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**9. RISK FACTORS**

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

**9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS****9.1.1 We distribute third-party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products**

Our Group is involved in the distribution of third-party brands of consumer products in Sarawak and Sabah. The distribution of third-party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products comprised 94.91%, 94.58% and 93.57% of our Group's revenue in the FYE 2021, FYE 2022 and FYE 2023. Further, our procurement of frozen buffalo meat from Allanasons Private Limited contributed 21.51%, 27.18% and 23.38% of our total purchases in the FYE 2021, FYE 2022 and FYE 2023. Any material disruptions in our business dealings with third-party brand owners may affect our business and financial performance.

To minimise the disruptions, we have established close business relationships with our existing brand owners. For example, we have worked with brands such as Ayamas, Pertama and Farmcows for more than 20 years and brands such as Bega, Westgold, Figo and Knorr for 10 to 19 years, as well as brands such as Allana, Ramly, Promex and Farm's Best for 5 to 9 years, and have continued to work closely with them to increase their brands' awareness in the market. Please refer to Section 7.5 of this Prospectus for our track record in distributing selected brands of products. Further, our Group continually seeks for new agency rights to increase the brands and types of products for our distribution hence reducing our reliance on any particular brand. For the FYE 2023 and up to the LPD, we have secured 2 new agency rights.

Similarly, our Group will continuously source for alternative suppliers of frozen buffalo meats as well as frozen meats in the market, thereby reducing our reliance on any particular brand. Besides that, our Group will also continue to expand our product range as stated in Section 7.18 of this Prospectus to introduce new brands and products to the market.

In the Financial Years Under Review and up to the LPD, our Group has not experienced any material adverse impact on our business operations and financial performance due to the distribution of third-party brands. Nevertheless, there can be no assurance that the risk of business disruption from the distribution of third-party brands would not have a material adverse impact on our Group in the future.

**9.1.2 We are subject to the risk of disruptions to warehousing and cold storage facilities as well as transportation vehicles**

Our business operations are dependent on the continued operations of our warehousing and cold-storage facilities as well as our transportation vehicles. Any disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles such as fire, power failure or breakdown may have an adverse impact on our operations.

In order to mitigate this risk, we carry out regular maintenance of our facilities and vehicles as well as timely replacement of parts which are subject to daily wear and tear. We have also obtained insurance coverage for our warehousing and cold-storage facilities as well as for our transportation vehicles, at levels customary to our industry as part of our mitigating factor and will continue to limit this risk through annual review of our insurance policies to ensure adequate insurance coverage.

In the Financial Years Under Review and up to the LPD, we have not encountered any major disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles. Despite the necessary steps taken to mitigate this risk, there can be no assurance that any

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**9. RISK FACTORS (CONT'D)**

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occurrence of the abovementioned disruptions will not affect our business operations. We cannot guarantee that the insurance obtained is adequate and sufficient to cover all liabilities and expenses incurred. Further, we cannot assure that the insurance is renewable at the existing premium rate. Notwithstanding the above, our Group will continually review our insurance policies and coverages, and strive to obtain the most competitive premium rates.

**9.1.3 We are subject to the risk of product liability**

As a provider of market access and coverage for consumer products, we are principally involved in the distribution of third-party brands as well as our own brand and therefore exposed to product liability claims which may impact our revenue and profitability. Product liability claims generally arise due to factors, which include but not limited to manufacturing defects, product contamination, product mislabelling and use of uncertified ingredients. While product liability claims are more likely to affect product manufacturers, distributors such as our Group are also aware of the adverse reputational damage and may potentially face legal actions which may have an adverse impact on our revenue and profitability.

Some of the manufacturers of the products which we distribute provide us with a warranty on their products, the most common being a warranty that the products are free from manufacturing defects. The responsibility of a defective product lies on the manufacturer, and this includes defects in materials or ingredients, manufacturing or packaging, or arising from delivery of the products to our warehouse, of which the defective products shall be returned to the manufacturer. We are indemnified against all costs arising from public product liability claims due to the quality or use of the products. For damage claims, the manufacturer concerned would replace the defective products.

In the Financial Years Under Review and up to the LPD, our Group has not experienced any product liability claims, therefore we have not experienced any material adverse impact on our business operations and financial performance. Notwithstanding the above, there can be no assurance that we will not experience any product liability claims in the future. Further, there will be no liability on the part of the manufacturer if such liability is incurred or arises directly or indirectly out of the act, omission or negligence on our part.

**9.1.4 We are subject to the risk of negative perception and publicity on our reputation and brands that we distribute**

The reputation of consumer goods operators in the food and beverages distribution services industry is sensitive to public perception. For example, F&B Products that are consumed directly by the general public become contaminated, possibly resulting from improper processing, storage or handling during the processing, manufacturing or distribution phases, thereby resulting in food poisoning or other illnesses. As such, any adverse public opinions on any products, brand or effects of any ingredients could have an impact on the affected operator, from manufacturers to distributors and up to retailers.

As a provider of market access and coverage of consumer products for third-party brands and our own brand, we may be exposed to potential reputation risk associated with third-party brands and / or our brand of products. For example, consumer goods operators may become a target of malicious sabotage or rumours intended to damage their reputation. In this respect, operators may experience harmful substances being maliciously introduced into an operator's products or subjected to market rumours based on unfounded claims of harm resulting from consuming an operator's products. These incidences of contamination, sabotage or rumours may have an adverse impact on the brand name, reputation and public perception of the operator, which in turn, may have a negative effect on the demand for their products. This may culminate in the recall of products from the market, and in addition, the operator may be subjected to administrative action by the relevant authorities. As a result, these types of incidences may have an adverse effect on the financial performance and prospects of an operator in the food and beverages distribution services industry.

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**9. RISK FACTORS (CONT'D)**


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In the Financial Years Under Review and up to the LPD, we have not experienced any recall of third-party brands or our own brand of products or been subjected to any administrative action by relevant authorities in relation to product contamination, sabotage or rumours. Nonetheless, there can be no assurance that the risk in reputation resulting from negative perception and publicity would not have a material adverse impact on our business and financial performance.

**9.1.5 We may not be able to effectively implement some of our business strategies and plans**

Our business strategies and plans include expanding our product range, distribution network and warehouse capacity. Please refer to Section 7.18 of this Prospectus for further information on our strategies and business plans.

The implementation of these business strategies and plans involves capital expenditure as well as other operating expenses such as depreciation charges, equipment maintenance costs and staff costs.

There is a risk that we may not be able to successfully implement our business strategies and plans promptly nor can we provide assurance that our business strategies will be commercially successful or that we will be able to anticipate and mitigate all the business and operational risks associated with our strategies.

Besides that, our financial performance may be adversely affected if we are not able to secure sufficient purchase orders from existing and / or new customers following the implementation of the above business strategies and plans due to the additional costs incurred or unforeseen economic and social conditions and events. Furthermore, any postponements or delays in implementing our business strategy and plans effectively and promptly may adversely affect our future financial performance.

As such, there is no assurance that the implementation of our business strategies and plans will be successful, nor will we be able to anticipate and mitigate all the risks and uncertainties that may arise during the implementation of these business strategies and plans, which may materially affect our business operations and financial performance.

**9.1.6 We are dependent on our directors and key management personnel**

We believe that human capital is one of our key success factors. Over the years, we have built an experienced management and operations team in the business of distribution of third-party brands and our own brand of products, as well as an understanding of our customers' needs and requirements. As such, any loss of our key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. Please refer to Section 5 of this Prospectus for the profiles of our Board and key management personnel.

As part of our strategy to retain our employees, we offer competitive remuneration packages to our key management personnel. In addition, we provide a healthy working environment, practise good workplace culture and uphold work ethics to create a sense of belonging and foster good working relationships amongst our employees. We also provide training and career development opportunities for our employees.

In the Financial Years Under Review and up to the LPD, we have not experienced any loss of our key management personnel that has materially impacted our business. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining key management personnel or ensuring a smooth transition should changes occur.

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**9. RISK FACTORS (CONT'D)**

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**9.1.7 We are subject to the risk of potential penalty and / or disruption to our business for the delay in obtaining the necessary licenses**

We are also dependent on our continued operations and any delays in obtaining or renewing the necessary licences, permits or registrations may affect the continued operations of our business, such as our trading licenses, permits to import, health certificates, halal certificates and halal accreditation or its equivalent for the importation of food and beverages. Our premises are also governed by the relevant laws and regulations in Malaysia (including land rules and building regulations).

As at the LPD, we have obtained all material licences, permits and registrations for our business operations and have complied with all conditions imposed therein. We have also complied with all the relevant laws and regulations in Malaysia (including land rules and building regulations) as well as the conditions set forth in our licences imposed by the relevant authorities. Please refer to Section 7.21 of this Prospectus for details of our major approvals, licences and permits.

The laws, regulations and policies of government bodies and agencies are subject to change, and changes in, or new interpretations of, applicable laws, regulations, standards or policies, or non-compliance with any applicable laws, regulations, standards and policies, which could have a material adverse effect on our registrations, licences, accreditations, operations or business costs. Notwithstanding, the findings of non-compliance with these laws, regulations standards and policies could also result in us being subject to fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food-related licences or other censures that could have a material adverse effect on our business, financial condition, results of operations and prospects, apart from product recalls for non-complying products or products being the subject of investigation or claims of non-compliance by the authorities. Should there be any subsequent modifications of, or additions or new restrictions to the current compliance standards, we may incur additional costs to comply with the new or modified standards, including possible product recalls which may adversely affect our business and financial performance.

In the Financial Years Under Review and up to the LPD, we have not experienced any fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food standard certification or other censures that has materially and adversely affected our business, financial condition and results of operations.

Whilst we continuously ensure compliance with relevant government regulations, there can be no assurance that any penalties, if imposed, will not have a material adverse impact on our financial performance in the future.

**9.1.8 Our business may be affected by unforeseen external factors which may adversely affect our business operation and financial performance**

Our Group may face disruptions in our business operations due to unforeseen external factors such as health epidemics, pandemics (such as the COVID-19 pandemic), natural disasters, flooding, civil commotion, sabotage, economic sanctions against the governments of countries where our suppliers are located and other calamities or events beyond our control. This would result in delayed delivery to our customers. Failure to meet our customers' expectations and make deliveries as required by our agreements with customers could damage our reputation and / or expose us to legal claims and may, as a result, lead to loss of business and affect our ability to attract new business. The unforeseen external factors such as fire and flooding could also damage our inventories. The COVID-19 pandemic or a future outbreak of infectious disease in any country where our suppliers are based, as well as quarantines or other regulatory measures or restrictions taken in response to an outbreak, have and could disrupt the supply of raw materials, business operations and distribution networks for our products and increase our operational costs.

## 9. RISK FACTORS (CONT'D)

Any of such events could have a material adverse impact on our business, financial condition, results of operations and prospects.

### 9.1.9 We are subject to the risk of third-party companies bearing identical name with companies within our Group which may expose us to reputational risk if negative events arise

Our Group, widely known as 'Supreme', has brand value and recognition that have contributed significantly to the growth and success of our business. However, the 'Supreme' name is also used by our strategic partners located at Sibul and Bintulu, namely Fortune Supreme Food Supply (Sibu) Sdn Bhd and Supreme Food Supply (Bintulu) Sdn Bhd, both of which are not related to our Group.

If these entities and / or their respective directors, management personnel and / or other employees conduct their business / take any action that may be attributed to the "Supreme" name or our corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or corrupt practices engaged by any such directors, management personnel and / or employees, our brand image and reputation as well as our market value may be adversely affected. It may also discourage our suppliers from conducting business with us as a result of such negative events.

Nevertheless, our Group has also applied for trademark registration by submitting four (4) separate applications to MyIPO as per the table below:

<u>No.</u>	<u>Trademark no. / Registered Proprietor</u>	<u>Design / Mark</u>	<u>Status as at the LPD</u>
1.	2017014061 / Supreme Consolidated Resources Bhd	"Supreme" with "S"	Registered
<u>No.</u>	<u>Application no. / Applicant</u>	<u>Design / Mark</u>	<u>Status as at the LPD</u>
1.	TM2023026534 / Supreme Consolidated Resources Bhd	"Supreme" with "S"	Pending approval
2.	TM2023026537 / Supreme Consolidated Resources Bhd	"Supreme" "Premium Quality" "1983"	Pending approval
3.	TM2023039084 / Supreme Consolidated Resources Bhd	"Best Choice"	Pending approval

As at the LPD, the logo with the trademark no. 2017014061 has been successfully registered, and the certificates evidencing the registration were issued on 20 December 2018. The other three (3) trademarks applications with the "Supreme" brand and "Best Choice" brand are currently undergoing substantive examination and pending approval from MyIPO. Barring any unforeseen circumstances, the trademarks should be registered within 1 year from their respective date of filing of the application, but the actual duration may vary depending on the processing speed of MyIPO in approving the application.

As such, upon obtaining approvals for the other two (2) trademarks for the "Supreme" brand from MyIPO, our Group will be the sole owner of the "Supreme" trademark and any unauthorised usage of the "Supreme" brand by other entities such as its strategic partners for their business or products without permission of our Group may be subject to legal action being taken by our Group.

Please refer to Section 7.22 of this Prospectus for further information on the intellectual properties of our Group.

As at the LPD, we have not experienced any negative events, nor are we aware of any negative incidents from third-party companies bearing identical name with Supreme, that have negatively impacted our Group's name and brand.

## 9. RISK FACTORS (CONT'D)

### 9.1.10 There is no assurance that our insurance coverage would be adequate

As at the LPD, our Group has taken up the following insurance policies:

<b>Types of insurance</b>	<b>Total sum insured (RM'000)</b>
Fire	45,282
Money <sup>(1)</sup>	3,125
Public liability <sup>(2)</sup>	1,100
Cargo for hauliers in transiting goods	500
Marine cargo	269
Burglary	260
Mobile and equipment	180
Fidelity guarantee <sup>(3)</sup>	50
<b>Total</b>	<b>50,766</b>

**Notes:**

- (1) Money insurance covers loss, destroyed or damaged money while in transit or theft within our premises. Any locked safe, drawer, strong room or cash register and cabinets belonging to us and containing money is lost, destroyed or damaged as a result of burglary or any attempt thereat will also be cover.
- (2) Public liability insurance covers our legal liability to third party as a result of an accident happening during the period of cover in connection with our business operations and occurring within our business premises. This policy indemnifies us against all sums which we shall become legally liable to pay compensation in respect of accidental bodily injury to any person, and / or accidental loss or accidental damage to property.
- (3) Fidelity guarantee insurance is able to mitigate employee infidelity risk by providing indemnity to us against any direct pecuniary loss we may sustain through acts of fraud or dishonesty committed by any of the employees, such as forgery, embezzlement, larceny or false conversion of funds, money and securities belonging to us.

We also take insurance policies to cover goods in voyage, for which the sum insured depends on the value of goods being transported.

While we have insurance coverage for various aspects of our business, there is no assurance that it is sufficient to cover all losses, damages or liabilities that we may suffer in the course of our business operations. Any losses or damages in excess of our insured sum or in areas for which we are not insured at all could have an adverse effect on our business operations, financial performance and results of operations. In the Financial Years Under Review and up to the LPD, there has been no material insurance claims against us.

## 9.2 RISKS RELATING TO OUR INDUSTRY

### 9.2.1 We are subject to the risk of fluctuation in the price and availability of commodities

Our Group distributes Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products. Our Frozen and Chilled Food Products and Ambient F&B Products include commodities such as buffalo, beef, poultry, lamb and seafood. The market prices of raw materials used to produce Frozen and Chilled Food Products and Ambient F&B Products are subject to global fluctuations in price.

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**9. RISK FACTORS (CONT'D)**

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Such fluctuations are attributable to, among other things, inflation, changes in the supply and demand of crops or other commodities, the weather and growing conditions as well as government-sponsored agricultural and livestock programmes. In particular, the availability and the price of fresh produce and other agriculture commodities, including meats, seafood and oils can be volatile. Additionally, epidemics in animal populations and local, national or international quarantines can also adversely affect commodity prices in the long and short-term. These fluctuations may adversely affect our Group's suppliers, who could be forced to raise their prices for our Group's products.

Any significant fluctuation in the prices of these supplies may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects should we fail to pass the increase in cost to our customers. Save for FYE 2022, we did not encounter any material increase in the cost of these purchases which substantially increase our cost of sales and lead to an adverse impact to our financial performance during the Financial Years Under Review and up to the LPD.

**9.2.2 Our business is subjected to shipping disruptions and fluctuation in shipping and freight rates**

A significant portion of our purchases are sourced from suppliers located overseas and thus we rely heavily on marine and air transportation to deliver these supplies to us. Hence, we are exposed to shipping and freight disruptions that may arise as a result of adverse weather, conditions, political turmoil, social unrest, port strikes, oil spills, delayed or lost shipments, which in turn may have an adverse impact on our business operations. In addition, any major fluctuation in shipping and freight rates may have an impact on our cost and our GP margins if we are unable to pass on such increase in costs to our customers by raising selling prices.

In 2020, we faced delays in obtaining products from our oversea suppliers due to supply chain disruptions arising from the COVID-19 pandemic. However, we were not materially impacted by the disruptions as we keep 2 months of inventory as our Group's standard practice.

Save for the above, our Group has not experienced any major shipping and freight disruptions or any major increases in shipping and freight rates. Nonetheless, there can be no assurance that we will not experience any major shipping and freight disruption or any major increase in shipping and freight rates in the future, the occurrence of which could in turn, adversely impact our business, financial condition and results of operations.

**9.2.3 We operate in a competitive environment**

Our Group operates in a fragmented and competitive distribution market, focusing on the distribution of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products. We face competition from other providers of market access and coverage of consumer products in these markets. Our competitors may distribute similar products or have wider range of product mix and categories. In the event of any failure to compete with our competitors, it would have an adverse effect on our financial performance.

However, we believe that our Group possesses the necessary competitive advantages to distinguish ourselves, such as our wide range of products in our focused segments from established brands, wide distribution network, proven track record in the industry as well as experienced key management personnel, thus allowing us to compete effectively within the industry and continue growing our business.

Please refer to Section 7.5 of this Prospectus for further details of our Group's competitive advantages and key strengths.

## 9. RISK FACTORS (CONT'D)

### 9.2.4 We are exposed to foreign currency fluctuation risk

The breakdown of our revenue by currencies in the Financial Years Under Review are as follows:

Currency	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
RM	186,273	99.34	208,821	99.46	197,745	99.05
USD <sup>(1)</sup>	1,229	0.66	1,132	0.54	1,898	0.95
<b>Total revenue</b>	<b>187,502</b>	<b>100.00</b>	<b>209,953</b>	<b>100.00</b>	<b>199,643</b>	<b>100.00</b>

**Note:**

(1) Revenues generated from customers in Myanmar and Singapore.

Our Group's purchases mainly comprise third-party brands of Frozen and Chilled Food Products and Ambient F&B Products which are denominated in RM, USD, AUD, Euro and others. The breakdown of our purchases by currencies in the Financial Years Under Review are as follows:

Currency	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
USD	96,633	58.65	113,473	68.40	90,697	59.65
RM	48,160	29.23	43,318	26.11	46,545	30.61
AUD	16,301	9.89	7,445	4.49	11,542	7.59
Euro	2,069	1.26	1,663	1.00	2,637	1.73
Others <sup>(1)</sup>	1,607	0.97	-	-	634	0.42
<b>Total purchases</b>	<b>164,770</b>	<b>100.00</b>	<b>165,899</b>	<b>100.00</b>	<b>152,055</b>	<b>100.00</b>

**Note:**

(1) Others include purchases in RMB, SGD, BND and NZD.

As such, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuation in foreign currency rates may have an adverse impact on our financial performance. A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. Overall, our foreign exchange gains and losses for the Financial Years Under Review are as follows:

	FYE 2021	FYE 2022	FYE 2023
Foreign exchange (loss) / gain	RM'000	RM'000	RM'000
Realised	(9)	(45)	65

In order to mitigate the risk, we will continuously monitor the foreign currency fluctuation. However, despite our efforts to minimise the foreign currency risk, there can be no assurance that any future significant fluctuation in foreign currency will not have a material adverse impact on the financial performance of our Group.



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**9. RISK FACTORS (CONT'D)**

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**9.2.5 We face the risk of inflation which may reduce demand for our products**

We operate in a consumer market that is price sensitive caused by among others, inflation rates. An increase in the inflation rate, if not matched with increases in salaries and wages may result in consumers having less discretionary income, thus reducing the demand for our products. As a result of inflation, it may also give rise to the impact of increasing our operating costs including product costs, operating expenses as well as labour costs. If we are unable to pass the increase in costs without negatively affecting demand for our products, it may affect our business operations and financial performance.

However, our Group carries a wide range of products in the market whereby consumers may select different products to fit their budgetary requirements. These choices include, among others, switching to lower priced brands, buying a smaller quantity and / or switching to locally made products. However, despite our efforts to expand our product range, there can be no assurance that any future fluctuation in inflation rates will not have a material adverse impact on the financial performance of our Group.

**9.2.6 We are subject to political, social, economic and regulatory risks**

Any changes and / or developments in political, social, economic and regulatory conditions would adversely affect our business and financial performance. These risks include changes in political leadership, changes in foreign exchange rate policy, changes in government policies such as introduction of new regulations, import restrictions and duties, export restrictions and duties, and imposition of quota for importation of frozen meat. These events are beyond our control, and the occurrence of one or more of these events may affect our business operations and financial performance.

Notwithstanding the above, we have not experienced adverse or material changes in political, social, economic and regulatory conditions which have had material impact on our business in the past. However, there can be no assurance that adverse political, economic and regulatory changes, which are beyond our control, will not affect our Group's businesses in the future.

**9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES****9.3.1 Our Listing is exposed to the risk that it may be aborted or delayed**

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

- (i) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (ii) we are unable to meet the public shareholding spread requirement under the Listing Requirements, whereby at least 25.00% of our total number of Shares for which 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.

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 will apply.

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.

## 9. RISK FACTORS (CONT'D)

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of 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.

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

The trading price and volume of our Shares may fluctuate due 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 variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by 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 on Bursa Securities, thus, the market price of our Shares may be subject to fluctuations.

### 9.3.3 We may not be able to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from the subsidiaries within our Group.

Since our listing on the LEAP Market, our Group has consistently paid dividends to our shareholders. Prior to our listing on the LEAP Market, our Group also has a proven track record of paying dividends to our shareholders. In determining the size of any dividend recommendation, we will take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves, capital expenditure plans and compliance with regulatory requirements. In the Financial Years Under Review and up to the LPD, the dividends declared and paid out by our Company are as follows:

	FYE 2021	FYE 2022	FYE 2023	From 1 October 2023 and up to the LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Dividends declared	4,020	3,516	3,504	2,484
Dividends paid	4,020	3,516	3,504	2,484

Whilst we endeavour to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future due to factors beyond our control or our capital expenditure plans. Please refer to Section 12.15 of this Prospectus for further information on our dividend policy.

### 9.3.4 Impairment of goodwill

In accordance with MFRS 3 Business Combinations, goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The goodwill is not amortised and is tested for impairment at the end of every financial year. When the carrying amount of the goodwill exceeds its fair value, an impairment loss is recognised in an amount equal to the excess. The impairment loss will be reflected in the statements of profit and loss for the year it is recognised.

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**9. RISK FACTORS (CONT'D)**

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The goodwill in our Group remained at RM21.99 million throughout the Financial Years Under Review. The goodwill is subjected to review every financial year which may result in impairment in the event the carrying amount of the goodwill exceeds its fair value. This may have a material adverse effect on our Group's results of operations or its financial position.

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

Our Promoters will collectively hold approximately 64.05% of our enlarged issued share capital upon Listing. Therefore, our Promoters will be able to effectively control the business direction and management of our Group and may have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting either by law and / or by the relevant regulations and / or authorities.

Nevertheless, as a step towards good corporate governance, our appointed Independent Non-Executive Directors and our Audit and Risk Management Committee will scrutinise all transactions in which there is potential conflict of interest situation arising from the interests of our Promoters, substantial shareholders and / or Director and to ensure that any future transactions involving related parties are entered into on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

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