9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE BEFORE INVESTING IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 Our revenue is project-based and our historical financial performance may not be indicative of our future financial performance

We provide underground utilities engineering solutions to our customers on a project basis. In our industry, it is common for projects to be awarded based on competitive bidding/ pricing, and as such, we have to bid/ price competitively. Save for Komasi Engineering and Sutera Utama whom have appointed us as their sole and exclusive provider of HDD engineering services, our other customers are under no obligation to continue to award projects to us and there is no assurance that we are able to continuously and consistently secure new projects, nor will there be any assurance that we can continue to secure projects based on similar commercial terms.

Accordingly, the scale and number of projects and the amount of revenue that we are able to derive therefrom are affected by a series of factors including but not limited to changes in our customers' businesses, economic downturn and availability of funds/ budgetary considerations on the part of project owners. Consequentially, our revenue may vary significantly from period to period, and it may be difficult to forecast our financial performance.

The financial performance of our Group depends on our ability to secure new projects to sustain our order book. Any significant decline in our order book will materially and adversely impact our sustainability, growth potential, and future financial performance. As at LPD, the total unbilled contract value of our on-going projects based on contracts secured was RM220.8 million and our Group expects that the unbilled order book to be recognised over the next 3 financial years. However, there is no assurance that we will be able to maintain our order book at such levels in the future. In addition, our order book may be subject to unexpected project cancellations or scope adjustments which may occur from time to time. There can also be no certainty that projects from our order book will not be delayed or terminated or we may face situation of delays in securing new contracts due to factors outside our control such as deferment in project awarded by project owners or economic downturns. Any delay or cancellation or reduction in the contract value or scope of work of projects secured in our order book may reduce the value of our order book and in turn, affect our future financial performance.

Our quotations and success of our tenders are affected by various factors which include our pricing and tendering strategy, level of competition and our customers' evaluation of standards. Therefore, there is no guarantee that we will be able to secure every contract that we tender for or achieve a similar success in our tenders for every bid that we put in. Depending on the then market condition and competitive landscape, we may have to lower our pricing or adjust our tendering strategy in order to maintain the competitiveness of our quotations and tenders. In the event that our Group fails to secure new projects from our customers with contract values, sizes and/or margins comparable to existing ones, our business and financial performance and results of operations will be materially and adversely affected. Therefore, the historical financial performance and financial condition of our Group may not be indicative of our future financial performance.

9.1.2 We are dependent on our major customers

During FYE 2021 to 2023, the revenue contributions from our top 3 major customers are as follows:

	FYE 2021		FYE 2022		FYE 2023	
Customers	**RM'000**	**(1)%**	**RM'000**	**(1)%**	**RM'000**	**(1)%**
Komasi Engineering	25,264	48.9	42,803	57.2	39,721	44.8
Wee Guan Group	7,238	14.0	15,362	20.5	16,921	19.1
Sutera Utama	10,885	21.1	10,753	14.4	12,311	13.9
Total	**43,387**	**84.0**	**68,918**	**92.1**	**68,953**	**77.8**

Note:

(1) Computed based on the total revenue of the respective financial years.

We expect that the abovementioned major customers will continue to contribute significantly to our Group's revenue in the future. We have entered into the Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama respectively. These Exclusive Engineering Service Provider Agreements are intended to establish a framework for collaboration for future business opportunities which may arise. As at LPD, the order book attributable to the abovementioned major customers is RM208.6 million, representing 94.5% of our Group's unbilled order book. We work closely with our existing customers to ensure customer satisfaction and participate in business meetings with them or potential customers as part of the efforts to secure new projects from them. We will continue to serve our other customers and strive to pursue business development activities to expand our customer base and reduce dependency on the abovementioned major customers.

We have high concentration of projects (30 (with total contract value of RM277.0 million) of 109 (with total contract value of RM372.1 million) ongoing projects as at LPD) for the electricity supply industry where TNB is the project owner for electricity supply-related projects in Peninsular Malaysia. Thus, we are also dependent on our 2 major customers' ability to continuously secure new projects from TNB.

Therefore, our Group's sustainability, revenue, and financial results will be materially and adversely affected if:

(a) we were to lose 1 or more of our top 3 major customers (or reduce the level of services provided to them) without securing new customers to replace the loss of business;

(b) we were to encounter difficulties in collecting payments from these major customers;

(c) our contracts with the abovementioned major customers are delayed or terminated;

(d) due to the concentration of our major customers' contracts in the electricity supply industry where TNB is the project owner for electricity supply-related projects in Peninsular Malaysia, TNB ceases to award projects to our Group's 2 major customers; and/or

(e) termination of Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama.

In particular, our Group's major concentration of credit risk relates to the amounts owing by 2 customers in FYE 2021, 3 customers in FYE 2022 and 2 customers in FYE 2023 which constituted approximately 64.0%, 80.0% and 55.0% of our Group's gross trade receivables at the end of FYE 2021, FYE 2022 and FYE 2023 respectively. Therefore, we are exposed to the concentration of credit risk arising from trade receivables due to unanticipated events beyond our control, such as delays in our customers receiving the corresponding payment from project owners or economic downturn.

Although we have entered into the Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama, there can be no assurance that they will continue to secure projects. Separately, while we have not encountered any major disputes with the abovementioned major customers, there can be no assurance that the current working relationship with them will not deteriorate due to potential disputes that could not be resolved and that we would continue to be successful in securing projects from them in future.

9.1.3 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules and regulations. We have obtained the required certificates of registrations and licenses as set out in Section 6.7 and are in compliance with the relevant governing laws and regulations as set out in Section 6.10, to carry out our operations.

As at LPD, all foreign employees employed by us carry valid working permits or working passes which are renewable periodically. Any changes to the policies on employment of foreign workers in Malaysia or Singapore or changes in bilateral agreements between Malaysia or Singapore and the countries from which our foreign workers are sourced may adversely affect our business operations.

The licences and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, these licences and approvals may be revoked or may not be renewed upon expiry, which will have a material impact on our Group. Similarly, any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/or our directors, restrictions on operations and/or remedial liabilities which would have a material impact on our Group.

9.1.4 We depend on our Executive Directors for our continued success

Our future prospects are, to a significant extent, attributable to the abilities, skills, experience, competency and continuous effort of our Executive Directors who are also our key senior management. A team of experienced personnel in our business is crucial in guiding and implementing our Group's strategies, maintaining the quality of our Group's services whilst retaining the business confidence of our customers as well as to ensure our business continues to grow. Our Group intends to participate in more large-scaled projects, expand further in Singapore. Please refer to Section 7.18 for further information on our Group's business strategies.

The continued success and future growth of our Group are largely dependent on the contributions and involvement of our Promoter and Managing Director, Datuk Dr Ting who has approximately 23 years of experience in the industry. Throughout the years, he has played a significant role in developing and implementing business strategies of our Group, which have contributed to our Group's business growth. Hin Wai Mun and Chong Tuoo Choi, our Promoters and Executive Directors, whom each possess approximately 17 years and 27 years of experience in the industry and also contributed significantly to our business growth. They are supported by Vincent Wong Soon Choy who is also our Executive Director/ Chief Financial Officer. Please refer to Section 5 for further details on our Executive Directors who are also our key senior management.

The loss of our Executive Directors who are also our key senior management simultaneously or within a short time without timely replacement or discontinuity in knowledge transfer may potentially create an unfavourable impact on our Group's business operations, performance and prospects if there is a lack of succession planning, or inability to retain qualified personnel.

9.1.5 Our operations depend on the availability of an adequate supply of materials at competitive prices

We utilise various materials such as HDPE resin and masterbatches for our HDPE pipe manufacturing activities, as well as cables, pipes and cable joints in carrying out our underground utility projects, and are thus dependent on the continuous supply of such materials. Please refer to Section 7.8 for more details on our purchases.

Our materials are price sensitive, and we face the risk of obtaining sufficient quantities of materials at competitive prices. Our purchases of HDPE resin are subjected to the fluctuation in global market commodity prices. Any price fluctuations in HDPE resin caused by demand and supply and price volatility, which are beyond our control, could result in increased costs and have a material adverse effect on our business and financial performance.

A material increase in construction costs arising from materials costs, labour, and overheads, will adversely affect our profit margin; particularly in situations where our contracts with our customers prevent us from passing on these increased costs to them. As such, our failure to accurately estimate the resources and time required for a project or our failure to complete our contractual obligations within the timeframe and costs committed could have a material adverse effect on our financial performance.

Furthermore, contracts with our customers generally, do not cater for such price fluctuations of construction materials. We are exposed to the risks of price fluctuations and we assume the risk that the actual costs associated with our performance may be greater than anticipated. Our cash flows and profitability will be reduced if the actual costs to complete a contract exceed the original estimates.

In view of the above, our cash flows and profitability are dependent on our ability to accurately estimate the cost associated for our projects, which are dependent on a variety of factors, amongst others, such as, conditions at the project sites, contagious diseases as well as cost of materials and labour. These variations may cause actual GP for a project to differ from the original estimates which may result, in certain contracts having a lower profit margin than anticipated or losses if actual contract cost exceeds its estimates, and thereafter, would reduce our profitability, cash flows, liquidity and impact on our financial performance.

9.1.6 We are dependent on the services and quality of our subcontractors' works

We usually engage subcontractors to scale up our project capabilities and to carry out selected parts of our project activities, such as HDD works, open trenching, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works. We schedule, monitor and provide overall supervision of the on-site operational activities carried out by the subcontractors such that they are in compliance with contractual requirements and safety regulations. We are responsible for the quality of our subcontractors' works.

Subcontractors are appointed following the shortlisting of candidates based on the project requirements, assessment of tenders/ quotations submitted by the candidates, as well as our past working experiences and relationship with the candidates. Upon finalisation of negotiation of pricing, scope of works and the bills of quantities, we will issue LOAs or purchase orders to the subcontractors.

As our subcontractors have no direct contractual relationships with our customers, we are subject to risks associated with non-performance by our subcontractors. If our subcontractors are unable to:

(a) deliver their services in a timely manner;
(b) deliver work of good standards to us;
(c) meet the technical specifications and requirements; and/or
(d) make good of the defects or undertake all rectification works,

our Group's operations may experience delays in project completion, quality issues concerning the works done, or non-performance of the affected projects. Further, we are exposed to defects liability claims as a result of the non-performance of our subcontractors. For clarity, our subcontractors are responsible for the rectification of any defects in relation to the scope of work that we have subcontracted to them, and these subcontractors will bear the cost of rectification works. However, our Group is ultimately responsible to our customers for ensuring that the defects are rectified. In the event our subcontractors are unable to rectify defects for works that we have subcontracted to them, our Group may need to engage other subcontractors to perform rectification works and bear the initial rectification costs before we can charge the rectification costs back to the subcontractors who caused the defects.

There is no assurance that we would be able to monitor the performance of our subcontractors efficiently. Notwithstanding that we may attempt to seek compensation from the relevant subcontractors, we may incur significant time, cost and resources to rectify the defects and resolve the issues concerning the quality of works performed by our subcontractors. This in turn would affect the project delivery schedule and accordingly our Group would need to request for extension of time or be subject to defects liability claims from our customers, or liquidated ascertained damages ("**LAD**") arising from delays in completion of our projects which would have a material impact on our Group. We may be susceptible to risks of our customers claiming against our performance bond, or legal liabilities arising from such defects or substandard works.

To this, we maintain certain insurance coverages against various losses and liabilities as a result of damages and/or related risks where our exposure to such losses and liabilities will be limited to the extent of the sum insured under the respective insurance coverages. For losses and liabilities as a result of defects, our exposure to such losses and liabilities will be limited to the retention sum retained based on the projects.

The subcontracted services accounted for approximately 64.3%, 63.7% and 61.0% of our total purchases for FYE 2021, FYE 2022 and FYE 2023 respectively. During FYE 2021 to 2023 and up to LPD, we have not experienced any material complaint(s) from our customers in respect of the services and quality of our subcontractors' works and all the defect rectification works requested have been attended to by our Group or our subcontractors in a timely manner.

9.1.7 Unanticipated cost overruns may affect our profitability and our financial performance

Our contracts with customers normally have a fixed and pre-determined value throughout the contract period in accordance with the scope of works that we tendered for. In pricing a tender or quotation, we estimate the project costs based on numerous factors including but not limited to:

(a) scope of works;
(b) material and labour requirements and costs;
(c) project complexity;
(d) time required for completing a project;

(e) types of machinery required;
(f) historical fees we charged for similar projects; and
(g) prevailing market conditions.

Incorrect estimations of our project costs may result in cost overruns and hence will affect our profitability and financial performance. If the actual costs to complete the projects significantly deviate from the estimated costs when the tenders or quotations were submitted, we will be bound by the contract to undertake the project at a substantial loss and hence our business operations as well as financial performance and profitability may be adversely affected.

We may not be able to complete the project on time or we may be subject to cost overruns due to certain events that are not within our control, such as timing required to obtain the necessary work permits from local authorities, adverse weather conditions and outbreak of diseases.

9.1.8 We are subject to the risk of defect liability claims from our customers

We extend a defect liability period of up to 12 months from the date of the completion certificate. Specific to the projects that we undertake for power grid projects in Singapore, we provide a defect liability period of 60 months, which corresponds to the defect liability period imposed on our Group by our main contractors. Our subcontractors in Malaysia similarly extend defect liability periods to our Group of up to 12 months. During the defect liability period, we are liable for any repair work, reconstruction or rectification of any defects which may surface or be identified at our own cost. For clarity, our Group had only engaged 1 subcontractor in Singapore during FYE 2021 to 2023 and up to LPD, and this subcontractor in Singapore does not extend any defect liability periods to our Group.

In situations where we are affected by defect liability claims, we may experience an increase in project costs if:

(a) no corresponding claim can be asserted against a subcontractor/ supplier;

(b) amount of the claim cannot be recovered in full or at all from the subcontractor/ supplier or the retention sum retained from the subcontractor is insufficient, we may be required to bear some or all the cost of such claim; and/or

(c) we are unable to enforce or experience delay in enforcing legal recourse against our subcontractors/ suppliers to indemnify or compensate us (such as the subcontractor's insolvency).

As a result of this, our business, reputation and financial performance may be materially and adversely affected.

During FYE 2021 to 2023 and up to LPD, we have not experienced any defect liability claim which has materially affected our business operations and financial performance. Furthermore, as at LPD, there is no material claim for any compensation and retention sum asserted by our customers against us in relation to any defect works performed by us or our subcontractors, as well as the quality of construction materials supplied by our suppliers.

Nonetheless, there can be no assurance that in the future we will not be subject to material defect liability claims, which may have an adverse impact on our business operations, profitability, reputation and financial performance.

9.1.9 The insurance coverage for our Group's projects may not be sufficient to cover all losses and/or liabilities arising from potential claims

For projects in which our Group is engaged as a subcontractor, our customers (i.e. the main contractors) are generally responsible for procuring the requisite insurance policies, which will cover losses and/or liabilities arising from potential claims for works performed by our Group.

For projects in which our Group is engaged as a main contractor, we are required by our customers to procure and maintain insurance policies relevant for the projects, in the interest of our customers, such as the following:

(a) Erection All Risks Insurance

This policy covers material damage in connection with the erection work, and cover loss of or damage to the existing property or property belonging to or held in care, custody or control by the main contractor or subcontractor caused by or arising out of the construction or erection of the items insured under the policy. Additionally, it covers third party liability damages which includes bodily injury and physical damage to the substance of property.

(b) Contractor All Risks Insurance

This policy covers material damage from contract works (including all materials to be incorporated therein), the loss of or damage to the principal's existing property within the worksite, and third party liability damages which includes bodily injury and property damage.

(c) Workmen's Compensation Insurance

This policy provides that if at any time during the period of insurance any employee in the company's immediate service shall sustain personal injury by accident or disease arising out of and in the course of his employment by the company in its work as contractor and if the company shall be liable to pay the compensation for such injury either under the law relating to workmen compensation or common law, the insurance provider will indemnify the company against all sums for which the company shall be so liable and will in addition be responsible for all costs and expenses incurred with its consent in defending any claim for such compensation.

We are aware of the adverse consequences arising from inadequate insurance coverage that could potentially affect our business, operations and financial performance. We have also purchased business insurance policies, to protect our business and office furniture and equipment against unexpected losses or damage due to break-ins or loss of monies and policies to insure our vehicles.

Although we have procured and maintained the relevant insurance policies for our projects, we may receive claims from our customers, subcontractors or other parties in respect of various matters concerning our underground utilities engineering solutions projects from time to time. There is no assurance that our current insurance policies will sufficiently protect us against all potential liabilities arising from any claims or losses.

Further, our insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events. The outcome of any claim is subject to the relevant parties' negotiation and the result of claims may be unfavourable to us. If we are held liable for uninsured losses or the amounts of claims for insured losses exceed the limit of our insurance coverage, our business and financial performance will be impacted.

For FYE 2021 to 2023 and up to LPD, we have not encountered any events that resulted in any insurance claims that materially affected our business and financial condition.

9.1.10 Our business and financial performance may be affected in the event of delay or inability to complete projects on a timely basis

Our projects are subject to timelines for us to adhere to. In the event where there are any delays in the timeline of a project, it would usually result in project cost overruns, which attract negative publicity and legal uncertainties such as potential LAD claims from our customers.

Our revenue is recognised based on percentage of project completion or upon completion of work orders and billing is based on actual work performed and certified by our customers. Thus, any delays or postponement in projects may influence our resource allocation for the execution of subsequent projects and delay our revenue recognition. Any form of delay in completing the projects will therefore affect our billings, revenue, operational cash flow and financial performance. We may be required to pay our suppliers and subcontractors regardless of such delays if the works have been performed, and as such, it would affect our cash flow.

The timely completion of projects undertaken by our Group is dependent on external factors inherent in the electricity supply industry and telecommunications market including, amongst others, the timely receipt of requisite licenses, permits or approvals from regulatory authorities, performance of any subcontractors appointed, expected soil conditions, safety and site conditions, shortage of materials, equipment and/or labour, adverse weather conditions, economic downturn and changes to government policies. Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing LAD claims on us as stipulated in our contracts and our reputation, financial performance and operational cash flows would be materially affected.

There was no LAD incurred by our Group during FYE 2021 to 2023 and up to LPD.

9.1.11 Our contracts may be subject to early termination

In line with industry practice, our contracts with customers ordinarily contain clauses which could give rise to a right of early termination by our customer or us, in the event of, amongst others, suspension of works, our persistent failure to comply with the terms and conditions contained in the contracts, failure for payment of our works as per the payment schedule, and in situations of insolvency faced by our customers or us.

In the event we experience any early termination of our contracts, the loss of revenue and/or costs incurred arising from such termination may have an adverse impact on the financial condition and prospects of our Group. If our Group is at fault, we may also be susceptible to the risks of legal claims, liabilities and compensation to our customers. This could have a negative impact on our financial condition and reputation.

As at LPD, our Company has not experienced any termination of our contracts.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 There are inherent risks in the electricity supply and telecommunications industry

As our business is mainly in the provision of underground utilities engineering solutions whereby, we, amongst others, procure, supply, deliver, install, lay, construct, relocate, test and commission as well as inspect, repair and maintain underground and overhead utilities or product pipelines and therefore we are subject to inherent risks within the electricity supply and telecommunications industries. Such inherent risks include, amongst others, dependency on public and private investments on utilities infrastructure which in turn are affected by the economic conditions, foreign direct investments, construction industry and government initiative and spending. Some of the changes, which include changes to economic conditions, government initiative and spending or situations may reduce new underground utilities engineering projects and that available in the market. In such situations, we will face more intense competition in tenders among the industry players and we may need to be more aggressive in our pricing strategy. This will adversely affect our business, financial performance, prospects and liquidity.

9.2.2 We face competition from industry players

We face competition from competitors which may be capable of offering similar services and compete with us in terms of pricing, technology, range and quality of services and timeliness of project delivery. Some of our competitors may have longer operating track record and financial resources or equipped with better machineries, resources and technical expertise allowing them to offer a more comprehensive range of services or specialised services in comparison to us. In the event our competitors are able to offer the services at a more competitive price than ours, we may be forced to match their pricing to secure the projects, which may affect our profit margins. In addition, if we fail to match or be better than our competitors in terms of the range of comprehensive solutions and technology offered, our clients may choose our competitors. Additionally, consolidation of small market players within the infrastructure utilities industry would also result in a competitive environment.

There is no assurance that we can or will remain competitive among our existing or new competitors in light of the competitive business environment. As such, the competition we face and failure to remain competent or to build on our competitive advantages and key strengths going forward may adversely affect our business operations and financial performance.

9.2.3 We are subject to economic, political and/or regulatory risks in Malaysia and Singapore

Our principal market is Malaysia, which contributed to 83.6%, 76.5% and 74.2% of the revenue generated by our Group for FYE 2021, FYE 2022 and FYE 2023 respectively. Singapore contributed to the remaining 16.4%, 23.5% and 25.8% of the revenue generated by our Group for FYE 2021, FYE 2022 and FYE 2023 respectively.

Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and / or uncertainties in the economic, political and legal environments that are beyond our control in Malaysia and Singapore. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls. All of these changes are beyond our control.

Any adverse developments in one or more of the abovementioned conditions may cause disruptions in the delivery and completion schedules of our infrastructure utilities engineering solutions projects, which may consequently cause a decline in our revenue; or may cause a decline in demand for our Group's solutions. As such, there is no assurance that any adverse political, regulatory or economic developments, would not materially affect our business, financial performance and prospects of our Group.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our IPO, there has been no public market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained.

Furthermore, notwithstanding that our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, prospects and future plans and our financial and operating history, we cannot assure you that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing and that the market price of our Shares will not decline below the IPO Price or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

9.3.2 Our Share price and trading volume may be volatile

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to, among others, the following factors, some of which are beyond our control:

(a) variation in our operating results;

(b) success or failure of our management in implementing business and growth strategies;

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

(d) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;

(e) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;

(f) additions or departures of key management;

(g) fluctuations in stock market prices and volume;

(h) involvement in litigation; or

(i) changes in government policy, legislation or regulation.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and global stock exchanges, 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 on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.3 Our Listing is exposed to risk of that it may be aborted or delayed

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

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

(b) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself of its obligations under such agreement;

(c) we are unable to meet the minimum public shareholding spread requirement under the Listing Requirements of having at least 25.00% of the total number of our Shares for which our Listing is sought being in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing; and/or

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

Although we endeavour to comply with the various regulatory requirements, in any event these events as mentioned above occur, the 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) and 243(6) of the CMSA shall apply. Our Company shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC upon expiration of that period until the full refund is made.

If our Listing is aborted/ terminated and our Shares have been allotted to the investors, all monies paid in respect of all applications for our IPO Shares will be refunded to the investors only by way of cancellation of share capital as provided under Sections 116 and 117 of the Act and its related rules.

Such cancellation requires the approval of the shareholders by special resolution in a general meeting, the consent of our creditors (if required), with the sanction of the High Court of Malaysia 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 meeting the solvency requirements under Section 117(3) of the Act. There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

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

9.4 OTHER RISKS

9.4.1 Our Promoters and/or Specified Shareholders will be able to exert significant influence over our Company and the interest of our Promoters who control our Company may not be aligned with the interest of our other shareholders

Our Promoters and/or Specified Shareholders will collectively hold at least 73.3% of our enlarged number of issued Shares upon Listing. As a result, they will be able to effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends as well as having substantial voting control and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they and persons connected with them are required to abstain from voting either by law, relevant guidelines or regulations. Therefore, there is a risk of non-alignment of interests by our Promoters with those of our other shareholders.

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