9. RISK FACTORS

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

9.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

9.1.1 Our business' reputation, market competitiveness and financial performance may be adversely affected by the sales of counterfeit products

The sale of counterfeit products may negatively affect our business' reputation, market competitiveness and financial performance as counterfeit products can undermine the trust and credibility that we have developed with our customers. If our customers had unknowingly purchased counterfeit products and experience negative experience due to the poor quality of products, we may lose our customers' faith and loyalty to our products and the public may develop negative perception towards our brands and products.

Moreover, the sale of counterfeit products replicating our products in the market could lead to financial losses as the sale of counterfeit products could divert sales away from our products and lead to the decrease in our revenue which will inevitably affect our financial performance. Additionally, our market positioning could be at a disadvantage due to the lower prices of counterfeit products being sold as compared to the prices of our products, particularly if customers' priorities are based on the prices of products rather than on the quality of products. As such, our Group may experience loss of market shares due to the counterfeit products.

During the Financial Years Under Review and up to LPD, we had encountered 3 counterfeit products in the market posing as *Bonlife* products on separate incidents. During our encounter with the counterfeit products, we had alerted the public on the ways to differentiate our product with counterfeit products via newspapers and our social media platform and had also reported the counterfeit products to the respective regulatory bodies, i.e. Ministry of Domestic Trade and Costs of Living, Royal Malaysian Police as well as NPRA, and third-party e-commerce platforms. While we did not observe any material impact on our Group's reputation and financial performance resulting from this incident, there can be no assurance that the occurrence of such incident in the future will not have an adverse impact on our reputation and financial performance.

9.1.2 Our business is dependent on necessary licences, approvals and permits

Our business is subject to various laws, rules and regulations. As at LPD, we have obtained the necessary licences, approvals and permits from various governmental authorities for our business operations, as set out in Annexure B of this Prospectus.

We had not obtained the following licences in our business operations in the past ("**Past Non-Compliances**"):

(i) Our subsidiary, Orient Laboratories, had operated without a manufacturing licence issued by MITI pursuant to Section 3 of the Industrial Co-ordination Act 1975 in the past. During the period from incorporation of Orient Laboratories in year 1999 until 31 May 2012, Orient Laboratories was not required to apply for a manufacturing licence as Orient Laboratories' shareholders' funds did not exceed RM2.50 million and it did not employ more than 75 full-time employees. In the course of reviewing its licensing requirements, Orient Laboratories realised that it had met the licensing requirements since FYE 2012 but had not obtained the requisite manufacturing licence. Hence, Orient Laboratories began the process of applying to MITI to obtain the requisite manufacturing licence in May 2023. The cost incurred for the rectification to obtain the manufacturing licence was RM300.00, which was the application fee payable to MITI.

Orient Laboratories had on 28 July 2023 obtained a conditional approval from MITI, which requires Orient Laboratories to fulfil the conditions stated in the conditional approval letter within 6 months from the date of such letter.

For information purpose, the revenue contribution of Orient Laboratories during the Financial Years Under Review are RM1.05 million, RM1.32 million and RM1.43 million, respectively.

Orient Laboratories has complied with the conditions stated in the conditional approval letter and obtained the manufacturing licence issued by the MITI on 1 November 2023. No penalty was imposed by MITI for the period of past non-compliance from 1 June 2012 up to the date of the issuance of the manufacturing licence. In any event, the potential penalty which may be imposed in connection with this non-compliance is RM2,000.00, which represents approximately 0.02% of our Group's PBT for the FYE 2023. Such potential penalty would not however be expected to have a material adverse impact on our Group's business operations and financial results;

(ii) Our subsidiary, Bonlife, had operated without a wholesaler's licence issued by NPRA prescribed under Regulation 12 of the Control of Drugs and Cosmetics Regulations 1984 since 2007. For information purpose, the products supplied to Bonlife were manufactured by Orient Laboratories, for which Orient Laboratories had obtained and maintained a valid manufacturer and wholesaler's licence granted by NPRA which is renewed annually. Due to a misunderstanding of the NPRA wholesaler's licence registration requirements, Bonlife had not obtained a separate wholesaler's licence and had instead relied on Orient Laboratories' wholesaler's licence for its wholesale activities.

After becoming aware of the requirement to obtain a separate licence, Bonlife had in May 2023 made an application for the requisite licence and had on 11 May 2023 obtained the wholesaler's licence with a validity period until 31 December 2023. The cost incurred for the rectification to obtain the wholesaler's licence was RM500.00, which was the application fee payable to NPRA. The potential penalty which may be imposed in connection with this non-compliance is approximately RM50,000.00, which represents approximately 0.41% of our Group's PBT for the FYE 2023. Such potential penalty, if imposed, is however not expected to have a material adverse impact on our Group's business operations and financial results; and

(iii) Our subsidiary, Orient Biotech, had undertaken the manufacturing of fortified F&B for pets from November 2013 until 31 May 2023 at our Selayang Factory without a certificate of registration of manufacturer of feed being issued by the Feed Board under Regulation 3(1) of the Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012. This arose due to a misunderstanding of the applicability of the Feed Board's registration/certification requirements. Our Group ceased the manufacturing of fortified F&B for pets on 31 May 2023 as part of our Group's strategy to focus on the core business activities, i.e. the manufacturing of fortified F&B and dietary supplements for human consumption, and the former manufacturing activity for pets thus no longer forms part of our Group's business.

This past non-compliance of our Group is not however expected to have a material adverse impact on our Group's business operations and financial results, premised on the following:

(a) subsequent to 31 May 2023, our Group no longer carries out the manufacturing of fortified F&B for pets;

(b) the manufacturing of fortified F&B for pets had only contributed 0.79%, 2.30% and 2.51% to our Group's revenue for the Financial Years Under Review respectively; and

(c) the potential financial penalty which may be imposed in connection with the failure to obtain a certificate of registration of manufacturer of feed, upon our Group being held liable, is RM10,000.00, which represents approximately 0.08% of our Group's PBT for the FYE 2023.

The potential penalties relating to the aforesaid non-compliances if imposed, viewed both from an individual or collective perspective, are not however expected to have a material adverse impact on our Group's business operations and financial results. As at LPD, neither our Directors nor our Group have been fined or penalised or issued with any notice of non-compliance by the relevant authorities, whether prior to, in connection with or after the application for or issuance of the licence. Notwithstanding this, our Group will continue to assess and observe the relevant laws, rules and regulations relating to our industry and renew the required licences, approvals and permits in a timely manner as and when required.

If we are unable to comply with all regulations or conditions of our licences, approvals and permits, such licences, approvals and permits may be suspended or revoked and this will negatively affect our business operations. 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 our maintenance or renewal of licences, approvals and permits. Any failure to maintain or renew our major licences, permits and approvals in the future could materially and adversely affect our business operations and financial performance.

9.1.3 Our success depends on our key personnel and our ability to attract and retain skilled personnel

The continued success and growth of our Group is largely dependent on the abilities, skills, experience, competency and continuous efforts of our Managing Director, Executive Director and Key Senior Management team as disclosed in Section 7.13 of this Prospectus. The presence of our Managing Director, Executive Director and Key Senior Management is crucial to our business continuity as they play a pivotal role in our day-to-day business operations as well as charting, formulating and implementing strategies to drive the future growth of our Group.

Any significant or sudden loss of the services of our Managing Director, Executive Director, and Key Senior Management without suitable and timely replacement may have an adverse and material impact on our Group's business operations and may eventually affect our ability to maintain and/or improve our business performance.

9.1.4 Our Group may be liable for our marketing agents' actions and conduct in marketing our house brand products

Our Group engages with third party marketing agents to market our house brand products, namely *GoHerb, KidsVite, Sleepin' Beaute* and *EZ:Nitez.* Through engagement with third party marketing agents, our Group is exposed to the risk that these third party marketing agents may inaccurately market and represent our products. Our Group has set standard operating procedures for our marketing agents, provides trainings to our marketing agents on the product knowledge, undertakes proofreading of the marketing content, as well as conducts routine checks on the sales and marketing performance of our house brand products on a monthly basis. There is no assurance that our third party marketing agents will be able to maintain their quality of services and contribute sales to our Group consistently.

Should our third party marketing agents fail to uphold their quality of services, it may reflect negatively on our brand, thus resulting in negative perception among potential customers towards our brand as well as the loss of existing customers. Further, in the event of any inaccurate marketing of our house brand products by third party marketing agents which results in complaints made against our Group, we may be held liable to our marketing agents' actions and conduct as they are deemed to be representatives of our Group and our Group's products. Further, this may also result in product liability claims and legal action being taken against our Group. Should the customers develop unfavourable experiences from the consumption of our products premised on the inaccurate instruction advised by our third party marketing agents, this could affect the future growth of our house brand products and our Group's financial performance adversely.

9.1.5 Our Group is exposed to foreign exchange fluctuation risks which may impact our profitability

Our Group is exposed to foreign exchange fluctuation risks, particularly for our purchases. For the Financial Years Under Review, our purchases from overseas collectively contributed 41.74%, 38.03% and 27.62% to our Group's total purchases, while the remaining 58.26%, 61.97% and 72.38% are contributed from local purchases. Our purchases such as raw materials (herbal plant powder and extract, plant oil, animal-derived products, amino acid, algae powder), food ingredients (excipients, milk powder, fruit and vegetable powder, and nuts, seeds, beans, grains, oats and coffee powder), and packaging material are sourced from overseas and are denominated in USD, EUR, RMB and AUD.

During the Financial Years Under Review, our purchases denominated in the respective currencies are as follows:

Purchases denominated in:	FYE 2021		FYE 2022		FYE 2023	
	RM'000	(%)	RM'000	(%)	RM'000	(%)
RM	9,331	58.26	16,391	61.97	13,674	72.38
USD	1,134	7.08	2,451	9.27	2,191	11.60
EUR	4,998	31.21	7,109	26.88	2,047	10.83
RMB	430	2.69	370	1.40	897	4.75
AUD	122	0.76	127	0.48	83	0.44
Total	**16,015**	**100.00**	**26,448**	**100.00**	**18,892**	**100.00**

For illustration purposes, for the FYE 2023, assuming the fluctuation of the RM against the USD, EUR, RMB and AUD is 1%, this will result in an increase or decrease in our GP by RM 0.05 million, depending on the direction of the foreign exchange movement between RM and said currencies. As our Group continues to expand, any fluctuation in foreign exchange rates may have a material impact on our financial performance.

To a certain extent, we enter into foreign exchange forward contracts with banking institutions to potentially lock in the exchange rates of USD, EUR, RMB and AUD for payments to our suppliers. As at LPD, our Group does not have any outstanding foreign exchange contracts. Notwithstanding that, our purchases are subject to foreign exchange fluctuation risks as a depreciation of RM against any other currency will lead to higher costs of supplies incurred by our Group. In the event that we are unable to pass the increase in cost to our customers, our financial performance may be adversely affected due to the higher cost of sales.

9.1.6 Our Group may face delay in the construction of New Serendah Factory

We plan to construct our New Serendah Factory, as set out in Section 7.14 of this Prospectus, to support our Group's expansion plans. We expect to complete the construction of our New Serendah Factory and commence business operations by the 2nd half of 2025.

The construction of our New Serendah Factory within time and budget may be affected by the following conditions:

(i) Unexpected delay in construction;

(ii) Delay in purchase of new machines and relocation of existing machines; and

(iii) Our ability to obtain the requisite approvals and licences to commence business operations, including the following:

- issuance of a CCC for our New Serendah Factory; and
- issuance of manufacturing licence from MITI as well as the business license from the relevant local council/authority for our New Serendah Factory.

Delay in the construction of our New Serendah Factory may lead to higher than anticipated construction costs due to potential cost overrun arising from unexpected increase in prices of building materials and additional labour costs. In such event, we may be required to utilise our internally generated funds which will reduce our available working capital, or to incur additional bank borrowings which will increase our interest cost to fund the increase in construction costs.

9.1.7 Our product development activities may not lead to successful commercialisation of our products

Our success and growth depend in part on our ability to be efficient in the manufacturing of our products as well as to continuously enhance and develop new products to meet prevailing market demand. To this end, we are committed to undertake product development activities to develop new product formulations and to improve existing product formulations. Product development is carried out by our product development team, led by Lee Chee Keat, our R&D Manager. Please refer to Section 7.10 of this Prospectus for further details of our product development activities. Despite our Group's commitment and efforts in product development activities, there is no assurance that our product development activities will yield favourable results and lead to successful commercialisation. Unsuccessful product development activities may have an adverse impact on our financial performance as we are unable to commercialise and generate revenue from the unsuccessful products, while having incurred the product development expenses.

In addition, as the demand for fortified F&B and dietary supplements change over time according to market trends, we are exposed to challenges in maintaining and growing our market share within the industry. Market trends are largely dictated by consumer preferences and development of the fortified F&B and dietary supplements formulations. Our continued success will depend partly on our ability to anticipate and develop fortified F&B and dietary supplements that meet the consumers' demands and to market our products accordingly to our targeted consumer group.

In the event that we are unable to expand and/or enhance our range of product offerings to meet the changing market demand in a timely manner, or at all, we may be unable to continue growing our revenue, and/or to maintain our market share. Since we began carrying out in-house product development activities, we have not experienced any unsuccessful product development activities. However, our Group has experienced several incidents of unsuccessful commercialisation of our products pursuant to our product development activities which were attributable to issues such as changes in market trends prior to the products' commercialisation and changes in the business plans of our customers. During the Financial Years Under Review and up to LPD, the financial impact from unsuccessful commercialisation of our products was minimal as the costs involved in product development were staff costs and consumables for sampling purposes.

9.1.8 Our business is exposed to unexpected interruptions or delay caused by equipment failures, power outages, fires, as well as other environmental factors which may lead to interruptions in our business operations

Our business relies on different types of machines and equipment to carry out the manufacturing of fortified F&B and dietary supplements. These machines and equipment may, on occasion be out of service due to unanticipated failures or damages sustained during our business operations. In addition, as our manufacturing activities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may result in interruptions in our business operations.

Further, our business is also subject to loss due to fires or natural disasters such as floods or storms. The occurrence of these unexpected events that are beyond our control may cause damage or destruction of all or part of our factory and machines, resulting in interruptions to, or prolonged suspension, of our manufacturing activities. Any prolonged interruption to our manufacturing activities will affect our manufacturing schedule and in turn, cause delays in the delivery of products to our customers. This could adversely affect our relationships with customers, financial performance and industry reputation.

In July 2021, our manufacturing of vegetable softgels faced a temporary disruption of approximately 1 month due to delay in obtaining a replacement part for our vegetable softgel machine, which was caused by supply chain disruptions and logistics delay as we had to import the replacement part of the machine from Korea. While our deliveries to customers were delayed in July 2021 and August 2021, we were able to complete the fulfilment of all orders within the FYE 2022. Hence, this incident did not materially impact our financial performance.

Save as disclosed above, we have not experienced any incidents of unanticipated machine and equipment failures, power outages or catastrophic damages as a result of fires or floods, which led to major interruptions in our business operations. However, there can be no assurance that such incidences will not happen in the future. In the event that these incidents occur, it may result in interruptions to our business operations and thus adversely affect our business operations and financial performance.

Further, the outbreak of pandemics of infectious diseases or other health epidemics such as COVID-19 that may also create economic uncertainties globally may adversely affect business activities. The outbreak of pandemics may also result in the imposition of various lockdown measures to curb the spread of the virus, leading to disruptions and/or temporary suspension of business activities. While our financial performance was not materially and adversely affected, our business operations were temporarily disrupted during the COVID-19 pandemic in which further details of which are as set out in Section 7.16 of this Prospectus. Should there be a future outbreak of infectious disease similar to the COVID-19 pandemic, there is no assurance that our business operations and financial performance will not be materially and adversely affected.

In the event that we have to halt our business operations due to the abovementioned potential incidents, we could still be required to incur operating expenses such as labour costs and utilities costs. Our Group's financial performance could be adversely affected should the interruptions occur over a prolonged period.

9.1.9 Our business is exposed to risk arising from food contamination

Food contamination is an inherent risk in all food and beverage related operations. We are exposed to the risk of food contamination due to numerous processes involved in the manufacturing of fortified F&B and dietary supplements.

The raw materials and food ingredients used in our manufacturing process comprise food grade raw materials and food ingredients which have to be handled and stored in dry conditions. The raw materials and food ingredients are vulnerable to contamination from the growth of mould if not properly handled, stored and packed.

Moreover, the raw materials and food ingredients that we purchase may also be contaminated during receipt due to poor handling during transportation, poor packing quality, poor packaging material quality, exposure to adverse weather conditions that could affect the packaging of the products and exposure to pests. Any contamination in our raw materials, food ingredients and final products may result in it being unsafe for consumption and will have an adverse impact on our reputation. This may also result in authorities inspecting our premises, leading to monetary fines and/or temporary closure of our premises for cleaning and/or sanitation, any of which may materially and adversely affect us.

Further, our manufacturing processes involve human intervention and are therefore subject to our employees' awareness of good hygiene and them continuously adhering to our food safety management system. Whilst we have emphasized and educated our employees on our food safety standards, there is no assurance that we will not be exposed to the risks of food contamination in the future.

During the Financial Years Under Review and up to LPD, we have not experienced any material incidences of food contamination that have led to monetary fines and/or temporary closure of our business operations for cleaning and/or sanitation.

9.1.10 Our business may be adversely affected by product defects, product liability claims, product recalls, adverse publicity or negative public perception regarding our products or industry

If any of our products were to be involved in product contamination, tampering, adulteration, damage or mislabelling, we may need to recall some or all of our products. A widespread product recall could result in significant losses due to the cost of conducting a product recall, including destruction of inventories and loss of sales resulting from the unavailability of the product for a period of time until the manufacturing issue of the product is rectified.

In addition, adverse publicity or negative public perception regarding the products we sell, the safety or quality of our products, or our industry in general, could result in substantially lower demand for our products. Negative public perception could also arise from regulatory investigations or product liability claims, regardless of whether those investigations involve us or whether any product liability claim is successful against us.

We may also be liable if the consumption or use of any of our products causes any health complications. A significant product liability judgement, involving us or our competitors, could also result in a loss of consumer confidence in our products and materially impact consumer demand, which in turn could have a material adverse effect on our financial position, results of our business operations and prospects.

During the Financial Years Under Review and up to the LPD, we have not had any of our products recalled from the market and have not experienced any product liability claims, reputation risks nor lack of consumer confidence due to contaminated products.

However, upon request, we may provide product replacements for defects caused by mishandling during delivery of products to our customers. During the Financial Years Under Review, we had incurred RM102,639, RM28,565 and RM58,892, respectively of product replacement costs for third party brand owners; as well as RM191,817, RM188,430 and RM287,673, respectively of product replacement costs for our *Bonlife* products for defects such as deformed product appearance, smell or texture which are typically caused by mishandling during delivery of products to our customers, as well as near expiry products. During the Financial Years Under Review, we did not incur any product replacement costs for *GoHerb, Kids Vite*, *Zen Night* and *Sleepin' Beaute* products.

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

We maintain insurance to protect against various losses and liabilities, and the insurance policies maintained by our Group include fire insurance policy, burglary policy and product liability insurance policy. For the fire insurance particularly, we have purchased fire insurance policies for the building, machine and equipment and stocks including raw material, intermediate products, finished goods and packing materials. For the product liability insurance, we have maintained product liability insurance policies for (i) most of our fortified F&B and dietary supplements manufactured and sold under our house brands; and (ii) products manufactured and sold to third party brand owners as requested by third party brand owners. As we continuously conduct product development activities to capture the latest market trends, our Group may commercialise new house brand products from time to time in which the new products were commercialised after the renewal of our Group's product liability insurance. As such, these newly commercialised house brand products were not covered under our insurance. Following each renewal of our product liability insurance, we will maintain the product liability insurances for these newly commercialised house brand products which are still active in the market. However, our insurance may not be adequate to cover all losses or liabilities that might occur in our business operations. For example, while we are insured against losses resulting from fires, we do not maintain insurance against losses at our factory as a result of natural disasters.

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 are not fully insured, it could have a material adverse effect on our business, financial condition and results of our business operations.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We may face competition from industry players

According to the IMR Report, the fortified F&B and dietary supplements industry has a large number of industry players that compete in the manufacturing and supply of fortified F&B and dietary supplements. These fortified F&B and dietary supplements industry players include public listed companies, large private companies, as well as small to medium enterprises. For dietary supplements in particular, industry players must be registered as dietary supplement manufacturers with the NPRA. As of September 2023, there were approximately 180 registered dietary supplement manufacturers in Malaysia.

Our Group competes with existing and new industry players in terms of the capability to offer customisable formulations, range of product forms offered, pricing, quality of products, timing of delivery and manufacturing capacities, as well as the ability to provide end-to-end solutions from product registration services to sourcing, manufacturing and delivery of products to customers.

In view of the above, we need to continuously improve in order to develop fortified F&B and dietary supplements that meet consumers' demand and to market our products effectively to our target consumer groups, so that we are able to maintain our competitiveness in the industry. Failure to remain competitive in the industry may lead to reduced sales which will adversely impact our Group's financial performance.

9.2.2 We are subject to price fluctuations of raw materials and food ingredients

Our fortified F&B and dietary supplements are predominantly manufactured using raw materials and food ingredients such as herbal plant powder and extracts, fruit and vegetable powder, or milk powder. As the raw materials and food ingredients that are primarily used in our manufacturing processes are botanical-based products, the prices are subject to price fluctuations due to environmental factors such as the weather, natural disasters, pests and crop diseases which may affect the supply. In the event that weather conditions are not suitable for growing agricultural crops, it may affect the regional supply and demand equilibrium of the raw materials and food ingredients that we require in manufacturing our products. Consequently, this leads to the increase in the prices of raw materials and food ingredients due to lower supply. Similarly, if natural disasters such as floods or wildfires were to occur, crops would be destroyed and supply chains would be disrupted, causing the prices of raw materials and food ingredients to increase. Further, the prices of raw materials and food ingredients would also be affected by the occurrence of pest outbreaks and crop diseases. Pests and crop diseases could affect the quality of herbs, fruits and vegetables and result in the costs of raw materials and food ingredients to increase due to lower supply.

The increase in the cost of raw materials and food ingredients would directly impact our manufacturing costs. If we are unable to pass on the increase in cost to our customers, our financial performance may be adversely affected. Further, increase in prices may result in our customers seeking alternative suppliers, thus resulting in the loss of sales if we are unable to retain our existing customers or if our prices are no longer adequately competitive to attract new customers.

9.2.3 We are subject to the increase in salary cost following the revision of national minimum wages

On 19 March 2022, the Government announced that the national minimum wage will be revised to RM1,500 per month from 1 May 2022. As such, from 1 April 2022, our Group had revised the salaries for employees earning less than RM1,500 per month to RM1,500 per month. The impact from the revision of the minimum wages to our direct labour costs are as set out in Section 12.3.2(b) of this Prospectus.

Any further increase in national minimum wages will increase our salary cost which may negatively affect our financial performance should we fail to pass on the increase in cost to our customers in a timely manner.

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9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors including but not limited to our business strategies and our financial and operating history.

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

9.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as 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 Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) material variations in our financial results and business operations;

(ii) success or failure of our management in implementing business strategies and future plans;

(iii) gain or loss of an important business relationship;

(iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(v) changes in conditions affecting our industry, the prevailing global and local economic conditions or stock market sentiments or other events or factors;

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

(vii) additions or departures of key personnel;

(viii) fluctuations in stock market prices and volumes;

(ix) involvement in claims, litigation, arbitration or other form of dispute resolution; or

(x) general operational and business risks.

9.3.3 There may be a potential delay to or failure of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

(i) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;

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

(iii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.00% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

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

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

(b) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

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

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

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

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

- the sanction of our shareholders by special resolution in a general meeting, supported by a solvency statement from our Directors.