

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING KEY RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are dependent on our major customers who contributed substantially to our Group's revenue

We are dependent on our top 4 major customers in the Financial Years Under Review, namely Customer Group A, Ingress Technologies Sdn Bhd, PHN Companies and Autokeen Sdn Bhd, who collectively contributed substantially to our Group's revenue at 90.17%, 88.87% and 90.24% in the Financial Years Under Review. If any one of these customers ceases to engage us, we may experience a significant reduction in sales, which could result in a loss of revenue, given that we may not be able to replace these customers with new customers or with additional sales from existing customers in a timely manner.

Although Customer Group A, Ingress Technologies Sdn Bhd, PHN Companies and Autokeen Sdn Bhd issued letters of intent/ letters of appointment⁽¹⁾ to appoint us as their appointed suppliers, they purchase parts and components from us by purchase orders. Generally:

- (i) there is no specific duration specified in the letters of intent/ letters of appointment and we will continue supplying them with the parts and components as per their respective purchase orders to support the assembly activities by the local automotive manufacturers; and
- (ii) in our agreements with Subsidiary 2 of Customer Group A and with PHN, we are required to continue supplying the parts and components for up to 10 years after the respective vehicle models are discontinued in the market.

While we have not experienced any termination of letters of intent/ letters of appointment granted to us or any termination of business relationship whereby these 4 major customers stop purchasing from us for parts and components used in vehicle models that are still actively being sold in the market, there is no assurance that we will be able to continuously maintain our relationships with these 4 major customers or secure sales to supply more parts and components to them in the future. Any loss of these major customers and our inability to replace these major customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our Group's financial performance.

Our ability to continue maintaining our relationship with, and securing sales from, these 4 major customers are dependent on several factors including, amongst others, our ability to meet these major customers' specifications and requirements, competitive pricing, timely delivery of products, as well as continued customer service. Please refer to Section 7.13 of this Prospectus for further information on the steps taken to ensure we are able to meet our customers' quality requirements and fulfil their orders in timely manner.

Note:

- (1) *The scope of these letters of intent/ letters of appointment includes undertaking by AGSB, payment terms, product quality and termination/events of default. Please refer to Section 7.15 of this Prospectus for the salient terms of these letters of intent/ letters of appointment.*

9.1.2 We are dependent on the availability of technical personnel

Our Group is dependent on the availability of technical personnel for the design and manufacturing processes of our parts and components. As at the LPD, we have 12 technical personnel whereby 7 are involved in dies solution services and process engineering and 5 are involved in quality assurance.

9. RISK FACTORS (Cont'd)

Our technical personnel's expertise in dies solution services and process engineering as well as their in-depth industry knowledge, allow us to adapt to changing requirements quickly by developing or adjusting our manufacturing processes and techniques accordingly whilst maintaining the quality of our products, which is one of the key factors driving our business growth over the years.

We compete with other industry players within the automotive parts and components manufacturing industry to recruit and retain qualified, competent and experienced technical personnel. The loss of a substantial number of our Group's technical personnel (simultaneously or within a short span of time) without suitable and timely replacements, or our inability to attract or retain qualified, competent and experienced technical personnel, may adversely affect our ability to compete and grow in the automotive parts and components manufacturing industry.

Although we have not previously faced any shortage of technical personnel that led to major disruptions to our operations, there can be no assurance that we will be able to recruit, develop and retain adequate number of technical personnel to support the future growth and expansion of our Group.

9.1.3 We are exposed to the risk of shortages and/or delays in the supply of raw materials

The primary raw materials used in our manufacturing activities are steel coils and steel cut sheets with purchase contributions of 93.89%, 96.36% and 96.04% to our Group's total purchases respectively, in the Financial Years Under Review. Please refer to Section 7.9 of this Prospectus for the breakdown of our purchases for the Financial Years Under Review.

The nature of our operations requires us to obtain sufficient quantities of raw materials in timely manner to continue our operations and meet the demand from our customers, in order to avoid production downtime to our customers' operations which may affect the supply chain of the final production of complete vehicles. We rely on local steel suppliers who are the approved steel suppliers of our customers, as well as some of our major customers who are also our steel suppliers, for the supply of steel coils and steel cut sheets. Please refer to Section 7.9 of this Prospectus for the details of our raw materials procurement arrangements. While these raw materials are generally readily available, there can be no assurance that there will not be any shortages and/or delays in the supply of raw materials from our steel suppliers due to unforeseen reasons such as unexpected disruptions at the approved local steel suppliers' premises, disruptions to the delivery of raw materials to our TPG Factor, and/or general shortage of the relevant raw materials in the market.

While we have not encountered any shortages and/or delays in the supply of raw materials in the Financial Years Under Review and up to the LPD, there is no assurance that such incident will not occur in the future. Any prolonged shortages and/or delays in the supply of raw materials may affect our business operations. Further, there is also no assurance that we will be able to obtain raw materials at similar specifications from other steel suppliers that are approved by our customers in a timely manner. In the event that our manufacturing operations are disrupted due to shortages and/or delays in the supply of raw materials, it may adversely affect our business operations as well as cause delays in supplying parts and components to our customers.

9.1.4 Our business operations are exposed to unexpected interruptions or delays caused by equipment failures, fire, natural disasters and outbreak of infectious diseases, which may be beyond our control

We rely on a range of machinery and equipment to perform manufacturing activities of automotive parts and components as well as dies and jigs. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. Our business is also subject to loss due to events that are beyond our control such as fire, which may cause damage or destruction of the whole or part of our factory as well as machinery and equipment, resulting in interruptions to, or prolonged suspension of, our operations.

9. RISK FACTORS (Cont'd)

Further, our business operations may also be affected by the occurrence of unexpected power failure and adverse weather conditions or natural disasters such as floods or storms, which may lead to interruptions to the operations at our factory and/or damages to our machinery and equipment. The occurrence of these unexpected events may affect our ability to meet the agreed upon delivery schedule with our customers. This could adversely affect our relationship with our customers and our reputation in the market as well as our business and financial performance.

In addition, the outbreak of the COVID-19 pandemic had resulted in imposition of different forms of movement restrictions by the Government in 2020 and 2021, as a containment measure to curb the spread of the virus, which had led to disruptions and/or temporary suspension of our Group's business activities. Further, our operations were temporarily closed for several days in April 2021 as required by KKM due to 94 COVID-19 positive cases reported at TPG Factory. Please refer to Section 7.6.1 of this Prospectus for further information on the impact of COVID-19 pandemic on our operations and financial performance. 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 adversely and materially affected.

For the Financial Years Under Review and up to the LPD, saved for COVID-19 pandemic, we have not experienced any incident of unanticipated machinery and equipment failures, fires and natural disasters, which would have led to major interruptions in our operations. However, there can be no assurance that such incidences will not happen in the future. In the event that any of these incidences occurs, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.

In the event that we have to halt our operations due to the abovementioned incidences, we will still be required to incur operating expenses such as labour costs and utility costs. Our Group's operations and financial performance may be adversely affected should the interruptions occur for a prolonged period of time.

9.1.5 We may not be able to successfully implement our future plans and business strategies

We plan to grow our Group's business through our future plans and business strategies as follows:

- (i) We intend to expand our manufacturing capacity by setting up a new automated body parts production line;
- (ii) We will renovate our TPG factory to accommodate the installation of new machinery and equipment; and
- (iii) We intend to purchase an additional overhead crane to accommodate our expansion in manufacturing capacity.

In order to successfully implement these future plans and business strategies, we are required to purchase additional press machines, automation equipment and overhead crane as well as renovate our TPG factory. Please refer to Section 7.12 of this Prospectus for further details of our future plans and strategies.

The execution of our business strategies is also subject to additional expenditures including operational expenditures and other working capital requirements. Such additional expenditure will increase our Group's operational cost including overhead costs, which may adversely affect our profit margin if we are unable to sustain sufficient revenue by securing more sales following the implementation of our business strategies. Furthermore, the implementation of our business strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate as well as political environment in Malaysia, which may affect the commercial viability of our business strategies. The implementation of our business strategies could also be adversely affected by a variety of other factors such as more efficient manufacturing process adopted by our competitors or attractive pricing offered by our competitors, which may affect the attractiveness of our offerings.

9. RISK FACTORS (Cont'd)

Hence, there can be no assurance that the effort and expenditures spent on the implementation of our business strategies will yield the expected results in growing our business in terms of financial performance and market presence. We are also not able to guarantee that we will be successful in executing our business strategies, nor can we assure that we will be able to anticipate all the business, operational and industry risks arising from our business strategies. Such failure may lead to adverse effect on our business operations and financial performance.

9.1.6 We are dependent on our Group Managing Director and Key Senior Management team for continued success and growth of our business

The future growth and continued success of our Group largely depends on the continuous contribution and involvement of our Group Managing Director and Key Senior Management team. Our Group Managing Director, Datin Eloise, who has 21 years of industry experience, is responsible in steering the overall strategic direction of our Group. With her experience as well as technical and industry knowledge in the automotive parts manufacturing industry and our business, she plays a pivotal role in formulating and implementing business strategies and policies to drive the future development and growth of our Group. Further, our Key Senior Management team is equipped with the relevant knowledge and skills in their respective fields of work to ensure smooth operation of our business. Please refer to Sections 5.1.3 (i) and 5.5.2 of this Prospectus for the profiles of our Group Managing Director and Key Senior Management team.

We recognise that our Group's continued success and future growth depend significantly on the capabilities and efforts of our Group Managing Director and Key Senior Management team. Therefore, the loss of any of our Group Managing Director and Key Senior Management team (simultaneously or within a short period of time) may have an unfavourable impact on our Group's operations and the future growth of our business. If we are unable to attract suitable talents to replace the loss of any of our Group Managing Director and Key Senior Management team in a timely manner, this may affect the results of operations, financial performance and prospects of our Group.

9.1.7 We are dependent on the availability of manual labour to support our manufacturing activities

We are dependent on the availability of manual labour, including foreign workers to carry out our manufacturing activities. As at the LPD, we have 130 production workers, out of which 116 are contractual foreign workers and 14 are permanent local workers. All our contract foreign workers have valid working permits, which are renewed annually. Please refer to Section 7.21 of this Prospectus for further details on our employees and foreign workers.

On 22 June 2020, the Human Resources Minister announced a hiring freeze on foreign workers with the aim to create more job opportunities for the local workforce in view of the adverse impact from the COVID-19 pandemic which caused high unemployment in the country. Since then, there were several extensions implemented on the hiring freeze. Based on the latest publicly available news published on 31 January 2024, the Government has further extended the freeze on the hiring of foreign workers, where the tenure of the extension will be announced on a later date. Nevertheless, as at the LPD, our Group was not affected by this hiring freeze as we have sufficient workforce to support our manufacturing activities during this hiring freeze period.

In addition, as disclosed in Note (3) in Section 7.16 of this Prospectus, AGSB is required to comply with the conditions of the manufacturing licence for manufacturing of metal stamped parts at TPG Factory in regard to the total workforce of AGSB which shall comprise at least 80% Malaysians by 31 December 2024. During this period when our Group is working to meet the requirement of 80% Malaysian workforce, the continued extensions to the hiring freeze of foreign workers may still lead to interruptions to our business operations if we are unable to hire workers to support our business operations. This may consequently cause delays in product delivery and result in production downtime to our customers' operations, which in turn lead to incurrences of charges by our customers that may affect our financial performance and reputation.

9. RISK FACTORS (Cont'd)**9.1.8 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations**

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. As at the LPD, our Group's material insurance coverage are as follows:

No	Material insurance coverage	Aggregate coverage amount (RM)
1.	Fire	30,496,195
2.	Burglary	200,000
3.	Public liability	3,000,000 ⁽¹⁾
4.	Employers' liability	1,000,000
5.	Fidelity Guarantee	100,000
6.	Vehicle (Private Car)	323,000
7.	Vehicle (Commercial Car)	451,000
8.	Money	35,000

Note:

(1) Any one accident.

However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations as a result of any unforeseen circumstances. For example, while we are insured against losses resulting from liabilities as mentioned above, we do not maintain insurance against losses at TPG Factory from the occurrence of natural disasters, wars and acts of terrorism as we consider the likelihood of these events occurring to be remote.

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 could have a material adverse effect on our business operations and financial performance.

9.1.9 We are exposed to credit risks and default payment by customers

We generally grant our customers a credit period of 30 days to 90 days upon the delivery of goods. In the event of not receiving payment within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected. Further, it may also lead to impairment losses on financial assets or writing-off of trade receivables as bad debts, which may adversely affect our financial performance.

Our net impairment (losses)/gains on financial assets for the Financial Years Under Review were as follows:

	Audited		
	<u>FYE 2021</u> <u>RM'000</u>	<u>FYE 2022</u> <u>RM'000</u>	<u>FYE 2023</u> <u>RM'000</u>
Net impairment losses/(gain) on financial assets	-	369	(260)

Please refer to Section 12.3.2 (vi) of this Prospectus for further details on impairment losses on financial assets.

9. RISK FACTORS (Cont'd)**9.1.10 We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirement**

Our ability to obtain external financing is subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysian economies, the cost of financing and the condition of financial markets, and the continued willingness of banks to provide new loans. There is no assurance that any required financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business, financial condition and results of operations.

The following table sets out the maturity profile of our borrowings and finance lease liabilities for the Financial Years Under Review:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Bank borrowings			
Current	7,643	6,231	6,157
Non-current	3,209	1,908	651
	10,852	8,139	6,808
Lease liabilities			
Current	114	72	19
Non-current	197	122	42
	311	194	61

9.1.11 We require licences, permits, approvals and certificates from relevant government authorities and regulatory agencies for our business operations

We require and hold certain licences, permits and approvals issued by various government authorities and regulatory agencies and these approvals, licences and permits are essential for the conduct of our business. See Section 7.16 of this Prospectus for further details of our major approvals, licences and permits obtained including the applicable authorities, expiration dates and status of compliance.

As at the LPD, we have obtained all major licences, permits and approvals which our Group is dependent on for our business operations in Malaysia.

According to Section 3(1) of the ICA 1975 and the Industrial Co-ordination (Exemption) Order 1976, manufacturing companies with shareholders' funds of RM2.50 million and above or employing 75 or more full-time paid employees are required to have a manufacturing licence. Section 3(2) of the ICA 1975 provides that failure to comply with Section 3(1) of the ICA 1975 is an offence and on conviction, the offender is liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and a further fine not exceeding RM1,000 for every day during which such default continues. We had in the past, experienced non-compliance with Section 3(1) of the ICA 1975, which has since been rectified. Please refer to Note (1) in Section 7.16 and Section 7.20(i) of this Prospectus for further details.

As at the LPD, we have not been subject to any enforcement action with respect to the foregoing. However, there can be no assurance that we will not be subject to enforcement actions by the relevant authorities, including cessation of operation or monetary penalties.

9. RISK FACTORS (Cont'd)

Generally, the licences, permits and approvals we require and hold are subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves, or under the particular legislation and/or regulations of the issuing authorities. Certain of these licences, permits and approvals need to be renewed on a periodic basis or reassessed by the relevant regulatory authorities. If we are unable to fulfil any new or existing terms or conditions that may be imposed, we may not be able to renew or obtain the approvals, licences and permits required for our operations. Further, regulations of the issuing authorities may become more stringent from time to time and it may be costly for us to comply with the terms and conditions of these licences, permits and approvals.

In addition, as disclosed in Note (3) in Section 7.16 and Section 7.21 of this Prospectus, AGSB has yet to comply with the conditions of the manufacturing licence for manufacturing of metal stamped parts at TPG Factory in regard to the total workforce of AGSB which shall comprise of at least 80% Malaysians by 31 December 2024.

There is no assurance that AGSB will be able to meet such condition by 31 December 2024. In the event such condition is not met by 31 December 2024 and there is no extension of time granted by MITI, MITI may take action by issuing warnings, imposing penalties or additional conditions or restrictions, suspending and/ or revoking our manufacturing licence for any breach or non-compliance of the condition. In the event of a revocation of the manufacturing licence of AGSB, our Group's operations and financial performance will be materially affected. As at the LPD, save as disclosed above, we have complied with the relevant rules, regulations and requirements that apply to our major approvals, licences and permits.

Should there be any subsequent modifications of, or additions or new terms and conditions to the current compliance standards, we may incur additional costs to comply with the new or modified standards which may adversely affect our profitability. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant licences, permits and approvals, financial penalties or cessation of our operations.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1. We are dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles, for our continued success and growth

The performance of our business is dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles as the parts and components we manufacture and supply are for the assembly of Proton and Perodua vehicles. Growth in the sales of Proton and Perodua vehicles translate to higher demand for parts and components required for the assembly of these vehicles, which subsequently drives the demand for our parts and components.

According to the IMR Report, in 2023, Perodua and Proton are the top 2 automotive brands sold in Malaysia in terms of total industry volume ("TIV"), accounting for 41.30% and 18.88% of TIV respectively. Furthermore, Perodua was consistently the top automotive brand in Malaysia in terms of TIV from 2017 to 2023, while Proton ranked second in terms of TIV in 2017 as well as from 2019 to 2023.

Furthermore, according to the IMR Report, the performance of automotive market in Malaysia is driven by the recovering economy increasing disposable of Malaysian consumers, Malaysia's car-centric culture and government incentives for the automotive industry. Any prolonged adverse economic conditions may affect businesses and employment rate which will lead to weakened disposable income to spend on large expenses like purchase of vehicles. While the sales of Proton and Perodua vehicles are less impacted by adverse economic conditions due to relatively lower pricing as compared to foreign branded vehicles, there is no assurance that the sales of local branded vehicles will remain strong during adverse economic conditions. In the event of any slowdown in the demand for Proton and Perodua vehicles it will adversely affect the demand for our parts and components, which will in turn adversely affect our financial performance.

9. RISK FACTORS (Cont'd)

9.2.2 We face risks arising from political, economic, social and regulatory changes

Our Group operates in Malaysia. Hence, our business, prospects, financial condition and results of operations may be affected by any adverse development or uncertainties in the political, economic, social and/or legal conditions in Malaysia.

Any adverse development in the political, economic, social and legal environment in Malaysia could materially or adversely affect our operations and financial performance. Such developments include, but not limited to, changes in political leadership, terrorism, war, strikes, riots, expropriation, nationalisation, 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, unemployment trends, deterioration of international bilateral relationships and other matters that influence consumer confidence and spending. Our group could also be affected by new laws, regulations and guidelines that are introduced to govern manufacturing activities whether in general or specific to the automotive manufacturing industry, including automotive parts and components manufacturing industry.

Further, increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia could materially and adversely affect our business, financial performance, financial conditions and prospects.

9.2.3 We face competition from other industry players

We operate in the metal stamping segment of the automotive parts and components industry in Malaysia, which is a competitive industry. Generally, we compete with other industry players during the tendering stage, where our Group, along with other industry players, receives tender requests for the manufacturing of automotive parts and components either directly from local automotive manufacturers or through their Tier 1 Suppliers/Manufacturers, prior to the launch of any new car models. At this stage, we compete with other industry players in terms of technical capabilities, manufacturing capacities, pricing, quality of products and services and delivery timing. In the event that the automotive parts and components which we manufacture and supply do not meet the requirements of local automotive manufacturers or their Tier 1 Suppliers/Manufacturers in terms of product quality, cost considerations and timeliness of delivery, we might lose our competitive edge in the industry as well as erode the confidence of our customers in our Group's products and services.

As such, failure to remain competitive may adversely impact our Group's ability to sustain the sales orders secured from our customers at current or increased levels in the future, which in turn may affect our Group's financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 No prior market for our Shares

Prior to our IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for the trading of our Shares will develop, or if developed, that such a market will be sustainable. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There also can be no assurance that the IPO Price which has been determined after taking into consideration the factors set out in Section 4.4 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

9. RISK FACTORS (Cont'd)

9.3.2 Delay in or failure of our Listing

The occurrence of certain events, including the following, may cause a delay in, or abortion of, our Listing:

- (a) our Company or our Sole Underwriter fails to honour its obligations under the Underwriting Agreement;
- (b) identified investors fail to subscribe for the portions of the IPO Shares allotted to them; and/or
- (c) we are unable to meet the public shareholding spread requirements of the Listing Requirements, i.e. at least 25% 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 time of Listing.

In the event that we fail to fulfil any of the events above, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

Nevertheless, we will endeavour to ensure compliance of the various listing requirements for our successful listing on the ACE Market.

9.3.3 Volatility of share prices traded on Bursa Securities

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include material variations in our results and operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. Market sentiment is also influenced by factors such as the prevailing economic and political climate of the country, and the potential for growth in various sectors of the economy. Other factors that may negatively affect investor sentiment include natural disasters, and health epidemics including outbreaks of contagious diseases. These factors contribute to the volatility of trading volumes on Bursa Securities, and of the market price of our Shares.

9.3.4 Uncertainty of dividend payment

It is the intention of our Board to recommend and distribute a dividend of up to 10% of the profit attributable to the owners of the Company. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors as set out in Section 12.17 of this Prospectus. Deterioration of these factors could have an effect on our business, which in turn will affect our ability to declare dividends to our shareholders. As such, there can be no assurance (i) that dividends will be paid out in the future; (ii) on timing of any dividends that are to be paid in the future; or (iii) on the quantum of dividends that are to be paid in the future.

Furthermore, dividend payments are not guaranteed and our Board may decide, at its discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Please refer to Section 12.17 of this Prospectus for further information on our dividend policy.

9. RISK FACTORS (Cont'd)**9.3.5 The interest of our Promoter and person connected with our Promoter (“Controlling Shareholders”) who control our Group may not be aligned with the interest of our shareholders**

As disclosed in Section 5.1 of this Prospectus, our Controlling Shareholders will directly and indirectly hold approximately 59.27% of our enlarged issued Shares upon Listing. As a result, our Controlling Shareholders will be able to, in the foreseeable future, effectively control the business direction and management of our Group. Given that our Controlling Shareholders will directly and indirectly hold approximately 59.27% of our enlarged issued Shares upon Listing, our Controlling Shareholders will be able to vote on and pass ordinary resolutions at general meetings, specifically pertaining to transactions which do not involve the interest of our Controlling Shareholders where they are not required to abstain from voting either by our Constitution, by law and/or by the relevant guidelines or regulations. Other matters which may also be subject to significant influence from our Controlling Shareholders include the election of Directors as well as the timing and payment of dividends. There can be no assurance that the interests of our Controlling Shareholders will always be aligned with those of our other shareholders.

9.3.6 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 402,386,413 Shares, of which up to 146,870,900 Shares, will be held by investors participating in our Listing (representing approximately 36.50% of our enlarged issued Shares) and 63.50% will be held by the Promoter and substantial shareholders via their direct interests in our Company. Our Shares will be tradable on the ACE Market of Bursa Securities following our Listing.

It is possible that Datin Eloise and Ivy See may dispose of some or all of their Shares after the moratorium period pursuant to their own investment objectives. If Datin Eloise and Ivy See sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

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