7. BUSINESS OVERVIEW

7.1 HISTORY AND MILESTONES OF OUR GROUP

The table below sets out the key milestones on the expansion of our business since our incorporation in 1992:

1990s: Foundation and initial expansion

Year	Key milestones
1992	• The history of our Group can be traced back to the incorporation of Liftech JB on 8 August 1992 by our Executive Director, Eng Peng Hong and Ng Suan Chiok (the late sister of Ng Sea Kai, our Managing Director). Ng Suan Chiok subsequently disposed all her shares to Ng Sea Kai and Eng Peng Hong, and ceased to be director on 5 January 1999. • We commenced operations with the provision of maintenance and repair services for cranes from a rented premise in Skudai, Johor. • Ng Sea Kai joined us when he was appointed as director of Liftech JB on 17 November 1992. He subsequently became a shareholder of Liftech JB on 28 April 1994 through allotment of new shares. He was appointed as Managing Director of our Group on 27 January 2023.
1995	• We purchased a double-storey shophouse in Skudai, Johor, and relocated our operations to this new premise. Upon relocation, we ceased the rental and operations at our previous location.
1996	• We rented a 1½-storey light industrial factory in Puchong, Selangor, to provide maintenance and repair services for cranes. • Through our experience gained over the years, we also expanded our business offering to include the manufacturing of industrial lifting cranes. As a start, we were involved in designing the cranes, and we outsourced the manufacturing of cranes to a third-party subcontractor. This was due to space limitation at our premise as cranes are large and bulky which require large space to fabricate and assemble.
1997	• As our business continued to expand, more space was required for maintenance and repair works as well as inventory storage. With that, we rented 2 additional light industrial factory units, located adjacent to our light industrial factory in Puchong, Selangor. • We rented a 1½-storey semi-detached factory in Menglembu, Ipoh, Perak as our Ipoh Facility, which remains as our operating facility to-date, to provide maintenance and repair services for cranes. Our Ipoh Facility has a land and built-up area of approximately 4,499 sq ft and 3,560 sq ft respectively. We subsequently acquired our Ipoh Facility in 2003. Our Ipoh Facility was later extended to the existing 5,420 sq ft. • We also rented a terrace shoplot in Prai, Penang, which we later acquired in 2003, to provide maintenance and repair services for cranes as our management foresaw the potential for business growth in Penang as well as other states in the northern region.

Year	Key milestones
1999	• We were first registered with the DOSH on 26 January 1999 for the engineering design of industrial lifting cranes in Malaysia (i.e. as at LPD, this registration is known as Competent Person (Company)). Over the years, we gradually expanded our certified scope of work as Competent Person (Company), in which further details are as set out in Section 7.13. Such registration certifies that we are qualified by DOSH to legally carry out the manufacturing of industrial lifting cranes and other industrial lifting and handling equipment.

2000s: Establishment of first in-house manufacturing capability and distribution arrangements

Year	Key milestones
2000	• We relocated our operations from our premise in Skudai, Johor to a 1½ -storey terrace factory in Tebrau, Johor which we purchased. Upon relocation, we ceased our operations at Skudai, Johor.
2002	• We further expanded our operations when we rented 2 units of a 1½-storey semi-detached factory in another location in Puchong, Selangor as our Puchong HQ. We subsequently acquired in 2006 and extended the 1½-storey units to double-storey units. Our Puchong HQ has a land area of approximately 22,852 sq ft (inclusive of approximately 11,194 sq ft for manufacturing area and 11,266 sq ft for storage area) and a built-up area of 12,358 sq ft for our office as well as the maintenance and repair workshop. • We relocated our operations from the light industrial factory in Puchong to our Puchong HQ, which remains as our headquarters to-date. Upon relocation, we ceased the operations and rental of the light industrial factory in Puchong, Selangor. • With larger space available in our Puchong HQ, we were able to begin undertaking in-house manufacturing of industrial lifting cranes. This is our first manufacturing facility. • We were appointed as a non-exclusive authorised distributor of LIFTKET Hoffmann GmbH ("**LIFTKET**"), a company based in Germany, whereby we are authorised to resell, repair and maintain LIFTKET electrical chain hoist and its relevant spare parts in Malaysia. With that, we are able to distribute as well as use LIFTKET's electrical chain hoist in our manufacturing of industrial lifting cranes. The authorised distributorship is non-exclusive and is valid for 18 months. The distributorship is renewable upon mutual agreement between the parties. Either party may discontinue or choose not to renew the distributorship upon expiry of the term by giving reasonable written notice. To-date, we are still the non-exclusive authorised distributor of LIFKET.

Year	Key milestones
2005	• We were appointed as an exclusive distributor of Zhejiang Shuangniao Lifting Equipment Co., Ltd, a company based in China, to sell, install and provide after sales service for all range of SH/ SHA model electric wire rope hoist and SHK model electric chain hoist under its TBM brand in Malaysia. With that, we are able to distribute and use TBM electric wire rope hoist and electrical chain hoist in our manufacturing of industrial lifting cranes. The agreement is exclusive for the Malaysian territory, effective for a period of 3 years from the date of signing and is automatically renewable for successive 3-year terms unless terminated by either party with 1 month's written notice prior to expiry. Either party may terminate the agreement earlier by giving 30 days' written notice in the event of a breach of terms. To-date, we are still the exclusive distributor for Zhejiang Shuangniao Lifting Equipment Co., Ltd.
2008	• We expanded our product offerings to include goods hoists.

2010s: Strengthen market presence throughout Peninsular Malaysia, establishment of new manufacturing facility, and expansion to East Malaysia

Year	Key milestones
2011	• We were appointed as a non-exclusive authorised distributor of Talleres Jaso Industrial, S.L. ("**JASO**"), a company based in Spain, whereby we are authorised to supply, repair and maintain JASO's electric wire rope hoist in Malaysia and Thailand. We are also able to use JASO's electric wire rope hoist in our manufacturing of industrial lifting cranes. The authorised distributorship is non-exclusive and continuing in nature, without fixed term or expiry. Either party may discontinue the distributorship at any time by mutual agreement or by giving reasonable notice. To-date, we are still the non-exclusive distributor of JASO. • We were first registered as a Grade 5 (G5) contractor in the building (B), civil engineering (CE), and mechanical and electrical engineering (ME) categories with the CIDB. As a G5 registered contractor, we are eligible to participate in a tender or carry out any construction work with a value not exceeding RM 5 million as well as to meet certain customer requirements.
2012	• As our business continued to grow, we require larger space to carry out our maintenance and repair operations. With that, we purchased a 1½-storey semi-detached factory in Senai, Johor as our Johor Facility. Our Johor Facility has a land and built-up area of approximately 22,400 sq ft and 9,930 sq ft respectively. • Pursuant to the acquisition, we relocated our operations from the terrace factory in Tebrau, Johor to our Johor Facility, which remains as our operating facility to-date. Upon relocation, we ceased the operations at the terrace factory in Tebrau, Johor.

Year	Key milestones
2014	• We expanded our manufacturing activities when we commenced the operations of our new factory in Taiping, Perak as our Taiping Factory (i.e. the land was acquired in 2011 and phase 1 construction of the factory was completed in 2014), our second manufacturing facility. • Our Taiping Factory has a total land area of approximately 217,754 sq ft. The phase 1 construction of our Taiping Factory encompasses a double-storey office building and factory which has a built-up area of approximately 50,946 sq ft, whereby approximately 46,500 sq ft is allocated for manufacturing. This new manufacturing facility increased our in-house manufacturing capacity, allowing us to secure more projects as we continue to grow our business. • We also provide maintenance and repair services for cranes through our Taiping Factory. • We expanded our product offerings to include hydraulic scissor lifts and dock levellers.
2015	• As our business continued to grow, we require larger space to carry out our maintenance and repair operations. With that, we purchased a double-storey cluster factory in Simpang Ampat, Penang as our Penang Facility. Our Penang Facility has a land and built-up area of approximately 5,210 sq ft and 7,100 sq ft respectively. • Pursuant to the acquisition, we relocated our operations from the facility in Prai, Penang to our Penang Facility in 2017, which remains as our operating facility to-date. Upon relocation, we ceased the operations at our facility in Prai, Penang and we subsequently sold the terrace shoplot in 2018.
2017	• We expanded our presence into East Malaysia when we rented a shophouse in Bintulu, Sarawak to provide maintenance and repair services for cranes.
2018	• To cater to the continued expansion of our business, we purchased a 1½-storey semi-detached factory located adjacent to our Ipoh Facility. With that, our Ipoh Facility has larger space of approximately 8,998 sq ft and 10,840 sq ft of total land and built-up area respectively, which allows us to undertake more maintenance and repair works.

2020s: Product expansion and preparation for future growth

Year	Key milestones
2021	• We expanded our product offerings to include lifters to complement our range of industrial lifting and handling equipment offered.
2022	• We expanded our product offerings to include aerial work platforms to complement our range of industrial lifting and handling equipment offered.

Year	**Key milestones**
2024	• We completed the second phase expansion of our Taiping Factory which encompasses the expansion of our manufacturing area (including storage). With that, the total manufacturing area of our Taiping Factory increased to approximately 127,100 sq ft, thus further increased our manufacturing capacity. • We purchased a 1½-storey industrial terrace factory in Kuantan, Pahang as our Kuantan Facility with a land and built-up area of approximately 2,336 sq ft and 2,886 sq ft respectively, which remains as our operating facility to-date, to provide maintenance and repair services for cranes, targeting customers in the east coast region. • We further expanded our presence in East Malaysia when we rented a double-storey light industrial shophouse in Inanam, Sabah as our Inanam (Kota Kinabalu) Facility. Our Inanam (Kota Kinabalu) Facility has a land area and built-up area of approximately 1,199 sq ft and 3,090 sq ft respectively, and it remains as our operating facility to-date. • We relocated our operations in Bintulu, Sarawak to a rented shophouse as our Bintulu Facility with a built-up area of approximately 868 sq ft, and it remains as our operating facility to-date.
2025	• As our business in East Malaysia continued to grow, we require larger space to carry out our maintenance and repair operations. With that, we purchased a double-storey semi-detached building in Kota Kinabalu, Sabah as our New Kota Kinabalu Facility. Our New Kota Kinabalu Facility has a land area and built-up area of approximately 4,400 sq ft and 3,601 sq ft respectively. • We expanded our product offerings to include mechanical and automated car park systems to complement our range of industrial lifting and handling equipment offered. • Pursuant to the acquisition of our New Kota Kinabalu Facility, we relocated our operations from the Inanam (Kota Kinabalu) Facility to our New Kota Kinabalu Facility, which remains as our operating facility to-date. Upon relocation, we ceased the rental and operations at the Inanam (Kota Kinabalu) Facility. We commenced operations in our New Kota Kinabalu Facility in 2026.

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7.2 PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

7.2.1 Our business activities

We are an industrial lifting and handling equipment specialist, principally involved in the provision of customised industrial lifting and handling equipment, under our 'Liftech' brand.

Our comprehensive capabilities span the entire lifecycle of the industrial lifting and handling equipment, from design, manufacturing, installation, commissioning, as well as maintenance, repair and other related services. This allows us to be a one-stop centre for our customers to source industrial lifting and handling equipment and receive continuous support and maintenance to optimise the equipment performance and lifespan.

Our business model is summarised below:

Our principal activity	**We are an industrial lifting and handling equipment specialist, principally involved in the provision of customised industrial lifting and handling equipment, under our 'Liftech' brand**		
Our business segments	**Design, manufacturing, installation and commissioning of industrial lifting and handling equipment**	**Provision of maintenance, repair and other related services**	**Trading of components, accessories and other industrial lifting and handling equipment**
Our products and services	(a) Industrial lifting cranes • Overhead crane • Gantry/semi-gantry crane • Jib crane • Monorail crane (b) Industrial lifts • Goods hoist • Lifter • Hydraulic scissor lift (c) Dock leveller	(a) Maintenance and repair services[1]: • Preventive maintenance • Troubleshooting and repair • Refurbishment • Relocation (b) Other related services: • Industrial lifting crane training • Renewal service for DOSH certificate of fitness • Renting loads for load tests	(a) Components: • Hoist unit • Electrical components • Travel wheel and travel motor • Wire rope and chain (b) Accessories: • Wire rope sling • Crane weighing scale • Magnetic lifter (c) Aerial work platform[2] (d) Mechanical and automated car park system[3]
Our customers	• **Direct end users** from various industries (e.g. steel works and steel foundry, construction, public utilities, semiconductor, machinery, pre-cast concrete, palm oil, plastic products, automotive components and raw metals) • **Indirect end users**: Main contractors (i.e. companies that construct buildings, factories, industrial plants and infrastructures) on behalf of their customers		

Notes:

(1) Our maintenance and repair services also include the sale of components which are subject to wear and tear during operation.

(2) The aerial work platform is sourced from our supplier in China and we provide DOSH application submittal services to obtain certificates of fitness for the aerial work platform.

(3) The mechanical and automated car park systems are sourced from our supplier in China. We undertake in-house installation and commissioning works for the mechanical and automated car park systems. We also provide DOSH application submittal service to obtain certificate of fitness for the mechanical car park system. As at LPD, the OSHR 2024 is not applicable for automated car park systems, hence we do not provide DOSH application submittal service to obtain certificate of fitness for automated car park system. We secured our first order for the mechanical carpark system in November 2024 and commenced work in November 2025 following the readiness of the customer's project site for installation and commissioning works. This project for our mechanical carpark system remains on track for completion in the third quarter of 2026. On the other hand, for our automated carpark system, we are in the midst of finalising the commercial terms for our first order of automated carpark system as at LPD. Commencement of work on our automated carpark system is expected to be in 2027.

Lifting machinery (also referred to as industrial lifting and handling equipment), as defined by the OSHR 2024, refers to any equipment used for lifting, raising, transporting or lowering loads. Our industrial lifting and handling equipment mainly comprise industrial lifting cranes, industrial lifts, dock levellers, aerial work platforms as well as mechanical and automated car park systems. Please refer to Section 7.2.2 for further information on our products.

According to the OSHR 2024, all industrial lifting machinery requires a valid certificate of fitness for use before it can be operated, save for automated car park systems. The certificate of fitness is mandatory to certify that the design, substance, construction, performance quality, inspection and testing of industrial lifting and handling equipment comply with the standards recognised by the OSHR 2024, and that the industrial lifting and handling equipment is manufactured by a Competent Person (Company). For that purpose, relevant approvals must be obtained from DOSH prior to manufacturing and use.

Automated car park systems are typically installed as part of, or in connection with building and development projects. Accordingly, they are subject to approvals from the relevant local authorities under the SDBA and its subsidiary legislation, namely the Uniform Building By-Laws 1984 ("**UBBL**"). Such approvals form part of the building plan approval process and are required prior to the implementation and operation of automated car park systems within the project. Our customers, such as main contractors engaged by property developers, are responsible for obtaining the requisite approvals from the relevant local authorities for projects incorporating the automated carpark systems. In support of this process, we provide the necessary technical drawings, specifications and engineering calculations for our automated car park systems, as required.

The details of our business activities are as described below:

(a) Design, manufacturing, installation and commissioning of industrial lifting and handling equipment

We design and manufacture industrial lifting and handling equipment comprising industrial lifting cranes, industrial lifts and dock levellers, which are customised according to our customer's requirements (e.g. operational requirements and safety standards). Our design process encompasses 3 stages as follows:

(i) **Design conceptualisation** - This is the first step of our design process in proposing suitable types of equipment and creating preliminary design drawings upon understanding our customer's requirements such as manufacturing or operational needs, speed of movement required, factory layout and available space, budget and safety standards. We provide several options of preliminary designs for our customer's selection;

(ii) **Detailed engineering design** – This involves in-depth assessing of customer's site layout through actual site visits and carrying out on-site measurements, taking into consideration factors such as the working range of the equipment, type and maximum weight of the load, direction and speed of movement, operating conditions, space availability and height of ceiling, site condition, and safety and control features. Detailed site measurements are necessary as the calculations will be incorporated in our design drawings to ensure the industrial lifting and handling equipment we manufacture operates efficiently and safely; and

(iii) **DOSH application and approval (design verification)** - Upon receiving customer's approval of the final proposed design, we will assist our customers to apply for design verification and approval from DOSH's Head Office in Putrajaya. Such approval is necessary prior to manufacturing to ensure that our design complies with DOSH's safety regulation.

Our industrial lifting and handling equipment are manufactured in-house, at our Puchong HQ and Taiping Factory, according to our DOSH-approved detailed engineering design. Our manufacturing process encompasses fabrication and assembly of industrial lifting and handling equipment.

We source steel materials such as plates, pipes, beams, columns and bar rails, to be fabricated into the required dimensions and welded to form the structure of the industrial lifting and handling equipment; as well as components such as hoist units, electrical components, travel wheels and travel motors, to be assembled together with the fabricated structures to form the respective parts of the industrial lifting and handling equipment. Upon customer's request, we may also source accessories such as wire rope slings, crane weighing scales and magnetic lifters, to be equipped onto the industrial lifting and handling equipment. These accessories are optional items. Our steel materials, components and accessories are sourced from local and overseas suppliers.

Particularly for hoist units, we are authorised to distribute several brands namely TBM, JASO and LIFTKET which we source from our brand principals in China, Spain and Germany respectively. Under the distribution arrangement with our brand principals, we are authorised to distribute the hoist units of these brands as well as to use the hoist units in our manufacturing of industrial lifting cranes. We carry multiple brands of hoist units to provide wider selection for our customers based on their required specifications and budgets. This enables our Group to be competitive in securing projects from customers. Revenue for hoist units that are used in our manufacturing activities are recognised under our design, manufacturing, installation and commissioning of industrial lifting and handling equipment business segment, whereas revenue for hoist units that are sold as standalone products are recognised under our trading of components, accessories and other industrial lifting and handling equipment business segment.

We have our in-house team to undertake the installation and commissioning of industrial lifting cranes, industrial lifts and dock levellers at customer's premise or designated location. As and when required, we may outsource the installation and commissioning works to third-party subcontractors when we face shortages of in-house manpower. After installation and commissioning, we also assist our customers to apply for the certificate of fitness from state-level DOSH office for these industrial lifting and handling equipment based on the location in which the equipment is installed and commissioned.

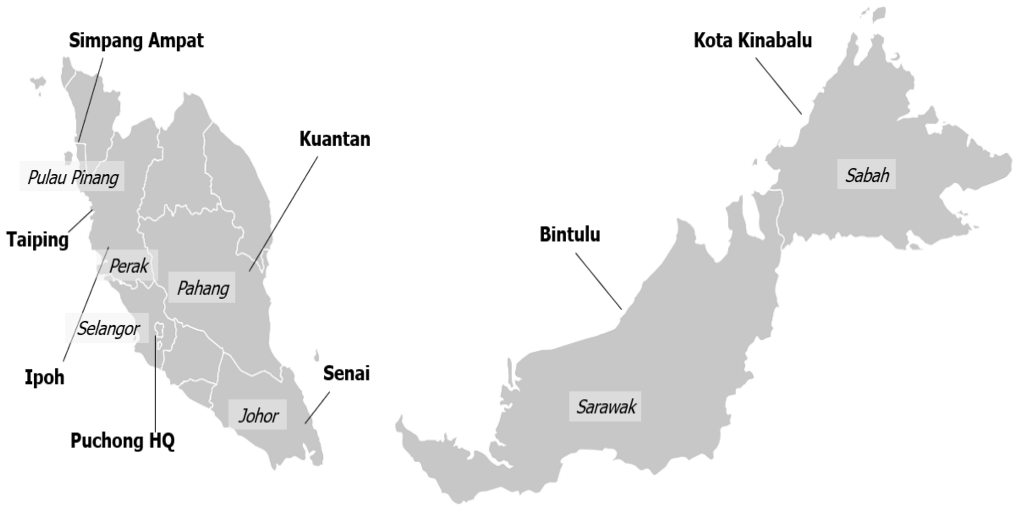
Please refer to Section 7.3 for further details on our design, manufacturing, installation and commissioning process flow.

For FYE 2022 to 2025, we also receive orders directly from end users in Thailand and Indonesia. For orders from foreign customers, we design the industrial lifting and handling equipment based on the customers' requirements and primarily engage local subcontractors (in the respective foreign countries) to carry out the manufacturing, installation and commissioning works based on our design. For such international orders, we are not involved in the application to regulatory certification bodies for the operation of industrial lifting and handling equipment in the respective countries. Notwithstanding, our engineering designs are prepared in accordance with ISO 9001:2015 Quality Management Systems which are internationally recognised. In the event where local regulations of our foreign customers apply, we will work closely with our customers to ensure the compliance of our designs with such local regulations. In addition to Thailand and Indonesia, our other foreign customers for FYE 2022 to 2025 are also end users.

(b) Provision of maintenance, repair and other related services

We provide maintenance and repair services for industrial lifting and handling equipment in which our services include routine inspections and servicing for preventive maintenance purposes, troubleshooting and repair services, refurbishment services (i.e. for customers who wish to modify their existing industrial lifting cranes to accommodate their prevalent operational needs) and relocation services (i.e. for customers relocating to new premises). Our maintenance and repair services also include the sale of components which are subject to wear and tear during operation.

As at LPD, we have 8 maintenance and repair teams strategically based across Malaysia, which is in Puchong HQ (Selangor), Taiping (Perak), Ipoh (Perak), Simpang Ampat (Penang), Senai (Johor), Kuantan (Pahang), Bintulu (Sarawak) and Kota Kinabalu (Sabah).



This enables us to serve customers across the northern, central, southern and east coast region, as well as in East Malaysia. With our maintenance and repair team located at closer proximity to our customers' sites, it allows us to provide prompt technical support and 24/7 on-call breakdown response services to our customers. Please refer to Section 7.2.5 for further details on our operational facilities.

For customers who purchased industrial lifting and handling equipment from us, we provide warranty on a back-to-back basis for components which are under warranty by our suppliers or brand principles. Nonetheless, during this period of warranty or thereafter, our clients may engage us for maintenance or repair services at their own cost should they require such maintenance or repair services. We also provide maintenance and repair services to customers who purchased industrial lifting and handling equipment from other suppliers.

In addition, we also provide other related services which comprise the following:

Services			**Description**
(a)	Industrial lifting crane training	:	We provide trainings to our customers' crane operators on the proper operations of industrial lifting cranes to prevent workplace accidents.
(b)	Renewal service for DOSH certificate of fitness for industrial lifting and handling equipment	:	We assist our customers in applying for the renewal of their certificate of fitness with DOSH for the continued legal operation of their industrial lifting and handling equipment. The certificate of fitness issued for each industrial lifting and handling equipment is valid for a period of 15 months from the date of inspection and must be renewed for continued operation.
(c)	Renting loads for load tests	:	For the purpose of an inspection by DOSH to obtain or renew the certificate of fitness for industrial lifting and handling equipment, a load test at the position of the load specified in the design verification and a functional test on all safety devices of the industrial lifting and handling equipment is required to be carried out. We provide the rental of loads to customers for the purpose of the load test inspection.

Our maintenance and repair services as well as other related services are provided as and when required by our customers, in which fees are charged per each service provided.

(c) Trading of components, accessories and other industrial lifting and handling equipment

To complement our offerings, we trade components and accessories for our industrial lifting and handling equipment. We trade components such as hoist units, electrical components, travel wheels and travel motors as well as accessories such as wire rope slings, crane weighing scales and magnetic lifters. The components and accessories that we trade are commonly requested items and are sold as standalone products to customers. We source the components and accessories from third-party suppliers, locally and overseas.

In addition, we trade other industrial lifting and handling equipment comprising aerial work platforms as well as mechanical and automated car park systems to increase our range of industrial lifting and handling equipment offered. We will source the aerial work platform as well as mechanical and automated car park systems from third-party suppliers in China based on customer's requirement. Further, we provide installation and commissioning services for mechanical and automated car park systems, as well as provide certificate of fitness application services in Malaysia to our customers for aerial work platforms and mechanical car park systems. As at LPD, the OSHR 2024 is not applicable for automated car park systems, hence we do not provide DOSH application submittal service to obtain certificate of fitness for automated car park system.

7.2.2 Our products

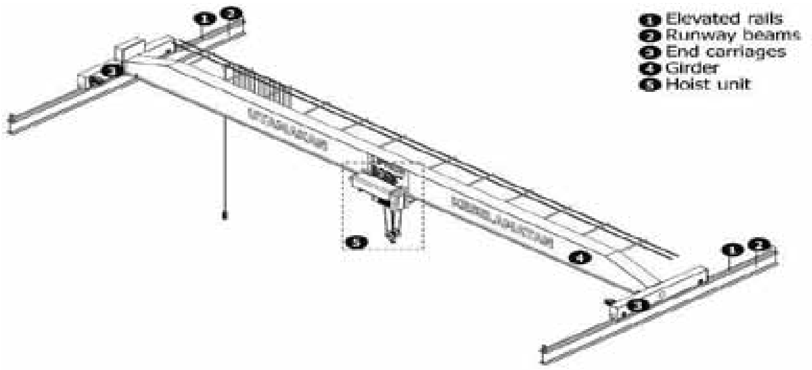
Industrial lifting and handling equipment are used to aid manual lifting and handling tasks, particularly in lifting and handling heavy and large-size loads. This increases operational efficiency (i.e. ease of moving heavy and large-size loads) and safety (i.e. reduces risk of injury to workers by reducing risk of dropped or unbalanced loads), as well as reduces the need for manual labour as the equipment is able to carry and move loads that are of multiple times heavier than that could be done by a worker.

We market and sell our in-house designed and manufactured industrial lifting cranes, industrial lifts and dock levellers under our 'Liftech' brand, which are further detailed below:

(a) Industrial lifting cranes

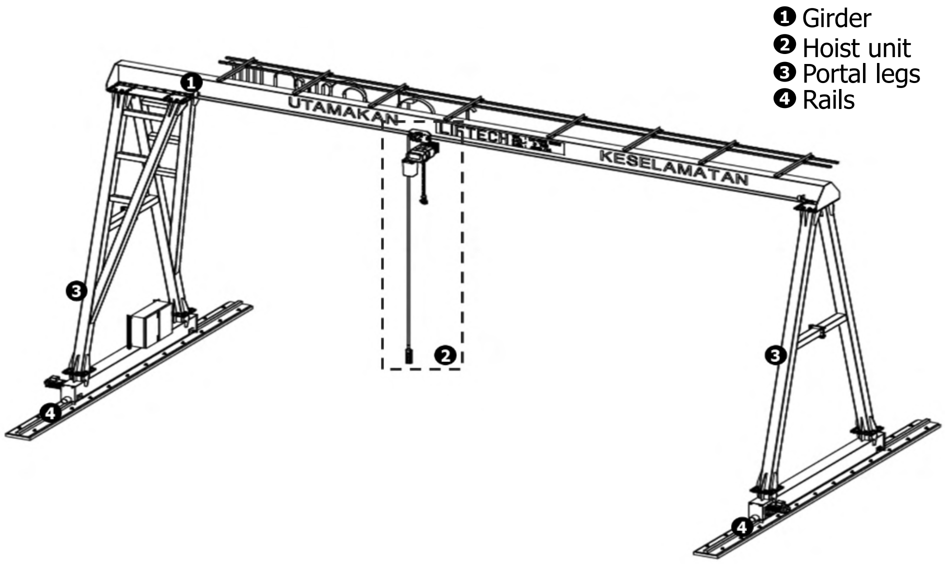
We undertake in-house designing and manufacturing of a variety of industrial lifting cranes to meet various industrial needs. The industrial lifting cranes that we offer comprise overhead cranes, gantry cranes/ semi-gantry cranes, jib cranes and monorail cranes, which are customised according to customer's requirements. Further details of the respective industrial lifting cranes are as detailed below:

(i) Overhead crane



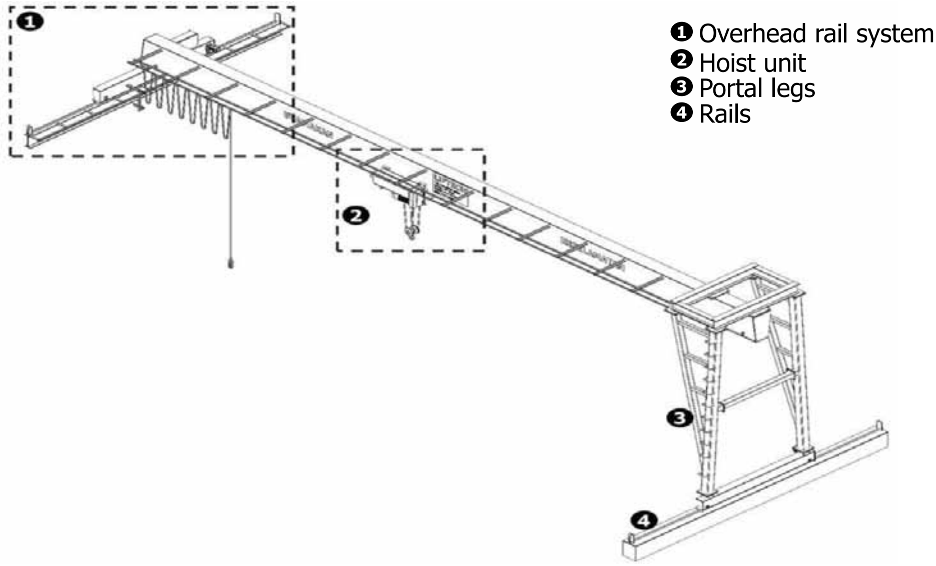
Overhead cranes run on elevated rails that allows the cranes to move heavy loads horizontally along the rails. Overhead cranes comprise a girder that spans across two or more supports and end carriages that travel along the runway beam. The end carriages run along the runway beam and the girder carries the hoist unit that lifts and lowers the load. The runway beam of the overhead crane is fixed to its position and cannot be moved. Overhead cranes are used in factories and warehouses to handle heavy materials, equipment or machinery.

(ii) Gantry crane/ semi-gantry crane



Gantry crane

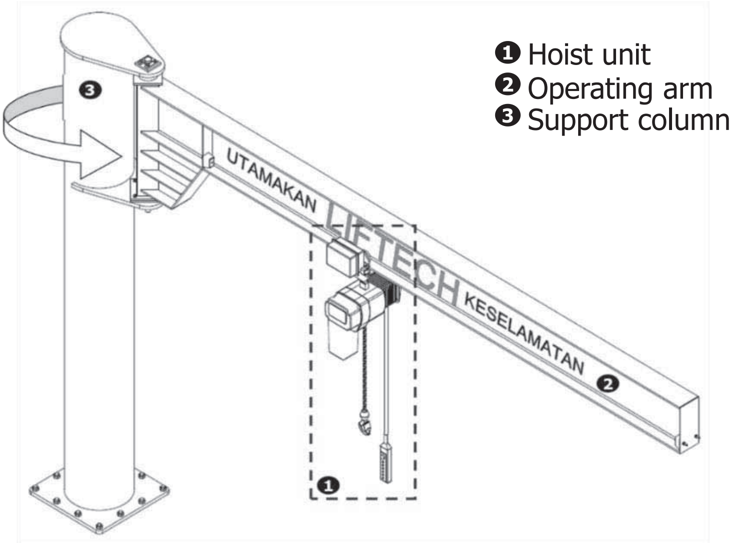
Gantry cranes comprise a girder (including the hoist unit) that is supported by portal legs on both ends that move along rails on the ground. Gantry cranes are suitable for outdoor, open spaces such as in shipping yards, ports, rail yards, construction sites, outdoor warehouses and large factories.



Semi-gantry crane

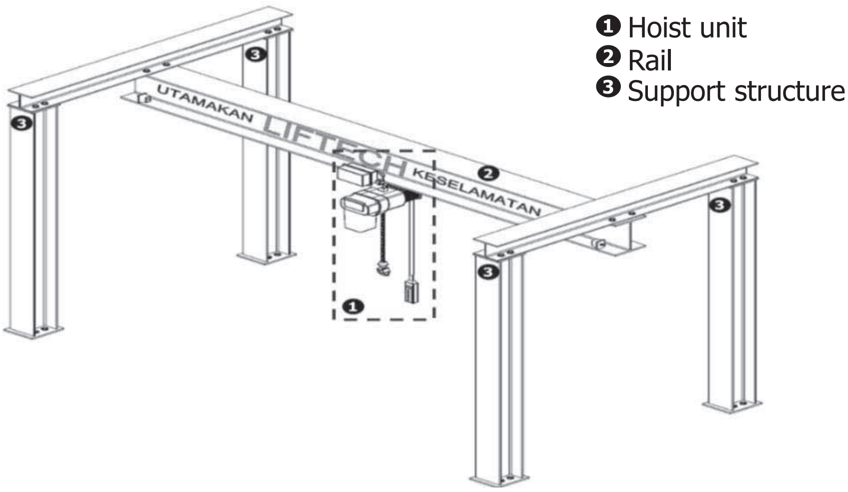
Semi-gantry cranes are supported by portal legs at 1 end of the girder that move along rails on the ground. The other end of the girder is mounted on an overhead rail system (similar to an overhead crane) which is fixed to its position. Semi-gantry cranes are suitable for areas where space constraints require part of the crane to be overhead and part of it to be supported on the ground. It is commonly used indoor between production lines where operations are of smaller scale.

(iii) Jib cranes



Jib cranes have an operating arm that extends horizontally from the crane. The horizontal arm supports a hoist unit that can move along the arm. Jib cranes can be designed with a rotating mechanism which allows the arm to rotate horizontally, up to 360 degrees, around the support column. Jib cranes are typically mounted on the floor and are suitable for workshops, factories or storage facilities that have limited working space.

(iv) Monorail crane



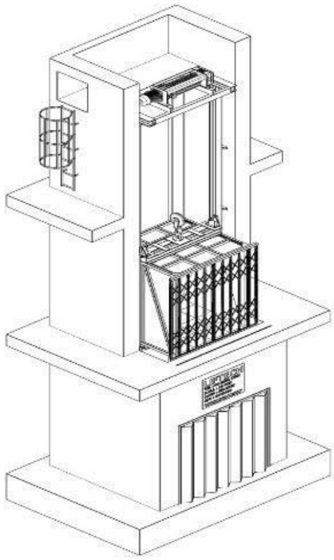
Monorail cranes operate on a single, wall-mounted or ceiling-mounted rail that allows the hoist to carry loads along a set path. The rail is typically continuous and supports a more confined path of movement. Monorail cranes are ideal for smaller or confined space where materials are moved within a simple, dedicated path. As monorail crane operates on a single rail and has simpler design, it generally handles lighter loads and less complex lifting tasks.

(b) Industrial lifts

The industrial lifts that we design and manufacture comprise goods hoist, lifters and hydraulic scissor lifts which are further detailed below:

(i) Goods hoist

Goods hoists are used to carry heavy loads, rather than passengers, between different levels. Goods hoists increase productivity by reducing the time and effort required to move goods between floors, lower labour costs by minimising the number of personnel needed to transport goods manually and create a smoother operation flow by reducing bottlenecks commonly associated with the manual movement of goods. Goods hoists are commonly used in factories, warehouses, or any manufacturing industries. Goods hoists may also be used in commercial settings to carry trolleys and large products.

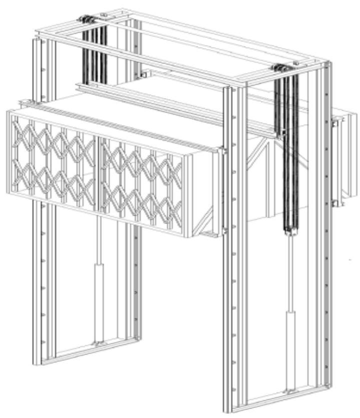


Goods hoist is a customised product that we design according to customer's requirement. For orders received from customers in the northern region, we carry out in-house manufacturing in our Taiping Factory. For orders received from all other regions in Malaysia, we fully outsource the manufacturing, installation and commissioning works for our goods hoists to a third-party subcontractor, due to the need for manpower with the required skills to carry out installation and commissioning works post-manufacturing.

To uphold the quality of our goods hoists, we will inspect the measurements and quality of work prior to and after installation by our subcontractors to ensure that the goods hoists are in accordance with our DOSH-approved design, which will also facilitate the application for the certificate of fitness from DOSH.

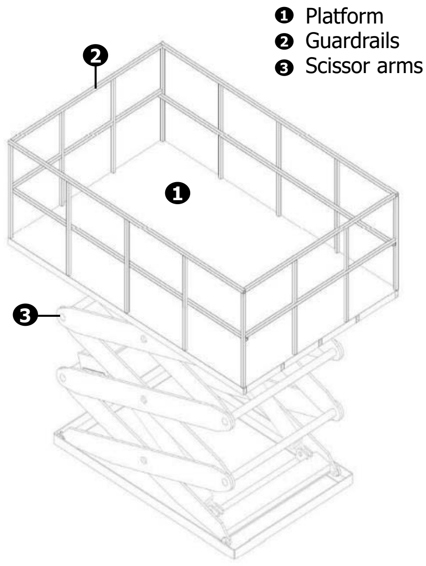
(ii) Lifter

Lifters are similar to goods hoists as it is used to carry heavy loads and cargo rather than passengers. Lifters use a hydraulic system rather than electric motor-and-pulley systems to move upwards and downwards (vertical movement). Lifters generally have powerful lifting capacity and are able to carry heavier loads, albeit at a slower pace, compared to goods hoists. Where speed is not a critical factor, lifters are ideal for industrial and commercial applications in medium-rise buildings. Lifter is a customised product that we design according to customer's requirement.



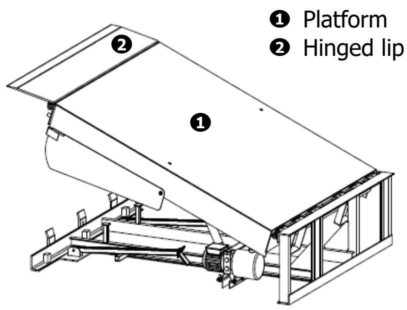
(iii) Hydraulic scissor lift

Hydraulic scissor lifts are a type of lifting platform that are used to lift heavy loads vertically. The platform has a flat, stable surface that can be raised to different heights through the extension of the crisscrossing scissor arms. It is suitable for tasks where access is situated directly above and does not require horizontal reach. Hydraulic scissor lifts improve safety by providing a secure platform with guardrails to reduce the risk of goods falling when it is transported between different floor levels, and reduces overall loading and unloading times by enabling quicker movement of goods to and from high places. It is typically used in automotive and manufacturing industries as well as for warehouse use. Hydraulic scissor lift is a customised product that we design according to customer's requirement.



(c) Dock leveller

Dock levellers are mainly comprised of a platform and hinged lip to bridge the gap between the height of a loading dock and a delivery vehicle (e.g. truck and trailer). It provides a transition area for material handling equipment such as forklifts to move loads into and out of the delivery vehicle. Dock levellers are suitable for a wide range of industries and loading dock configurations.

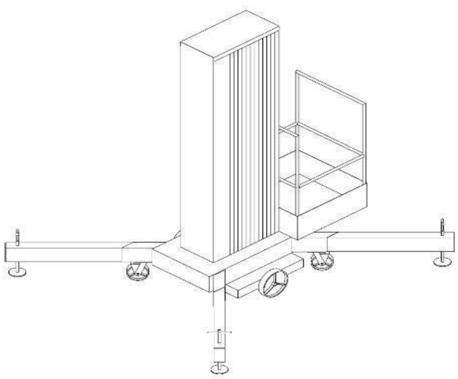


Our dock leveller is a standard design product.

In addition, we trade other industrial lifting and handling equipment comprising aerial work platforms as well as mechanical and automated car park systems, which are further detailed below:

(a) Aerial work platform

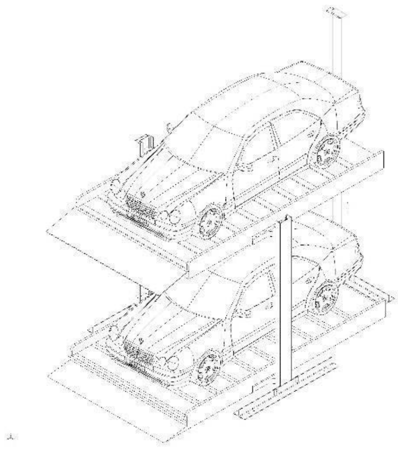
Aerial work platforms are mobile elevated work platforms that can be raised vertically to a maximum height of 12 metres. It provides easier access to otherwise difficult to reach areas using ladders or other manual methods. It is typically used in maintenance works (e.g. painting, electrical, equipment maintenance and utility repair) that is required to work at height.



The aerial work platform is a standard design product that we source from a third-party supplier in China.

(b) Mechanical car park system

A mechanical car park system is a semi-automated system that consists of multi-level parking spaces which are stacked vertically to increase the parking capacity within a parking bay. The system requires a manual operator for vehicle positioning and system activation to activate the vertical or horizontal movements to park or retrieve the cars.

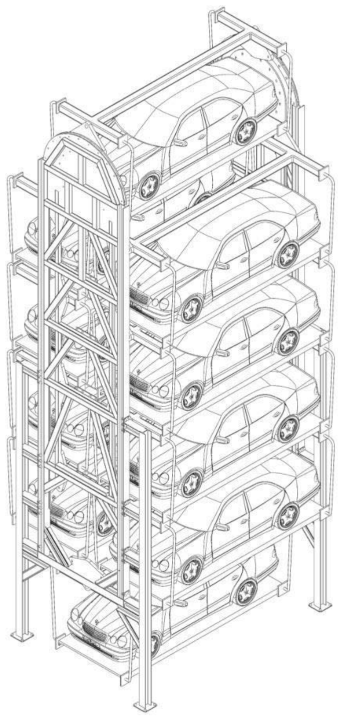


A mechanical car park system is useful in commercial buildings, hospitals, hotels and residential buildings where space constraint limits the number of parking bays that can be made available.

The mechanical car park system is a customised product that we source from a third-party supplier in China. We provide installation and commissioning services, as well as certificate of fitness application services in Malaysia to our customers for the mechanical car park system.

(c) Automated car park system

An automated car park system is similar in design to a mechanical car park system (i.e. consists of multi-level parking spaces which are stacked vertically). However, it is a fully automated system that uses computerised control systems, robotics and conveyance mechanisms for vehicle positioning, parking and retrieval without a manual operator.



An automated car park system is useful in developments with space constraints. It can achieve higher capacity as it can park vehicles more closely and eliminate the need for ramps, aisles and human access space while offering greater convenience to drivers through fully automated operation.

The automated car park system is a customised product that we source from a third-party supplier in China. We provide installation and commissioning services to our customers for the automated car park system.

Upon request, we may also manufacture other types of industrial lifting and handling equipment for customers to meet their manufacturing or operational needs. For FYE 2022 to 2025, we have manufactured and delivered 3 other types of industrial lifting and handling equipment, as follows:

(i) **First-in-first-out (FIFO) rollers**: A one-directional racking system where goods are stored, moved and retrieved forward on a conveyor in the order they arrived;

(ii) **Hydraulic tilting platforms**: A type of lifting platform that vertically lifts and tilts heavy loads up to a 90-degree angle in a controlled manner to allow access to heavy loads from various angles. It improves worker safety by preventing accidents from manual handling of heavy loads; and

(iii) **Transfer cars**: A ground-operated motorised system used to transport heavy or bulky loads on rails or wheels. It is typically used to move loads between different bays in a facility.

7.2.3 Our customers

Our customers primarily comprise direct end-users from various industries such as steel works and steel foundry, construction, public utilities, semiconductor, machinery, pre-cast concrete, palm oil, plastic products, automotive components and raw metals. We also sell our industrial lifting and handling equipment to main contractors (i.e. companies that construct buildings, factories, industrial plants and infrastructures) who source industrial lifting and handling equipment on behalf of their customers who are the end-users.

The revenue contribution, by customer type, for FYE 2022 to 2025 are as follows:

Revenue by customer type	**FYE 2022**		**FYE 2023**		**FYE 2024**		**FYE 2025**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
End-users (Direct)	37,474	71.3	45,241	92.1	49,528	85.9	55,837	96.5
Main contractors (Indirect)	15,112	28.7	3,859	7.9	8,127	14.1	2,021	3.5
	52,586	**100.0**	**49,100**	**100.0**	**57,655**	**100.0**	**57,858**	**100.0**

7.2.4 Warranty

We provide warranty to our customers for the hoist unit (i.e. 1 year to 2 years depending on brand) for our industrial cranes and good hoists; power pack (i.e. 2 years) for our dock levellers; battery (i.e. 3 months) for our aerial work platforms; mechanical structure (i.e. 5 years) and electrical system (i.e. 1 year) for our mechanical car park systems; and mechanical structure (i.e. 2 years) and electrical system (i.e. 1 year) for our automated car park systems. We have back-to-back agreements with our brand principals for the warranty of hoist units, as well as with our third-party suppliers for the warranty of power packs, batteries, mechanical structure and electrical system. As such, the cost of replacement and/ or defect rectification of defective hoist units, batteries, power packs, mechanical structure and electrical system will be borne by our brand principals and third-party suppliers respectively for their products.

The warranty that we provide to customers encompasses manufacturer's defect and is exclusive of, amongst others, improper use, external force or force majeure, wilful damage, negligence, unauthorised disassembly, repairs or modifications, as well as normal wear and tear of components. For FYE 2022 to 2025, we have not incurred any cost in relation to warranty claims made by our customers.

7.2.5 Our operational facilities

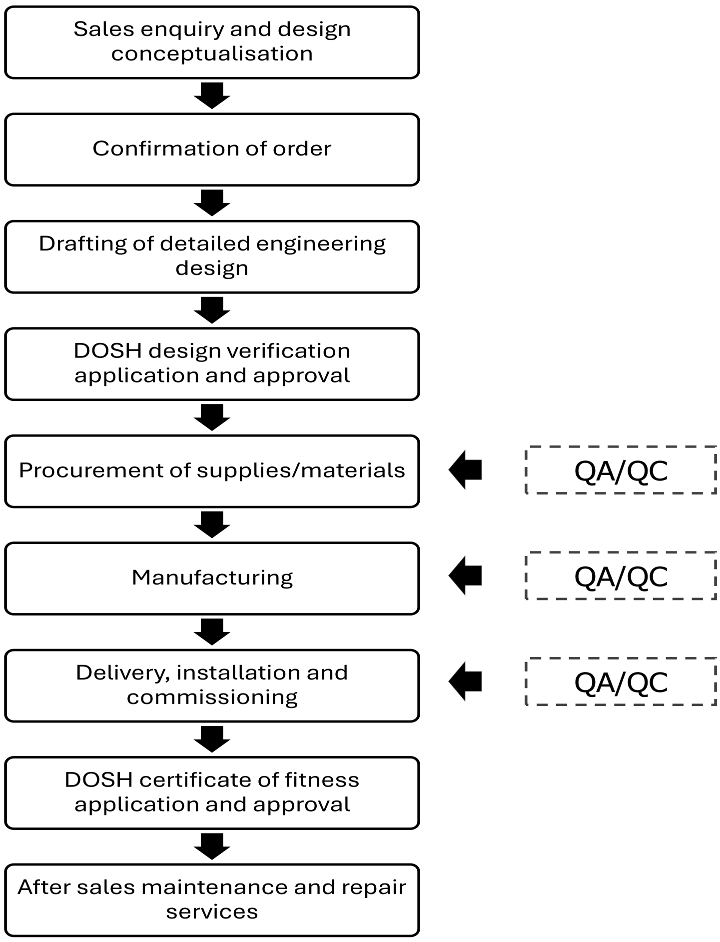
Our business operations are based in Malaysia at the following locations:

No.	Facilities	Location	Main function	Land area (sq ft)	Built-up area (sq ft)
1.	Puchong HQ	10 & 12, Jalan TPP 5/8, Taman Perindustrian Puchong, 47100 Puchong, Selangor	Headquarters, manufacturing facility, maintenance and repair workshop as well as storage	22,852	12,358
				11,194 sq ft is allocated for manufacturing	
2.	Taiping Factory	Lot 26908, Kamunting Raya Industrial Estate Phase 3, Mukim Assam Kumbang, 34000 Taiping, Perak	Sales office, manufacturing facility, maintenance and repair workshop as well as storage	217,754	131,546
				127,100 sq ft is allocated for manufacturing	
3.	Johor Facility	679, Jalan Idaman 3/3, Senai Industrial Park, Taman Desa Idaman, 81400 Senai, Johor	Sales office, maintenance and repair workshop as well as storage	22,400	9,930
4.	Ipoh Facility	17 & 19, Dataran Kledang 10, Kawasan Perindustrian Chandan Raya, 31450 Menglembu Ipoh, Perak	Sales office, maintenance and repair workshop as well as storage	8,998	10,840
5.	Penang Facility	7, Lorong Perindustrian Bukit Minyak ½, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang	Sales office, maintenance and repair workshop as well as storage	5,210	7,100
6.	Bintulu Facility	Lot 1359 Ground Floor, Tanjung Batu Commercial Centre, Block 31, Jalan Durian Laut, Kemena Land District, 97000 Bintulu, Sarawak	Sales office, maintenance and repair workshop as well as storage	1,399	868
7.	New Kota Kinabalu Facility	Lot 46, 31, Taman Perindustrian Bukit Emas (Golden Hill Industrial Park), Phase 1A & 1B, Lorong Perindustrian Bukit Emas, Mile 7.5, Jalan Tuaran, 88450 Inanam, Kota Kinabalu, Sabah	Sales office, maintenance and repair workshop as well as storage	4,400	3,601

No.	Facilities	Location	Main function	Land area (sq ft)	Built-up area (sq ft)
8.	Kuantan Facility	29, Jalan IM 14/3, Kawasan Perindustrian Indera Mahkota, 25200 Kuantan, Pahang	Sales office, maintenance and repair workshop as well as storage	2,336	2,886

7.3 BUSINESS AND OPERATIONAL PROCESS

The process flow for our Group's business operations is as depicted below. As we manufacture a variety of industrial lifting and handling equipment, the process flow set out below generally applies to all our in-house manufactured industrial lifting and handling equipment.



(a) Sales enquiry and design conceptualisation

When we receive a sales enquiry, we will conduct an initial assessment to determine the feasibility of the project based on the information provided, including the product type, technical requirements, budget and delivery schedule.

We will then arrange a preliminary consultation with the customer to gather more information about their requirement such as manufacturing or operational needs, speed of movement required, factory layout and available space, budget and safety standards. Following that, several options of preliminary designs will be provided for customer's selection.

Further, we will prepare a costing sheet and quotation considering, amongst others, the costs of materials and labour, scope of work, product specifications, and delivery and payment terms.

(b) Confirmation of order

Once the customer accepts the quotation, we will receive a purchase order that will serve as a formal agreement to commence work on the project. Subsequently, we will collect the first milestone payment from customers, and prepare and distribute a work order outlining the project's details, timeline and specific instructions to commence work.

(c) Drafting of detailed engineering design

Site visit is first carried out to undertake detailed site measurement and to better understand the site layout plan and physical environment where the industrial lifting and handling equipment will be installed and commissioned. This is necessary to prepare the detailed engineering design which encompasses the drafting of technical details in a master drawing based on the measurements and calculations.

In drafting our detailed engineering design, we take into consideration the following:

(i) the required working range of the equipment (e.g. lifting height, girder span and runway length);
(ii) type and maximum weight of the load to be handled;
(iii) direction and speed of movement required (i.e. vertical, horizontal or lateral);
(iv) operating conditions (e.g. enclosed with roof and full height walls, covered with roof and partial walls, covered with roof and without partial walls, and outdoor environment);
(v) space availability and height of ceiling (if applicable);
(vi) site condition (e.g. maximum floor load bearing weight); and
(vii) safety and control features (e.g. devices to detect overloading of loads, anti-collision cutoff sensors, mechanical limit switches to prevent over-travel of hoist unit, emergency button to prevent accidents and safety latches to prevent accidental disengagement of the load from the hoist).

(d) DOSH design verification application and approval

Upon obtaining customer's approval of the final proposed design, our Professional Engineer will endorse the design drawings. Subsequently, we will submit the design drawings to DOSH's Head Office in Putrajaya for design verification approval prior to manufacturing. Generally, it takes approximately 3 to 4 weeks to obtain the design verification approval from DOSH. Upon obtaining DOSH's approval, a certificate of design approval will be issued by DOSH and we will begin the manufacturing process.

(e) Procurement of supplies/ materials

Our steel materials such as plates, pipes, beams, columns and bar rails are generally purchased on a project-to-project basis. We will identify the type and quantity of steel materials required and place order with our suppliers based on project needs.

For components and accessories, such as hoist units, electrical components, travel wheels, travel motors, wire rope slings, crane weighing scales, magnetic lifters, bearings, oil seals, end bumpers, bolts and nuts, which are commonly used items, we keep an inventory of stock for these supplies. We will assess the stock level of these components and accessories on a monthly basis for replenishment based on project orders received.

We will procure the required steel materials, components and accessories from our list of approved suppliers locally and overseas. Upon receipt of steel materials, components and accessories, we will perform QC inspection to ensure that supplies received are in good condition and in accordance with the delivery and purchase orders.

(f) Manufacturing

Our manufacturing process involves fabrication and assembly:

(i) Fabrication

We begin the fabrication process of our industrial lifting and handling equipment by cutting steel materials according to the measurements in the approved design drawing. Particularly for dock levellers, an additional process of bending steel materials is required whereby as at LPD, we engage a third-party subcontractor to carry out bending works to create the hinged lip as we do not have bending machines in our factories. As at LPD, our Group does not have any plans to purchase bending machines as bending works required for dock levellers are minimal. Our Group is not dependent on this third-party subcontractor for bending works as we can easily source similar service from a wide pool of subcontractors in the market.

Once the cutting and bending works (where required) are completed, the steel materials are aligned and positioned as specified in the design drawing and subsequently, welded together to form the structure of the industrial lifting and handling equipment. The welded structure is then painted according to the specified colour code.

(ii) Assembly

We will assemble the components and optional accessories together with the fabricated structures to form the respective parts of the industrial lifting and handling equipment. After assembly, we will carry out testing on the key movement mechanism of the industrial lifting cranes, hydraulic scissor lifts, lifters, and dock levellers to ensure that they function correctly. Particularly for industrial lifting cranes, labels consisting of the wordings "UTAMAKAN KESELAMATAN" and "SAFETY FIRST", will be affixed to the structure of the industrial lifting crane.

The QA/ QC procedures undertaken for our manufacturing process are as set out in Section 7.13.

(g) Delivery, installation and commissioning

The completed parts are then packed for delivery to our customers' project sites for installation and commissioning. We engage third-party logistics services to deliver the completed parts to our customers' project sites. We do not enter into any agreements with third-party logistics providers for the purchase of their services. Such services are engaged on an ad hoc basis through purchase orders, as and when required for the delivery of products to customer.

For the installation of industrial lifting cranes, industrial lifts and dock levellers, we will schedule another site visit prior to installation to ensure that the project site is ready for us to carry out our installation works. For installation works, we will assemble the respective parts together and connect the wirings according to the approved design drawings, to form the final functional unit of the industrial lifting and handling equipment. As and when required, we may outsource the installation and commissioning works to third-party subcontractors when we face shortages of in-house manpower.

Upon completion of installation, we conduct functional test, final alignment check and safety check to ensure that our industrial lifting and handling equipment are functioning properly for commissioning. Further details on our QA/ QC procedures are as set out in Section 7.13. Then, we will collect the second milestone payment from our customer.

(h) DOSH certificate of fitness application and approval

We may assist our customers in applying for the certificate of fitness from state-level DOSH office (i.e. based on the location where the industrial lifting and handling equipment is installed and commissioned) for the legal operation of their industrial lifting and handling equipment (i.e. industrial lifting cranes, industrial lifts and aerial work platforms). Certificate of fitness is required for all industrial lifting and handling equipment that we offer except for dock levellers. As part of the procedure to obtain the certificate of fitness, load test is required to be carried out whereby we will carry out the test in the presence of DOSH officers and our customers. Upon passing the load test, the certificate of fitness will be issued for our industrial lifting and handling equipment. The certificate of fitness is valid for a period of 15 months from the date of inspection and needs to be renewed for continued operation, for which we also provide services to our customers to renew their certificate of fitness. We then prepare a label with the certificate of fitness number to be affixed onto the industrial lifting and handling equipment.

We will prepare a delivery order and request for acknowledgement of completion from customers upon obtaining the certificate of fitness for the industrial lifting and handling equipment. We then collect the final milestone payment from our customers.

The duration required for design, manufacturing, installation and commissioning of industrial lifting and handling equipment typically takes approximately 1 to 3 months depending on the size of the project.

(i) After sales maintenance and repair services

Upon the receipt of request for after sales maintenance and repair services, we will dispatch our maintenance and repair team to provide the services required by customers, comprising routine inspections and servicing for preventive maintenance purposes, troubleshooting and repair services, refurbishment services and/ or relocation services. Our after sales maintenance and repair services are provided as and when requested by customers.

7.4 BUSINESS SEGMENTS AND PRINCIPAL MARKETS

The breakdown of our Group's revenue by business segments is as follows:

	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
Business segments	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design, manufacturing, installation and commissioning of industrial lifting and handling equipment	37,516	71.3	31,428	64.0	37,911	65.7	38,467	66.5
Provision of maintenance, repair and other related services	8,707	16.6	10,986	22.4	10,658	18.5	11,159	19.3
Trading of components, accessories and other industrial lifting and handling equipment	6,363	12.1	6,686	13.6	9,086	15.8	8,232	14.2
	52,586	**100.0**	**49,100**	**100.0**	**57,655**	**100.0**	**57,858**	**100.0**

The breakdown of our Group's revenue by principal markets is as follows:

	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
Principal markets	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	**51,707**	**98.3**	**48,505**	**98.8**	**55,804**	**96.8**	**57,183**	**98.8**
- Northern region[(1)]	22,115	42.1	28,131	57.3	23,809	41.3	20,204	34.9
- Central region[(2)]	8,966	17.1	12,025	24.5	14,193	24.6	23,226	40.1
- East Malaysia[(3)]	15,219	28.9	2,525	5.1	9,205	16.0	5,299	9.2
- Southern region[(4)]	4,470	8.5	4,741	9.7	6,352	11.0	7,390	12.8
- East coast region[(5)]	937	1.7	1,083	2.2	2,245	3.9	1,064	1.8
Overseas	**879**	**1.7**	**595**	**1.2**	**1,851**	**3.2**	**675**	**1.2**
- Thailand	76	0.2	397	0.8	1,386	2.4	463	0.8
- Indonesia	803	1.5	152	0.3	262	0.5	63	0.1
- China	-	-	-	-	196	0.3	149	0.3
- Singapore	-	-	-	-	-	-	<1	<0.1
- Luxembourg	-	-	-	-	7	<0.1	-	-
- Saudi Arabia	-	-	39	0.1	-	-	-	-
- Australia	-	-	7	<0.1	-	-	-	-
	52,586	**100.0**	**49,100**	**100.0**	**57,655**	**100.0**	**57,858**	**100.0**

Notes:

(1) Comprising Perak, Penang, Kedah and Perlis.

(2) Comprising Kuala Lumpur, Selangor and Negeri Sembilan.

(3) Comprising Sabah and Sarawak.

(4) Comprising Melaka and Johor.

(5) Comprising Pahang, Terengganu and Kelantan.

For FYE 2022 to 2025, revenue from our design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment was the largest contributor to our Group's total revenue at 71.3%, 64.0%, 65.7% and 66.5% respectively. We also derive a majority of our sales locally which contributed 98.3%, 98.8%, 96.8% and 98.8% respectively to our Group's total revenue for FYE 2022 to 2025.

7.5 SALES AND MARKETING

We actively engage in the following sales and marketing strategies:

(a) Referrals

We secure new customers through referrals from our existing customers, which is a testament to the quality of our products and services. These referrals are a reflection of the confidence and satisfactions towards the quality of products and services rendered by our Group, which are able to aid us in expanding our customer base by tapping into new networks and opportunities in the industry.

(b) Network of main contractors

Our Group adopts the strategy of working with main contractors to expand our Group's customer base and extend our market reach. By working closely with main contractors, we are able to leverage on their extensive customer base to market and sell our products and services. We believe that our technical capabilities and business relationships that we have established with main contractors provide us the opportunity to secure repeat orders from these customers, ensuring a mutually beneficial business relationship that supports the continued growth of our business.

(c) Corporate website

We have established our corporate website at https://liftech.com.my/, as a medium for introducing our Group and our products and services to potential customers. The current widespread use of the internet as a source of information facilitates access to our corporate website from any part of Malaysia as well as overseas, thereby enabling us to cross geographical boundaries and enhancing our potential market reach and exposure.

(d) Digital marketing

We leverage on digital marketing to increase our market visibility on the internet. We promote our brand presence and offerings through various social media platforms such as Facebook and LinkedIn. Further, we also utilise search engine optimisation to increase the visibility and traffic count of our corporate website. Through these digital marketing efforts, we are able to present to potential customers our products and technologies, and enhance our online presence, which aids in attracting potential customers and supporting the continued growth of our business.

(e) Trade fairs, exhibitions and associations

We participate in trade fairs and exhibitions where we are able to introduce our manufacturing expertise, capabilities and products to potential customers. Through our participation in trade fairs and exhibitions, we are able to promote our market presence, identify potential customers, build business relationships, as well as gain industry insights and keep abreast with new technologies in the industry.

During FYE 2022 to 2025 and up to LPD, we have participated in the following trade fairs and exhibitions:

Year	Events	Organiser	Location
2023	Metaltech	Informa Markets Malaysia Sdn Bhd	Kuala Lumpur, Malaysia
2024	Metaltech	Informa Markets Malaysia Sdn Bhd	Kuala Lumpur, Malaysia

In addition, we have been a life company member of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("**KLSCCCI**") since 2011 and a permanent member of the Selangor and Kuala Lumpur Foundry and Engineering Industries Association ("**SFEIA**") since 2014.

KLSCCCI is a private organisation based in Kuala Lumpur and Selangor for the Chinese business community in the region. Being a member of the KLSCCCI allows us to enhance our market presence through the various activities held by KLSCCCI and keep abreast with the latest market trends and demands.

SFEIA is a private organisation based in Kuala Lumpur and Selangor to promote the understanding, relationship and well-being of the foundry and engineering industries. Being a member of the SFEIA allows us to exchange industry-specific knowledge with our industry peers as well as to promote upgrading and technological development in the foundry and engineering industries.

(f) Direct approach

Upon securing leads from the abovementioned sales and marketing channels, we will follow up with potential customers through direct approach to introduce our capabilities as well as products and services offerings. We also follow up closely with our existing customers to identify opportunities to secure more sales.

In addition, we will identify potential projects and customers through news channels, in which we will reach out to the consultants and main contractors of the projects to promote our capabilities as well as products and services offerings.

7.6 TECHNOLOGY USED

Our Group adopts the following technologies for our business:

Technology	Description
2D design software	To draft 2D design drawings for the structural and electrical diagrams for our industrial lifting and handling equipment
3D design software	To automate the generation of 3D design drawings for our industrial lifting and handling equipment
Nesting software	To determine the optimal arrangement of shapes and dimensions on steel plate based on our 2D and 3D design software to minimise wastage and reduce material costs
Plasma and laser cutting machines	A machine that performs precise cutting of steel plates according to the arrangement generated by the nesting software
Submerged arc welding machine	An automated machine that uses heat generated by an electric arc to deeply penetrate and weld steel plates for a stronger and cleaner welding finish. It can operate with minimal human intervention for enhanced operator safety as well as improved efficiencies, quality and productivity in the welding process

7.7 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group has not experienced any interruption in business which had a significant effect on our operations during the 12 months period prior to the date of this Prospectus.

7.8 SEASONALITY

We do not experience any material seasonality or cyclicality in our business as the demand for our products and services are neither subject to seasonal fluctuations or cyclical variations.

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7.9 MAJOR CUSTOMERS

Our top 5 major customers by revenue for FYE 2022 to 2025 are as follows:

FYE 2022

Major customers	Main products/ services provided	Revenue contribution RM'000	Revenue contribution %	(1)Length of relationship Years
Hyundai Engineering Malaysia Sdn Bhd	Industrial lifting crane	12,647	24.1	<1
SIBS Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	2,566	4.9	5
Choo Bee Group(2)	Industrial lifting crane, components, maintenance and repair service	2,090	4.0	12
Kawan Engineering Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	1,637	3.1	6
Perodua Group(3)	Components, maintenance and repair service	1,325	2.5	5
	Subtotal	**20,265**	**38.6**	
	Total revenue	**52,586**	**100.00**	

FYE 2023

Major customers	Main products/ services provided	Revenue contribution RM'000	Revenue contribution %	(1)Length of relationship Years
SIBS Sdn Bhd	Industrial lifting crane, components and accessories, maintenance and repair service	4,850	9.9	6
Choo Bee Group(2)	Industrial lifting crane, components, maintenance and repair service	2,426	4.9	13
Actmax Sdn Bhd	Industrial lifting crane, industrial lift, components and accessories	1,875	3.8	<1
Hyundai Engineering Malaysia Sdn Bhd	Industrial lifting crane	1,549	3.2	1
Yoonsteel (Malaysia) Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	1,481	3.0	13
	Subtotal	**12,181**	**24.8**	
	Total revenue	**49,100**	**100.00**	

FYE 2024

Major customers	Main products/ services provided	Revenue contribution RM'000	Revenue contribution %	(1)Length of relationship Years
Hyundai Engineering Malaysia Sdn Bhd	Industrial lifting crane	5,697	9.9	2
Southern Cable Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	1,615	2.8	3
SIBS Sdn Bhd	Industrial lifting crane, components and accessories, maintenance and repair service	1,515	2.6	7
Celestica Electronics (M) Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	1,072	1.9	10
MSM Prai Berhad	Components and accessories, maintenance and repair service	932	1.6	7
	Subtotal	**10,831**	**18.8**	
	Total revenue	**57,655**	**100.0**	

FYE 2025

Major customers	Main products/ services provided	Revenue contribution RM'000	Revenue contribution %	(1)Length of relationship Years
GE Engine Services Malaysia Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	6,246	10.8	1
Southern Cable Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	1,797	3.1	4
YTL Group(4)	Industrial lifting crane, components, maintenance and repair service	1,379	2.4	<1
Vestland Resources Sdn Bhd	Industrial lifting crane, components, maintenance and repair service	1,349	2.3	1
UWC Group(5)	Industrial lifting crane, components, maintenance and repair service	1,193	2.1	9
	Subtotal	**11,964**	**20.7**	
	Total revenue	**57,858**	**100.0**	

Notes:

(1) Length of business relationship as at the respective FYE.

(2) Choo Bee Group comprises Choo Bee Metal Industries Berhad and Choo Bee Hardwares Sdn Bhd. Choo Bee Group was our major customer for FYE 2022 and 2023 as they purchased our industrial lifting crane to support their factory expansion exercise. Further, Choo Bee Group has been our recurring customer for the purchase of components as well as maintenance and repair services. Choo Bee Group was our major supplier for FYE 2022 to 2025 as we purchased steel materials from Choo Bee Group (a supplier of steel materials).

(3) Perodua Group comprises Perodua Manufacturing Sdn Bhd and Perodua Global Manufacturing Sdn Bhd.

(4) YTL Group comprises Eastern Pretech (Malaysia) Sdn Bhd, Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd, Kedah Cement Sdn Bhd, H Cement (Malaysia) Sdn Bhd, Slag Cement (Southern) Sdn Bhd, Eastech Steel Mill Services (M) Sdn Bhd and Sentul Raya City Sdn Bhd.

(5) UWC Group comprises UWC Industrial Sdn Bhd, UWC Holdings Sdn Bhd, USurface Technology Sdn Bhd and C Max Manufacturing Sdn Bhd.

For FYE 2022 to 2025, our Group's top 5 major customers collectively contributed 38.6%, 24.8%, 18.8% and 20.7% to our Group's total revenue respectively. Our sales to customers are primarily transacted based on purchase orders. From time to time, we may enter into agreements with customers such as multinational companies, based on their business practices, to supply them our industrial lifting and handling equipment. During FYE 2022 to 2025, we had entered into 2 subcontract agreements with our major customers who are multinational companies, namely Hyundai Engineering Malaysia Sdn Bhd and Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd, for the design, manufacturing, installation and commissioning of industrial lifting cranes.

We are not dependent on any of our major customers and we do not face concentration risk due to the nature of our business that is primarily transacted on a project basis. As such, the revenue contribution of our major customers may vary from year to year subject to end user's business expansion needs. Given that our Group serves customers from a diverse range of industries, our revenue will not be adversely impacted by the downturn of any specific industry or in the event that we do not secure recurring projects from any one major customer.

7.10 MAJOR SUPPLIERS AND SUBCONTRACTORS

Our top 5 major suppliers and subcontractors by purchases for FYE 2022 to 2025 are as follows:

FYE 2022

Major suppliers/ subcontractors	Country	Supplier/ Subcontractor	Main products/ services procured	Value of purchases RM'000	Value of purchases %	(1)Length of relationship Years
Zhejiang Shuangniao Lifting Equipment Co., Ltd	China	Supplier	TBM branded hoists and related components	5,462	16.8	14
Choo Bee Group(2)	Malaysia	Supplier	Square pipes, H-beams, U-beams, U-columns, I-beams, square bars, angle bars, and mild steel angle bars, flat bars, channels and plates	4,664	14.4	12
Apex Era Sdn Bhd	Malaysia	Supplier	Various components	2,559	7.9	18
Korea Hoist Co., Ltd	Korea	Supplier	Rails and related components(3)	2,215	6.8	<1
KT Hong Engineering Services Sdn Bhd	Malaysia	Subcontractor	Subcontracted services for goods hoists(4)	1,426	4.4	14
			Subtotal	**16,326**	**50.3**	
			Total purchases	**32,424**	**100.0**	

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7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2023

Major suppliers/ subcontractors	Country	Supplier/ Subcontractor	Main products/ services procured	Value of purchases RM'000	Value of purchases %	[1]Length of relationship Years
Zhejiang Shuangniao Lifting Equipment Co., Ltd	China	Supplier	TBM branded hoists and related components	4,601	20.5	15
Choo Bee Group[2]	Malaysia	Supplier	Round, square and rectangular pipes, H-beams, U-beams, U-columns, angle irons, steel hollow sections, I-beam, C-channel, and mild steel angle bars, flat bars, square bars, channels and plates	3,627	16.2	13
Lifting Solutions	Malaysia	Subcontractor	Subcontracted services for industrial cranes[5]	942	4.2	4
HYBERTECH Sales & Services Sdn Bhd	Malaysia	Subcontractor	Subcontracted services for lifters, hydraulic scissor lifts and dock levellers[6]	806	3.6	8
KT Hong Engineering Services Sdn Bhd	Malaysia	Subcontractor	Subcontracted services for goods hoists[4]	757	3.4	15
			Subtotal	**10,733**	**47.9**	
			Total purchases	**22,390**	**100.0**	

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7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2024

Major suppliers/ subcontractors	Country	Supplier/ Subcontractor	Main products/ services procured	Value of purchases RM'000	%	[1]Length of relationship Years
Zhejiang Shuangniao Lifting Equipment Co., Ltd	China	Supplier	TBM branded hoists and related components	4,347	17.8	16
Choo Bee Group[2]	Malaysia	Supplier	Round and square pipes, steel plates, square bars, U-beams, U-columns and mild steel angle bars, channels and plates	4,125	16.9	14
KT Hong Engineering Services Sdn Bhd	Malaysia	Subcontractor	Subcontracted services for goods hoists[4]	1,144	4.7	16
Hefei Kiwi Heavvy Machinery Co., Ltd	China	Supplier	Crane wheel, gear motor	927	3.8	6
Talleres Jaso Industrial SL	Spain	Supplier	JASO branded hoists	824	3.4	14
			Subtotal	**11,367**	**46.6**	
			Total purchases	**24,396**	**100.0**	

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FYE 2025

Major suppliers/ subcontractors	Country	Supplier/ Subcontractor	Main products/ services procured	Value of purchases RM'000	Value of purchases %	(1)Length of relationship Years
CTI Systems S.à r.l.	Luxembourg	Supplier	CTI branded hoists and related components	3,834	15.7	1
Zhejiang Shuangniao Lifting Equipment Co., Ltd	China	Supplier	TBM branded hoists and related components	3,536	14.4	17
Choo Bee Group(2)	Malaysia	Supplier	Round and square pipes, steel plates, square bars, U-beams, U-columns and mild steel angle bars, channels and plates	2,586	10.6	15
Vickma Hardware Sdn Bhd	Malaysia	Supplier	Round and square pipes, steel plates, square bars, U-beams, U-columns, channels and plates	916	3.7	2
Golden United Global (M) Sdn Bhd	Malaysia	Subcontractor	Subcontracted services for industrial cranes(7)	780	3.2	1
			Subtotal	**11,652**	**47.6**	
			Total purchases	**24,470**	**100.0**	

Notes:

(1) Length of business relationship as at the respective FYE.

(2) Choo Bee Group comprises Choo Bee Hardwares Sdn Bhd and Choo Bee Hardware (Sabah) Sdn Bhd. Choo Bee Group was our major supplier for steel materials for FYE 2022 to 2025. Choo Bee Group was also our major customer for FYE 2022 and 2023 as they purchased our industrial lifting crane to support their factory expansion exercise. Further, Choo Bee Group has been our recurring customer for the purchase of components as well as maintenance and repair services.

(3) A one-off purchase of rails and related components at the request of our customer, Hyundai Engineering Malaysia Sdn Bhd, for its project where we supplied industrial lifting cranes.

(4) Subcontracted services for the manufacturing, installation and commissioning of goods hoists.

(5) A related party transaction which comprise the purchase of installation and commissioning services for industrial lifting cranes for projects in Sabah.

(6) Subcontracted services for the manufacturing, installation, commissioning and repair of lifters, hydraulic scissor lifts and dock levellers which we did not manufacture in-house prior to FYE 2024.

(7) Subcontracted services for the specialised installation and commissioning of industrial lifting cranes for an aerospace project.

For FYE 2022 to 2025, our Group's top 5 major suppliers collectively contributed 50.3%, 47.9%, 46.6% and 47.6% to our Group's total purchases respectively. Despite the relatively higher purchase contribution from Zhejiang Shuangniao Lifting Equipment Co., Ltd and Choo Bee Group, we are not dependent on these suppliers for the purchase of TBM branded hoists and steel materials respectively, as similar products can be easily sourced from other suppliers locally and overseas. Notwithstanding that, we choose to continue purchasing our supplies mainly from Zhejiang Shuangniao Lifting Equipment Co., Ltd and Choo Bee Group due to the long-standing business relationship that we have established with these suppliers, and at the same time allowing our Group to ensure the consistency of quality of our supplies.

For FYE 2025, CTI Systems S.à r.l. contributed 15.7% to our Group's total purchases, comprising the purchase of CTI branded hoists and related components for a one-off aerospace project. We are not an appointed distributor of CTI branded hoists and we are not dependent on CTI Systems S.à r.l. In the event that we secure new aerospace projects in the future, we are able to source similar products from other suppliers.

Further, we are not dependent on any of our other major suppliers and subcontractors and we do not face concentration risks as the products and services can be easily sourced from other suppliers or subcontractors locally and overseas. Our Group has established a long-standing relationship with our major suppliers and subcontractors, and we believe that the relationships forged will allow our Group to continuously receive our supplies in a timely manner. We do not have any long-term contracts with our suppliers and subcontractors, which gives our Group the flexibility to source for products and services at competitive prices. Particularly for hoist units for which we are an appointed distributor for the brands TBM (exclusive), JASO and LIFKET, we are not dependent on our brand principals for the supply of hoist units as we are able to source alternative brands of hoist units from other suppliers in the market in the event of disruption to the supply of hoist units from our existing brand principals.

7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

Our purchases primarily comprise steel materials, components and accessories, subcontracted services as well as consumables and tools. The table below sets out our purchases for FYE 2022 to 2025:

	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Steel materials[(1)]	**9,309**	**28.7**	**4,788**	**21.4**	**5,728**	**23.5**	**5,190**	**21.2**
Components and accessories	**16,704**	**51.5**	**11,884**	**53.1**	**12,581**	**51.6**	**13,494**	**55.1**
- Hoist units	10,732	33.1	6,138	27.4	6,587	27.0	7,672	31.3
- Electrical components[(2)]	3,397	10.5	3,076	13.8	2,417	9.9	1,877	7.7
- Travel wheel and travel motor	1,473	4.6	991	4.4	1,187	4.9	907	3.7
- Wire ropes, chains and slings[(3)]	470	1.4	424	1.9	629	2.6	909	3.7
- Others[(4)]	632	1.9	1,255	5.6	1,761	7.2	2,129	8.7
Subcontracted services[(5)]	**5,963**	**18.4**	**5,485**	**24.5**	**5,472**	**22.4**	**5,403**	**22.1**
Consumables and tools[(6)]	**448**	**1.4**	**233**	**1.0**	**615**	**2.5**	**384**	**1.6**
	32,424	**100.0**	**22,390**	**100.0**	**24,396**	**100.0**	**24,470**	**100.0**

Notes:

(1) Comprises steel plates, black pipes, round pipes, square pipes, rectangular pipes, H-beams, U-beams, U-columns, square bar rails, rectangular bar rails, and mild steel plates, angle bars, flat bars, square bars and channels.

(2) Comprises terminal blocks, cable ducting, relays, contactors, transformers, inverters, flat/ round cables, cable glands, panel boxes, junction boxes, photo sensors, revolving lights, miniature circuit breakers, moulded case circuit breakers, tele pendant controls, busbars and power conductors.

(3) Comprises wire ropes, wire rope slings, chain slings and slings.

(4) Comprises crane weighing scales, magnetic lifters, bearings, oil seals, end bumpers, bolts and nuts.

(5) Comprises subcontracted services for the manufacturing, installation, commissioning, maintenance and repair of industrial lifting and handling equipment as well as rental of equipment, such as mobile cranes, scissor lifts and sky lifts.

(6) Comprises gloves, personal protection equipment, welding gas and parts for in-house equipment.

Our purchases of steel materials accounted for 28.7%, 21.4%, 23.5% and 21.2% of our total purchases for FYE 2022, 2023, 2024 and 2025 respectively. The prices of our steel materials are subject to price fluctuations as a result of global demand and supply conditions as steel is a global commodity. Nevertheless, we are generally able to pass on any change in cost of steel materials to our customers as the prices of our industrial lifting and handling equipment are quoted to our customers based on the prevailing market prices quoted by our suppliers. For FYE 2022, 2023 and 2025, our financial performance was impacted by the fluctuations in global steel prices as detailed in Section 12.2.3(b).

Our supplies are generally readily available and can be sourced from local and overseas suppliers. For FYE 2022 to 2025 and up to LPD, we have not encountered any material disruptions to our supplies which had adversely affected our business operations and financial performance.

7.12 OPERATING CAPACITIES, OUTPUT AND UTILISATION RATES

Our manufacturing activities are carried out at our Puchong HQ and Taiping Factory which has an allocated manufacturing area of 11,194 sq ft and 127,100 sq ft respectively. The nature of our business is project-based and the duration required to complete the manufacturing of our industrial lifting and handling equipment varies depending on the type, size and technical specification of the product.

Our key machinery and equipment for our Puchong HQ and Taiping Factory are as follows:

	Audited			
Key machinery and equipment	**No. of units**	**NBV as at 31 December 2024**	**No. of units**	**NBV as at 31 December 2025**
		RM'000		**RM'000**
Lorries	1	*	1	*
Welding machines	9	27	11	253
Cranes[(1)]	18	*	18	*
Forklifts	3	51	3	40
Others[(2)]	35	197	37	160
	66	**275**	**70**	**453**

Notes:

* Less than RM1,000.

(1) The 18 units of cranes were fully depreciated and there were no new cranes addition during FYE 2025.

(2) Includes cutting machine, drilling machine and grinding machine.

For FYE 2024 and 2025, the estimated annual capacity of our Taiping Factory is derived based on the following estimations:

(a) We manufacture overhead crane, gantry crane, semi-gantry crane, jib crane, monorail crane, goods hoists, lifter, hydraulic scissor lift and dock leveller in our Taiping Factory. Each product has different complexity and takes different duration to complete.

(b) We operate 8 working hours per day, 5.5 working days per week, 4 working weeks per month and 12 working months per year, and excludes public holidays.

(c) Based on our management's estimates, assuming our Taiping Factory focuses on the production of a single type of industrial lifting and handling equipment we are able to produce the following number of units of industrial lifting and handling equipment. A comparison taking into consideration the number of workers available in FYE 2024 and 2025, against the total manufacturing space available in our Taiping Factory are as follows:

	FYE 2024		FYE 2025	
	(1)Existing capacity	**(2)Potential capacity**	**(1)Existing capacity**	**(2)Potential capacity**
Number of units per month				
- Overhead crane	30 units	75 units	30 units	75 units
- Gantry crane	15 units	38 units	15 units	38 units
- Semi-gantry crane	15 units	38 units	15 units	38 units
- Jib crane	20 units	60 units	20 units	60 units
- Monorail crane	25 units	75 units	25 units	75 units
- Goods hoists	15 units	45 units	15 units	45 units
- Lifter	5 units	13 units	5 units	13 units
- Hydraulic scissor lift	10 units	30 units	10 units	30 units
- Dock leveller	30 units	90 units	30 units	90 units
(3)Average per month	**(4)18 units**	**(5)51 units**	**(4)18 units**	**(5)51 units**
Average per year	**(4)216 units**	**(5)612 units**	**(4)216 units**	**(5)612 units**

Notes:

(1) An estimation based on the actual number of workers available in FYE 2024 and 2025. The number of workers employed is in line with the volume of our sales order.

(2) An estimation based on the total manufacturing space available, with the assumption that we are able to employ sufficient number of workers to meet the potential capacity of our factory.

(3) Due to the different mix of industrial lifting and handling equipment manufactured each month (which is based on sales order received), the average number of products manufactured per month is computed using a simple average basis.

(4) Based on the number of workers available in FYE 2024 and 2025, we are able to manufacture approximately 18 units of industrial lifting and handling equipment per month and 216 units per year.

(5) Based on the total manufacturing space available, we are able to manufacture approximately 51 units of industrial lifting and handling equipment per month and 612 units per year.

For FYE 2024 and 2025, the estimated annual capacity of our Puchong HQ is derived based on the following estimations:

(a) We manufacture overhead crane, gantry crane, semi-gantry crane, jib crane, monorail crane and hydraulic scissor lift, in our Puchong HQ. Each product has different complexity and takes different duration to complete.

(b) We operate 8 working hours per day, 5.5 working days per week, 4 working weeks per month and 12 working months per year, and excludes public holidays.

(c) Based on our management's estimates, assuming our Puchong HQ focuses on the production of a single type of industrial lifting and handling equipment we are able to produce the following number of units of industial lifting and handling equipment:

	FYE 2024	**FYE 2025**
	(2)Existing capacity	
Number of units per month		
- Overhead crane	5 units	5 units
- Gantry crane	1 units	1 units
- Semi-gantry crane	1 units	1 units
- Jib crane	5 units	5 units
- Monorail crane	10 units	10 units
- Hydraulic scissor lift	5 units	5 units
(1)Average per month	**4 units**	**4 units**
Average per year	**48 units**	**48 units**

Notes:

(1) Due to the different mix of industrial lifting and handling equipment manufactured each month (which is based on sales order received), the average number of products manufactured per month is computed using a simple average basis. We do not produce goods hoists, lifter and dock leveller in our Puchong HQ.

(2) Contrary to the calculation of potential capacity for Taiping Factory, we do not have any excess manufacturing space in Puchong HQ.

For FYE 2024 and 2025, the estimated annual capacity, actual production and utilisation rate of our Taiping Factory and Puchong HQ are as set out below:

	FYE 2024		
	Estimated annual capacity	**(1)Actual annual output**	**(2)Utilisation rate**
Taiping Factory			
- Existing capacity	216 units	158 units	73.1%
- Potential capacity	612 units	158 units	25.8%
Puchong HQ	48 units	46 units	95.8%

	FYE 2025		
	Estimated annual capacity	**(1)Actual annual output**	**(2)Utilisation rate**
Taiping Factory			
- Existing capacity	216 units	189 units	87.5%
- Potential capacity	612 units	189 units	30.9%
Puchong HQ	48 units	48 units	100.0%

Notes:

(1) Derived based on actual sales order received and the total units of industrial lifting and handling equipment manufactured in FYE 2024 and 2025.

(2) Computed by dividing actual annual output with estimated annual capacity.

For FYE 2024 and 2025, based on the number of workers available, our Taiping Factory achieved a utilisation rate of 73.1% and 87.5%, respectively. To ensure the optimisation of our operational cost, we maintain a headcount of workers that is sufficient to meet the volume of our sales order received. However, based on the overall manufacturing space available in our Taiping Factory, we are able to manufacture more units of industrial lifting and handling equipment. Comparing against the total number of industrial lifting and handling equipment that we can manufacture based on the availability of space, the utilisation rate of our Taiping Factory is recorded at 25.8% and 30.9% for FYE 2024 and 2025, respectively. As we continue to grow our business and secure more orders, we will need to employ additional workers to increase our manufacturing capacity as well as purchase new machinery and equipment to enhance our manufacturing efficiency. Please refer to Section 7.16.2 for further details on the machinery and equipment we intend to purchase for our Taiping Factory.

For FYE 2024 and 2025, our Puchong HQ achieved a utilisation rate of 95.8% and 100.0% respectively, demonstrating full utilisation of allocated manufacturing area due to our Puchong HQ having a significantly smaller manufacturing area compared to our Taiping Factory. Given the high utilisation rate of our Puchong HQ, we will closely monitor and plan our manufacturing activities in Puchong HQ based on available capacity and delivery schedule. Orders that cannot be manufactured in our Puchong HQ will be diverted to our Taiping Factory.

7.13 QA AND QC

We place strong emphasis on the safety and quality of all our industrial lifting and handling equipment. We are committed to ensure that our quality management system is in accordance with internationally recognised standards. We have adopted a stringent internal quality management assurance policy to ensure that the industrial lifting and handling equipment we manufacture adhere to both local, international, and our Group's standards.

In order to ensure that the quality and safety of our products are upheld, QC procedures are undertaken during the manufacturing stage. We have 2 dedicated personnel in our QC department to undertake QA/ QC activities as detailed below:

Stage of processes	**QA/ QC procedures**
Manufacturing process	
Incoming supplies inspection	• Perform visual inspection on steel materials, components and accessories received to ensure that it is in accordance with the delivery order and purchase order.
Fabrication process inspection	• Welding joint on the steel materials are inspected to ensure that the thickness of the welding meets the required specification and that there is no welding defect. • Painting of the fabricated parts are inspected to ensure uniform coating and that it meets the required thickness of coating.

Stage of processes	QA/ QC procedures
Assembly process inspection	• Testing will be carried out on the key movement mechanism to ensure that they function correctly. If abnormal sound is detected during the movement testing of the industrial lifting and handling equipment, we will inspect and identify the cause of the abnormality to rectify the issue. • Labels are inspected to ensure that they are of the appropriate size for the industrial lifting and handling equipment, aligned in a straight line and affixed securely to ensure that the labels do not peel off.
Delivery inspection	• Final physical inspections, according to the design drawings and delivery packing list, will be performed on the respective parts of the industrial lifting and handling equipment before delivery.
Installation and commissioning process	
Functional test	• To test the movement and operation of the final functioning unit of the industrial lifting and handling equipment, such as motor rotation, brake engagement, control pendant and limit switch functionality.
Final alignment check	• To inspect and ensure that the final alignment of the installed industrial lifting and handling equipment are in the correct position.
Safety check	• To inspect the structure of the industrial lifting and handling equipment for safety hazards and ensuring compliance with safety regulations by DOSH.

Our Group's commitment towards product quality and safety is further attested by our compliance with local and international quality standards, and we were awarded the certifications as follows:

Standard	Certification body (Country)	Date first awarded	Current validity period	Scope of certification
Manufacturing of industrial lifting and handling equipment	DOSH (Malaysia)	26 January 1999	7 May 2024 – 6 May 2027	Registered as Competent Person (Company) for the manufacturing of industrial lifting cranes and industrial lifts

Standard	Certification body (Country)	Date first awarded	Current validity period	Scope of certification
ISO 9001:2015 Quality Management System	Intertek (United Kingdom)	22 January 2010	24 January 2025 – 21 January 2028	Fulfilling the requirement for quality management system for design, fabrication, installation, testing and commissioning and servicing of crane structures and supply of installation, testing, commissioning and servicing of cranes and hoists

7.14 RESEARCH AND DEVELOPMENT

Due to the nature of our business, we do not undertake any research and development activities for our existing business in providing industrial lifting and handling equipment. However, upon customer request, we may carry out design and development activities for industrial lifting and handling equipment that are specially designed to meet our customer's manufacturing or operational needs.

7.15 COMPETITIVE STRENGTHS

7.15.1 We have a well-established history and proven track record of 34 years in the industrial lifting and handling equipment industry

We have an established history of 34 years in the industrial lifting and handling equipment industry with a proven track record as an industrial lifting and handling equipment specialist. With 34 years of experience in the industrial lifting and handling equipment industry in Malaysia, our Group has developed in-depth understanding and knowledge of local business requirements, industry standards and regulations. This experience has been crucial in supporting our business expansion and the continued growth of our Group.

With 34 years of track record in the industry, our Group has successfully established the brand reputation of 'Liftech'. This is evidenced by the successful growth of our operations over the years, from the operations of a premise in Skudai, Johor in 1992, to the current operations of 2 manufacturing facilities (i.e. Puchong HQ and Taiping Factory) and 6 facilities (i.e. Johor Facility, Ipoh Facility, Penang Facility, Bintulu Facility, New Kota Kinabalu Facility and Kuantan Facility) as at LPD.

Further, for FYE 2022 to 2025, we have delivered a total of 1,745 industrial lifting and handling equipment and completed 37,988 maintenance and repair services works, which is a testament to the demand for our products and services. According to the IMR Report, we captured a market share of 3.53%, signifying ample growth opportunities for our Group in Malaysia. Our Group's believes that the industry reputation that we have established over the years will continue to support the growth of our business moving forward.

7.15.2 We have in-house capabilities to customise and provide end-to-end services catering to customer's engineering and technical needs and requirements

Our comprehensive capabilities span the entire lifecycle of the industrial lifting and handling equipment, from design, manufacturing, installation and commissioning, to maintenance, repair and other related services. This allows us to be a one-stop centre for our customers to source industrial lifting and handling equipment and receive continuous support and maintenance to optimise the equipment performance and lifespan.

We have the capabilities to understand our customer's operational processes as well as engineering and technical needs to design customised industrial lifting and handling equipment that are suitable for our customer's operations. We offer 4 types of industrial lifting cranes comprising overhead cranes, gantry/ semi-gantry cranes, jib cranes and monorail cranes, and 3 types of industrial lifts comprising goods hoists, lifters and hydraulic scissor lifts, that can be customised to meet businesses' manufacturing or operational needs while taking into consideration various factors such as required working range of the equipment, type and maximum weight of the load to be handled, direction and speed of movement required, operating conditions, factory layout and available space, site condition, safety and control features and budget.

We have our in-house team to carry out design, manufacturing, installation and commissioning works, thus allowing our Group to have full control over all aspects of work and product quality until the industrial lifting and handling equipment is handed over to our customers. This also allows us to better estimate manufacturing lead time and provide faster turnaround times on projects. Our technical capabilities also extend to providing maintenance and repair services for industrial lifting and handling equipment which include routine inspections and servicing for preventive maintenance purposes, troubleshooting and repair services, refurbishment services and relocation services.

As at LPD, we employ a total of 74 technical and production workers, which is inclusive of 9 engineers to carry out engineering design works and 14 welders to carry out welding works, as well as 88 service workers to carry out installation, commissioning, maintenance and repair works. We believe that with our in-house capabilities, we are well-positioned to capture business opportunities arising from the demand for industrial lifting and handling equipment from various industries.

7.15.3 We have a strategic network of operational facilities throughout Malaysia to provide prompt maintenance and repair services to our customers

We have established our maintenance and repair teams in each of our operational facilities (i.e. Puchong HQ, Taiping Factory, Johor Facility, Ipoh Facility, Penang Facility, Bintulu Facility, New Kota Kinabalu Facility and Kuantan Facility) that are strategically based across Malaysia. This enables our Group to better serve customers in the central, northern, southern and east coast regions as well as in East Malaysia.

Having dedicated teams in closer proximity to our customers' sites allows us to provide prompt maintenance and repair services to our customers that are located throughout Malaysia, which are crucial to businesses to minimise operational interruptions that may cause delays to their deliveries. This also provides better confidence to customers on our after-sales services, thus driving customer loyalty and repeat order for our industrial lifting and handling equipment as well as our Group's competitiveness in securing new customers.

Our Group believes that the industry reputation that we have established over the years will continue to aid our Group in attracting new customers and retaining business relationships with existing customers.

7.15.4 We offer a wide range of industrial lifting and handling equipment

We offer a wide range of industrial lifting and handling equipment comprising industrial lifting cranes (i.e. overhead cranes, gantry/ semi-gantry cranes, jib cranes and monorail cranes), industrial lifts (i.e. goods hoists, lifters and hydraulic scissor lifts), dock levellers, aerial work platforms as well as mechanical and automated car park systems. Save for dock levellers and aerial work platforms which are standard design products, all our industrial lifting and handling equipment are customised to suit our customer's operations and needs.

In addition, we may, upon request, manufacture other types of industrial lifting and handling equipment for customers to meet their manufacturing or operational needs such as FIFO rollers, hydraulic tilting platforms and transfer cars, in which we had delivered these industrial lifting and handling equipment during FYE 2022 to 2025.

Given that industrial lifting and handling equipment are primarily used to carry heavy and large-size loads, our products can be catered to a diverse array of industries. Further, we also offer a comprehensive range of services comprising design, manufacturing, installation and commissioning of industrial lifting and handling equipment, and maintenance and repair services. This allows us to attend to various customer requests, thus providing our Group the competitiveness to secure more sales from existing and new customers.

7.15.5 We serve a diversified portfolio of customer industries

We have, since the commencement of our business, been serving direct end-users from various industries such as steel works and steel foundry, construction, public utilities, semiconductor, machinery, pre-cast concrete, palm oil, plastic products, automotive components and raw metals. We also sell our industrial lifting and handling equipment to main contractors (i.e. companies that construct buildings, factories, industrial plants and infrastructures) who source industrial lifting and handling equipment on behalf of their customers who are the end-users.

We primarily market and sell our products and services to direct end-users which offers us several advantages such as better control over our marketing, sales and pricing processes; improved communication and understanding of customers' operational environments and technical requirements; reduced risks of conflicts or misunderstanding with intermediaries; faster response time to changes in requirements; increased awareness of our market presence; and ability to build brand loyalty and trust with our customers. This provides our Group the platform to build our reputation in the industry and thus, the opportunity to secure repeat sales from existing customers, as well as enhanced competitiveness to secure sales from new customers.

In addition, our sales to main contractors provides our Group extended reach to the main contractors' pool of customers. By fostering continued business relationships with main contractors, our Group may also benefit from the opportunity to secure repeat sales as these main contractors continue to secure additional business themselves. Given the diversified portfolio of customers that our Group serves, we are not dependent on the performance and growth of any one particular industry segment.

7.15.6 We have an experienced and hands-on management team

Our Group is led by our management team that has accumulated years of experience in their respective field and key expertise, industry experience and/ or in-depth knowledge of business operations.

Our Managing Director, Ng Sea Kai, has 40 years of experience in the industrial lifting and handling equipment industry. His vast industry experience, drive and passion for our business has been instrumental in steering overall strategic direction and business development of our Group. Further, his experience and knowledge have guided our Group in implementing various business and marketing strategies to solidify our position and reputation in industrial lifting and handling equipment industry.

He is supported by a team of Executive Directors and key senior management, as follows:

Name	Designation	Total number of years of relevant experience
Eng Peng Hong	Executive Director	35
Ng Say Lim	Executive Director	36
Low Wei Keat	Chief Financial Officer	30
Ho Kee Meng	Head of Sales	27
Ooi Poh Keong	Head of Project Planning	14
Ng Peng Choong	Head of Business Development	9

Our Executive Directors and key senior management team have strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transference of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand. Please refer to Sections 5.1.2 and 5.3.3 respectively for the profiles of our Executive Directors and key senior management.

7.16 BUSINESS STRATEGIES AND FUTURE PLANS

7.16.1 Expansion of our maintenance and repair business in the regions of Penang and Sabah through the purchase of new facilities

(a) New facility in Bukit Minyak, Penang

As at LPD, we have a maintenance and repair team based in our Penang Facility which is a double-storey cluster factory located in Simpang Ampat, Penang. Our Penang Facility has a total land and built-up area of 5,210 sq ft and 7,100 sq ft respectively, of which approximately 5,210 sq ft is allocated area for maintenance and repair works. We are experiencing space constraint at our current Penang Facility which limits our ability to undertake more maintenance and repair orders to further grow our business. Hence, as we continue to secure more orders to grow our business, it necessitates the need for larger work area to undertake more maintenance and repair works as well as the space to store our inventories and machinery.

With that, we intend to acquire and relocate to a larger facility in Bukit Minyak, Penang. On 12 September 2024, we entered into a sale and purchase agreement to acquire the New Bukit Minyak Facility. The New Bukit Minyak Facility has a total land area of 48,115 sq ft, with an existing double-storey detached office building (i.e. built-up area of 5,960 sq ft) and a single-storey work area (i.e. built-up area of 6,993 sq ft). We intend to use the work area to carry out our maintenance and repair works, as well as to store our inventories and machineries. The work area in the New Bukit Minyak Facility is approximately 34.2% larger than the existing allocated area for maintenance and repair works in our Penang Facility, which we anticipate will be able to cater to our initial expansion needs. As we continue to grow our business, the New Bukit Minyak Facility has ample land area that can be utilised to further expand our work area when the need arises. The sale and purchase agreement for the New Bukit Minyak Facility was completed on 28 November 2025. We will undertake minor renovation works to set up our office space as well as maintenance and repair work areas.

We will continue leveraging on the industry reputation that we have established over the years as well as our existing network of main contractors to secure more orders to effectively utilise the expanded space. Further, we also intend to participate in trade fairs and exhibitions to identify potential customers to continue growing our business.

We do not anticipate the need for increase in headcount and investment in machinery and equipment in conjunction with the relocation of our business operations from our Penang Facility to the New Bukit Minyak Facility. Any future increase in headcount and investment in machinery and equipment to cater to the growth of our business operations, should the need arise, will be funded via internally generated funds and/ or bank borrowings.

The indicative timeline to set up our New Bukit Minyak Facility is as detailed below:

Timeline	Details
November 2025	• Completion of acquisition of our New Bukit Minyak Facility
June 2026	• Completion of renovation works and relocation of machinery • Relocation from Penang Facility to New Bukit Minyak Facility
July 2026	• Commencement of operations

The total estimated cost (excluding deposit paid) for the establishment of our New Bukit Minyak Facility is RM8.5 million, of which RM8.2 million of the gross proceeds from our Public Issue will be utilised to pare down our New Bukit Minyak Facility Loan (RM7.75 million) and renovation costs (RM0.57 million) of the New Bukit Minyak Facility. The purchase consideration of RM8.5 million was arrived at on a "willing-buyer willing-seller" basis, with reference to recent transacted values of other similar properties. Further details on the utilisation of proceeds are as set out in Sections 4.9.1(a) and 4.9.1(c). Upon relocating to the New Bukit Minyak Facility, we intend to sell our existing Penang Facility.

(b) New facility in Kota Kinabalu, Sabah

In 2024, we expanded our presence into Sabah through our rented Inanam (Kota Kinabalu) Facility for the provision of maintenance and repair works. Following our expansion into Sabah in 2024, it is necessary for us to further strengthen and establish our market presence in East Malaysia in order to enhance our credibility and instil confidence among potential customers towards our products and services. To support this objective, we acquired a dedicated facility in Kota Kinabalu, Sabah, to demonstrate our long-term commitment to the market and serve as a base to further develop customer relationships in East Malaysia.

On 14 July 2025, we entered into a sale and purchase agreement to acquire the New Kota Kinabalu Facility. The New Kota Kinabalu Facility has a total land area of 4,400 sq ft, with an existing double-storey semi-detached building (i.e. built-up area of approximately 3,601 sq ft) whereby the ground floor (i.e. approximately 2,401 sq ft) will be utilised for our maintenance and repair works and the second floor (i.e. approximately 1,200 sq ft) as office. The sale and purchase agreement for the New Kota Kinabalu Facility was completed on 2 October 2025. We incurred renovation cost of RM0.14 million for minor renovation works undertaken to set up our office space as well as maintenance and repair work areas. Pursuant to the acquisition of the New Kota Kinabalu Facility, we relocated our operations from the Inanam (Kota Kinabalu) Facility to the New Kota Kinabalu Facility and commenced operations in January 2026.

The larger land and built-up area available as compared to our Inanam (Kota Kinabalu) Facility will provide us with expanded space to carry out more maintenance and repair activities as we continue to secure more orders to grow our business. Further, the semi-detached configuration of the New Kota Kinabalu Facility provides a more conducive environment for a well organised placement of machineries and equipment, thus optimising accessibility and driving a more efficient movement of inventories as well as manufactured industrial lifting and handling equipment in and out of the facility, as compared to the terraced configuration of our Inanam (Kota Kinabalu) Facility. This is expected to enhance the overall efficiency of our maintenance and repair operations.

We do not anticipate the need for increase in headcount and investment in machinery and equipment in conjunction with the relocation of our business operations from our Inanam (Kota Kinabalu) Facility to the New Kota Kinabalu Facility. Any future increase in headcount and investment in machinery and equipment to cater to the growth of our business operations, should the need arise, will be funded via internally generated funds and/ or bank borrowings.

The indicative timeline to set up our New Kota Kinabalu Facility is as detailed below:

Timeline	Details
October 2025	• Completion of acquisition of our New Kota Kinabalu Facility
December 2025	• Completion of renovation works and relocation of machinery • Relocation from Inanam (Kota Kinabalu) Facility to New Kota Kinabalu Facility
January 2026	• Commencement of operations

The total estimated cost (excluding deposit paid) for the establishment of our New Kota Kinabalu Facility is RM2.2 million, of which RM1.8 million of the gross proceeds from the Public Issue will be utilised to pare down our New Kota Kinabalu Facility Loan (RM1.50 million) and renovation costs (RM0.25 million) of the New Kota Kinabalu Facility. As at LPD, our Group has completed the renovation works for our New Kota Kinabalu Facility at a total renovation cost of RM0.14 million. Upon receipt of gross proceeds from the Public Issue, our Group plans to utilise such proceeds to replenish our internally generated funds which were used to finance the said renovation. The purchase consideration of RM2.2 million was arrived at on a "willing-buyer willing-seller" basis, with reference to recent transacted values of other similar properties. Further details on the utilisation of proceeds are as set out in Sections 4.9.1(a) and 4.9.1(c).

Pending the deployment of the proceeds from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions. The interest, income and/ or profit distribution to be received from placement of the proceeds in short-term deposits with financial institutions shall be utilised for our Group's working capital requirements as set out in Section 4.9.1(d).

7.16.2 Enhancement of manufacturing efficiency through the purchase of new machinery and equipment for our Taiping Factory

In line with the recent completion of second phase expansion of our Taiping Factory in 2024, we have increased our total manufacturing area to approximately 127,100 sq ft from 46,500 sq ft. To support the continued growth of our business, we intend to enhance the efficiency of our manufacturing activities through the purchase of new machinery and equipment, as follows:

Machinery and equipment	Description
Manufacturing[(1)]	
Laser machine	A machine that performs precise cutting of steel plates of different thickness. This will add on to our existing machinery that is used in our manufacturing process to increase our capacity for cutting steel materials. We intend to distribute our cutting activities according to material thickness between our existing and new machines to reduce downtime from the reconfiguration of setting, thus increasing work efficiency. Further, this additional machine will allow for staggered maintenance of our machinery to ensure continuous operations of our manufacturing process during maintenance downtime, thus improving manufacturing efficiency.

Machinery and equipment	**Description**
Gantry auto-welding machine[(2)]	An automated welding machine that uses a gantry frame, which is a bridge-like overhead structure, to move the welding parts along a set of rails to weld large and complex structures with minimal human intervention. This is a new machinery that will further enhance our welding activities by increasing welding efficiency through automation, as well as reduce our dependency on manual labour
Metal inert gas and arc welding machines	A welding machine that requires worker to manually move the machine along the sections to be welded. This will add on to our existing machinery that are used in our manufacturing process to increase our welding capacity
CNC machine	A computer-controlled machine that is able to perform precise cutting, drilling and milling of steel materials to form customised components for our industrial lifting and handling equipment. This is a new machinery that will be introduced into our manufacturing process to allow us to produce customised components in-house, in which such components are sourced from third-party suppliers as at LPD. Consequently, it will help reduce our reliance on third-party suppliers and allow us to have better control over our production schedule
Supporting machinery and equipment[(3)]	
Lorry	To deliver individual parts of our industrial lifting and handling equipment, as well as test loads to customer's premise, thus reducing our reliance on third-party logistics services
Overhead crane	To lift and transport heavy and large-size loads, such as steel materials, semi-finished products and completed products within the same manufacturing bay
Remote transfer car	To transfer steel materials, semi-finished products and completed products between manufacturing bays
Forklift	To transport inventories for loading and unloading purposes
Road sweeper	A manned machine to clear dust and debris that are produced at our manufacturing area during manufacturing
Industrial fan	To promote air circulation, regulate air temperature and improve air quality at our manufacturing area

Notes:

(1) Machinery and equipment that are used directly in our manufacturing activities.

(2) As at LPD, our Group has purchased the abovementioned gantry auto-welding machine via internally generated funds and intends to replenish our internally generated funds upon receipt of gross proceeds from the Public Issue.

(3) Machinery and equipment that are used to support our manufacturing activities.

The purchase of abovementioned machinery and equipment is in anticipation of the increase in sales order as we continue to grow our business, whereby the machinery and equipment are expected to enhance our manufacturing efficiency as well as reduce our dependency on manual labour and third-party suppliers for certain processes. Currently, we maintain headcount that is sufficient to meet the volume of sales order received. We intend to upskill and train our existing headcount to operate these new machinery and equipment, and we do not presently anticipate the need to hire additional headcount to operate these new machinery and equipment

Notwithstanding the above, as we continue to grow our business and secure more orders, we will gradually require a tandem increase in our headcount to realise our Taiping Factory's potential capacity as set out in Section 7.12, which would be funded via internally generated funds and/ or bank borrowings.

We intend to allocate RM1.7 million of our gross proceeds from the Public Issue, to fully fund and/ or replenish the purchase of these machinery and equipment which is to be utilised over a period of 12 months from our Listing, in which further details are as set out in Section 4.9.1(b).

To cater to the anticipated increase in headcount, we will require more office space for the new employees that we plan to hire. With that, we intend to renovate an office space with a built-up area of approximately 1,200 sq ft, in the expanded manufacturing area of our Taiping Factory. The cost of renovating the office space is estimated at RM0.30 million which will be fully funded via our gross proceeds from our Public Issue. We plan to complete the office space renovation within 12 months from our Listing.

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SMITH ZANDER

Date: 18 May 2026

The Board of Directors

Liftech Group Berhad
10 & 12, Jalan TPP 5/8
Taman Perindustrian Puchong
47100 Puchong
Selangor

Dear Sirs/ Madams,

Independent Market Research Report on the Industrial Lifting and Handling Equipment Industry in Malaysia ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Liftech Group Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which Liftech Group Berhad and its subsidiaries ("Liftech Group") operate and to offer a clear understanding of the industry dynamics. As Liftech Group is an industrial lifting and handling equipment specialist, principally involved in the provision of customised industrial lifting and handling equipment in Malaysia, the scope of work for this IMR Report will thus address the following areas:

(i) The industrial lifting and handling equipment industry in Malaysia;

(ii) Key demand drivers, risk and challenges of the industrial lifting and handling equipment industry in Malaysia; and

(iii) Competitive landscape of the industrial lifting and handling equipment industry in Malaysia.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has 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 limitations of, amongst others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held 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 mentioned in this report or otherwise.

For and on behalf of SMITH ZANDER:

DENNIS TAN
MANAGING PARTNER

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The research for this IMR Report was completed on 18 May 2026.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 28 years of experience in market research and strategy consulting, including over 23 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

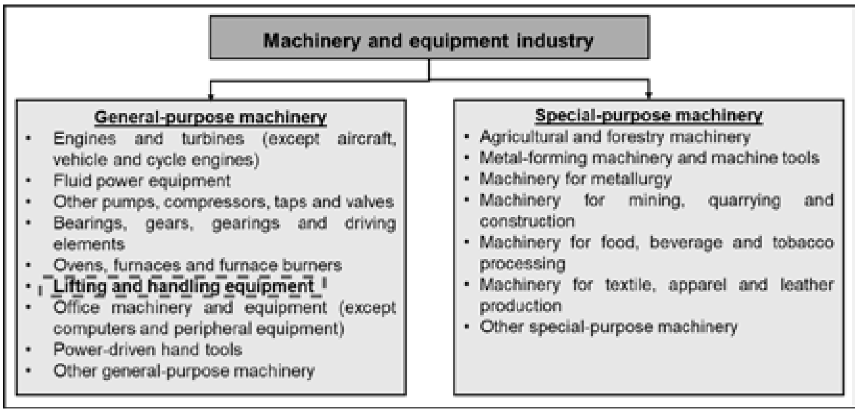
1 THE INDUSTRIAL LIFTING AND HANDLING EQUIPMENT INDUSTRY IN MALAYSIA

Overview

Lifting machinery (also referred to as industrial lifting and handling equipment), as defined by the Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024 ("OSHR 2024"), refers to any equipment used for lifting, raising, transporting or lowering loads.

Industrial lifting and handling equipment play a vital role in facilitating economic activities across various industries, ensuring smooth operations, driving efficiency, sustainability, and scalability. By aiding manual lifting and handling tasks, particularly with heavy and large-size loads, industrial lifting and handling equipment increase operational efficiency, reduce risk of injury to workers and minimise the need for manual labour.

The machinery and equipment industry



Note: [dashed box] denotes the segment of the machinery and equipment industry in which Liftech Group is involved.

Industrial lifting and handling equipment is a type of general-purpose machinery, which belongs to the wider machinery and equipment industry. General-purpose machinery can be used in a wide range of industries while special-purpose machinery is designed for specific applications and industries. Industrial lifting and handling equipment are crucial in many industries, particularly in manufacturing, construction and warehousing.

There are 4 categories of lifting machinery as defined by the Department of Occupational Safety and Health ("DOSH"), which comprises the following:

Category	Description	Examples of products
A	Lifting machinery designed and built according to user requirements and specifications (i.e. customisation)	***Overhead crane, gantry crane, goods hoist lifter, hydraulic scissor lift,*** table lifter, gondola, quay crane, launcher crane, maintenance cage, rubber tyred gantry crane, ***jib crane*** and false car
B	Mass-produced lifting machinery	Crawler crane, mobile crane, truck mounted crane, boring rig/piling crane, mobile elevating work platform/skylift, ***aerial work platform*** and wharf crane
C	Theme park lifting machinery and other types of lifting machinery not listed under categories A, B and D	Amusement park rides and ***other types of lifting machinery not listed under categories A, B and D*** (e.g. ***monorail crane***)
D	Lifting machinery for offshore and construction use	Passenger hoist, skip hoist/material hoist, pedestal crane/offshore crane, tower crane and mass climbing working platform

*Note: Products in **bold, italicised and underlined font** denote the industrial lifting and handling equipment for which Liftech Group is registered to manufacture (i.e. selected products in Category A and Category C) and the industrial lifting and handling equipment that Liftech Group trades (i.e. selected product in Category B).*

Source: DOSH

The following table describes the functions and applications industrial lifting and handling equipment offered by Liftech Group:

Industrial lifting and handling equipment	Description	Examples	Examples of application
Industrial lifting cranes	• Industrial lifting cranes are tall mechanical lifting equipment used to lift and move heavy loads up, down and sideways. • Hoists are the mechanical lifting devices that are equipped onto industrial lifting cranes to lift and lower loads vertically, by means of a rope, chain or wire rope wound around a drum or lifted by a pulley system.	• Overhead crane, gantry crane, semi-gantry crane, jib crane, monorail crane	• Manufacturing (e.g. automotive, aerospace, metal fabrication and building materials) – moving heavy equipment and goods in factories • Construction (e.g. building and infrastructure) – lifting steel, concrete and building materials • Transportation and storage / warehousing – loading and unloading cargo; moving goods in storage and warehousing facilities • Oil and gas – handling flammable and explosive materials • Oil palm plantation – moving heavy machinery and bulk raw materials
Industrial lifts	Vertical handling systems designed to move goods between different levels in a building. Lifts are permanent installations in buildings.	Goods hoist, lifter, hydraulic scissor lift	• Industrial lifts have applications across various industries and settings such as manufacturing, warehousing, commercial centres, office buildings, hospitals and residential buildings, amongst others.
Elevated work platforms	Platforms that lift goods or workers to perform tasks at elevated areas. Elevated work platforms move vertically and sometimes horizontally.	Aerial work platform	• Construction (e.g. building and infrastructure) – installation, maintenance, painting and cleaning works for high-rise buildings; installation and maintenance of telecommunication structures; bridge construction and maintenance • Transportation and storage / warehousing – loading and unloading cargo; stocking and retrieving items; inventory management
Material handling equipment	Equipment used to move, store and control goods.	Dock leveller	• Manufacturing and warehousing (e.g. food and beverage, electrical and electronics and medical equipment) – utilisation of dock levellers to bridge the gap between the height of a loading dock and a delivery vehicle (e.g. truck and trailer)

Maintenance and repair services are a critical part of the industrial lifting and handling equipment industry value chain as these services are vital to ensure the longevity and safety of the industrial lifting and handling equipment. These equipment play a crucial role in the value chain by facilitating the safe and timely transportation of goods and materials. Without proper maintenance and repair, equipment failures can lead to costly delays, production disruptions and workplace accidents. Furthermore, regular preventive maintenance helps prevent unexpected breakdowns and downtime, ensuring that operations run without disruption and that deliverables are met, ultimately improving overall business efficiency and productivity. As such, maintenance and repair services are a necessity throughout the entire lifecycle of industrial lifting and handling equipment to support the safety, reliability and lifespan of the equipment.

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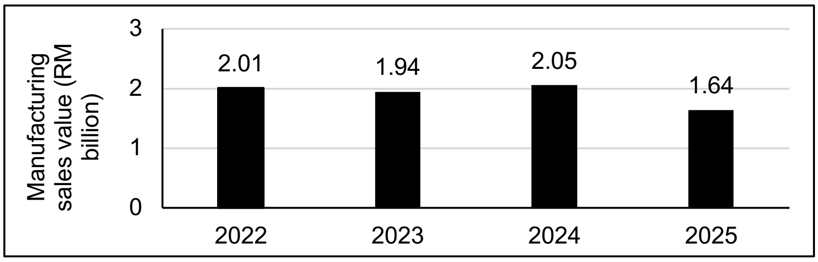
Industry performance, size and growth

The performance of the industrial lifting and handling equipment industry in Malaysia, as represented by the manufacturing sales value of lifting and handling equipment, grew from RM2.01 billion in 2022 to RM2.05 billion in 2024 at a compound annual growth rate ("CAGR") of 0.99%. The decline in 2023 reflected the normalisation in the demand for industrial lifting and handling equipment following strong growth post-Coronavirus 2019 ("COVID-19") pandemic.

Industrial lifting and handling equipment industry, Malaysia, 2022 – 2025



Note: The manufacturing sales value of industrial lifting and handling equipment includes other types of industrial lifting and handling equipment that are not offered by Liftech Group. The breakdown of manufacturing sales value of industrial lifting and handling equipment for products that are offered by Liftech Group is not publicly available.

Source: Department of Statistics Malaysia ("DOSM")

In 2025, the manufacturing sales value of lifting and handling equipment fell year-on-year ("YOY") by 20.00% to RM1.64 billion. The lower demand for lifting and handling equipment in 2025 could be caused by economic uncertainties following the introduction of reciprocal tariffs by the United States ("US") on 5 April 2025. Please refer to the key risks and challenges in Chapter 2 of this IMR Report for more information.

Moving forward, the growth of the industrial lifting and handling equipment industry is expected to continue being driven by the key demand drivers as set out in Chapter 2 of this IMR Report.

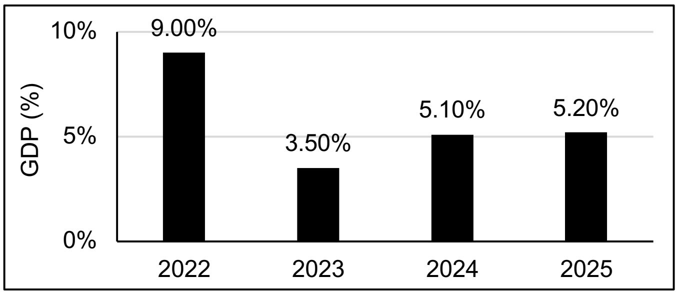
2 KEY DEMAND DRIVERS, RISKS AND CHALLENGES OF THE INDUSTRIAL LIFTING AND HANDLING EQUIPMENT IN MALAYSIA

Key Demand Drivers

► **Growth in the overall economy as well as manufacturing and construction sectors and warehousing industry drive the demand for industrial lifting and handling equipment**

Manufacturing, construction and warehousing activities are vital for the production of various goods, construction of buildings and infrastructure and to ensure sufficient storage for various economic activities. As these activities require various industrial lifting and handling equipment, the increase in manufacturing, construction and warehousing activities is expected to support the demand for industrial lifting and handling equipment. Furthermore, as overall economic growth affects the performance of the manufacturing and construction sectors and warehousing industry, the demand for industrial lifting and handling equipment can be indirectly influenced by overall economic growth.

GDP growth, Malaysia, 2022 – 2025



Source: DOSM

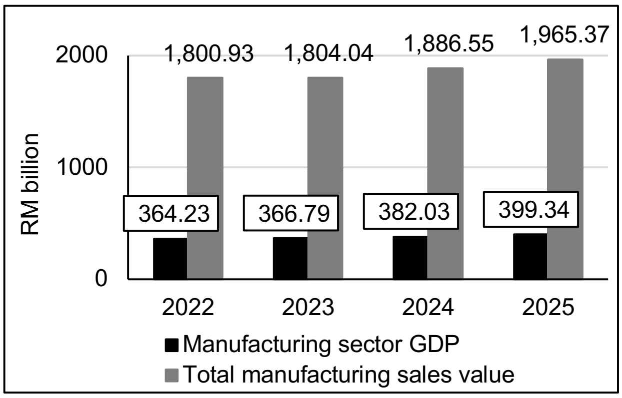
Post-COVID-19 pandemic, Malaysia's gross domestic product ("GDP") growth normalised to 5.10% in 2024. In 2025, Malaysia's GDP expanded by 5.20%, exceeding Bank Negara Malaysia's projection of between 4.00% to 4.80%. In the long term, Malaysia's economic growth is expected to support the growth of the manufacturing and construction sectors and warehousing industry and in turn, sustain the demand for industrial lifting and handling equipment.

- **Manufacturing sector**

  The manufacturing sector is a key contributor to the Malaysian economy as it is the second largest GDP sector, with a GDP contribution of RM399.34 billion or 23.01% in 2025 to the overall GDP. As such, the growth of the manufacturing sector positively influences the growth in demand for industrial lifting and handling equipment as more industrial lifting and handling equipment will be required to facilitate the increase in manufacturing activities.

From 2022 to 2025, the manufacturing sector GDP grew from RM364.23 billion to RM399.34 billion at a CAGR of 3.12%. Over the same period, the total manufacturing sales value rose from RM1,800.93 billion to RM1,965.37 billion at a CAGR of 2.96%, driving the demand for industrial lifting and handling equipment to support manufacturing activities.

Manufacturing GDP and total manufacturing sales value, Malaysia, 2022 – 2025



Source: DOSM

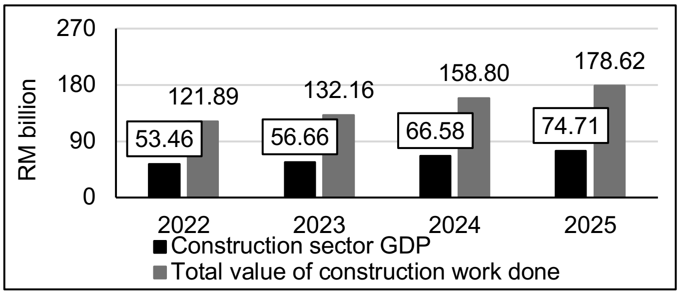
Malaysia's manufacturing sector thrives on investments and various government incentives. Total approved investments for the manufacturing sector, which comprises domestic and foreign investments, increased from RM84.27 billion in 2022 to RM131.30 billion in 2025 at a CAGR of 15.93%. According to the Malaysian Investment Development Authority ("MIDA"), in 2025, the machinery and equipment industry was the fifth largest contributor to the total approved investments for manufacturing projects at RM11.00 billion, indicating investors' confidence in the machinery and equipment industry, which includes the industrial lifting and handling equipment industry.

Amongst the government incentives rolled out to spur the growth of the manufacturing sector includes the Pioneer Status and Investment Tax Allowance, whereby Pioneer Status companies can enjoy 70.00% income tax exemption on its statutory income for 5 years while Investment Tax Allowance enables entitled companies to receive an investment tax allowance of 60.00% from its qualifying capital expenditure incurred within 5 years from the date the initial qualifying capital expenditure is made, and can be set off against 70.00% of statutory income. These investments and initiatives are expected to support the growth of the manufacturing sector, including the demand for industrial lifting and handling equipment.

Furthermore, the Government of Malaysia, through MIDA, provides import duty and/or sales tax exemptions to eligible companies in the manufacturing sector (which includes the manufacturing of industrial lifting and handling equipment) and selected activities in the services and agriculture sectors to promote investments, enhance industrial capabilities and reduce operational costs. Under this incentive, eligible companies may obtain tax exemptions on imported machinery, equipment, raw materials and components which are used directly in the production of finished goods or in the companies' business activities.

- **Construction sector**

Construction sector GDP and total value of construction work done, Malaysia, 2022 – 2025



Source: DOSM

The GDP of the construction sector increased from RM53.46 billion in 2022 to RM74.71 billion in 2025 at a CAGR of 11.80%. Over the same period, the total value of construction work done increased from RM121.89 billion to RM178.62 billion at a CAGR of 13.59%. These growth trends signify rising demand for industrial lifting and handling equipment to support construction activities.

Over the years, the Government of Malaysia had announced various infrastructure projects nationwide for the construction of transportation networks to boost connectivity and enhance the quality of public infrastructure. The development of these infrastructure is expected to create demand for industrial lifting and handling equipment in facilitating construction activities as well as the manufacturing of building materials to cater to demand from construction. Amongst these infrastructure projects and their respective estimated project values are as follows:

Project	Estimated project value
Light Rail Transit ("LRT") 3	RM21.93 billion
Mass Rapid Transit (MRT) 3	RM45.00 billion
Penang LRT	RM16.80 billion
Johor Bahru-Singapore Rapid Transit System ("RTS") Link	RM5.24 billion

Source: Various sources

Furthermore, the allocation of RM80.00 billion and RM81.00 billion for federal development expenditure in 2025 and 2026 respectively will fuel demand for cranes, hoists, and other lifting equipment in infrastructure projects such as transportation, logistics hubs, and industrial zones. Key projects include the Kulim Hi-Tech Park Expansion, flood mitigation projects (RM3.00 billion), and airport expansions and development (Budget 2025: RM253.00 million for Tawau and Miri airport expansion; Budget 2026: RM2.30 billion for Tawau, Miri, Penang and Kota Kinabalu airport development). These projects will require tower cranes, mobile cranes, and crawler cranes for building and infrastructure development, with most projects expected to commence in 2025 and completion timelines varying based on project scope.

In addition, the rollout of fifth generation ("5G") networks in Malaysia as well as the increased adoption of artificial intelligence, Internet of Things (IoT) and digitalisation will also spur the need for additional network infrastructure such as telecommunication towers, fibre optic infrastructure and data centres to support rising demand for faster internet connection and more cloud storage. In 2021, Digital Nasional Berhad was established by the Ministry of Finance Malaysia to implement the development of 5G infrastructure and network in line with the Malaysia Digital Economy Blueprint (MyDIGITAL) aspirations.

Furthermore, in Budget 2026, the Government of Malaysia has set aside RM780.00 million for the implementation of Jalinan Digital Negara (JENDELA) Phase 2 to reach 100.00% internet connectivity for the country through a combination of traditional tower infrastructure and broadband wireless access solutions, including satellite-enabled connectivity.

The implementation of the abovementioned infrastructure projects is expected to positively influence the industrial lifting and handling equipment industry moving forward.

Additionally, through Budget 2025, the Government of Malaysia had announced allocation of funds for various building construction projects, which reflects further potential demand for industrial lifting and handling equipment. Examples of these building construction projects are as follows:

- RM900.00 million for the development of 48 People's Housing Programme and 14 Rumah Mesra Rakyat projects; and
- RM300.00 million for the construction of secondary schools for students with special needs.

In Budget 2026, the Government of Malaysia has continued to allocate funds for the construction of various affordable housing programmes, amounting to RM627.00 million.

The implementation of the abovementioned infrastructure and building construction projects is expected to create a positive outlook for the construction sector and in turn, the growth of the industrial lifting and handling equipment industry.

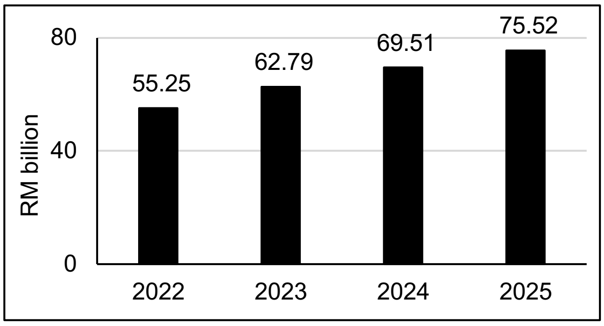
- **Warehousing industry**

The demand for warehousing and storage is driven by manufacturing, e-commerce and trade activities. As these activities expand, the requirement for warehousing and storage space to accommodate raw materials, end products and products in transit will increase. This will drive the expansion of warehousing and storage space and increase the demand for industrial lifting and handling equipment for material handling. Upgrades of industrial lifting and handling equipment as well as maintenance and repair services may also be required to facilitate continuous efficient management of goods within warehouses. As the warehousing industry is a subset of the transportation and storage industry, the performance of the warehousing industry can be represented by reference to the performance of the transportation and storage sector and value of gross output for warehousing and storage services.

From 2022 to 2025, the transportation and storage sector GDP increased from RM55.25 billion to RM75.52 billion at a CAGR of 10.98%.

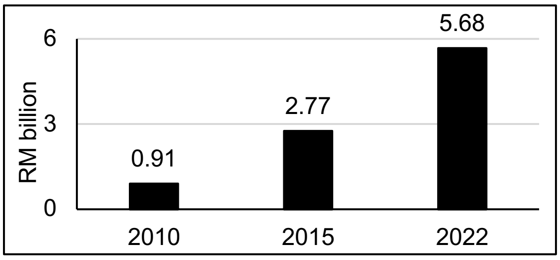
Meanwhile, based on latest publicly available data, the value of gross output for warehousing and storage services observed growth at a CAGR of 16.49% from RM0.91 billion in 2010 to RM5.68 billion in 2022. These growth patterns indicate an increasing demand for industrial lifting and handling equipment to facilitate warehousing activities.

Transportation and storage sector GDP, Malaysia, 2022 – 2025



Source: DOSM

Value of gross output for warehousing and storage services, Malaysia, 2010, 2015 and 2022

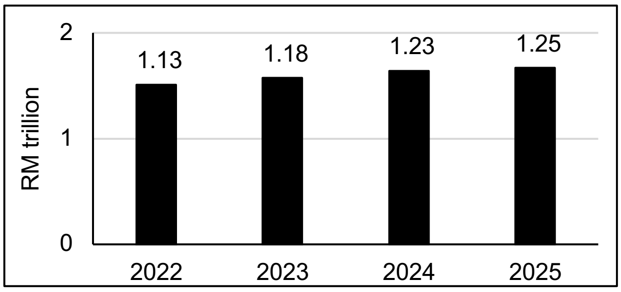


Note: Latest publicly available data based on DOSM's economic census.

Source: DOSM

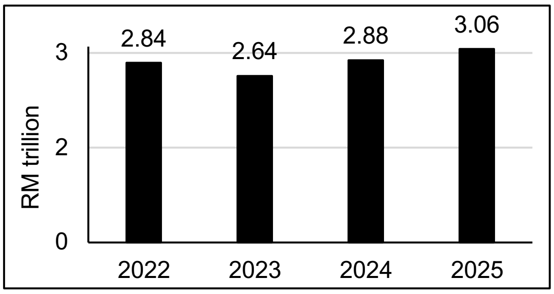
The growth in e-commerce, as represented by income from e-commerce, grew from RM1.13 trillion in 2022 to RM1.25 trillion in 2025 at a CAGR of 3.42%. Overall, from 2022 to 2025, trade activities as represented by total trade value comprising import and export increased from RM2.84 trillion to RM3.06 trillion at a CAGR of 2.52%. The growth in e-commerce and trade activities signifies potential demand for more industrial lifting and handling equipment for support warehousing and storage services moving forward.

Income from e-commerce, Malaysia, 2022 – 2025



Source: DOSM

Total trade value, Malaysia, 2022 – 2025



Source: DOSM

- **Government initiatives through Budget 2025 and Budget 2026 to support development across various industries will drive growth in the industrial lifting and handling equipment sector**

  On top of manufacturing, construction and warehousing industries, the Government of Malaysia has through Budget 2025 introduced many initiatives across various industries to boost development across all economic sectors. Subsequently, additional initiatives have been introduced through Budget 2026. Some of the initiatives are highlighted below:

  (i) Special Economic Zones ("SEZ"s) and foreign direct investment ("FDI")

In Budget 2025, the increased incentives for SEZs, including the Johor-Singapore Special Economic Zone ("JS-SEZ") and Forest City Special Economic Zone, will attract FDI in high-value industries such as manufacturing and logistics, driving demand for industrial lifting and handling equipment. In Budget 2026, an allocation of RM3.40 billion has been earmarked for infrastructure development for JS-SEZ, covering roads, water and electricity supply, broadband connectivity and flood mitigation systems, amongst other infrastructures. The growth of industries in these zones will require efficient material handling and logistics solutions, including overhead cranes, gantry cranes, and jib cranes for material handling and production.

(ii) Renewable energy and sustainability initiatives

Through Budget 2025, the National Energy Transition Roadmap ("NETR") and the allocation of RM305.90 million for green energy projects in 2025 will require specialised lifting equipment for construction, installation and maintenance. The introduction of a carbon tax in 2026 will encourage the adoption of energy-efficient equipment, driving demand for eco-friendly industrial lifting and handling equipment, such as wind turbine cranes, solar panel installation cranes, and maintenance cranes for green energy projects.

In Budget 2026, RM150.00 million has been earmarked for the National Energy Transition Fund to continue supporting the NETR initiative. Furthermore, government-linked investment companies (GLICs) and government-linked companies (GLCs) are set to roll out investments totalling RM16.50 billion in 2026 for solar farm development and expansion of electric vehicle (EV) charging facilities in Peninsular Malaysia. In addition, the Green Technology Financing Scheme, GTFS 5.0, is open for application until 31 December 2026 with a government guarantee incentive of up to 80.00% for green technology in the waste sector, and up to 60.00% for other sectors including energy, water, transport and manufacturing, with a financing allocation of RM1.00 billion. These initiatives will continue to drive renewable energy and sustainability activities and in turn, support the demand for industrial lifting and handling equipment.

(iii) Digitalisation and automation support

Under Budget 2025, the financing (RM3.80 billion) and grants (RM50.00 million in Digital Matching Grants) made available for small and medium-sized enterprises ("SMEs") to adopt automation and digitalisation, including investments in advanced industrial lifting and handling equipment, will accelerate the adoption of technology. Through Budget 2026, Development Financial Institutions will be earmarking about RM1.00 billion in financing and grants to drive automation and digital transformation of businesses. This will lead to increased efficiency, productivity, and competitiveness in the sector, with the use of automated material handling systems, robotic lifting equipment and advanced crane control systems.

(iv) Private finance initiative ("PFI") and export market support

In Budget 2025, the allocation of RM9.00 billion for PFI projects and RM1.00 billion for mid-tier companies to expand into export markets, as well as RM750.00 million through EXIM Bank for export sustainability incentives, will drive private sector participation in infrastructure and industrial development.

Furthermore, under Budget 2026, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP), a wholly-owned company of the Minister of Finance (Incorporated), will offer financing guarantees of up to 70.00% to export-focused mid-tier companies, including those pursuing expansion into new markets, with an overall guarantee limit of RM5.00 billion. Additionally, the Malaysia External Trade Development Corporation (MATRADE) Market Development Grant will allocate RM60.00 million to assist SMEs in exporting Made-in-Malaysia products into existing and new markets, including Africa, Latin America and Central Asia.

These initiatives will increase demand for industrial lifting and handling equipment in various industries, including logistics and manufacturing, and will contribute to the growth of the sector.

The demand for industrial lifting and handling equipment is expected to increase across various industries, providing opportunities for equipment providers to serve a wide range of sectors.

Key Risks and Challenges

- **Dependency on the performance of the manufacturing and construction sectors and warehousing industry which is affected by adverse economic conditions**

  As the performance of the manufacturing and construction sectors and warehousing industry can be influenced by the state of the economy, hence, the growth of the industrial lifting and handling equipment industry can be affected by adverse economic conditions. Any economic downturn may affect disposable income and consumer purchasing power, which consequently dampens the demand for manufactured goods. This, in turn, leads to lower demand for warehousing and storage by manufacturers and distributors. In addition, an unfavourable economic climate may result in more prudent expenditure and investments by individuals and businesses, which includes investments on properties and supporting infrastructure. This could reduce construction activities and subsequently affect the demand for support equipment including industrial lifting and handling equipment.

  Unfavourable economic climates can be caused by adverse developments which include, but are not limited to, changes in political leadership, adverse geopolitical development, deterioration of international bilateral relationships, acts of terrorism, riots, expropriation, nationalisation, fluctuations in foreign exchange rates and interest rates, imposition of international trade sanctions, as well as changes in fiscal and monetary policies such as inflation, deflation, methods of taxation and tax policies (including sale and service tax, excise duties and tariffs).

  For instance, on 5 April 2025, the US imposed a baseline tariff of 10.00% on most imports, with higher reciprocal tariffs for certain countries and products. There had been frequent amendments to the implementation of the reciprocal tariffs amidst ongoing negotiations with other countries and investigations by the US Government on the impacts of certain imports on US national security. An example of an amendment to the reciprocal tariff was the US's reversion, on 8 August 2025, from a 10.00% baseline tariff to a reciprocal tariff of 19.00% on most imports from Malaysia. On 20 February 2026, the US Supreme Court overturned the reciprocal tariff policy on all countries. The US Government subsequently implemented a uniform 10.00% tariff on all trading partners under Section 122 of the Trade Act of 1974 which allows the US Government to take temporary trade measures to address balance-of-payments issues or protect the value of the US dollar. The US tariff landscape remains dynamic and subject to change, and its continued evolution contributes to an uncertain and volatile economic outlook. The imposition of the tariff can have a direct impact on the performance of the manufacturing and construction sectors, as well as the warehousing industry, which may consequently dampen demand for industrial lifting and handling equipment.

  In addition, an escalation of tensions in the Middle East occurred on 28 February 2026, when the United States and Israel launched a joint attack on Iran, who then launched retaliatory missile and drone attacks at Israel and towards civilian infrastructure and US military bases across multiple countries in the Middle East. The renewed military confrontation has caused disruptions in key supply routes, primarily the Strait of Hormuz.

  The Strait of Hormuz is a critical global energy chokepoint through which approximately 20.00% of global oil consumed is transported. As such, the closure of the Strait of Hormuz has disrupted global crude oil supply and subsequently, driven up the prices of crude oil. The increase in crude oil prices can lead to the rise in production and transportation costs for the manufacturing and transportation of various raw materials and products. This can directly impact the performance of the manufacturing and construction sectors and warehousing industry, which subsequently, can adversely affect the demand for industrial lifting and handling equipment.

  Furthermore, other supply chains such as steel have also been disrupted by airspace and waterway closures as well as logistical delays, impacting various sectors and increasing operational and production costs for businesses. These developments have further intensified inflation, raising costs for both households and businesses.

  Overall, the conflict is creating economic uncertainty which could, in turn, impact overall manufacturing and construction sectors and warehousing industry, as businesses generally become financially cautious, whereby they may delay capital expenditure, tighten costs and scale back expansion plans. As a result, the demand for industrial lifting and handling equipment may be affected.

The situation in the Strait of Hormuz remains fluid and subject to change as underlying geopolitical tensions persist. Given the evolving nature of the conflict, the global economic outlook remains uncertain, with volatility expected to persist in the near term, particularly in the form of fluctuating crude oil prices, financial market swings and disruptions to global trade and supply chains.

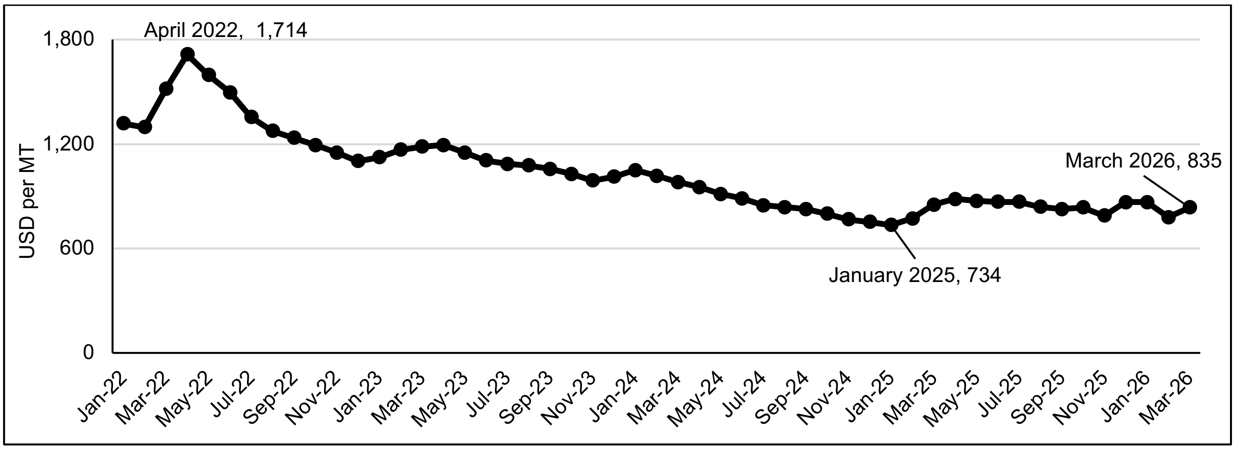
- **Exposure to price volatility of raw materials and availability of supplies**

The raw materials used in the manufacturing of industrial lifting and handling equipment primarily comprise steel materials such as plates, pipes, beams, columns and bar rails. Industry players are exposed to price fluctuations of steel materials. Steel is a global commodity and is affected by production costs of steel, global and regional market supply and demand conditions, global and regional economic conditions, as well as uncertainties arising from geopolitical conflicts. Any increase in the prices of steel, which would subsequently increase the price of raw materials could result in substantial increase in manufacturing costs. Should industry players fail to pass the increase in costs to their customers in a timely manner, their financial performance may be adversely impacted.

In the context of this IMR Report, global steel prices is represented by carbon hot rolled steel plate prices. Between 2022 to 2024, global prices of carbon hot rolled steel plates generally had been on a decreasing trend. Overall, from 2022 to 2024, the average annual carbon hot rolled steel plate prices decreased at a CAGR of 19.11% from USD1,353.83 per metric tonne ("MT") to USD885.83 per MT. This decline was due to several factors, such as China's weakened construction sector which led to an oversupply of steel, and turbulent geopolitical conditions. In 2025, the average annual carbon hot rolled steel plate price continued to decline YOY by 6.05% to USD832.36 per MT.

Over the same period, the highest monthly price of carbon hot rolled steel plates was USD1,714.00 per MT in April 2022, while the lowest monthly price was USD734.00 per MT in January 2025. The peak in price in April 2022 was due to the start of the Russia-Ukraine conflict.

Monthly carbon hot rolled steel plate prices, global, 2022 – March 2026



Sources: MEPS International, SMITH ZANDER

Further, any shortages in overall supplies may adversely impact manufacturing activities. Moreover, in the event that industry players are required to pay higher prices due to shortages of supplies, and if they are unable to pass on the increase in costs to their customers in a timely manner, their financial performance may be adversely affected.

Following the escalation of tensions in the Middle East that occurred on 28 February 2026 and the closure of the Strait of Hormuz, global steel prices have to climbed due to raw material shortages, as well as increased crude oil prices which led to higher transportation costs. As at March 2026, the average monthly carbon hot rolled steel plate price stood at USD835.00 per MT.

- **Availability of skilled professionals to provide customised industrial lifting and handling equipment as well as maintenance and repair services**

The activities involved in the provision of industrial lifting and handling equipment can be complex and require various skilled professionals for the design, fabrication, installation, commissioning, as well as maintenance and repair of industrial lifting and handling equipment. These skilled professionals include, amongst others, engineers and welders. An experienced team of skilled professionals will be able to propose designs that fulfil the functional needs of the customers, while being compliant with regulatory requirements and safety standards, as well as properly maintain and repair the equipment.

Manufacturers that have dedicated resources for maintenance and repair services gain a strong competitive edge in the industry. By integrating after-sales support into their offerings, manufacturers ensure that their equipment remains in optimal condition, which reinforces brand trust and reliability. Customers who purchase equipment from manufacturers that provide dedicated maintenance and repair services may be less likely to switch to alternative suppliers, as they benefit from expert care and guaranteed compatibility with their machinery. This approach not only improves customer retention but also opens up additional revenue streams, making maintenance and repair services a strategic business offering. Moreover, having a dedicated resource for maintenance and repair services enables companies to respond quickly to urgent maintenance and repair requests. Emergency breakdowns can occur at any time, and customers often require urgent repairs to minimise downtime. Companies that can offer rapid response services gain a significant competitive advantage by positioning themselves as reliable partners in the industry. By having dedicated in-house maintenance teams or offering on-demand repair services, businesses can differentiate themselves from competitors and enhance customer stickiness.

In order to remain competitive in the market, industry players have to ensure they have sufficient workforce, and that their employees possess suitable and relevant skills and competencies in areas pertinent to the provision of customised industrial lifting and handling equipment as well as maintenance and repair services. Employers have to continuously attract and retain suitably equipped talents such as providing conducive work environments, attractive employee benefits and remunerations, technical training as well as clear and transparent career development paths. Failure to hire and/or retain talents with suitable skills and capabilities may adversely affect an industry player's operational capacity and thus, their ability to accept new orders and sustain revenue growth, which could lead to challenges in enhancing their financial performance.

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3 COMPETITIVE LANDSCAPE OF THE INDUSTRIAL LIFTING AND HANDLING EQUIPMENT INDUSTRY IN MALAYSIA

Overview

In Malaysia, industry players that manufacture industrial lifting and handling equipment in Malaysia are subject to regulations and safety standards, whereby an industry player must be registered as a Competent Firm or *Firma Yang Kompeten* (now also known as Competent Person (Company)) with the DOSH, granting them the approval to manufacture industrial lifting and handling equipment (according to their category of application). As at the date of completion of this IMR Report, there are 35 companies in Malaysia that are registered as Competent Firms and are granted approval by DOSH to manufacture various ranges of industrial lifting and handling equipment. As such, the requirement to be registered as a Competent Firm with the DOSH serves as one of the barriers to entry for the industrial lifting and handling equipment industry in Malaysia. Further barriers to entry include high capital expenditure for the setup of sufficient factory space and the purchase of machinery and equipment for manufacturing, as well as technical knowledge and expertise by industry players to design and manufacture industrial lifting and handling equipment that meet their customers' requirements.

Key industry players

Liftech Group is an industrial lifting and handling equipment specialist, principally involved in the provision of customised industrial lifting and handling equipment. As such, the basis for selection of key industry players in the industrial lifting and handling equipment industry in Malaysia is as follows:

- Companies that are registered with DOSH as 'Firma Yang Kompeten' to manufacture industrial lifting and handling equipment;
- Companies that primarily manufacture cranes, while also manufacturing other product types that Liftech Group manufactures;
- Companies that have manufacturing facilities in Malaysia; and
- Companies that recorded revenue of at least RM10.00 million in their latest available financial year.

The list of key industry players in the industrial lifting and handling equipment industry in Malaysia is as follows:

Company name	Examples of industrial lifting and handling equipment offered	Latest available financial year	Total revenue (RM million)(1)	GP / (GL) (RM million)	GP / (GL) margin (%)	PAT / (LAT) (RM million)	PAT / (LAT) margin (%)
Jebsen & Jessen Malaysia Sdn Bhd	Industrial lifting cranes (i.e. slewing jib crane, gantry crane, light crane system, intelligent overhead crane, and custom crane); industrial lifts (i.e. scissor lift, performance stage lift, and vehicle/goods lift); and dock leveller	31 Dec 2024	125.08	N/A	N/A	2.00	1.60
Konecranes Material Handling (Malaysia) Sdn Bhd(2)	Industrial lifting cranes (i.e. overhead crane, jib crane, and custom crane); and industrial lifts (i.e. electric chain hoists and belt hoists, and lift truck)	31 Dec 2024	79.54	N/A	N/A	(3.69)	(4.63)
Liftech Group	Industrial lifting cranes (i.e. overhead crane, gantry/semi-gantry crane, jib crane and monorail crane); industrial lifts (i.e. goods hoist, lifter and hydraulic scissor lift); and dock leveller	31 Dec 2025	57.86	23.83	41.19	6.86	11.86
Top-Mech Provincial Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry crane, jib crane, and monorail crane); industrial lifts (i.e. goods hoist, scissor lifts, and telescopic boom lifts); and industrial transfer car	31 Dec 2024	49.19	9.37	19.05	3.11	6.32
MS Time Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry crane, jib crane, and hanger crane); and industrial lifts (i.e. scissor lifts, hoists, and forklift)	31 Dec 2024	45.82	12.80	27.94	1.19	2.60

Company name	Examples of industrial lifting and handling equipment offered	Latest available financial year	Total revenue (RM million)[1]	GP / (GL) (RM million)	GP / (GL) margin (%)	PAT / (LAT) (RM million)	PAT / (LAT) margin (%)
VME Material Handling Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry crane, jib crane, and monorail crane); industrial lifts (i.e. goods hoist, wire rope/chain hoist, and show hoist); and transfer car	31 Dec 2024	42.64	8.82	20.68	1.61	3.78
Powertechnic Group Berhad[3]	Industrial lifting cranes (i.e. overhead crane, gantry crane, jib crane, and underhung crane); industrial lifts (i.e. goods hoist, hydraulic table lift, and monorail hoist); and dock leveller/hydraulic dock leveller	31 Dec 2025	42.53	19.42	45.66	3.33	7.83
Helmsion Engineering Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry/semi-gantry crane, jib crane, marine dock crane, and grab dredgers); industrial lifts (i.e. electric hoist, scissor garbage transfer station, and forklift); and automated carpark system	31 Mar 2024	27.66	5.85	21.15	0.46	1.66
Paxton Engineering Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry crane, jib crane, monorail crane, and A-crane); and industrial lifts (i.e. goods hoist)	31 Aug 2025	23.85	4.66	19.54	1.09	4.57
Toptek Engineering Services Sdn Bhd	Industrial lifting cranes (i.e. overhead travelling crane, gantry crane, pillar slewing jib crane, monorail crane, and light crane track system)	31 Dec 2024	23.45	5.42	23.11	0.54	2.30
Multicrane Industries Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry crane, jib crane, and monorail crane); and industrial lifts (i.e. goods hoist, electric wire rope and chain hoists)	31 Dec 2024	20.39	11.97	58.71	2.43	11.92
NHS Engineering Services Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry crane, jib crane, and monorail crane); and industrial lifts (i.e. goods hoist, hydraulic scissor lifts, vertical lifts, and electric wire rope hoist)	31 Dec 2024	11.34	3.54	31.22	0.46	4.06
Seratech Systems (M) Sdn Bhd	Industrial lifting cranes (i.e. overhead crane, gantry crane, and underhung crane); and industrial lifts (i.e. goods hoist, and hoist tandem cabin control)	30 Jun 2025	10.91	4.05	37.12	0.38	3.48

Notes:

- *Latest available information as at the research completion date of this IMR Report.*
- *GP / (GL) – Gross profit / (Gross loss); PAT / (LAT) – Profit after tax / (Loss after tax).*
- *The identified key industry players include all industry players that were identified by SMITH ZANDER based on available sources, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of key industry players is exhaustive.*

(1) May include revenue derived from other businesses that are not related to the provision of customised industrial lifting and handling equipment and/or revenue derived from other countries outside Malaysia, as segmental revenue specifically for the provision of customised industrial lifting and handling equipment in Malaysia is not publicly available.

(2) A subsidiary of Konecranes Plc., a company incorporated in Finland and listed on the Nasdaq Helsinki. Konecranes Plc. and its group of companies are principally involved in the provision of material handling solutions.

(3) Powertechnic Group Berhad is listed on the ACE Market of Bursa Malaysia Securities Berhad.

Sources: Liftech Group, Companies Commission of Malaysia, various company websites, SMITH ZANDER

Market Share

In 2025, the industrial lifting and handling equipment industry size in Malaysia was recorded at RM1.64 billion. For the financial year end 31 December 2025, Liftech Group's total revenue was recorded at RM57.86 million. As such, Liftech Group captured a market share of 3.53% in the industrial lifting and handling equipment industry in Malaysia in 2025.

9. RISK FACTORS

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are reliant on approvals, licences, registrations and permits to operate our business

Our Group is required to maintain and regularly renew various approvals, licences, registrations and permits issued by various governmental authorities and regulatory agencies, and these approvals, licences, registrations and permits are essential for the conduct of our business and operations. Further details of our approvals, licences, registrations and permits are set out in Section 6.7.

We leverage on existing approvals, licences, registrations and permits to continue our core business operations. We are required to comply with the restrictions and conditions imposed by the relevant authorities for us to maintain the validity of such approvals, licences, registrations and permits. If we are unable to comply with the applicable requirements or required conditions of our approvals, licences, registrations and permits, such approvals, licences, registrations and permits may be suspended or revoked and this may materially and adversely affect our business operations. As at LPD, we have obtained all the relevant approvals, licences, registrations and permits to undertake our business operations. For FYE 2022 to 2025 and up to LPD, we have not experienced any incidences where our approvals, licences, registrations and permits have been revoked or suspended prior to their expiration, or where renewals of such approvals, licences, registrations and permits were not successful.

However, there is no assurance that the introduction of any new laws or any changes to these legislations or other future regulatory developments will not have a material adverse effect on any future applications, maintenance or renewal of approvals, licences, registrations and/or permits, as well as lead to higher compliance and operational costs which may negatively affect our financial performance. Any failure to maintain or renew our approvals, licences, registrations and permits in the future could materially and adversely affect our business operations and financial performance.

For FYE 2022 to 2025 and up to LPD, our Group has not experienced any breach of conditions, laws or regulations which resulted in us being subjected to any penalties, fines, prosecution against our Group or our directors, restrictions on our operations, or remedial liabilities.

9.1.2 The project-based and ad-hoc based nature of our business may lead to fluctuations in our Group's financial performance

The sale of our industrial lifting and handling equipment (i.e. our main revenue contributor) is project-based whereby projects are awarded on a one-off basis. We generally do not enter into long-term contracts with our customers and the value of projects are subject to our customers' business expansion needs. As such, the number and value of our projects may vary from year to year. The future revenue and profitability of our Group will therefore depend on our ability to continuously secure new projects from our existing or new customers. There is no assurance that our revenue or profit will remain at similar levels each year as it depends on the number and value of projects secured, as well as timing of delivery which is subject to customer's site readiness. As our projects are awarded on a one-off basis, there is no assurance that our existing customers will continue to engage us for their new projects. Any cancellation or delay in the commencement of our projects secured due to external factors beyond our control such as availability of supplies, customer's business and financial positions, or poor market conditions, may also adversely affect our Group's financial performance in the event that we are unable to secure replacement projects of equal or greater value.

On the other hand, our provision of maintenance, repair and other related services as well as trading of components, accessories and other industrial lifting and handling equipment (including mechanical and automated car park systems) are provided on an ad hoc-basis, as and when required by our customers. As such, the number and value of sales may vary from year to year, and result in fluctuations in the revenue and profitability of these business segments. There is no assurance that we will be able to continuously secure recurring sales from existing customers or new sales from new customers, which may adversely affect our Group's financial performance.

For FYE 2022 to 2025, we experienced minor fluctuations in our revenue in which it was recorded at RM52.6 million, RM49.1 million, RM57.7 million and RM57.9 million respectively. Notwithstanding that, for FYE 2022 to 2025, our gross profit margin was recorded at 27.5%, 38.8%, 40.3% and 41.2% respectively, demonstrating an increase in our profitability. However, there can be no assurance that we will be able to maintain similar growth rates, profit margins and financial performance in the future.

9.1.3 Our future growth depends on our ability to execute our business strategies and future plans

Our business strategies and future plans are focused on investing in new machinery and equipment for our Taiping Factory to expand our manufacturing capacity, as well as growing our market share and market presence by purchasing new facilities in Penang and Sabah to expand our maintenance and repair services. Please refer to Section 7.16 for further details on our business strategies and future plans.

The implementation of our business strategies and future plans are subject to expenditures including capital expenditures, operational expenditures and other working capital requirements, which will increase our Group's overall operational costs, including overhead costs. This may result in an adverse impact to our profitability if we are unable to gain sufficient revenue following the execution of our business strategies and future plans. Should these business strategies and future plans be delayed or exceed our allocated budget, this may adversely affect our Group's financial performance as well as our ability to pursue other growth opportunities due to the extended commitment period or strain on our time and financial resources.

Furthermore, the implementation of our business strategies and future plans may be impacted by factors beyond our control, such as industry demand for our products and services, which may affect the commercial viability of our business strategies and future plans.

We may not be able to anticipate all the risks associated with our business strategies and future plans. Hence, there can be no assurance that the efforts and expenditure spent on the implementation of our business strategies and future plans will result in successful growth and expansion of our business. In the event of such failure, our business operations and financial performance may be adversely impacted.

9.1.4 We rely on the availability of skilled workers for our design, manufacturing, installation and commissioning works for industrial lifting and handling equipment

We rely on the technical knowledge and experience of our skilled workers (i.e. engineers and welders) to carry out design, manufacturing, installation and commissioning works for our industrial lifting and handling equipment. To perform their respective technical roles, our engineers are required to hold qualifications such as graduate degrees, undergraduate degrees, diplomas, or Malaysian Skills Certificate from the Department of Skills Development ("**DSD**") in the engineering field. Further, welding works is a specialised skill where our welders have accumulated years of experience in welding works, and that some of our welders also hold a welders' certificate from DSD, technical or vocational colleges, or CIDB. As at LPD, our skilled workers comprise 9 engineers and 14 welders, which constitute 10.6% of our total workforce.

Our ability to attract, retain and train competent and skilled workers is crucial for our continued success, future business growth and expansion. Any shortage and/ or loss of skilled workers and our inability to find suitable replacements in a timely manner and at competitive salary rates may cause delays to the delivery of our industrial lifting and handling equipment, which may consequently affect our revenue recognition. Any delays to our delivery schedules may lead to dissatisfaction from our customers and may impact our ability to secure future business opportunities from these customers. Further, such delays may also adversely affect our Group's reputation within the industry and subsequently challenge our ability to secure new customers. Additionally, we may lose our competitive edge if we are unable to recruit sufficient skilled workers to support our business growth and thus, causing us to forgo potential business opportunities, which may affect the prospects of our Group.

For FYE 2022 to 2025 and up to LPD, our Group has not encountered instances whereby we face resource constraints or availability of skilled workers. Nevertheless, there is no assurance that such incident will not occur in the future, and that it will not impact our business operations and financial performance.

9.1.5 We are dependent on our management team for the continued success and growth of our business

Our Group's continued success, future business growth and expansion are, to an extent, dependent on our management team's experience, expertise and continuous efforts. Our Executive Directors and key senior management have been actively involved in our Group's operations, and their long service, in-depth knowledge on all aspects of our Group's operations, as well as their experience in the industrial lifting and handling equipment industry is crucial to the business continuity and future growth of our Group. Please refer to Sections 5.1.2 and 5.3.3 for the profiles of our Executive Directors and key senior management.

Any loss of our Executive Directors and/ or key senior management simultaneously or within a short time span without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel or to integrate new personnel, could adversely affect the business operations, financial performance and the future growth of our Group. For FYE 2022 to 2025 and up to LPD, we have not encountered any unexpected incidence of loss of personnel from our management team simultaneously or within a short period of time. However, there can be no assurance that such incidences may not occur in the future and that we will be able to find a suitable replacement in a timely manner, which may in turn have a material adverse impact on our operations, financial performance and the future growth of our Group.

9.1.6 We are dependent on subcontractors to carry out certain works

From time to time, we may outsource the installation and commissioning of our industrial lifting and handling equipment to subcontractors when we face shortages of in-house manpower. We also outsource the manufacturing, installation and commissioning of goods hoists for orders received outside of the northern region due to the need for manpower with the required skills to carry out installation and commissioning works post-manufacturing. We generally do not enter into long-term contract or agreement with our subcontractors and we engage their services on a purchase order basis or project basis. Our subcontractor costs accounted for approximately 18.4%, 24.5%, 22.4% and 22.1% of our total purchases for FYE 2022 to 2025 respectively.

There is no assurance that the quality of work performed by our subcontractors as well as the completion timeline will consistently and satisfactorily meet the standards and requirements set out by our Group or our customers at all times. Moreover, our subcontractors may experience operational or financial disruptions that could affect their ability to fulfil their obligations, potentially delaying or compromising the completion of our Group's projects. Despite outsourcing certain works, we remain accountable to our customers for the overall quality of our products and services as our subcontractors do not have direct business relationships with our customers. Hence, the engagement of subcontractors may expose us to certain risks, including but not limited to, risks related to delays and/ or substandard performance as we may not have full control over our subcontractors. Delays in our delivery schedule may adversely affect our revenue recognition and financial performance. Further, it may also adversely impact our relationship with existing customers and our Group's reputation in the industry, thereby reducing our abilities to secure repeat orders or attract new customers. In the event that customers are not satisfied with the quality of work performed, we may incur additional costs to rectify the issues, which may adversely impact our financial performance as we may not be compensated by our subcontractors for any costs incurred due to delays and/ or substandard performance. There is no known fixed industry practice for the compulsory compensation by subcontractors for any costs incurred to rectify issues arising from substandard work performed. While subcontractors are generally held liable to rectify the issues or to compensate our Group for any cost incurred, there is no assurance that we will be able to successfully claim the cost incurred for delays or substandard performance, whether in full amount or at all.

For FYE 2022 to 2025, we have not encountered incidents where our subcontractors failed to fulfil their obligations or that they are unable to satisfactorily meet the standards and requirements set out by our customers.

9.1.7 We are exposed to the risk of workplace health and safety hazards

Our business operations are subject to laws and regulations relating to workplace health and safety requirements enacted or issued by government bodies. The primary legislation, regulations and industry code of practice applicable to our workplace health and safety practices are such as the Occupational Safety and Health Act 1994. Please refer to Section 6.10 for further details on the legislation, regulations and industry code of practice applicable to our workplace health and safety practices.

As the manufacturing of industrial lifting and handling equipment involve the use of machinery for cutting, bending and welding activities, as well as the use of industrial lifting and handling equipment such as cranes (i.e. to lift, raise, transport or lower loads) and aerial work platforms (i.e. to work at heights), any improper handling of these machinery and equipment, improper wear of personal protective equipment and non-compliance of safety precautions may jeopardise the safety of our workers as it may cause serious injuries or even fatalities. Should there be any occurrence of work-related accidents on our premises, our business operations may be disrupted or suspended should the accident require further investigation or if we receive an improvement or prohibition notice from DOSH.

For FYE 2022 to 2025 and up to LPD, there were 4 incidents (i.e. occurred in February 2024, April 2024, March 2025 and April 2025 respectively) of work-related accidents that resulted in physical injuries of our employees such as cuts and lacerations as well as low-height falls. The accidents were attributed to the lapses in employees' attentiveness and adherence to established safety procedures. We submitted claims for temporary disablement benefits for the affected employees to the Social Security Organisation (SOCSO) for each incident, where all of our claims for temporary disablement benefits have been awarded to the employees by SOCSO. We also submitted insurance claims for medical treatment of the employees to our insurance providers, where the costs incurred in FYE 2024 and 2025 for medical treatment has been fully reimbursed by our insurance providers; and the insurance claims for the costs incurred in FYE 2025 for medical treatment of the employees are still in progress. We have also notified and reported to DOSH in line with the requirements of the OSHA 1994. We were not subject to any on-going investigations, and did not receive any notice or penalty from DOSH. To further enhance our safety measures, we had, in January 2025, employed a safety supervisor to conduct safety audits of our facilities, monitor safety compliance and conduct regular workplace safety training for employees. For avoidance of doubt, there is no requirement under DOSH for us to appoint a safety supervisor. The appointment of a safety supervisor was undertaken at our own initiative to enhance our internal workplace safety measures to better prevent further incidents. In addition, we have installed accident prevention signs in our facilities to increase employee awareness of workplace safety, and have also retrofitted our facilities with safety measures (e.g. fall protection) where required.

These incidents did not cause any disruption to our business operations and the employees reported back to work upon recovery. No notices, penalties or compounds were imposed by the relevant authorities in connection with the incidents. However, there can be no assurance that any work-related accidents that may occur in the future will not cause disruption our business operations and/or delays to the delivery of our industrial lifting and handling equipment.

9.1.8 We are subject to foreign exchange fluctuation risks which may impact the profitability of our Group

We are exposed to foreign exchange fluctuation risk arising from our overseas purchases of steel materials, components and accessories. Our purchases that are sourced from overseas suppliers are denominated in RMB, EUR, USD, AUD, SGD and THB. For FYE 2022 to 2025, our purchases that are denominated in foreign currencies accounted for 33.6%, 29.0%, 30.7% and 38.7% of our Group's total purchases respectively.

For FYE 2022 to 2025, the breakdown of our purchases by currency are as follows:

	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases denominated in:								
RM	21,532	66.4	15,894	71.0	16,900	69.3	14,992	61.3
RMB	7,327	22.6	5,869	26.2	5,979	24.5	5,060	20.7
EUR	1,216	3.8	533	2.4	966	4.0	4,224	17.2
USD	2,348	7.2	92	0.4	196	0.8	178	0.7
AUD	-	-	-	-	-	-	16	0.1
SGD	1	<0.1	2	<0.1	2	<0.1	-	-
THB	-	-	-	-	353	1.4	-	-
	32,424	**100.0**	**22,390**	**100.0**	**24,396**	**100.0**	**24,470**	**100.0**

As such, we are exposed to fluctuations of the RMB, EUR, USD, AUD, SGD and THB. Any unfavourable fluctuations in foreign exchange rates may have an adverse impact on our financial performance and profitability. Any significant appreciation or depreciation of the RM against the RMB, EUR, USD, AUD, SGD or THB may either positively or negatively affect our Group's financial performance. In circumstances where the RMB, EUR, USD, AUD, SGD or THB significantly appreciates against the RM, we will record higher purchases in RM after conversion. Conversely, in circumstances where the RMB, EUR, USD, AUD, SGD or THB significantly depreciates against the RM, we will record lower purchases in RM after conversion. In the event that we are unable to pass on the increase in cost to our customers in a timely manner, our financial performance may be adversely affected.

For FYE 2022 to 2025, our Group did not enter into any financial instruments to hedge our exposure against any foreign exchange fluctuations, and we have not been materially impacted by any foreign exchange fluctuations. Please refer to Section 12.11 for further details on the impact of foreign exchange fluctuations on our Group's financial performance.

9.1.9 Our business operations are exposed to unexpected interruptions or delays caused by equipment failures, fire and environmental factors (including natural disasters and outbreak of diseases)

We rely on various types of machinery and equipment to manufacture our industrial lifting and handling equipment. These machinery and equipment may, on occasion be out of service due to unanticipated failures or damages sustained during operations or due to improper use. In addition, as our manufacturing of industrial lifting and handling equipment are dependent on continuous supply of electricity, any major power outages may result in interruptions to our operations, delays in our manufacturing schedule and subsequent delays in project fulfilment. The occurrence of natural disasters (e.g. floods) and damages caused by fires may also cause interruptions to our operations. The occurrence of these events that are beyond our control may cause damage or destruction to all or part of our inventory as well as our machinery and equipment.

Any material damages to our inventory, machinery and equipment may result in our Group incurring significant costs for repair, refurbishment and/or replacement, which may adversely impact our financial performance. Further, any prolonged interruptions to our manufacturing of industrial lifting and handling equipment would consequently affect our ability to fulfil our sales orders, cause delivery delays to our customers and subsequently affect our revenue recognition. This may adversely impact our relationship with customers and reputation in the industry as well as our financial performance.

For FYE 2022 to 2025 and up to LPD, we have not encountered any incidents of unanticipated machinery and equipment failures or material damages to our inventory and facilities which had led to unanticipated downtime or prolonged disruption to our operations. However, there can be no assurance that such incidences will not occur in the future. In the event that we are required to halt our operations due to the abovementioned incidents, we will still incur operating expenses such as labour costs and utility costs. As such, our Group's financial performance may be adversely affected should the interruptions occur for a prolonged period of time.

Further, any large-scale outbreak of infectious diseases (e.g. COVID-19 pandemic) may result in the imposition of lockdown measures and accompanying standard operating procedures to curb the spread of the virus, leading to economic uncertainties, supply chain disruptions and/or temporary suspension of business activities. In the event that our business activities are affected by the outbreak of infectious diseases, our financial performance may be adversely affected.

9.1.10 We may be subject to credit risk and default in payment by our customers

We provide credit terms for our existing customers, whereby the credit terms granted to our customers generally range from 30 to 120 days from the date of invoice. Our customers have varying degrees of credit risk profiles which exposes us to the risk of default in payment by them. We assess our customers' credibility by conducting background checks and reviewing their financial information before granting them credit terms. In the event that our customers default on their payments, our operating cash flows, financial condition and results of operations could be adversely affected.

We generally require our customers to make partial payment upon issuance of sales invoice. For FYE 2022 to 2025, all of our sales were transacted on credit terms respectively. Please refer to Section 12.8.1 for further details on the ageing analysis of our trade receivables.

Any default or delay in our collection of trade receivables which lead to impairment losses on trade receivables may have an adverse impact on our financial performance. Our impairment loss on trade receivables for FYE 2022 to 2025 are as follows:

	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net impairment/ (reversal of impairment losses) on trade receivables	(100)	1,259	2,093	943

Please refer to Section 12.2.3(f) for further details on our impairment loss on trade receivables.

As at the end of FYE 2025, the accumulated impairment for trade receivables amounted to RM4.9 million, which is a general provision for impairment. Subsequent reversals or further impairment charges will depend on the level of receivables of each subsidiary, as well as the credit risk assessment based on information on monthly collection and receivables past due.

For information, as at 31 December 2025, our total trade receivables that are not impaired stood at RM13.5 million. Subsequent to FYE 2025 and up to LPD, RM10.8 million or 79.8% of the Group's outstanding trade receivables have been collected, and we have continuously undertaken recovery efforts for the collection. These include monthly meetings to identify and to follow up closely on overdue amounts, as well as issuing letters of demand to customers to pursue recovery of payments from them. Please refer to Section 12.8.1 for the collection status of the trade receivables that are not impaired as at the end of FYE 2025.

Save for bad debts amounting to RM0.002 million, RM0.03 million and RM0.02 million that was written off in FYE 2023, 2024 and 2025 respectively, there were no trade receivables that was written off as bad debts for FYE 2022 to 2025. Nevertheless, there can be no assurance that we will be able to collect our trade receivables in full or on a timely basis in the future. Any delay or failure in receiving payments from our customers in the future may result in trade receivables being written off as bad debts, which could adversely impact our financial performance.

9.1.11 We may not be able to secure funding to meet our capital requirement

Our ability to obtain external financing are subject to various uncertainties such as our business's cash flow and financial position, the condition of the local and global economy, the cost of financing and the condition of financial markets as well as the continued willingness of banks to provide new loans with terms favourable to us.

If we are unable to secure adequate funding, or if funding is only available on unfavourable terms, we may face challenges in meeting our capital requirements or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have an adverse impact on the financial performance, future growth and prospects of our Group. For FYE 2022 to 2025, we have not encountered any incidence of not being able to secure funding on terms favourable to us to meet our capital requirement. However, there can be no assurance that any required financing, either on a short-term or long-term basis, will be made available to us on terms favourable to us or at all, in the future.

9.1.12 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We may be exposed to various losses and liabilities associated with our business operations such as accidents due to human error or machine malfunction, outbreaks of fire or floods, and burglary. As such, as at LPD, we maintain burglary, employers' liability, fidelity guarantee, fire, group life, group hospitalisation and surgical, group health, group personal accident, machine and equipment, money, motor vehicle, perils and public liability insurance policies to protect our business from various potential losses.

For FYE 2022 to 2025 and up to LPD, we have not encountered any incidents whereby our insurance coverage was inadequate to cover damages, losses or liabilities which resulted in material adverse impact on our financial performance. However, there can be no assurance that our existing insurance policies will continue to adequately cover us from all losses or liabilities arising from any claims or losses in the future nor can we assure that any future incidents requiring insurance claims will be fully covered or reimbursed in a timely manner without affecting our financial performance. In the event that our insurance is not adequate to cover our losses and liabilities, it may result in incurring additional costs to our business that may adversely affect our operations and financial performance.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it may result in incurrence of additional cost that may adversely affect our financial performance.

9.2 RISKS RELATING TO OUR INDUSTRY IN WHICH OUR GROUP OPERATES

9.2.1 We may be affected by the price volatility of raw materials and availability of supplies used in the manufacturing of our industrial lifting and handling equipment

The raw materials used in the manufacturing of our industrial lifting and handling equipment are steel materials such as plates, pipes, beams, columns and bar rails. For FYE 2022 to 2025, our purchases of steel materials accounted for 28.7%, 21.4%, 23.5% and 21.2% of our total purchases respectively as set out in Section 7.11.

We are exposed to price fluctuations of steel materials. Steel is a global commodity and is affected by production costs of steel, global and regional market supply and demand conditions, global and regional economic conditions, as well as uncertainties arising from geopolitical conflicts. Any increase in the prices of steel, which would subsequently increase the price of our purchase of raw materials could result in substantial increase in our cost of sales. Should we fail to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely impacted. For FYE 2022 and 2023, our Group's financial performance was impacted by the fluctuation of global steel prices. During FYE 2022, our Group incurred higher material costs due to higher global steel prices. These additional costs were not entirely passed on to our customers in a timely manner to remain competitive, resulting in a lower GP margin of 15.5% recorded for our design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment in FYE 2022. During FYE 2023 and 2025, our Group incurred lower material costs due to a decline in global steel prices and our GP margin for the same segment improved to 31.9% and 33.0% respectively. Further details on the impact of global steel prices on our Group's financial performance are set out in Section 12.2.3(b). Save as disclosed, we have not encountered other major fluctuations in the price of steel which materially or adversely impacted our financial performance. However, there can be no assurance that such incidents will not occur in the future and that our financial performance will not be materially or adversely affected.

Further, any shortages in our overall supplies may adversely impact our manufacturing activities. There can be no assurance that we will be able to procure the supplies from existing or new suppliers in a timely manner or at reasonably acceptable prices. In the event that we are required to pay higher prices to existing or new suppliers and that we are unable to pass on the increase in costs to our customers in a timely manner, our financial performance may be adversely affected.

For FYE 2022 to 2025 and up to LPD, we have not encountered any incident of shortages of supplies which had adversely impacted our business operations. Nevertheless, there is no assurance that such incident will not occur in the future and that our business operations will not be adversely affected.

9.2.2 The growth of our Group is dependent on the demand for manufacturing, construction and warehousing activities that require heavy machinery and equipment for their operations

As a lifting and handling equipment specialist, we are exposed to a broad range of industries that involve heavy lifting, material handling, and construction, serving various industrial sectors that require heavy machinery and equipment for their operations. This broadly includes manufacturing, construction and warehousing industries. As the performance of the manufacturing and construction sectors and warehousing industry can be influenced by the state of the economy, the growth of the industrial lifting and handling equipment industry can be affected by adverse economic conditions. Global economic downturn may affect disposable income and consumer purchasing power, which consequently dampens the demand for manufactured goods. This, in turn, leads to lower demand for warehousing and storage by manufacturers and distributors, as well as potential slowdown in business expansion. In addition, unfavourable economic climate may result in more prudent expenditure and investments by individuals and businesses, which includes investments on properties and supporting infrastructure. This could reduce construction activities and subsequently affect the demand for supporting equipment including industrial lifting and handling equipment.

Although our products are used by a broad range of industries, giving us a wide customer base, there is no assurance that the demand for our products and services will not be affected by any adverse economic conditions in Malaysia. During FYE 2022 to 2025 and up to LPD, we did not encounter any incidences where there was a major decline in demand for our products and services that adversely impacted our financial performance. Nevertheless, there is no assurance that a major decline in demand for our products and services will not occur in the future and that our financial performance will not be adversely affected.

9.2.3 We are exposed to competition within the industrial lifting and handling equipment industry

The industrial lifting and handling equipment industry is competitive, comprising many industry players that offer customised industrial lifting and handling equipment in Malaysia. Industry players are subject to stringent regulations and safety standards, whereby they must be registered with DOSH as Competent Persons (Company) to grant them approval to manufacture industrial lifting and handling equipment in Malaysia. According to the IMR Report, there are 35 companies in Malaysia registered as Competent Persons and granted approval by DOSH to manufacture various ranges of industrial lifting and handling equipment as at 18 May 2026. Our Group competes with these companies in terms of, amongst others, price and quality of industrial lifting and handling equipment, technical knowledge and expertise that extends to fabrication and customisation capabilities as well as provision of maintenance and repair services.

Apart from existing industry players, we may also face competition from new industry players. The barriers to entry to the industrial lifting and handling equipment industry include stringent regulations and safety standards imposed, high capital expenditure for the setup of sufficient factory space and the purchase of machinery and equipment for manufacturing as well as the technical knowledge and expertise required to design, customise and manufacture industrial lifting and handling equipment. New industry players who are able to meet these requirements are likely able to sustain their business and compete with existing industry players.

Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance. Failure to remain competitive in the industry may lead to reduced sales, as well as reduced ability to attract new customers, which will adversely impact our Group's financial performance.

9.2.4 We are subject to risks relating to the political, economic and regulatory developments in Malaysia as well as the markets which we serve

Our business, prospects, financial condition and results of operations may be affected by political, economic and regulatory developments that are beyond our control in Malaysia, as well as the countries where our products are exported.

Any adverse developments in the political and economic environments in Malaysia and the countries where our products are exported could materially or adversely affect our business operations, financial performance and prospects. The adverse developments that may influence consumer confidence and spending include, but are not limited to, changes in political leadership, war, terrorism, riots, expropriation, nationalisation, unemployment trends, deterioration of international bilateral relationships, imposition of international trade sanctions, as well as changes in fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies (including sales and services tax, excise, duties and tariffs) and currency exchange controls. Further, increasing volatility in financial markets may cause these factors to change with greater degree of frequency and magnitude.

In addition, we import certain supplies such as hoists and related components, from China, Spain, Germany and Luxembourg. As such, we are exposed to the risk of disruption to international supply chains as a result of factors such as political instability, military conflicts, acts of terrorism and trade restrictions, which may affect our ability to deliver our industrial lifting and handling equipment in a timely manner should we experience shortages in our supplies. For instance, the military conflicts in the Middle East since February 2026 have heightened regional instability, increased freight costs and potential logistical disruptions. While we have not experienced any significant increase in product and material costs as well as logistical delays arising from such conflicts as at LPD, there is no assurance that our business operations and financial performance will not be adversely impacted if such conflicts continue to prolong. Should we experience any significant delay in receiving overseas supplies or inability to pass on the increased costs to our customers, our business operations and financial performance may be adversely affected.

Our Group could also be affected by new laws, regulations and guidelines that are introduced to govern our business activities whether in general or specific to the industrial lifting and handling equipment industry, and these laws and regulations may be updated and amended from time to time, which are beyond our control.

While we have not encountered any disruptions to our business operations due to any unfavourable or adverse changes in one or more of the abovementioned developments and/ or conditions up to LPD, there can be no assurance that any adverse developments in the future in relation to the political, economic or regulatory environment in Malaysia and the countries where our products are exported will not have a material adverse effect on our business operations and financial performance.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

There was no public trading market for our Shares prior to our IPO. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop, or, if developed, that such a market can be sustained. Our IPO Price was determined after taking into consideration various factors including but not limited to our business strategies, future plans and our financial and operating history.

There can be no assurance that our IPO price will correspond to the price at which our Shares will be traded on the ACE Market, upon or subsequent to our Listing, and the market price of our Shares will not decline below the IPO Price.

9.3.2 There may be a potential delay to or cancellation of our Listing

Our Listing may be aborted or delayed due to possible occurrences of certain events, which include, among others, the following:

(a) the selected investors fail to subscribe for the portions of our IPO Shares;

(b) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein;

(c) we are unable to meet the minimum public shareholding spread requirement under the Listing Requirements, whereby at least 25.0% of our total number of Shares for which our Listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares at the point of our Listing; and/ or

(d) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA shall apply. Our Company shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC upon expiration of that period until the full refund is made.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules. Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution, and us meeting the solvency requirements under Section 117(3) of the Act. There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

Nonetheless, our Board will endeavour to comply with the various regulatory requirements, including, inter alia, public shareholding spread requirements for our Listing. However, there can be no assurance that the abovementioned factors/ events will not cause a delay in or non-implementation of our Listing.

9.3.3 The trading and performance of our Shares following our Listing is subject to fluctuations

Upon completion of our Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or industry in which our Group is operating. Some factors may not be within our control and are unrelated or disproportionate to our financial results. These factors may include, among others, variations in the results of our operations, changes in analyst's recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of the stock market is also affected by the external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the stock market, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exercise significant control over our Company

Upon Listing, our Promoters will collectively hold approximately 57.8% of our enlarged number of issued Shares directly and indirectly. As a result, they will be able to effectively control the business direction and management of our Group and as such there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders. The interests of our Promoters may differ from the interests of our other shareholders and they may be able to exercise significant influence over the vote of our Shares. Our Promoters could also have significant influence in determining the outcome of any corporate transactions or other matters submitted to our shareholders for approval. This includes the election of Directors, approval of business ventures and having substantial voting control over our Group. As such, our Promoters will have a deciding vote on the outcome of any ordinary resolution (which requires a simple majority of 50% plus 1 voting share) to be tabled at general meeting, unless they are required to abstain from voting by law, relevant guidelines or regulations.

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions, Capitalisation and as disclosed below, there were no transactions, existing and/ or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/ or persons connected with them which are material to our Group during FYE 2022 to 2025 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
Lifting Solutions[(6)]	Liftech KL	Ng Sea Kai and Ng Say Lim	Ng Sea Kai is our Promoter, Managing Director and substantial shareholder	Sale of crane and components and provision of technical services to Lifting Solutions by Liftech KL[(7)]	876	[(1)]1.7	332	[(1)]0.7	579	[(1)]1.0	-	-	-	-
			Ng Say Lim is our Promoter, Executive Director and substantial shareholder	Subcontracting works rendered by Lifting Solutions to Liftech KL[(7)]	(836)	[(2)]2.2	(932)	[(2)]3.1	-	-	-	-	-	-
			Ng Sea Kai and Ng Say Lim are the shareholders of Lifting Solutions	Management fee charged to Lifting Solutions by Liftech KL[(8)]	5	[(3)]0.5	*	[(3)]<0.1	12	[(3)]1.7	-	-	-	-
				Interest income charged by Liftech KL on late payment by Lifting Solutions[(7)]	6	[(3)]0.7	5	[(3)]0.6	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
	Liftech Penang			Sale of components to Lifting Solutions by Liftech Penang(7)	8	(1)<0.1	*	(1)<0.1	-	-	-	-	-	-
	Liftech Borneo			Sales of components to Lifting Solutions by Liftech Borneo(7)	-	-	2	(1)<0.1	*	(1)<0.1	534	0.9	-	-
				Subcontracting works rendered by Lifting Solutions to Liftech Borneo(7)	-	-	(10)	(2)<0.1	-	-	-	-	-	-
				Purchases of cranes and components and provision of technical services from Lifting Solutions by Liftech Borneo(7)	-	-	-	-	(416)	(2)1.2	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
				Acquisition of motor vehicles by Liftech Borneo from Lifting Solutions(9)	-	-	-	-	(115)	(4)0.3	-	-	-	-
				Rental paid by Liftech Borneo to Lifting Solutions(10)	*	(5)<0.1	(2)	(5)<0.1	(12)	(5)0.1	(22)	(5)0.2	-	-
	Liftech Academy			Sale of crane and components and provision of technical services to Lifting Solutions by Liftech Academy(7)	-	-	37	(1)0.1	296	(1)0.5	-	-	-	-
Surelift Engineering (11)	Liftech KL	Ng Sea Kai and Eng Peng Hong	Ng Sea Kai is our Promoter, Managing Director and substantial shareholder	Sale of cranes and components and provision of technical services to Surelift Engineering by Liftech KL(7)	855	(1)1.6	141	(1)0.3	-	-	-	-	-	-
			Eng Peng Hong is our Promoter, Executive Director and substantial shareholder	Acquisition of property from Surelift Engineering by Liftech KL(12)	-	-	-	-	(390)	(4)1.2	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
			Ng Sea Kai and Eng Peng Hong are the directors and shareholders of Surelift Engineering	Acquisition of used motor vehicles from Surelift Engineering by Liftech KL(13)	-	-	-	-	(126)	(4)0.4	-	-	-	-
				Purchase of cranes and components and provision of technical services from Surelift Engineering by Liftech KL(7)	(45)	(2)0.1	(237)	(2)0.8	-	-	-	-	-	-
				Management fee charged to Surelift Engineering by Liftech KL(14)	*	(3)<0.1	*	(3)<0.1	-	-	-	-	-	-
				Interest income charged by Liftech KL on late payment by Surelift Engineering(7)	2	(3)0.2	-	-	-	-	-	-	-	-
				Sky-lift rental expenses paid by Liftech KL to Surelift Engineering	-	-	*	(2)<0.1	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
	Liftech JB			Purchase of components from Surelift Engineering by Liftech JB(7)	(4)	(2)<0.1	-	-	-	-	-	-	-	-
	Liftech Penang			Sale of components to Surelift Engineering by Liftech Penang(7)	*	(1)<0.1	*	(1)<0.1	-	-	-	-	-	-
	Liftech Academy			Sale of crane and components, and provision of technical services to Surelift Engineering by Liftech Academy(7)	43	(1)0.1	-	-	-	-	-	-	-	-
Ng Sea Kai	Liftech KL	Ng Sea Kai	Ng Sea Kai is our Promoter, Managing Director and substantial shareholder	Repayment of advances by Liftech KL to Ng Sea Kai	-	-	-	-	(15)(249)	(4)0.8	-	-	-	-
	Liftech Borneo			Repayment of advances by Liftech Borneo to Ng Sea Kai(16)	-	-	(100)	(4)0.4	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
	Liftech Penang			Advances from Liftech Penang to Ng Sea Kai(16)	-	-	(88)	(4)0.3	-	-	-	-	-	-
				Repayment of advances by Ng Sea Kai to Liftech Penang(16)	-	-	-	-	88	(4)0.3	-	-	-	-
Eng Peng Hong	Liftech	Eng Peng Hong	Eng Peng Hong is our Promoter, Executive Director and substantial shareholder	Advances from Eng Peng Hong to Liftech KL	-	-	(16)200	(4)0.7	-	-	-	-	-	-
				Repayment of advances by Liftech KL to Eng Peng Hong	-	-	(16)(200)	(4)0.7	(15)(160)	(4)0.5	-	-	-	-
Ng Say Lim	Liftech Penang	Ng Say Lim	Ng Say Lim is our Promoter, Executive Director and substantial shareholder	Advances from Liftech Penang to Ng Say Lim(16)	(10)	(4)<0.1	(88)	(4)0.3	(75)	(4)0.2	-	-	-	-
				Repayment of advances by Ng Say Lim to Liftech Penang(16)	10	(4)<0.1	-	-	163	(4)0.5	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
Yong Mui Yun	Liftech KL	Yong Mui Yun	Yong Mui Yun is the director of Liftech KL and our shareholder Yong Mui Yun is the spouse of Ng Sea Kai, our Promoter, Managing Director and substantial shareholder and mother of Ng Peng Choong, our Head of Business Development and substantial shareholder	Repayment of advances by Liftech KL to Yong Mui Yun(16)	-	-	-	-	(34)	(4)0.1	-	-	-	-
Loke Ren Tiem	Liftech KL	Loke Ren Tiem	Loke Ren Tiem is the director of Liftech KL and our shareholder	Repayment of advances by Liftech KL to Loke Ren Tiem(16)	-	-	-	-	(6)	(4)<0.1	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
Ho Kee Meng	Liftech Penang	Ho Kee Meng	Ho Kee Meng is our Head of Sales and the director of Liftech Penang	Advances from Liftech Penang to Ho Kee Meng(16)	(4)	(4)<0.1	(20)	(4)0.1	(5)	(4)<0.1	-	-	-	-
				Repayment of advances by Ho Kee Meng to Liftech Penang(16)	2	(4)<0.1	2	(4)<0.1	25	(4)0.1	-	-	-	-
Ng Peng Loon	Liftech Penang	Ng Peng Loon	Ng Peng Loon is the director of Liftech Penang and our shareholder	Advances from Liftech Penang to Ng Peng Loon(16)	-	-	-	-	(5)	(4)<0.1	-	-	-	-
				Repayment of advances by Ng Peng Loon to Liftech Penang(16)	-	-	-	-	5	(4)<0.1	-	-	-	-
Har Yeat Khen	Liftech Ipoh	Har Yeat Khen	Har Yeat Khen is the director of Liftech Ipoh and our shareholder	Disposal of motor vehicle to Har Yeat Khen by Liftech Ipoh(17)	-	-	85	(4)0.3	-	-	-	-	-	-
Goay Keng Hau	Liftech JB	Goay Keng Hau	Goay Keng Hau is the director of Liftech JB and our shareholder	Disposal of used motor vehicle to Goay Keng Hau by Liftech JB(18)	-	-	-	-	5	(4)<0.1	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FYE 2025 RM'000	FYE 2025 %	1 January 2026 up to LPD RM'000	1 January 2026 up to LPD %
Messrs C. Y. Ten & Co.	Liftech KL	Ng Peng Choong	Chen Joey is the partner of Messrs C. Y. Ten & Co. She is the spouse of Ng Peng Choong, our Head of Business Development and substantial shareholder	Legal services rendered by C. Y. Ten & Co. to Liftech KL[19]	-	-	-	-	-	-	*	[5]<0.1	12	N/A

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

N/A – Not applicable. The percentage of the related party transactions is not calculated as the financial statements up to LPD was not prepared.

* Less than RM1,000.

(1) Computed based on our Group's revenue for each of the respective financial years.

(2) Computed based on our Group's cost of sales for each of the respective financial years.

(3) Computed based on our Group's other operating income for each of the respective financial years.

(4) Computed based on our Group's NA for each of the respective financial years.

(5) Computed based on our Group's administrative and distribution expenses for each of the respective financial years.

(6) Save for the rental of the Inanam (Kota Kinabalu) Facility to Liftech Borneo, Lifting Solutions has ceased operations in trading and maintenance of industrial lifting and handling equipment in March 2025, and will not have any other business activities. Its shareholders, namely Ng Sea Kai, Ng Peng Lek and Ng Say Lim, intend to dispose of their entire shareholdings to a third party or to wind up Lifting Solutions. As at LPD, following the expiration of the tenancy agreement on 30 November 2025, our Group no longer have any subsisting transactions with Lifting Solutions.

(7) Transaction of goods and services between our Group and Lifting Solutions or Surelift Engineering, were not conducted on an arm's length basis as the transaction rates were lower than those charged to third parties.

(8) Relates to the management fees payable to Liftech KL by Lifting Solutions, which comprised pass-through general administrative expenses, and labour support. The general administrative expenses were based on actual costs incurred, thus were conducted on an arm's length basis. However, the labour support expenses charged to Lifting Solutions are higher than the market rates for similar support services, thus were not conducted on an arm's length basis. This transaction has ceased in March 2025.

(9) In December 2024, Liftech Borneo acquired three used motor vehicles from Lifting Solutions. These are one-off transactions.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(10) Lifting Solutions (as landlord) and Liftech Borneo (as tenant) had entered into the following tenancy agreements:

(a) tenancy agreement dated 1 November 2022 for the rental of a room at Inanam (Kota Kinabalu) Facility as accommodation for an employee, at a monthly rental of RM150. This transaction was not conducted on an arm's length basis as the rental rates was lower than the market rates of similar properties at the vicinity. The tenancy agreement has ceased on 31 December 2023; and

(b) tenancy agreement dated 1 July 2024 for the rental of Inanam (Kota Kinabalu) Facility for Liftech Borneo's operations at a monthly rental of RM2,000. The tenancy agreement has ended on 30 June 2025 and was further extended to 30 November 2025 at the same rental rate. This transaction was not conducted on an arm's length basis as the rental rates was lower than the market rates of similar properties at the vicinity. The tenancy agreement has been expired on 30 November 2025 following our relocation to the New Kota Kinabalu Facility.

(11) Surelift Engineering has ceased its operations in the trading and maintenance of industrial lifting and handling equipment in December 2023. Surelift Engineering has changed its principal business activity to investment holding of companies in April 2025. Surelift Engineering's shareholders also intend to wind up the company. Transactions between our Group and Surelift Engineering will no longer subsist.

(12) On 21 June 2024, Surelift Engineering (as vendor) and Liftech KL (as purchaser) entered into a sale and purchase agreement for the acquisition of the Kuantan Facility for a purchase consideration of RM0.4 million. This is a one-off transaction.

(13) Liftech KL acquired used motor vehicles from Surelift Engineering during FYE 2024. These are one-off transactions.

(14) Relates to the management fee charged to Surelift Engineering, which comprised pass-through general administrative expenses. This transaction has ceased in December 2023. The general administrative expenses were based on actual costs incurred, thus were conducted on an arm's length basis.

(15) Relates to the following:

(a) amount due from Liftech KL to Ng Sea Kai totalling RM1.4 million, of which RM0.2 million has been settled by Liftech KL in FYE 2024 and RM1.2 million was assigned to Liftech on 30 December 2024; and

(b) amount due from Liftech KL to Eng Peng Hong totalling RM1.0 million, of which RM0.2 million has been settled by Liftech KL in FYE 2024 and RM0.8 million was assigned to Liftech on 30 December 2024.

The abovementioned amount due were not conducted on arm's length basis as they are interest free. However, the amount assigned to Liftech totalling RM2.0 million was settled pursuant to the Capitalisation on 28 February 2025 as set out in Section 6.2.7.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

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

(17) In November 2023, Liftech Ipoh disposed a used motor vehicle to Har Yeat Khen. This is a one-off transaction.

(18) In March 2024, Liftech JB disposed a used motor vehicle to Goay Keng Hau. This transaction was not conducted on an arm's length basis as it was disposed at an agreed pricing. This is a one-off transaction.

(19) Since October 2025, C. Y. Ten & Co. had been engaged by Liftech KL to recover trade receivables, amounting to RM0.2 million, owed by one of our Group's customers. The recovery process is in progress as at LPD. The engagement between our Group and C.Y. Ten and Co will not subsist upon recovery of the outstanding sum from the said customer.

The advances from related parties of our Group, as well as advances to our Group's related party as set out in Note (16) were not conducted on arm's length basis as they were interest free. However, such advances have been fully settled by our related parties as at LPD. Moving forward, our Group will not provide or receive any advances to or from our related parties.

Save for Notes (7), (8), (10), (15), (16) and (18) above, our Board is of the view that all our Group's related party transactions were conducted on an arm's length basis and on competitive commercial terms which are not more favourable to our Group's related parties than those generally available to the public, and not unfavourable to our Group on the following basis:

(a) Sky-lift rental expenses paid by Liftech KL to Surelift Engineering were based on rental rates of similar sky-lifts;

(b) Management fees charged to Surelift Engineering and Lifting Solutions by our Group were based on the actual cost incurred;

(c) Acquisition of property from Surelift Engineering by Liftech KL was based on transacted values of other comparable properties at the vicinity;

(d) Acquisition of used motor vehicles from Surelift Engineering by Liftech KL was benchmarked against selling prices of similar motor vehicles;

(e) Acquisition of used motor vehicles from Lifting Solutions by Liftech Borneo was benchmarked against selling prices of similar motor vehicles;

(f) Disposal of used motor vehicle to Har Yeat Khen by Liftech Ipoh was benchmarked against selling prices of similar motor vehicles; and

(g) The charges for legal services rendered to Liftech KL by C. Y. Ten & Co. were benchmarked against comparable charges quoted by third-party service providers.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) at least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/ services and/ or quantities; or

(ii) if quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, our Directors, major shareholders and/ or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has an interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he/ she will abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2022 to 2025, and up to LPD.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/ or balances

As at LPD, there are no outstanding loans and/ or balances made by our Group to/ for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

As at LPD, the following individuals and company have jointly and severally provided personal and corporate guarantees for the banking and hire purchase facilities extended by the following financial institutions ("**Financiers**"):

Financiers	Type of facilities	Outstanding balance as at LPD	Facility limit	Guarantor(s)
		RM'000	RM'000	
Public Bank Berhad	1 overdraft facility, 1 term loan and 1 trade facility	1,338	3,050	Ng Sea Kai and Eng Peng Hong
	1 overdraft facility and 1 trade facility	-	5,000	Ng Sea Kai, Eng Peng Hong and Ng Peng Choong
	1 overdraft facility	426	826	Ng Sea Kai and Eng Peng Hong
	1 term loan	4,662	5,500	Ng Sea Kai, Eng Peng Hong, Ng Peng Choong, Yong Mui Yun, Ng Say Pin and Loke Ren Tiem
	1 term loan and 1 overdraft facility	1,662	1,877	Liftech, Ng Sea Kai, Ng Peng Choong and Ng Peng Lek

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Financiers	Type of facilities	Outstanding balance as at LPD	Facility limit	Guarantor(s)
		RM'000	RM'000	
Maybank Islamic Berhad	1 term financing and 1 cash line	-	867	Ng Sea Kai, Eng Peng Hong, Eng Seiw Peng, Goay Keng Hau and Fong Tien Hock[(1)]
	1 cash line, 1 term financing and 1 trade facility	8,006	12,075	Ng Sea Kai, Ng Say Lim, Ng Peng Choong, Ho Kee Meng and Ng Peng Loon
Public Islamic Bank Berhad	2 cash lines and 2 term financing	250	1,334	Ng Sea Kai, Ng Say Lim and Ho Kee Meng
Public Bank Berhad	15 hire purchase facilities	711	1,060	Ng Sea Kai, Ng Say Lim, Eng Seiw Peng, Goay Keng Hau and Eng Peng Chai
Mitsubishi HC Capital Malaysia Sdn Bhd	1 hire purchase facility	255	400	Ng Sea Kai and Eng Peng Hong
		17,310	**31,989**	

Note:

(1) He is a former director of Liftech JB.

In conjunction with our Listing, we have applied to the Financiers to obtain a conditional consent for the release and/ or discharge of the personal guarantees by substituting the same with a corporate guarantee from our Company and/ or other securities from our Group acceptable to the Financiers. Until such release and/ or discharge are obtained from the respective Financiers, our directors and former director will continue to guarantee for the banking facilities and/ or hire purchase facilities which were extended to our Group.

As at LPD, our Group has received conditional approvals from all the Financiers (subject to, among others, the success of our Listing) to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/ or other securities from our Group acceptable to the Financiers.

(c) Financial assistance

As at LPD, there is no financial assistance provided by us for the benefit of any related parties. As at LPD, save for the guarantees given by our directors and former director as disclosed in Section 10.2.2(b), there is no financial assistance provided by any related parties for the benefit of our Group.

10.2.3 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

(a) Agreement entered into between our Company and M&A Securities for the appointment of M&A Securities as Adviser, Placement Agent and Sponsor for our Listing; and

(b) Underwriting Agreement entered into between our Company and M&A Securities for the underwriting of 23,036,000 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in any businesses or corporations:

(a) which are carrying on a similar trade as our Group; and

(b) which is a customer and/ or supplier of our Group.

It is our Directors' fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

(a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;

(b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

    (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

    (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing;

(b) WYNCORP Advisory Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Corporate Finance Adviser for our Listing. Its salient terms of engagement and scope of work as Corporate Finance Adviser includes the following:

   (i) in consultation with our Promoters and Adviser, advising on the Pre-IPO Reorganisation and equity structure of our Company in preparation for our Listing;

   (ii) in consultation with our Promoters and Adviser, assisting our Company on conceptualising, advising, planning and implementing our Listing, including the offering 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 avoidance of doubt, the role of the Corporate Finance Adviser does not involve underwriting and placement of Shares in relation to our IPO;

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

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

   (v) 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, as agreed in the due diligence planning memorandum;

(c) Ong Eu Jin Partnership has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;

(d) BDO PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our Listing; and

(e) SMITH ZANDER has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated on 27 January 2023 as a private limited company under the Companies Act 2016. On 17 September 2025, our company was converted to a public limited company. Our historical financial information for FYE 2022 and 2023 were prepared based on our combined financial statements, Liftech KL, Liftech Penang, Liftech Ipoh, Liftech JB, Liftech Borneo and Liftech Academy; and for FYE 2024 as well as FYE 2025 was prepared based on our consolidated financial statements.

Our audited combined/ consolidated financial statements throughout FYE 2022 to 2025 have been prepared in accordance with MFRS and IFRS Accounting Standards. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

12.1.1 Statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for FYE 2022 and 2023, and consolidated statements of profit or loss and other comprehensive income for FYE 2024 and 2025, which have been extracted from the Accountants' Report as set out in Section 13. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition", and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	52,586	49,100	57,655	57,858
Cost of sales	(38,130)	(30,032)	(34,433)	(34,024)
GP	**14,456**	**19,068**	**23,222**	**23,834**
Other operating income	846	838	714	941
Administrative and distribution expenses	(8,400)	(9,434)	(12,542)	(13,454)
Finance costs	(125)	(133)	(246)	(449)
Net gains/ (losses) on impairment of financial assets	100	(1,259)	(2,093)	(943)
PBT	**6,877**	**9,080**	**9,055**	**9,929**
Tax expense	(1,448)	(2,362)	(2,472)	(3,066)
PAT	**5,429**	**6,718**	**6,583**	**6,863**
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial years	**5,429**	**6,718**	**6,583**	**6,863**
Profit attributable to common controlling shareholders of the combining entities/ owners of our Company	**5,429**	**6,718**	**6,583**	**6,863**
Total comprehensive income, attributable to common controlling shareholders of the combining entities/ owners of our Company	**5,429**	**6,718**	**6,583**	**6,863**
EBIT[(1)]	6,987	9,137	9,187	10,212
EBITDA[(1)]	7,983	9,978	10,419	11,889
GP margin (%)[(2)]	27.5	38.8	40.3	41.2
PBT margin (%)[(3)]	13.1	18.5	15.7	17.2
PAT margin (%)[(3)]	10.3	13.7	11.4	11.9
Basic/ Diluted EPS (sen)[(4)]	1.7	2.1	2.1	2.2

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PAT	5,429	6,718	6,583	6,863
Less:				
Interest income	(15)	(76)	(114)	(166)
Add:				
Finance costs	125	133	246	449
Tax expense	1,448	2,362	2,472	3,066
EBIT	**6,987**	**9,137**	**9,187**	**10,212**
Add:				
Depreciation expenses	523	498	619	942
Amortisation of right-of-use assets	473	343	613	735
EBITDA	**7,983**	**9,978**	**10,419**	**11,889**

(2) Calculated based on GP divided by revenue.

(3) Calculated based on PBT or PAT divided by revenue.

(4) Calculated based on PAT attributable to owners of our Company divided by our enlarged share capital of 314,942,002 Shares after our IPO.

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12.1.2 Statements of financial position

The following table sets out the combined statements of financial position as at 31 December 2022 and 31 December 2023, and consolidated statements of financial position as at 31 December 2024 and 31 December 2025 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountant's Report set out in Sections 12.2 and 13 respectively.

	Audited			
	As at 31 December			
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,816	15,546	17,476	25,093
Right-of-use assets	3,801	4,141	5,399	8,740
Investment properties	448	439	430	421
Deferred tax assets	163	188	845	770
Total non-current assets	**12,228**	**20,314**	**24,150**	**35,024**
Current assets				
Inventories	6,760	6,717	7,305	9,339
Trade and other receivables[(2)]	9,328	9,515	12,569	14,617
Other investments	250	-	-	-
Contract assets	1,644	1,781	2,492	5,091
Current tax assets	153	40	121	589
Cash and bank balances	3,517	7,585	11,070	7,773
Total current assets	**21,652**	**25,638**	**33,557**	**37,409**
TOTAL ASSETS	**33,880**	**45,952**	**57,707**	**72,433**
EQUITY AND LIABILITIES				
Equity attributable to common controlling shareholders of the combining entities/ owners of our Company				
Invested equity[(3)]	4,570	4,570	-	-
Share capital	-	[(1)]-	20,238	22,924
Reserves	15,784	22,202	12,777	17,140
TOTAL EQUITY	**20,354**	**26,772**	**33,015**	**40,064**
Non-current liabilities				
Borrowings	1,501	6,136	5,457	14,471
Lease liabilities	540	607	1,206	996
Deferred tax liabilities	68	143	12	-
Total non-current liabilities	**2,109**	**6,886**	**6,675**	**15,467**

	Audited			
	As at 31 December			
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Borrowings	853	1,198	523	2,864
Lease liabilities	321	299	523	490
Trade and other payables[4]	8,450	8,453	11,315	7,411
Contract liabilities	1,261	1,657	4,964	5,750
Current tax liabilities	532	687	692	387
Total current liabilities	**11,417**	**12,294**	**18,017**	**16,902**
TOTAL LIABILITIES	**13,526**	**19,180**	**24,692**	**32,369**
TOTAL EQUITY AND LIABILITIES	**33,880**	**45,952**	**57,707**	**72,433**

Notes:

(1) Represents RM2.

(2) The breakdown of trade and other receivables are as follows:

	Audited			
	As at 31 December			
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	8,839	10,386	13,071	18,421
Related parties	1,025	289	56	-
	9,864	10,675	13,127	18,421
Less: Impairment losses				
Third parties	(683)	(1,798)	(4,003)	(4,928)
Related parties	-	(142)	-	-
Total trade receivables	**9,181**	**8,735**	**9,124**	**13,493**
Other receivables				
Amounts owing by Directors	-	196	-	-
Amounts owing by related parties	-	2	-	-
Third parties	34	83	193	51
Deposits	72	111	(a)947	(c)245
Total other receivables	**106**	**392**	**1,140**	**296**
Prepayments	41	388	(b)2,305	828
Total trade and other receivables	**9,328**	**9,515**	**12,569**	**14,617**

Notes:

(a) Deposits as at 31 December 2024 comprise mainly deposits of RM0.9 million paid for the purchase of the New Bukit Minyak Facility.

(b) Prepayment as at 31 December 2024 and 31 December 2025 comprise mainly prepayment of RM1.7 million and RM0.6 million respectively, paid to suppliers for the purchase of raw materials.

(c) Deposits as at 31 December 2025 comprise mainly deposits for the purchase of double-storey shop office in Melaka and a double-storey terrace house in Johor (details of which are as set out in Section 6.5) as well as utilities and rental.

(3) Number of issued share capital on combined basis.

(4) The breakdown of trade and other payables are as follows:

	Audited			
	As at 31 December			
	2022	**2023**	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables				
Third parties	4,841	3,903	4,421	3,892
Related parties	227	487	-	-
Total trade payables	**5,068**	**4,390**	**4,421**	**3,892**
Other payables				
Third parties	135	407	(a)1,594	981
Amounts owing to Directors	2,557	2,455	(b)2,000	-
Amounts owing to related parties	-	-	(c)437	-
Accruals	690	1,201	(d)2,863	(d)2,538
Total other payables	**3,382**	**4,063**	**6,894**	**3,519**
Total trade and other payables	**8,450**	**8,453**	**11,315**	**7,411**

Notes:

(a) Amounts owing to third parties as at 31 December 2024 comprise mainly advance payment of RM0.7 million from Wai Ka Man and Wai Kah Poh in relation to the Share Subscription which was completed in FYE 2025 (details as set out in Section 6.2.8) and RM0.4 million retention sum in relation to the second phase expansion of our Taiping Factory.

(b) The amounts owing to Directors of RM2.0 million as at 31 December 2024 has been settled pursuant to the completion of the Capitalisation on 28 February 2025 as set out in Section 6.2.7.

(c) The amounts owing to related parties as at 31 December 2024 were mainly in relation to amount owing to Surelift Engineering for the purchase of the Kuantan Facility as set out in Section 10.1, which was completed on 18 February 2025.

(d) The accruals as at 31 December 2024 and 31 December 2025 was mainly in relation to the accruals of staff-related costs and listing expenses.

12.1.3 Statements of cash flows

The following table sets out the combined statements of cash flows for FYE 2022 and 2023, and the consolidated statements of cash flows for FYE 2024 and 2025 which has been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis Results of Operations and Financial Conditions" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
PBT	6,877	9,080	9,055	9,929
Adjustments for:				
Amortisation of right-of-use assets	473	343	613	735
Bad debts recovered	-	(5)	-	-
Bad debts written off	147	-	-	2
Depreciation of property, plant and equipment	514	489	610	933
Depreciation of investment properties	9	9	9	9
Gain on disposal of property, plant and equipment	(67)	(235)	(113)	(77)
Gain on disposal of investment	-	(4)	-	-
Gain on early lease termination	-	*	(1)	*
Net (gains)/ losses on impairment loss of trade receivables	(100)	1,259	2,093	943
Property, plant and equipment written off	-	13	6	18
Interest expense	124	132	245	449
Interest income	(15)	(76)	(114)	(166)
Impairment loss in right-of-use assets	-	-	54	-
Unrealised (gain)/ loss on foreign exchange	(3)	44	15	(62)
Operating profit before changes in working capital	**7,959**	**11,049**	**12,472**	**12,713**
Changes in working capital:				
Inventories	(1,780)	42	(588)	(2,034)
Trade and other receivables	(4,203)	(1,433)	(5,157)	(2,997)
Trade and other payables	1,635	(47)	2,876	(1,842)
Contract assets	(648)	(137)	(711)	(2,598)
Contract liabilities	(229)	397	3,307	785
Cash generated from operations	**2,734**	**9,871**	**12,199**	**4,027**
Interest received	15	76	114	166
Tax refunded	-	24	-	160
Tax paid	(1,665)	(2,067)	(3,355)	(3,937)
Net cash from operating activities	**1,084**	**7,904**	**8,958**	**416**

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows used in investing activities				
Proceeds from disposal of property, plant and equipment	69	235	113	77
Proceeds from disposal of other investments	-	254	-	-
Purchase of property, plant and equipment	(728)	(8,233)	(2,546)	(8,231)
Purchase of right-of-use assets	(95)	(290)	(689)	(3,970)
Purchase of other investments	(50)	-	-	-
Net changes in deposits with maturity period more than 3 months	-	(2,307)	(1,934)	1,421
Net cash used in investing activities	**(804)**	**(10,341)**	**(5,056)**	**(10,703)**
Cash flows (used in)/ from financing activities				
Dividends paid	(300)	(300)	(350)	(2,500)
Interest paid	(16)	(34)	(12)	(31)
Drawdown of term loans	-	5,511	21	9,759
Repayment of term loans	(310)	(657)	(797)	(834)
Repayment of lease liabilities	(536)	(383)	(481)	(781)
Acquisition of subsidiary satisfied via cash consideration	-	-	*	-
Proceeds from issuance of ordinary shares	500	*	10	686
Net cash (used in)/ from financing activities	**(662)**	**4,137**	**(1,609)**	**6,299**
Net (decrease)/ increase in cash and cash equivalents	**(382)**	**1,700**	**2,293**	**(3,988)**
Effects of exchange rate changes on cash and cash equivalents	11	(1)	-	5
Cash and cash equivalents at the beginning of the financial years	3,207	2,836	4,535	6,828
Cash and cash equivalents at end of the financial years	**2,836**	**4,535**	**6,828**	**2,845**

Note:

* Represents less than RM1,000.

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

The following discussion and segmental analysis of our combined and consolidated financial information for FYE 2022 to 2025 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

Our Group is principally involved in the provision of customised industrial lifting and handling equipment, under our "Liftech" brand. Our business segments are as follows:

(i) design, manufacturing, installation and commissioning of industrial lifting and handling equipment;

(ii) provision of maintenance, repair and other related services; and

(iii) trading of components, accessories and other industrial lifting and handling equipment.

Please refer to Section 7 for our Group's detailed business overview.

(b) Revenue

Revenue from the design, manufacturing, installation and commissioning of industrial lifting and handling equipment is recognised over time, using input method to measure progress towards complete satisfaction of the project based on labour and material costs incurred to date relative to the total expected costs to the satisfaction of the project. Revenue from design, manufacturing, installation and commissioning of industrial lifting and handling equipment with related parties are recognised at a point in time when our Group satisfy a performance obligation by transferring a promised goods to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and acceptance by customers.

Revenue from the provision of maintenance, repair and other related services is recognised at a point in time upon the performance of services. Revenue from the trading of components, accessories and other industrial lifting and handling equipment are recognised at a point in time when our Group satisfy the performance obligation by transferring promised goods to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and acceptance by customers.

(c) Cost of sales

Our cost of sales comprises materials costs, labour costs, subcontractor costs, and overhead costs.

(d) Other operating income

Other operating income comprises mainly rental income, realised and unrealised gain on foreign exchange, gain on disposal of property, plant and equipment, interest income, insurance compensation, sales of scrap metal and refund of import duties and sales tax.

(e) Administrative and distribution expenses

Administrative and distribution expenses comprise mainly staff-related costs, directors' remuneration, depreciation expenses, amortisation of right-of-use assets, professional fees, upkeep expenses, insurance expenses, travelling expenses, utilities, bad debts, bank charges, unrealised loss on foreign exchange, entertainment expenses and impairment loss on right-of-use assets.

(f) Finance costs

Finance costs comprise mainly interest expenses on bank overdraft, lease liabilities and term loans.

(g) Net gain/ (losses) on impairment of financial assets

Net gain/ (losses) on impairment of financial assets expenses comprise expected credit loss ("**ECL**") allowance from trade receivables.

(h) Recent developments

Save for the significant events subsequent to the end of FYE 2025 as disclosed in Note 32 of the Accountants' Report as set out in Section 13, there were no other significant events subsequent to our audited combined and consolidated financial statements for FYE 2022 to 2025.

(i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2022 to 2025. In addition, our audited combined and consolidated financial statements for FYE 2022 to 2025 were not subject to any audit qualifications.

12.2.2 Significant factors affecting our revenue

Please refer to Section 9 for the details of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenue and profit include but not limited to the following:

(a) We may be affected by the price volatility of raw materials and availability of supplies used in the manufacturing of our industrial lifting and handling equipment

The raw materials used in the manufacturing of our industrial lifting and handling equipment are steel materials such as plates, pipes, beams, columns and bar rails. We are exposed to price fluctuations of steel materials. Steel is a global commodity and is affected by production costs of steel, global and regional market supply and demand conditions, global and regional economic conditions, as well as uncertainties arising from geopolitical conflicts.

Any increase in the prices of steel, which would subsequently increase the price of our purchase of raw materials could result in substantial increase in our cost of sales. Should we fail to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely impacted.

Please refer to Section 9.2.1 for further details.

(b) The project-based and ad-hoc based nature of our business may lead to fluctuations in our Group's financial performance

The sale of our industrial lifting and handling equipment (i.e. our main revenue contributor) is project-based whereby projects are awarded on a one-off basis. We generally do not enter into long-term contracts with our customers and the value of projects are subject to our customers' business expansion needs. As such, the number and value of our projects may vary from year to year. The future revenue and profitability of our Group will therefore depend on our ability to continuously secure new projects from our existing or new customers. There is no assurance that our revenue or profit will remain at similar levels each year as it depends on the number and value of projects secured, as well as timing of delivery which is subject to customer's site readiness.

Please refer to Section 9.1.2 for further details.

12.2.3 Review of our results of operations

(a) Revenue

Analysis of revenue by business segments

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
Business segments	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design, manufacturing, installation and commissioning of industrial lifting and handling equipment	37,516	71.3	31,428	64.0	37,911	65.7	38,467	66.5
Provision of maintenance, repair and other related services	8,707	16.6	10,986	22.4	10,658	18.5	11,159	19.3
Trading of components, accessories and other industrial lifting and handling equipment	6,363	12.1	6,686	13.6	9,086	15.8	8,232	14.2
	52,586	**100.0**	**49,100**	**100.0**	**57,655**	**100.0**	**57,858**	**100.0**

Analysis of revenue by principal markets

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
Principal markets	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	**51,707**	**98.3**	**48,505**	**98.8**	**55,804**	**96.8**	**57,183**	**98.8**
Overseas	**879**	**1.7**	**595**	**1.2**	**1,851**	**3.2**	**675**	**1.2**
- Thailand	76	0.2	397	0.8	1,386	2.4	463	0.8
- Indonesia	803	1.5	152	0.3	262	0.5	63	0.1
- China	-	-	-	-	196	0.3	149	0.3
- Singapore	-	-	-	-	-	-	<1	<0.1
- Luxembourg	-	-	-	-	7	<0.1	-	-
- Saudi Arabia	-	-	39	0.1	-	-	-	-
- Australia	-	-	7	<0.1	-	-	-	-
	52,586	**100.0**	**49,100**	**100.0**	**57,655**	**100.0**	**57,858**	**100.0**

Comparison between FYE 2022 and FYE 2023

Our revenue decreased by RM3.5 million or 6.7%, to RM49.1 million in FYE 2023 (FYE 2022: RM52.6 million). This was due to the decrease in revenue generated from the design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment. Such decrease was partially offset by the increase in revenue mainly generated from the provision of maintenance, repair and other related services segment. The Malaysian market was our primary revenue contributor in FYE 2023, contributing RM48.5 million or 98.8% of our total revenue (FYE 2022: RM51.7 million or 98.3%).

Design, manufacturing, installation and commissioning of industrial lifting and handling equipment

Our design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment recorded a decrease in revenue of RM6.1 million or 16.3%, to RM31.4 million in FYE 2023 (FYE 2022: RM37.5 million). This was mainly due to the lower revenue from Hyundai Engineering Malaysia Sdn Bhd, following the completion of our project with them in FYE 2022, which contributed RM12.6 million to our revenue in FYE 2022.

Such decrease was partially offset by the following:

(i) new project with SIBS Sdn Bhd, which contributed RM4.6 million to the revenue in FYE 2023;

(ii) new project with Actmax Sdn Bhd, which contributed revenue of RM1.9 million in FYE 2023; and

(iii) new project with Eng IBS Manufacturing Sdn Bhd, which contributed revenue of RM1.2 million in FYE 2023.

Provision of maintenance, repair and other related services

The provision of maintenance, repair and other related services segment recorded an increase in revenue of RM2.3 million or 26.4%, to RM11.0 million in FYE 2023 (FYE 2022: RM8.7 million). This was mainly due to the higher sales of components arising from the provision of maintenance and repair services to our customers during FYE 2023.

Trading of components, accessories and other industrial lifting and handling equipment

Revenue for the trading of components, accessories and other industrial lifting and handling equipment segment remained relatively consistent at RM6.7 million in FYE 2023 (FYE 2022: RM6.4 million).

Comparison between FYE 2023 and FYE 2024

Our revenue increased by RM8.6 million or 17.5%, to RM57.7 million in FYE 2024 (FYE 2023: RM49.1 million). This was due to the increase in revenue generated from the design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment and the trading of components, accessories and other industrial lifting and handling equipment segment. The Malaysian market remained our primary revenue contributor in FYE 2024, contributing RM55.8 million or 96.8% in FYE 2024 (FYE 2023: RM48.5 million or 98.8%).

Design, manufacturing, installation and commissioning of industrial lifting and handling equipment

Our design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment recorded an increase in revenue of RM6.5 million or 20.7%, to RM37.9 million in FYE 2024 (FYE 2023: RM31.4 million). This was mainly due to the modification works and variation orders performed for our project with Hyundai Engineering Malaysia Sdn Bhd, which contributed to an increase in revenue of RM4.1 million. Additionally, we also secured a new project with Southern Cable Sdn Bhd in FYE 2024, which contributed RM1.6 million to the revenue.

Provision of maintenance, repair and other related services

Revenue for the provision of maintenance, repair and other related services was relatively consistent at RM10.7 million in FYE 2024 (FYE 2023: RM11.0 million).

Trading of components, accessories and other industrial lifting and handling equipment

Our revenue for the trading of components, accessories and other industrial lifting and handling equipment segment recorded an increase in revenue of RM2.4 million or 35.8%, to RM9.1 million in FYE 2024 (FYE 2023: RM6.7 million). This was mainly due to the higher sales of components and accessories for our industrial lifting and handling equipment to our customers in various industries, including food, steel works and steel foundry, automotive components and pre-cast concrete, which collectively recorded an increase in revenue of RM1.6 million in FYE 2024.

Comparison between FYE 2024 and FYE 2025

Our revenue increased by RM0.2 million or 0.3%, to RM57.9 million in FYE 2025 (FYE 2024: RM57.7 million). This was mainly due to the increase in revenue generated from the design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment and provision of maintenance, repair and other related services segment. Such increases were partially offset by the decrease in revenue generated from the trading of components, accessories and other industrial lifting and handling segment. The Malaysian market continued to be our primary revenue contributor in FYE 2025, contributing RM57.2 million or 98.8% in FYE 2025 (FYE 2024: RM55.8 million or 96.8%).

Design, manufacturing, installation and commissioning of industrial lifting and handling equipment

Our design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment recorded an increase in revenue of RM0.6 million or 1.6%, to RM38.5 million in FYE 2025 (FYE 2024: RM37.9 million). This was mainly due to higher revenue recorded from a new project from GE Engine Services Malaysia Sdn Bhd, which contributed RM6.2 million to the revenue in FYE 2025. Such an increase was partially offset by the completion of an existing project for Hyundai Engineering Malaysia Sdn Bhd which contributed RM5.70 million to the revenue in FYE 2025.

Provision of maintenance, repair and other related services

Revenue for the provision of maintenance, repair and other related services was relatively consistent at RM11.2 million in FYE 2025 (FYE 2024: RM10.7 million).

Trading of components, accessories and other industrial lifting and handling equipment

Our revenue for the trading of components, accessories and other industrial lifting and handling equipment segment recorded a decrease in revenue of RM0.9 million or 9.9%, to RM8.2 million in FYE 2025 (FYE 2024: RM9.1 million). This was mainly due to lower sales of components and accessories for our industrial lifting and handling equipment to our customers in food industry.

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by cost components

	Audited							
	FYE 2022		**FYE 2023**		**FYE 2024**		**FYE 2025**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Materials costs[(1)]	24,537	64.4	17,142	57.1	18,337	53.2	17,033	50.1
Labour costs[(2)]	3,390	8.9	4,454	14.8	6,839	19.9	7,755	22.8
Subcontractor costs	5,962	15.6	5,485	18.3	5,472	15.9	5,403	15.8
Overhead costs[(3)]	4,241	11.1	2,951	9.8	3,785	11.0	3,833	11.3
	38,130	**100.0**	**30,032**	**100.0**	**34,433**	**100.0**	**34,024**	**100.0**

Notes:

(1) Comprises mainly steel materials, square bar and rectangular bar rails, components and accessories.

(2) Comprises mainly staff salaries, statutory contributions and bonuses.

(3) Comprises mainly transportation expenses, rental expenses, sales tax and upkeep expenses.

Analysis of cost of sales by business segments

	Audited							
	FYE 2022		**FYE 2023**		**FYE 2024**		**FYE 2025**	
Business segments	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design, manufacturing, installation and commissioning of industrial lifting and handling equipment[(1)]	31,703	83.1	21,408	71.3	26,494	77.0	25,756	75.7
Provision of maintenance, repair and other related services[(1)]	4,262	11.2	6,590	21.9	5,375	15.6	5,312	15.6
Trading of components, accessories and other industrial lifting and handling equipment	2,165	5.7	2,034	6.8	2,564	7.4	2,956	8.7
	38,130	**100.0**	**30,032**	**100.0**	**34,433**	**100.0**	**34,024**	**100.0**

Note:

(1) Our design, manufacturing, installation and commissioning of industrial lifting and handling equipment and provision of maintenance, repair and other related services were carried out by the same project team and personnel. For purposes of analysis of cost of sales by business segments, our labour costs were allocated to these 2 segments in proportion to their revenue.

Analysis of GP and GP margin by business segments

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
Business segments	**GP**	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design, manufacturing, installation and commissioning of industrial lifting and handling equipment	5,813	15.5	10,020	31.9	11,417	30.1	12,711	33.0
Provision of maintenance, repair and other related services	4,445	51.1	4,396	40.0	5,283	49.6	5,847	52.4
Trading of components, accessories and other industrial lifting and handling equipment	4,198	66.0	4,652	69.6	6,522	71.8	5,276	64.1
	14,456	**27.5**	**19,068**	**38.8**	**23,222**	**40.3**	**23,834**	**41.2**

Comparison between FYE 2022 and FYE 2023

Our total cost of sales decreased by RM8.1 million or 21.3%, to RM30.0 million in FYE 2023 (FYE 2022: RM38.1 million), which decrease in tandem with the decrease in revenue in FYE 2023, mainly contributed by the decrease in materials costs to RM17.1 million in FYE 2023 (FYE 2022: RM24.5 million). The decrease in material costs in FYE 2023 was primarily contributed by the declining global steel prices in FYE 2023, hence lower costs were incurred for the purchase of raw materials.

Such decrease was partially offset by the increase in labour costs to RM4.5 million in FYE 2023 (FYE 2022: RM3.4 million), as our monthly average staff headcount increased to 110 in FYE 2023 (FYE 2022: 90).

Our overall GP margin increased to 38.8% in FYE 2023 (FYE 2022: 27.5%), mainly resulted from the higher GP margin recorded for the design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment. This was partially offset by the lower GP margin recorded for the provision of maintenance, repair and other related services segment.

Design, manufacturing, installation and commissioning of industrial lifting and handling equipment

The cost of sales for the design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment decreased by RM10.3 million or 32.5%, to RM21.4 million in FYE 2023 (FYE 2022: RM31.7 million), which was higher than the decrease in our revenue of 16.3% in FYE 2023.

As such, the GP for this segment increased by RM4.2 million or 72.4%, to RM10.0 million in FYE 2023 (FYE 2022: RM5.8 million), and the GP margin increased to 31.9% in FYE 2023 (FYE 2022: 15.5%). During FYE 2022, our Group incurred higher material costs due to higher global steel prices and these additional costs were not passed on to the customers to remain competitive, resulting in a low GP margin of 15.5% recorded in FYE 2022. Following the decline in global steel prices in FYE 2023, our material costs decreased as well, contributing to our improved GP margin of 31.9% in FYE 2023. Such improvement in GP margin was partially offset by the increase in labour costs in this segment, resulting from the higher monthly average staff headcount in FYE 2023 as explained above.

Provision of maintenance, repair and other related services

The cost of sales for the provision of maintenance, repair and other related services segment increased by RM2.3 million or 53.5%, to RM6.6 million in FYE 2023 (FYE 2022: RM4.3 million), which was higher than our revenue growth of 26.4% in FYE 2023.

As such, despite the higher revenue recorded for this segment in FYE 2023, the GP remained at RM4.4 million in FYE 2023 (FYE 2022: RM4.4 million), and the GP margin decreased to 40.0% in FYE 2023 (FYE 2022: 51.1%). The lower GP margin recorded in FYE 2023 was primarily attributable to the increase in labour costs in this segment, resulting from the higher monthly average staff headcount in FYE 2023.

Trading of components, accessories and other industrial lifting and handling equipment

The cost of sales for the trading of components, accessories and other industrial lifting and handling equipment segment remained consistent at RM2.0 million in FYE 2023 (FYE 2022: RM2.2 million). The GP of RM4.7 million in FYE 2023 (FYE 2022: RM4.2 million) and GP margin of 69.6% in FYE 2023 (FYE 2022: 66.0%) was also relatively consistent.

Comparison between FYE 2023 and FYE 2024

Our total cost of sales increased by RM4.4 million or 14.7%, to RM34.4 million in FYE 2024 (FYE 2023: RM30.0 million). This was mainly contributed by the increase in labour costs to RM6.8 million in FYE 2024 (FYE 2023: RM4.5 million), as our monthly average staff headcount increased to 141 in FYE 2024 (FYE 2023: 110). Our material costs also increased to RM18.3 million in FYE 2024 (FYE 2023: RM17.1 million), which was in tandem with our revenue growth in FYE 2024.

Our overall GP margin increased to 40.3% in FYE 2024 (FYE 2023: 38.8%), mainly resulted from the higher GP margin recorded for the provision of maintenance, repair and other related services segment.

Design, manufacturing, installation and commissioning of industrial lifting and handling equipment

The cost of sales for the design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment increased by RM5.1 million or 23.8%, to RM26.5 million in FYE 2024 (FYE 2023: RM21.4 million), which was in tandem with the increase in revenue in FYE 2024.

Accordingly, the GP for this segment increased by RM1.4 million or 14.0%, to RM11.4 million in FYE 2024 (FYE 2023: RM10.0 million) resulting from the increase in revenue contributed by modification works and variation works performed for our project with Hyundai Engineering Malaysia Sdn Bhd as well as new project secured with Southern Cable Sdn Bhd in FYE 2024 as explained above, and the GP margin remained relatively consistent at 30.1% in FYE 2024 (FYE 2023: 31.9%).

Provision of maintenance, repair and other related services

The cost of sales for the provision of maintenance, repair and other related services segment decreased by RM1.2 million or 18.2%, to RM5.4 million in FYE 2024 (FYE 2023: RM6.6 million), which was higher than the decrease in revenue of RM0.3 million in FYE 2024.

As such, the GP for this segment increased by RM0.9 million or 20.5%, to RM5.3 million in FYE 2024 (FYE 2023: RM4.4 million), and the GP margin increased to 49.6% in FYE 2024 (FYE 2023: 40.0%). The higher GP margin recorded in FYE 2024 was primarily attributable to the lower material costs incurred, resulting from the purchase of hoists at the discounted pricing provided by one of our major suppliers during FYE 2024. The discounted pricing is the preferential pricing offered by the supplier given the long-term relationship of our Group with the said supplier, and is expected to continue. In addition, the upward revision of selling prices for the sales of components and labour charges for services provided to our customers as a result of the increase in components prices and higher operating costs such as labour costs, has also contributed to the increased in GP margin.

Trading of components, accessories and other industrial lifting and handling equipment

The cost of sales for the trading of components, accessories and other industrial lifting and handling equipment segment increased by RM0.6 million or 30.0%, to RM2.6 million in FYE 2024 (FYE 2023: RM2.0 million), which was in tandem with the increase in revenue in FYE 2024.

Accordingly, the GP for this segment increased by RM1.8 million or 38.3%, to RM6.5 million in FYE 2024 (FYE 2023: RM4.7 million), and the GP margin remained relatively consistent at 71.8% in FYE 2024 (FYE 2023: 69.6%).

Comparison between FYE 2024 and FYE 2025

Our total cost of sales decreased by RM0.4 million or 1.2%, to RM34.0 million in FYE 2025 (FYE 2024: RM34.4 million), mainly contributed by the decrease in material costs to RM17.0 million (FYE 2024: RM18.3 million). This was due to the decline in global steel prices in FYE 2025, coupled with the import duty and sales tax exemption on components from October 2024 to October 2026, hence lower costs were incurred for the purchase of raw materials. Such decrease was partially offset by the increase in labour costs, which increased to RM7.8 million in FYE 2025 (FYE 2024: RM6.8 million). The increase in labour costs in FYE 2025 was mainly due to salary increment.

Our overall GP margin increased to 41.2% in FYE 2025 (FYE 2024: 40.3%), mainly resulted from the higher GP margin recorded for the design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment and provision of maintenance, repair and other related services segment.

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Design, manufacturing, installation and commissioning of industrial lifting and handling equipment

Despite the increase in revenue for design, manufacturing, installation and commissioning of industrial lifting and handling equipment segment, the cost of sales decreased by RM0.7 million or 2.6%, to RM25.8 million in FYE 2025 (FYE 2024: RM26.5 million).

Accordingly, the GP for this segment increased by RM1.3 million or 11.4%, to RM12.7 million in FYE 2025 (FYE 2024: RM11.4 million), the GP margin increased to 33.0% in FYE 2025 (FYE 2024: 30.1%). The higher GP margin recorded in FYE 2025 was mainly due to lower material costs incurred, mainly resulting from the decline in global steel prices approximately 14.1% during the first half of 2025, coupled with the import duty and sales tax exemption on components from October 2024 to October 2026 as approved by the MITI during FYE 2025. These factors collectively led to the lower overall purchase costs.

Provision of maintenance, repair and other related services

Despite the revenue for the provision of maintenance, repair and other related services segment remained relatively consistent for FYE 2025, the cost of sales decreased by RM0.1 million or 1.9%, to RM5.3 million in FYE 2025 (FYE 2024: RM5.4 million).

As such, the GP for this segment increased by RM0.5 million or 9.4%, to RM5.8 million in FYE 2025 (FYE 2024: RM5.3 million), and the GP margin increased to 52.4% in FYE 2025 (FYE 2024: 49.6%). The higher GP margin recorded in FYE 2025 was primarily attributable to the upward revision of the labour charges for services provided to customers.

Trading of components, accessories and other industrial lifting and handling equipment

Despite the decrease in revenue for the trading of components, accessories and other industrial lifting and handling equipment segment, the cost of sales increased by RM0.4 million or 15.4%, to RM3.0 million in FYE 2025 (FYE 2024: RM2.6 million).

As such, the GP for this segment decreased by RM1.2 million or 18.5%, to RM5.3 million in FYE 2025 (FYE 2024: RM6.5 million), and the GP margin decreased to 64.1% in FYE 2025 (FYE 2024: 71.8%). The lower GP margin recorded in FYE 2025 was primarily attributable to higher sales of components which yielded lower GP margin.

(c) Other operating income

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Rental income[1]	459	54.3	249	29.7	255	35.7	170	18.1
Realised gain on foreign exchange	179	21.2	36	4.3	98	13.7	209	22.2
Gain on disposal of property, plant and equipment	67	7.9	235	28.0	113	15.8	77	8.2
Interest income	15	1.8	76	9.1	115	16.1	166	17.6
Insurance compensation[2]	11	1.3	24	2.9	20	2.8	77	8.2
Refunds of import duties and sales tax	-	-	-	-	-	-	47	5.0
Sales of scrap metal	57	6.7	75	9.0	81	11.4	111	11.8
Unrealised gain on foreign exchange	3	0.3	-	-	-	-	62	6.6
Refund of tender deposits[3]	-	-	100	11.9	-	-	-	-
Others[4]	55	6.5	43	5.1	32	4.5	22	2.3
	846	**100.0**	**838**	**100.0**	**714**	**100.0**	**941**	**100.0**

Notes:

(1) Arises from the rental of forklifts to our customers and rental of terrace buildings located at Johor Bahru and Skudai to third parties for automotive workshop and storage as well as automotive car services (as detailed in Sections 6.9.1(j) and 6.9.1(k)).

(2) Insurance compensation primarily arises from claims made under marine cargo policy for damaged goods, as well as third-party public liability claims resulting from accidents during the servicing of cranes.

(3) Relating to a refund of tender deposit received for a project that was paid in prior years.

(4) Comprises mainly wages subsidy, HRDF claim for staff training and management fee received from related parties.

Comparison between FYE 2022 and FYE 2023

Our other operating income remained at RM0.8 million in FYE 2023 (FYE 2022: RM0.8 million), mainly due to the following:

(i) rental income decreased to RM0.2 million in FYE 2023 (FYE 2022: RM0.5 million), due to reduced demand for forklift rentals from our customers in FYE 2023; and

(ii) realised gain on foreign exchange decreased to RM0.04 million in FYE 2023 (FYE 2022: RM0.2 million). The realised gain on foreign exchange recorded in FYE 2022 primarily resulted from the favourable RM to RMB and RM to USD exchange rate movements.

The abovementioned decreases were partially offset by the following:

(i) increase in gain on disposal of property, plant and equipment to RM0.2 million in FYE 2023 (FYE 2022: RM0.1 million), resulted from the disposal of 3 motor vehicles to third parties;

(ii) refund of tender deposits of RM0.1 million in FYE 2023 (FYE 2022: RM Nil), in relation to a project that was tendered in prior years; and

(iii) increase in interest income to RM0.1 million in FYE 2023 (FYE 2022: RM0.02 million), mainly due to higher interest received from fixed deposits in FYE 2023.

Comparison between FYE 2023 and FYE 2024

Our other operating income decreased by RM0.1 million or 12.5%, to RM0.7 million in FYE 2024 (FYE 2023: RM0.8 million). This was mainly due to the decrease in gain on disposal of property, plant and equipment to RM0.1 million in FYE 2024 (FYE 2023: RM0.2 million). The higher gain on disposal of property, plant and equipment recorded in FYE 2023 resulted from the disposal of 3 motor vehicles to third parties.

Comparison between FYE 2024 and FYE 2025

Our other operating income increased by RM0.2 million or 28.6%, to RM0.9 million in FYE 2025 (FYE 2024: RM0.7 million), mainly due to the following:

(i) increase in realised gain on foreign exchange to RM0.2 million in FYE 2025 (FYE 2024: RM0.1 million). The increase in realised gain on foreign exchange in FYE 2025 primarily resulted from the favourable RM to EUR and RM to RMB exchange rate movements;

(ii) refund of import duty and sales tax in relation to the exemption on components applicable from October 2024 to October 2026; and

(iii) unrealised gain on foreign exchange of RM0.1 million was recorded during FYE 2025 (FYE 2024: Nil). The unrealised gain on foreign exchange was primarily resulted from the strengthening of RM against EUR for overseas purchases.

(d) Administrative and distribution expenses

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff-related costs	3,278	39.0	3,292	34.9	3,927	31.3	4,249	31.6
Directors' remuneration	2,108	25.1	2,727	28.9	2,859	22.8	3,392	25.2
Depreciation expenses	417	5.0	498	5.3	619	5.0	942	7.0
Amortisation of right-of-use assets	331	3.9	343	3.6	595	4.7	735	5.5
Professional fee	195	2.3	309	3.3	2,036	16.2	1,208	9.0
Upkeep expenses	374	4.5	456	4.8	347	2.8	447	3.3
Insurance expenses	213	2.5	170	1.8	260	2.1	370	2.8
Travelling expenses	432	5.1	494	5.2	481	3.8	552	4.1
Utilities	181	2.2	237	2.5	295	2.4	330	2.4
Bad debts	147	1.8	-	-	-	-	2	<0.1
Bank charges	21	0.3	71	0.8	74	0.6	26	0.2
Unrealised loss on foreign exchange	-	-	44	0.5	15	0.1	-	-
Entertainment expenses	137	1.6	251	2.7	310	2.5	335	2.5
Impairment loss on right-of-use assets	-	-	-	-	55	0.4	-	-
Others[(1)]	566	6.7	542	5.7	669	5.3	866	6.4
	8,400	**100.0**	**9,434**	**100.0**	**12,542**	**100.0**	**13,454**	**100.0**

Note:

(1) Comprises mainly tender fees, security fees, service and handling charges, printing and stationery, license fees, exhibition expenses, donation, advertisement expenses, quit rent and assessment, stamp duties and rental expenses.

Comparison between FYE 2022 and FYE 2023

Our administrative and distribution expenses increased by RM1.0 million or 11.9%, to RM9.4 million in FYE 2023 (FYE 2022: RM8.4 million). This was mainly due to the increase in directors' remuneration to RM2.7 million in FYE 2023 (FYE 2022: RM2.1 million), mainly due annual salary increment.

Comparison between FYE 2023 and FYE 2024

Our administrative and distribution expenses increased by RM3.1 million or 33.0%, to RM12.5 million in FYE 2024 (FYE 2023: RM9.4 million), mainly due to the following:

(i) professional fee increased to RM2.0 million in FYE 2024 (FYE 2023: RM0.3 million), mainly due to the fees incurred for the Listing; and

(ii) staff-related costs increased to RM3.9 million in FYE 2024 (FYE 2023: RM3.3 million), mainly due to the increase in our monthly average staff headcount from 48 staff in FYE 2023 to 56 staff in FYE 2024.

Comparison between FYE 2024 and FYE 2025

Our administrative and distribution expenses increased by RM1.0 million or 8.0%, to RM13.5 million in FYE 2025 (FYE 2024: RM12.5 million), mainly due to the following:

(i) directors' remuneration increased to RM3.4 million in FYE 2025 (FYE 2024: RM2.9 million), mainly due to annual salary increment;

(ii) staff-related costs increased to RM4.2 million in FYE 2025 (FYE 2024: RM3.9 million), resulted from the salary increment during FYE 2025; and

(iii) depreciation expenses increased to RM0.9 million in FYE 2025 (FYE 2024: RM0.6 million), mainly due to higher depreciation arising from the acquisition of the New Bukit Minyak Facility and the New Kota Kinabalu Facility during FYE 2025.

(e) Finance costs

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expenses on:								
- Bank overdraft	15	12.0	33	24.8	11	4.5	31	6.9
- Lease liabilities	44	35.2	34	25.6	69	28.0	94	20.9
- Term loans	64	51.2	65	48.9	164	66.7	324	72.2
Others	2	1.6	1	0.7	2	0.8	-	-
	125	**100.0**	**133**	**100.0**	**246**	**100.0**	**449**	**100.0**

Comparison between FYE 2022 and FYE 2023

Our finance costs for FYE 2023 did not fluctuate significantly from FYE 2022.

Comparison between FYE 2023 and FYE 2024

Our finance costs increased by RM0.1 million or 50.0%, to RM0.2 million in FYE 2024 (FYE 2023: RM0.1 million). This was mainly due to the increase in interest expenses on term loans resulting from the term loan obtained to finance the construction of our Taiping Factory.

Comparison between FYE 2024 and FYE 2025

Our finance costs increased by RM0.2 million or 100.0%, to RM0.4 million in FYE 2025 (FYE 2024: RM0.2 million). Our Group capitalised interest expenses on term loans of RM0.1 million in relation to the construction of the Taiping Factory in FYE 2024. This capitalisation ceased in FYE 2025, and such interest was directly expensed instead.

(f) Net (gains)/ losses on impairment of financial assets

	Audited							
	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trade receivables:								
- Impairment loss	103	(103.0)	1,293	102.7	2,206	105.4	1,432	151.9
- (Reversal of impairment)	(203)	203.0	(34)	(2.7)	(113)	(5.4)	(489)	(51.9)
	(100)	**100.0**	**1,259**	**100.0**	**2,093**	**100.0**	**943**	**100.0**

Our Group recognises impairment for trade receivables based on the simplified approach using the lifetime ECL. Our Group uses an allowance matrix to measure the ECL of trade receivables from past due ageing.

Expected loss rates are determined based on the common credit risk characteristics – by past due days. During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product index) and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

Comparison between FYE 2022 and FYE 2023

We recorded a net impairment loss on financial assets of RM1.3 million during FYE 2023 (FYE 2022: net impairment gain of RM0.1 million), mainly due to the increased credit risk characteristics on the outstanding trade receivables as at the end of FYE 2023.

Comparison between FYE 2023 and FYE 2024

Our net impairment loss on financial assets increased by RM0.8 million or 61.5%, to RM2.1 million in FYE 2024 (FYE 2023: RM1.3 million), mainly due to the increased credit risk characteristics on the outstanding trade receivables as at the end of FYE 2024.

Comparison between FYE 2024 and FYE 2025

Our net impairment loss on financial assets decreased by RM1.2 million or 57.1%, to RM0.9 million in FYE 2025 (FYE 2024: RM2.1 million), mainly due to the lower credit risk characteristics on the outstanding trade receivables as at the end of FYE 2025.

(g) PBT, PAT, PBT margin and PAT margin

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
PBT (RM'000)	6,877	9,080	9,055	9,929
PBT margin (%)	13.1	18.5	15.7	17.2
PAT (RM'000)	5,429	6,718	6,583	6,863
PAT margin (%)	10.3	13.7	11.4	11.9

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT of RM2.2 million or 31.9%, to RM9.1 million in FYE 2023 (FYE 2022: RM6.9 million), and our PBT margin increased to 18.5% in FYE 2023 (FYE 2022: 13.1%). The increase in PBT and PBT margin was mainly due to the higher GP and GP margin recorded, as explained in Section 12.2.3(b).

Correspondingly, our PAT increased by RM1.3 million or 24.1%, to RM6.7 million for FYE 2023 (FYE 2022: RM5.4 million), and our PAT margin increased to 13.7% in FYE 2023 (FYE 2022: 10.3%).

Comparison between FYE 2023 and FYE 2024

Our PBT for FYE 2024 remained consistent at RM9.1 million (FYE 2023: RM9.1 million), and our PBT margin decreased to 15.7% in FYE 2024 (FYE 2023: 18.5%). The decrease in PBT margin was mainly due to the higher administrative and distribution expenses and higher net losses on impairment of financial assets in FYE 2024, as explained in Sections 12.2.3(d) and 12.2.3(f) respectively.

Correspondingly, our PAT was consistent at RM6.6 million in FYE 2024 (FYE 2023: RM6.7 million), and our PAT margin decreased to 11.4% in FYE 2024 (FYE 2023: 13.7%).

Comparison between FYE 2024 and FYE 2025

Our Group recorded an increase in PBT of RM0.8 million or 8.8%, to RM9.9 million in FYE 2025 (FYE 2024: RM9.1 million), and PBT margin increased from 15.7% in FYE 2024 to 17.2% in FYE 2025. These were mainly due to the higher GP and GP margin and lower net losses on impairment of financial assets recorded, as explained in Sections 12.2.3(b) and 12.2.3(f), respectively. Such increase was partially offset by the higher administrative and distribution expenses in FYE 2025, as explained in Section 12.2.3(d).

Correspondingly, our Group's PAT increased by RM0.3 million or 4.5%, to RM6.9 million in FYE 2025 (FYE 2024: RM6.6 million), and our PAT margin increased from 11.4% in FYE 2024 to 11.9% in FYE 2025.

(h) Tax expense

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
Tax expense (RM'000)	1,448	2,362	2,472	3,066
Statutory tax rate (%)	24.0	24.0	24.0	24.0
Effective tax rate (%)[1]	21.1	26.0	27.3	30.9

Note:

[1] Calculated based on tax expense over PBT for each financial year.

Comparison between FYE 2022 and FYE 2023

Our income tax expenses increased by RM1.0 million or 71.4%, to RM2.4 million in FYE 2023 (FYE 2022: RM1.4 million), mainly due to the higher PBT recorded in FYE 2023. Our effective tax rate of 26.0% did not fluctuate significantly from the statutory tax rate of 24.0%.

In contrast, our effective tax rate of 21.1% in FYE 2022 was lower than the statutory tax rate of 24.0%. This was mainly due to the overprovision of tax in prior years.

Comparison between FYE 2023 and FYE 2024

Our income tax expenses increased by RM0.1 million or 4.2%, to RM2.5 million in FYE 2024 (FYE 2023: RM2.4 million), mainly due to the higher PBT recorded in FYE 2024. Our effective tax rate of 27.3% was higher than the statutory tax rate of 24.0%, mainly due to the tax effects of non-allowable expenses which comprise mainly professional fees incurred for the Listing.

Comparison between FYE 2024 and FYE 2025

Our income tax expenses increased by RM0.6 million or 24.0%, to RM3.1 million in FYE 2025 (FYE 2024: RM2.5 million), mainly due to higher PBT recorded in FYE 2025. Our effective tax rate of 30.9% was higher than the statutory tax rate of 24.0%, mainly due to tax effects of non-allowable expenses which comprise mainly professional fees incurred for the Listing.

12.2.4 Review of cash flows

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	1,084	7,904	8,958	416
Net cash used in investing activities	(804)	(10,341)	(5,056)	(10,703)
Net cash (used in)/ from financing activities	(662)	4,137	(1,609)	6,299
Net (decrease)/ increase in cash and cash equivalents	**(382)**	**1,700**	**2,293**	**(3,988)**
Effect of exchange rate changes on cash and bank balances	11	(1)	-	5
Cash and cash equivalents at the beginning of financial year	3,207	2,836	4,535	6,828
Cash and cash equivalents at end of financial year	**2,836**	**4,535**	**6,828**	**2,845**

FYE 2022

Net cash from operating activities

For FYE 2022, we recorded operating profits before working capital changes of RM8.0 million. Our net operating cash inflow was RM1.1 million after adjusting for the following major changes in working capital:

(a) increase in inventories of RM1.8 million, mainly due the higher inventory holdings for our project with Hyundai Engineering Malaysia Sdn Bhd in relation to the design, manufacturing, installation, testing and commissioning of industrial lifting crane;

(b) increase in trade and other receivables of RM4.2 million, mainly due to billings to two of our customers in the last quarter for FYE 2022;

(c) increase in trade and other payables of RM1.6 million, mainly due to increase in the purchases of components and accessories in FYE 2022;

(d) increase in contract assets of RM0.6 million, due to work performed for our ongoing projects prior to their billing milestones; and

(e) income tax paid of RM1.7 million.

Net cash for investing activities

For FYE 2022, we recorded a net cash outflow of RM0.8 million for investing activities, primarily due to the purchase of property, plant and equipment which comprise mainly capital work-in-progress for the second phase of our Taiping Factory and renovation costs incurred for our leasehold buildings.

Net cash for financing activities

For FYE 2022, we recorded a net cash outflow of RM0.7 million for financing activities, mainly due to the net effects of the following:

(a) dividends paid of RM0.3 million;

(b) repayment of term loans amounting to RM0.3 million;

(c) repayment of lease liabilities of RM0.5 million; and

(d) proceeds of RM0.5 million arising from the issuance of ordinary shares.

FYE 2023

Net cash from operating activities

For FYE 2023, we recorded operating profits before working capital changes of RM11.0 million. Our net operating cash inflow was RM7.9 million after adjusting for the following major changes in working capital:

(a) increase in trade and other receivables of RM1.4 million, due to higher billings to our customers in the last quarter of FYE 2023; and

(b) income tax paid of RM2.1 million.

Net cash for investing activities

For FYE 2023, we recorded a net cash outflow of RM10.3 million for investing activities, primarily due to the purchase of property, plant and equipment of RM8.2 million, which comprise mainly capital work-in-progress for the second phase expansion of our Taiping Factory, coupled with the additional deposits pledged with licensed banks amounting to RM2.3 million.

Net cash from financing activities

For FYE 2023, we recorded a net cash inflow of RM4.1 million from financing activities, mainly due to the following:

(a) dividends paid of RM0.3 million;

(b) drawdown of term loans amounting to RM5.5 million to finance the second phase expansion of our Taiping Factory;

(c) repayment of term loans amounting to RM0.7 million; and

(d) repayment of lease liabilities amounting to RM0.4 million.

FYE 2024

Net cash from operating activities

For FYE 2024, we recorded operating profits before working capital changes of RM12.5 million. Our net operating cash inflow was RM9.0 million after adjusting for the following major changes in working capital:

(a) increase in inventories of RM0.6 million, due to higher work-in-progress inventories for our ongoing projects as at FYE 2024;

(b) increase in trade and other receivables of RM5.2 million. This was mainly contributed by the prepayment of RM1.7 million paid to a supplier for the purchase of raw materials, deposits of RM0.9 million paid for the purchase of the New Bukit Minyak Facility, coupled with the higher trade receivables balances as at FYE 2024;

(c) increase in trade and other payables of RM2.9 million. This was contributed by advance payment of RM0.7 million from Wai Ka Man and Wai Kah Poh in relation to the Share Subscription which was completed in FYE 2025 (details as set out in Section 6.2.8), RM0.4 million retention sum in relation to the second phase expansion of our Taiping Factory, accruals of RM1.0 million in relation to listing expenses, and RM0.4 million owing to a related party in relation to the purchase of Kuantan Facility as set out in Section 10.1;

(d) increase in contract assets of RM0.7 million, due to work performed for our ongoing projects prior to their billing milestones;

(e) increase in contract liabilities of RM3.3 million, due to advance payment received from a new customer in relation to a project to be commenced in FYE 2025; and

(f) income tax paid of RM3.4 million.

Net cash for investing activities

For FYE 2024, we recorded a net cash outflow of RM5.1 million for investing activities, primarily due to the purchase of property, plant and equipment of RM2.7 million, which comprise mainly capital work-in-progress for our Taiping Factory and renovation costs incurred for our leasehold buildings, coupled with the additional deposits pledged with licensed banks amounting to RM1.9 million.

Net cash for financing activities

For FYE 2024, we recorded a net cash outflow of RM1.6 million for financing activities, mainly due to the following:

(a) dividends paid of RM0.4 million;

(b) repayment of term loans amounting to RM0.8 million; and

(c) repayment of lease liabilities amounting to RM0.5 million.

FYE 2025

Net cash from operating activities

For FYE 2025, we recorded operating profits before working capital changes of RM12.7 million. Our net operating cash inflow was RM0.4 million after adjusting for the following major changes in working capital:

(a) increase in inventories of RM2.0 million, due to accumulation of more raw materials inventories for our ongoing projects as at FYE 2025, coupled with higher purchases of steels materials as our Group took advantage of lower steel prices to stock up materials at the lower steel price;

(b) increase in trade and other receivables of RM3.0 million, primarily due to billings towards the end of FYE 2025;

(c) decrease in trade and other payables of RM1.8 million, following the completion of Share Subscription (details as set out in Section 6.2.8) as well as repayment of amount owing to Surelift Engineering in relation to the purchase of the Kuantan Facility in FYE 2025 (details as set out in Section 10.1);

(d) increase in contract assets of RM2.6 million, in line with more works carried out for our customers prior to billings issued; and

(e) income tax paid of RM3.9 million.

Net cash for investing activities

For FYE 2025, our Group recorded a net cash outflow of RM10.7 million for investing activities, mainly due to the following:

(a) purchase of property, plant and equipment of RM8.2 million, which comprise mainly the acquisition of the New Bukit Minyak Facility and the New Kota Kinabalu Facility; and

(b) purchase of right-of-use assets of RM4.0 million, which comprise mainly the acquisition of the leasehold land attached to the New Bukit Minyak Facility and the New Kota Kinabalu Facility.

Net cash for financing activities

For FYE 2025, we recorded a net cash inflow of RM6.3 million for financing activities, mainly due to the following:

(a) drawdown of term loans amounting to RM9.8 million to finance the acquisition of the New Bukit Minyak Facility and the New Kota Kinabalu Facility;

(b) proceeds from the issuance of ordinary shares of RM0.7 million;

(c) dividends paid of RM2.5 million;

(d) repayment of term loans amounting to RM0.8 million; and

(e) repayment of lease liabilities amounting to RM0.8 million.

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12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, suppliers' credit, various credit facilities extended by financial institutions as well as existing cash and bank balances. Our credit facilities from financial institutions comprise term loans and bank overdrafts.

There are no legal, financial, or economic restriction on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances, subject to the availability of distributable reserves compliance with financial covenants during FYE 2022 to 2025.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(a) our cash and cash equivalents of approximately RM3.8 million as at LPD;

(b) our expected future cash flows from operations after servicing of bank borrowings;

(c) our total banking facilities as at LPD of RM32.6 million (excluding lease liabilities arising from leasing of workshops and hostels), of which RM17.7 million have been utilised; and

(d) our pro forma gearing level of 0.1 times (excluding lease liabilities arising from leasing of workshops and hostels), based on our pro forma consolidated statements of financial position as at 31 December 2025 after the Public Issue and utilisation of proceeds.

We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

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12.4 BORROWINGS AND INDEBTEDNESS

As at 31 December 2025, our Group's total outstanding borrowings and indebtedness stood at RM18.8 million (excluding lease liabilities arising from leasing of workshops and hostels of RM0.1 million), details of which are set out below:

Type of borrowings	Purpose	Tenure of the facility	Interest rate % per annum	Audited as at 31 December 2025	Repayable in 12 months	Repayable after 12 months
				RM'000	RM'000	RM'000
Term loans	To finance the purchase of properties	8 to 20 years	3.50% - 4.00%	15,228	757	14,471
Bank overdrafts	To finance working capital	On demand	6.95%	2,107	2,107	-
Hire purchase facilities	To finance the purchase of motor vehicles and machinery	1 to 2 years	3.03%	1,433	451	982
				18,768	**3,315**	**15,453**

Pro forma gearing (times)	
[(1)]Before Public Issue and utilisation of proceeds	0.47
[(2)]After Public Issue and utilisation of proceeds	0.08

Notes:

(1) Computed based on our pro forma total equity of RM40.1 million in the pro forma consolidated statements of financial position before the Public Issue and utilisation of proceeds.

(2) Computed based on our pro forma total equity of RM60.4 million in the pro forma consolidated statements of financial position after the Public Issue and utilisation of proceeds.

12. FINANCIAL INFORMATION *(Cont'd)*

As at LPD, all of our borrowings are interest bearing and denominated in RM. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities.

We have not defaulted on payments of principal sums and/ or interests in respect of any borrowings throughout FYE 2022 to 2025 and up to LPD.

As at LPD, our Group is not in breach of any terms, conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During FYE 2022 to 2025 and up to LPD, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

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12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4, we do not utilise any other financial instruments. We finance our operations mainly through cash generated from our operations, credit extended by trade payables as well as external sources of funds which mainly comprise borrowings.

Save for our hire purchases liabilities and a term loan which carry fixed interest rates, other borrowings bear variable interest rates based on the bank's cost of funds plus a rate which varies depending on the different types of bank facilities.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments.

	To be funded from Public Issue	To be funded internally or via bank borrowings
	RM'000	**RM'000**
Approved and contracted for:		
- Acquisition of a double-storey terrace house in Johor	-	378
Approved but not contracted for:		
- Business expansion/ establishment of New Bukit Minyak Facility	570	-
- Renovation costs of Taiping Factory	300	-
- Purchase of machinery and equipment	1,502	-
	2,372	**378**

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

(a) Material litigation

As at LPD, we are not engaged in any material litigation, claims and/ or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

(b) Contingent liabilities

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our Group's business, financial results and financial position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2022 to 2025 are as follows:

	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Trade receivables turnover (days)(1)	50	67	57	71
Trade payables turnover (days)(2)	41	57	47	45
Inventory turnover (days)(3)	56	82	75	89
Current ratio (times)(4)	1.9	2.1	1.9	2.2
Gearing ratio (times)(5)	0.2	0.3	0.2	0.5

Notes:

(1) Computed based on average trade receivables as at financial year-end over revenue for the respective financial years, multiplied by 365 days for FYE 2022, 2023 and 2025, and 366 days for FYE 2024.

(2) Computed based on average trade payables as at financial year-end over total cost of sales for the respective financial years multiplied by 365 days for FYE 2022, 2023 and 2025, and 366 days for FYE 2024.

(3) Computed based on average inventories as at financial year-end over cost of sales for respective financial years, multiplied by 365 days for FYE 2022, 2023 and 2025, and 366 days for FYE 2024.

(4) Computed based on current assets over current liabilities as at the end of the respective financial years.

(5) Computed based on total borrowings over total equity as at the end of the respective financial years.

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12.8.1 Trade receivables turnover

Our average trade receivables turnover period for FYE 2022 to 2025 is stated as below:

	FYE 2022	FYE 2023	FYE 2024	FYE 2025
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade receivables	5,144	9,181	8,735	9,124
Closing trade receivables	9,181	8,735	9,124	13,493
Average trade receivables	7,163	8,958	8,930	11,309
Revenue	52,586	49,100	57,655	57,858
Trade receivables turnover (days)	50	67	57	71

The normal credit terms granted by our Group range from 30 to 120 days from the date of invoice. Our credit terms to customers are assessed and approved on a case-by-case basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness and the quantum of amount owing. We use ageing analysis to monitor the credit quality of our trade receivables.

Our trade receivable turnover days for FYE 2022, 2023, 2024 and 2025 were 50 days, 67 days, 57 days and 71 days respectively, which was within the normal credit terms granted to our customers.

Our trade receivable turnover days increased to 71 days in FYE 2025 (FYE 2024: 57 days), mainly due to higher billings towards the end of FYE 2025.

The ageing analysis of our trade receivables as at 31 December 2025 is as follows:

	Trade receivables as at 31 December 2025		**Collection from 1 January 2026 up to LPD**	**Balance as at LPD**
	RM'000	**Percentage of trade receivables**	**RM'000**	**RM'000**
	(a)	**(a)/total of (a)**	**(b)**	**(c) = (a)-(b)**
Neither past due nor impaired	8,048	59.6	6,469	1,579
Past due but not impaired:				
- less than 30 days	2,208	16.4	1,752	456
- 31 to 60 days	1,723	12.8	1,486	237
- 61 to 90 days	790	5.8	340	450
- over 90 days	724	5.4	724	-
	5,445	40.4	4,302	1,143
	13,493	**100.0**	**10,771**	**2,722**

As at 31 December 2025, our total trade receivables stood at RM13.5 million, of which 59.6% of the trade receivables are within the normal credit period. As at LPD, we have collected RM10.8 million or 79.8% of our trade receivables balance as at 31 December 2025.

Our Group has not encountered any major disputes with our trade receivables. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after 31 December 2025. We have continuously undertaken recovery efforts for the collection and these include monthly meetings to identify and to follow up closely on overdue amounts, as well as issuing letters of demand to customers to pursue recovery of payments from them.

12.8.2 Trade payables turnover

Our average trade payables turnover period for FYE 2022 to 2025 is stated as below:

	FYE 2022	FYE 2023	FYE 2024	FYE 2025
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	3,602	5,068	4,390	4,421
Closing trade payables	5,068	4,390	4,421	3,892
Average trade payables	4,335	4,729	4,406	4,157
Cost of sales	38,130	30,032	34,433	34,024
Trade payables turnover (days)	41	57	47	45

The normal credit terms granted to us by our suppliers range from 30 to 180 days from the date of invoice. Our trade payables turnover days for FYE 2022, 2023, 2024 and 2025 was 41 days, 57 days, 47 days and 45 days respectively, which were within the normal credit terms granted by our suppliers.

The ageing analysis of our trade payables as at 31 December 2025 is as follows:

	Trade payables as at 31 December 2025		Payment from 1 January 2026 up to LPD	Balance as at LPD
	RM'000	Percentage of trade payables	RM'000	RM'000
	(a)	(a)/total of (a)	(b)	(c) = (a)-(b)
Within credit period	1,052	27.0	819	233
Exceeding credit period:				
- 1 to 30 days	1,155	29.7	1,115	40
- 31 to 60 days	437	11.2	400	37
- over 60 days	1,248	32.1	1,161	87
	2,840	73.0	2,676	164
	3,892	**100.0**	**3,495**	**397**

As at 31 December 2025, our total trade payables stood at RM3.9 million, with RM2.8 million exceeding the normal credit period. As at LPD, we have paid RM3.5 million or 89.8% of our total outstanding trade payables as at 31 December 2025.

As at LPD, there are no outstanding disputes in respect of our trade payables and there is no legal action initiated by our suppliers to demand for payment from us.

12.8.3 Inventory turnover

Our inventories comprise mainly raw materials such as steel materials, rectangular bar rails, components and accessories, which are purchased on a project-to-project basis. Our average inventory turnover period for FYE 2022 to 2025 is stated as below:

	FYE 2022	**FYE 2023**	**FYE 2024**	**FYE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventories	4,979	6,760	6,717	7,305
Closing inventories	6,760	6,717	7,305	9,339
Average inventories	5,870	6,739	7,011	8,322
Cost of sales	38,130	30,032	34,433	34,024
Inventory turnover (days)	56	82	75	89

Our inventory turnover period for FYE 2022 to 2025 was 56 days, 82 days, 75 days and 89 days. Our inventory turnover period for FYE 2022 was relatively lower at 56 days, mainly contributed by the lower average inventories in FYE 2022 which resulted from the lower opening inventories brought forward from FYE 2021. Additionally, higher global steel prices in FYE 2022 have resulted in a higher cost of sales, further contributing to the low inventory turnover period in FYE 2022.

Following the decline in global steel prices in FYE 2023 and higher average inventories kept during FYE 2023, our inventory turnover period for FYE 2023 increased to 82 days (FYE 2022: 56 days). Our inventory turnover period for FYE 2024 remained relatively consistent at 75 days (FYE 2023: 82 days). For FYE 2025, our inventory turnover period increased to 89 days (FYE 2024: 75 days), mainly due to accumulation of raw materials inventories for our ongoing projects as at FYE 2025, coupled with higher purchases of steels materials as our Group took advantage to stock up the materials at the lower steel prices.

12.8.4 Current ratio

Our current ratio throughout FYE 2022 to 2025 is as follows:

	As at 31 December			
	2022	**2023**	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	21,652	25,638	33,557	37,409
Current liabilities	11,417	12,294	18,017	16,902
Net current assets	**10,235**	**13,344**	**15,540**	**20,507**
Current ratio (times)	1.9	2.1	1.9	2.2

For FYE 2022 to 2025, our current ratio ranged from 1.9 times to 2.2 times. This indicates that our Group is capable of meeting short-term obligations as our net current assets, such as trade receivables and inventories, which can be readily converted to cash, together with our cash and cash equivalents, are enough to meet our current liabilities.

12.8.5 Gearing ratio

Our gearing ratio throughout FYE 2022 to 2025 is as follows:

	As at 31 December			
	2022	**2023**	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings(1)	3,209	8,203	7,633	18,768
Total equity	20,354	26,772	33,015	40,064
Gearing ratio (times)	0.2	0.3	0.2	0.5

Note:

(1) Computed based on our total outstanding borrowings and indebtedness (excluding lease liabilities arising from leasing of workshops and hostels).

Our gearing ratio ranged from 0.2 times to 0.3 times and did not fluctuate significantly for FYE 2022 to 2024.

Our gearing ratio increased from 0.2 times in FYE 2024 to 0.5 times for FYE 2025, mainly due to increase in total borrowings of RM11.4 million, attributable to additional term loan drawndown to finance the acquisitions of New Bukit Minyak Facility and the New Kota Kinabalu Facility.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during FYE 2022 to 2025. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9.

12.10 IMPACT OF INFLATION

During FYE 2022 to 2025, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/ OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

(a) Impact of foreign exchange rates

Our proportion of sales and purchases denominated in local and foreign currencies are as follows:

	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales denominated in:								
RM	51,777	98.5	48,916	99.6	57,201	99.2	57,759	99.8
USD	809	1.5	130	0.3	258	0.5	-	-
EUR	-	-	54	0.1	-	-	-	-
RMB	-	-	-	-	196	0.3	99	0.2
	52,586	**100.0**	**49,100**	**100.0**	**57,655**	**100.0**	**57,858**	**100.0**

	FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Purchases denominated in:								
RM	21,532	66.4	15,894	71.0	16,900	69.3	14,992	61.3
RMB	7,327	22.6	5,869	26.2	5,979	24.5	5,060	20.7
EUR	1,216	3.8	533	2.4	966	4.0	4,224	17.2
USD	2,348	7.2	92	0.4	196	0.8	178	0.7
AUD	-	-	-	-	-	-	16	0.1
SGD	1	<0.1	2	<0.1	2	<0.1	-	-
THB	-	-	-	-	353	1.4	-	-
	32,424	**100.0**	**22,390**	**100.0**	**24,396**	**100.0**	**24,470**	**100.0**

Our Group's gain or loss from foreign exchange fluctuations for FYE 2022 to 2025 are as follows:

	FYE 2022	FYE 2023	FYE 2024	FYE 2025
	RM'000	**RM'000**	**RM'000**	**RM'000**
Realised gain on foreign exchange	179	36	98	209
Unrealised gain/ (loss) on foreign exchange	3	(44)	(15)	62
Net gain/ (loss)	182	(8)	83	271

Based on the table above, our Group has not been materially impacted by the foreign exchange fluctuations.

(b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our loans and borrowings.

A sensitivity analysis performed on our Group for the floating rate instruments as at 31 December 2025 indicates that our PAT for FYE 2025 would increase or decrease by approximately RM0.07 million, as a result of increase or decrease in interest rates by 50 basis points on these borrowings.

Our financial results for FYE 2022 to 2025 were not materially affected by fluctuations in interest rates.

(c) Impact of commodity prices

The raw materials used in the manufacturing of our industrial lifting and handling equipment are steel materials. For FYE 2022 to 2025, our purchases of steel materials accounted for 28.7%, 21.4%, 23.5% and 21.2% of our total purchases respectively. For FYE 2022 and 2023, our financial performance, particularly our GP margins were impacted by the fluctuations of global steel prices as explained in Section 12.2.3(b) above. Save as disclosed, we have not encountered other major fluctuations in the price of steel which materially or adversely impacted our financial performance. However, there can be no assurance that such incidents will not occur in the future and that our financial performance will not be materially or adversely affected.

12.12 ORDER BOOK

Our revenue is generated by way of purchase orders from our customers on an ongoing basis. As such, our order book primarily arises from unfulfilled purchase orders where the products and services are typically delivered to customers within 6 to 9 months upon receipt of the purchase orders.

As at LPD, details of our unbilled order book are as follows:

	RM'000
Design, manufacturing, installation and commissioning of industrial lifting and handling equipment	39,613
Provision of maintenance, repair and other related services	1,341
Trading of components, accessories and other industrial lifting and handling equipment	664
	41,618

12.13 SIGNIFICANT CHANGES

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2025 and up to LPD.

12.14 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) our revenue will remain sustainable with an upward growth trend, in line with positive outlook of the industrial lifting and handling equipment industry as set out in the IMR Report in Section 8;

(b) our liquidity will improve subsequent to the Public Issue, given the additional funds to be raised for our Group to carry out our business strategies and future plans as stated in Section 7.16; and

(c) our capital resources will strengthen, considering the proceeds to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our business expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.15 TREND INFORMATION

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material impact on our Group's financial performance, position and operations other than those discussed in Sections 7.7, 8, 9, 12.2, 12.9, 12.10 and 12.11;

(b) material commitments for capital expenditure as disclosed in Section 12.6;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.7, 9, 12.2, 12.9, 12.10 and 12.11; and

(d) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.7, 9, 12.2, 12.9, 12.10 and 12.11.

Based on the above, our Board is optimistic about the future prospects of our Group given the long term positive outlook of the industrial lifting and handling equipment industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.15 and our Group's intention to implement the business strategies as set out in Section 7.16.

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12.16 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends are subject to the discretion of our Board. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon several factors, including our Group's financial performance, capital expenditure requirements and any other factors considered relevant by our Board.

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require their financiers' consent (if any) as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us.

During FYE 2022 to 2025 and up to LPD, we declared and paid the following dividends:

	FYE 2022	FYE 2023	FYE 2024	FYE 2025	1 January 2026 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	300	300	350	2,500	-
Dividends paid	300	300	350	2,500	-
PAT	5,429	6,718	6,583	6,863	-
Dividend payout ratio (times)[(1)]	0.1	<0.1	0.1	0.4	-

Note:

(1) Computed based on dividend declared and paid divided by PAT for each financial year.

The dividends declared and paid in FYE 2022 to 2025 and up to LPD were funded via internally generated funds of the respective subsidiaries. Further to the above, we do not intend to declare or pay any dividends from LPD up to our Listing.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

(a) Based on latest unaudited consolidated financial information of our Group as at 30 April 2026; and

(b) After adjusting for the effects of the other significant subsequent events as well as the Public Issue and utilisation of proceeds.

	Unaudited	**I**	**II**
	As at 30 April 2026	**After Public Issue**	**After I and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**
Capitalisation			
Share capital	22,924	45,902	45,072
Total capitalisation	**22,924**	**45,902**	**45,072**
Indebtedness			
Current			
Secured and guaranteed			
Term loans	683	683	683
Hire purchase facilities	494	494	494
Non-current			
Secured and guaranteed			
Term loans	14,322	14,322	1,054
Hire purchase facilities	1,054	1,054	572
Total indebtedness	**16,553**	**16,553**	**2,803**
Total capitalisation and indebtedness	**39,477**	**62,455**	**47,875**
Debt-to-capital ratio (times)[1]	0.72	0.36	0.06

Note:

[1] Calculated based on total indebtedness divided by total capitalisation.