that we serve which may affect our business and operations.

12.3.2 Significant changes on the financial position

Saved as disclosed in Section 12.3.1 of this Prospectus above, there are no other significant changes which have occurred, which may have a material effect on our financial position and results since 30 September 2025 up to the LPD.

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our Group's working capital is financed through cash generated from our operating activities, credit extended by our suppliers, various credit facilities extended to us by financial institutions as well as our existing cash and bank balances.

As at 30 November 2025, we have:

(i) cash and bank balances of RM2.78 million;

(ii) working capital of RM15.63 million, being the surplus of our current assets (excluding cash and bank balances) in excess our current liabilities; and

(iii) banking facilities, which consists of banker's acceptance, revolving credit, letter of credit, trust receipts, trade financing and cash line facility with a total facility limit of RM8.30 million, of which RM7.51 million has yet to be utilised.

After taking into consideration our existing level of cash and bank balances, expected cash flows to be generated from our operations, unutilised banking facilities available and the estimated gross proceeds from the Public Issue of RM27.50 million, our Board is of the view that our Group will have sufficient working capital for at least 12 months from the date of this Prospectus.

12.4.2 Material litigation/arbitration, contingent liabilities and material commitment for capital expenditure

(i) Material litigation/arbitration

As at the LPD and in the twelve (12) months immediately preceding the date of this Prospectus, neither our Company nor our Subsidiary is involved in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability. We are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect our Group's operations, financial performance and financial position.

(ii) Material contingent liabilities

As at the LPD, there are no contingent liabilities incurred by us nor our Subsidiary, which upon becoming enforceable, may have a material adverse effect on our Group's operations, financial performance and financial position.

(iii) Material commitment for capital expenditure

Please refer to Section 7.23.4 of this Prospectus on the material commitment for capital expenditure of our Group as at the LPD.

12.4.3 Summary of statements of cash flows

The following table sets out a summary of our statements of cash flows for the Financial Periods Under Review and should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.2 of this Prospectus.

	Audited			
	FYE 2022 RM'000	**FYE 2023 RM'000**	**FYE 2024 RM'000**	**FPE 2025 RM'000**
Net cash from operating activities	3,969	7,912	3,346	7,540
Net cash used in investing activities	(2,686)	(6,532)	(6,794)	(2,656)
Net cash from/(used in) financing activities	993	(508)	393	(4,382)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,276**	**872**	**(3,055)**	**502**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**-**	**-**	*****	**(1)**
CASH AND CASH EQUIVALENTS AT BEGINNING	**729**	**3,005**	**3,877**	**822**
CASH AND CASH EQUIVALENTS AT END	**3,005**	**3,877**	**822**	**1,323**
Cash and cash equivalents are represented by:				
Cash and bank balances	3,005	1,869	791	1,291
Fixed deposits with a licensed bank	-	3,039	31	32
	3,005	4,908	822	1,323
Less: Fixed deposits with maturity more than 3 months	-	(1,031)	-	-
	3,005	**3,877**	**822**	**1,323**

Note:

* *Represents a figure below RM1,000*

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(i) Net cash movement for operating activities

(a) FYE 2022

For FYE 2022, the net cash flows from operating activities stood at RM3.97 million, which was lower than the PBT of RM9.46 million by an amount of RM5.49 million. The outflows were primarily attributable to the following:

(i) increase in receivables amounting to approximately RM3.48 million, mainly due to higher sales in FYE 2022 which resulted in higher billings and balances due from customers;

(ii) decrease in payables amounting to approximately RM0.80 million, in line with prompt payments made to our suppliers and creditors to maintain good business relationships;

(iii) increase in inventories amounting to approximately RM0.48 million, in line with the growth in revenue; and

(iv) income tax paid during the year, amounting to approximately RM2.24 million;

which was partially offset by non-cash and non-operating items in the PBT, amounting to RM1.51 million, comprising mainly depreciation charges.

(b) FYE 2023

For FYE 2023, the net cash flows from operating activities stood at RM7.91 million, which was lower than the PBT of RM9.04 million by an amount of RM1.13 million. The outflows were primarily attributable to the following:

(i) decrease in payables amounting to approximately RM4.40 million, in line with prompt payments made to our suppliers and creditors to maintain good business relationships; and

(ii) income tax paid during the year, amounting to RM2.52 million;

which was partially offset by:

(iii) inflows attributable to decrease in receivables amounting to approximately RM2.18 million, mainly due to collections from our customers in relation to outstanding balances and lower sales during FYE 2023;

(iv) inflows attributable to decrease in inventories amounting to approximately RM0.20 million, in line with the lower sales during FYE 2023; and

(v) non-cash and non-operating items in the PBT, amounting to RM3.40 million, comprising mainly depreciation charges, interest expenses and PPE written off.

(c) FYE 2024

For FYE 2024, the net cash flows from operating activities stood at RM3.35 million, which was lower than the PBT of RM8.17 million by an amount of RM4.82 million. The outflows were primarily attributable to the following:

(i) increase in receivables amounting to approximately RM9.20 million, mainly due to higher sales in FYE 2024 which resulted in higher billings and balances due from customers;

(ii) increase in inventories amounting to approximately RM4.84 million, in line with higher sales in FYE 2024 and to cater for future sales delivery after the financial year-end;

(iii) income tax paid during the year, amounting to RM2.00 million;

which was partially offset by:

(iv) inflows attributable to increase in payables amounting to RM5.56 million, mainly due to increase in trade payables in line with higher purchases made during FYE 2024 and other payables primarily resulting from outstanding balances owing to suppliers in relation to the acquisition of machineries; and

(v) non-cash and non-operating items in the PBT, amounting to RM5.67 million, comprising mainly depreciation charges, interest expenses and inventories written down.

(d) FPE 2025

For FPE 2025, the net cash flows from operating activities stood at RM7.54 million, which was higher than the PBT of RM5.86 million by an amount of RM1.68 million. The inflows were primarily attributable to the following:

(i) decrease in receivables amounting to approximately RM7.77 million, mainly due to good collections from our customers during FPE 2025; and

(ii) non-cash and non-operating items in the PBT, amounting to RM4.72 million, comprising mainly depreciation charges and interest expenses;

which was partially offset by the outflows primarily attributable to the following:

(iii) increase in inventories amounting to RM1.81 million, due to higher raw materials, work in progress and finished goods maintained to cater for delivery of future sales after FPE 2025, as additional buffer stocks are being maintained to meet the anticipated orders from our major customers;

(iv) decrease in payables amounting to RM7.50 million, primarily attributable to prompt payments to trade payables and settlements made for outstanding balances owing to suppliers in relation to the acquisition of machineries (brought forward from FYE 2024) during FPE 2025; and

(v) income tax paid during FPE 2025, amounting to RM1.50 million.

(ii) Net cash movement for investing activities

(a) FYE 2022

For FYE 2022, our Group recorded net cash used in investing activities of RM2.69 million, which was attributable to the following:

(i) outflows for the purchase of PPE amounting to RM2.50 million, primarily in relation to additions of machineries used in our Group's operations; and

(ii) outflows for the purchase of intangible asset amounting to RM0.19 million, in relation to addition of computer software.

(b) FYE 2023

For FYE 2023, our Group recorded net cash used in investing activities of RM6.53 million, which was mainly attributable to the following:

(i) deposits for acquisition of PPE amounting to RM2.35 million, primarily in relation to acquisition of Facility 42A and Hostel No. 1;

(ii) placement of fixed deposits with licensed bank amounting to RM1.03 million with maturity more than three (3) months; and

(iii) purchase of PPE amounting to RM3.15 million, primarily in relation to additions of machineries used in our Group's operations and costs incurred for the renovation of Facility No. 9 and Office and Factory No. 11 in conjunction with the relocation of our Group's operations to the said premises.

(c) FYE 2024

For FYE 2024, our Group recorded net cash used in investing activities of RM6.79 million, which was mainly attributable to the following:

(i) purchase of PPE amounting to RM7.36 million, primarily in relation to acquisition of Facility 42A, acquisition of Hostel No. 1, additions of machineries used in our Group's operations, and renovation costs for Facility No. 9 and Office and Factory No. 11; and

(ii) deposits paid for acquisition of PPE amounting to RM0.45 million, in relation to machineries;

which was partially offset by the withdrawal of fixed deposits with licensed bank amounting to RM1.03 million.

(d) FPE 2025

For the FPE 2025, our Group recorded net cash used in investing activities of RM2.66 million, which was mainly attributable to the following:

(i) purchase of PPE amounting to 1.60 million, primarily in relation to additions of machineries used in our Group's operations and renovations costs for Facility 42A;

(ii) deposits paid for acquisition of PPE amounting to RM0.75 million, in relation to machineries; and

(iii) purchase of intangible assets amounting to RM0.31 million, in relation computer software.

(iii) Net cash movement for financing activities

(a) FYE 2022

For FYE 2022, our Group recorded net cash flows from financing activities of RM0.99 million, mainly due to new drawdown of term loan amounting to RM1.96 million to part-finance the acquisition of Facility No. 9; which was partially offset by repayment of hire purchases (primarily in relation to machineries) amounting to RM0.97 million.

(b) FYE 2023

For FYE 2023, our Group recorded net cash used in financing activities of RM0.51 million, mainly attributable to following:

(i) repayment of hire purchases (primarily in relation to machineries) amounting to RM2.20 million; and

(ii) repayment of lease liability amounting to RM0.29 million in relation to Office and Factory No. 11;

which was partially offset by the following:

(iii) proceeds from issuance of shares by Ambest Technology amounting to RM1.00 million; and

(iv) net drawdown of term loans amounting to RM0.98 million during the year.

(c) FYE 2024

For FYE 2024, our Group recorded net cash flows from financing activities of RM0.39 million, mainly attributable to the following:

(i) inflows arising from the utilisation of revolving credit and bankers' acceptance amounting to RM3.00 million and RM0.93 million respectively for working capital purposes; and

(ii) proceeds from issuance of shares by Ambest Technology amounting to RM1.00 million;

which was partially offset by the following:

(i) repayment of hire purchases (primarily in relation to machineries) amounting to RM2.61 million;

(ii) repayment of lease liability amounting to RM0.43 million in relation to Office and Factory No. 11; and

(iii) net repayment of term loans amounting to RM1.50 million.

(d) FPE 2025

For FPE 2025, our Group recorded net cash used in financing activities of RM4.38 million, mainly attributable to the following:

(i) net repayment of revolving credit used for working capital purposes amounting to RM3.10 million;

(ii) net repayment of term loans amounting to RM1.48 million; and

(iii) repayment of lease liability amounting to RM0.32 million in relation to Office and Factory No. 11;

which was partially offset by:

(iv) net drawdown of banker's acceptance for working capital purposes amounting to RM0.55 million;

12.4.4 Borrowings

Our Group's total outstanding interest-bearing borrowings (excluding lease liability) as at 30 September 2025 amounting to RM37.61 million, details of which are as set out below:

Type of borrowings	**Purpose**	**Tenure of the facility**	**Effective interest rates per annum**	**Payable within 1 year RM'000**	**Payable after 1 year RM'000**	**As at 30 September 2025 RM'000**
Term loans	Purchase of properties	10 to 25 years	3.83% to 6.69%	792	28,415	29,207
Hire purchases	Purchase of machineries and motor vehicles	3 to 5 years	2.90% to 5.08%	2,816	4,061	6,877
Banker's acceptance	Purchase of raw materials/ inputs	30 days to 120 days	3.19% to 5.41%	1,523	-	1,523
Total borrowings				**5,131**	**32,476**	**37,607**
Gearing ratio * (times)						1.08

Note:

* *Computed based on total borrowings divided by total equity of our Group as at 30 September 2025.*

As at 30 September 2025, our Group's floating and fixed rate borrowings are set out below:

30 September 2025	Floating rate RM'000	Fixed rate RM'000	Total RM'000
Term loans	29,207	-	29,207
Hire purchases	-	6,877	6,877
Bankers' acceptance	-	1,523	1,523
Total	**29,207**	**8,400**	**37,607**

As at the LPD, we do not have any borrowings (excluding lease liability) which are non-interest bearing.

Our borrowings are secured by charge over our properties and corresponding assets under the hire purchase arrangements (further details of which as disclosed in Notes 4(i), 4(ii) and 13 of the Accountant's Report as set out in Section 13 of this Prospectus), as well as joint and several guarantee by our Directors. Our Group has not defaulted on the payments on principal sums and interests in respect of any of our borrowings, as well as lease liability relating to the rental of property during the Financial Periods Under Review and for the period up to the LPD.

As at the LPD, our Group was not in breach of any terms and conditions or covenants associated with our credit facilities and borrowings which can materially affect our financial position and results or business operations or the investments by the holders of our Shares. Our Group has not encountered any seasonality trend in our borrowings and there are no restrictions on our committed borrowing facilities.

As at the LPD, we have obtained consents for the release of the personal guarantees provided by our Directors in relation to all our financing facilities, which are conditional upon our successful Listing and corporate guarantee to be issued by our Company in lieu of the existing directors' personal guarantees.

12.4.5 Financial instruments, treasury policies and objectives

As at the LPD, save for our borrowings as set out in Section 12.4.4 of this Prospectus, we do not utilise any other financial instruments. We do not maintain any foreign currency accounts for sales proceeds or payments in foreign currencies. We also have not entered any formal financial instruments to hedge against foreign exchange rate fluctuations. We may utilise suitable hedging instruments such as derivative contracts available in the financial markets for hedging purpose should the need arise.

Our main treasury policy is to maintain sufficient working capital to finance our business and operations, coupled with adequate credit facilities to meet estimated commitments arising from our operational expenditure and financial liabilities. Our combination of internal and external sources of funds include cash generated from operations and bank borrowings. The primary objective is to have sustainable shareholders' equity to ensure that we could continue as a going concern and grow our business to optimise the shareholders' value. We review and manage our capital structure to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.5 Dividend policy

It is our Company's intention to recommend dividends to allow our shareholders to participate in the profits of our Group. Nonetheless, our Company does not have any formal dividend policy. Our ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as actual profits registered for the year and the availability of funds in excess of working capital requirements for our businesses.

Our Directors will take into consideration, among others, the following factors when recommending final dividends for approval by our shareholders or when declaring any interim dividends:

(i) the availability of adequate reserves and cash flows;

(ii) our operating cash flow requirements and financing commitments;

(iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;

(iv) our Company remains solvent;

(v) any material impact of tax laws and other regulatory requirements; and

(vi) prior written consent from our lenders, where required.

Investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Directors or our Company to do so. The level of dividends previously declared or paid should not be treated as an indication of our Company's future dividend policy. There can be no assurance that our Company will be in the position to declare and pay consistent dividends in the future nor can there be any certainty on timing of any dividend payments in the future.

As at the LPD, save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on our Subsidiary. The existing financial covenants would not affect the future dividend payments of our Company.

There were no dividends declared and paid by our Group during the Financial Periods Under Review and up to the LPD. Furthermore, our Group does not intend to declare or pay any dividends prior to, and until, the completion of our Listing.

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12.6 Capitalisation and indebtedness

The following table sets out our Group's capitalisation and indebtedness based on the historical financial information of our Group as at 30 November 2025 and after adjusting for the effects of the Public Issue and utilisation of proceeds from Public Issue.

	Unaudited as at 30 November 2025 RM'000	Pro Forma I After Pre-Listing Exercise and Public Issue RM'000	Pro Forma II After I and Utilisation of Proceeds RM'000
Capitalisation			
Equity	8,288	35,788	30,988
Total capitalisation	**8,288**	**35,788**	**30,988**
Indebtedness			
Current			
Secured and guaranteed			
Term loans	781	781	781
Hire purchases	2,647	2,647	2,647
Banker's acceptance	790	790	790
Non-current			
Secured and guaranteed			
Term loans	28,288	28,288	16,288
Hire purchases	3,673	3,673	3,673
Total indebtedness(i)	**36,179**	**36,179**	**24,179**
Total capitalisation and indebtedness	**44,467**	**71,967**	**55,167**
Gearing ratio(ii) (times)	**4.37**	**1.01**	**0.78**

Notes:

(i) The total indebtedness above excludes the lease liability pertaining to rental of property amounting to RM589,828.

(ii) Computed based on total indebtedness (excluding lease liability relating to the rental of property) divided by total capitalisation.

12.7 Trend information

Based on our track record for the Financial Periods Under Review, the following trends may continue to affect our business and operations:

(i) we will continue to grow our revenue from our existing customers, solely in the semiconductor industry at present and we will continue to grow our sales by expanding our product range and securing new customers (from semiconductor industry as well other industries if opportunity arises);

(ii) the main component of our cost of sales is material costs comprising mainly semi-finished machining parts, fabricated sheet metal parts, aluminium and surface treatment costs; and we expect this trend to continue; and

(iii) our sales are primarily based on purchase orders from our customers and our order book for our business varies from time to time and generally short term in nature depending on the purchase orders from our customers. As at the LPD, our purchase orders which have yet to be fulfilled stood at RM15.25 million.

As at the LPD, after all reasonable enquiries, our Board has confirmed that there are no:

(i) trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's revenue, income from operations, profitability, liquidity and capital resources, save as those discussed in Sections 7, 8, 9 and 12 of this Prospectus;

(ii) known factors that are likely to have a material effect on the financial condition and results of operation of our Group or that are reasonably likely to cause our Group's historical financial statements not necessarily indicative of our future financial performance and financial position, save as those discussed in Sections 7, 8, 9 and 12 of this Prospectus;

(iii) material contracts or commitments for capital expenditure, save as disclosed in Section 7.23.4 of this Prospectus; and

(iv) unusual, infrequent events or transactions or any significant economic changes that have materially affected our Group's operations, financial performance, financial position, liquidity and capital resources, save as disclosed in Sections 9 and 12 of this Prospectus.

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