9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY OCCUR EITHER INDIVIDUALLY OR IN COMBINATION, AT THE SAME TIME OR AROUND THE SAME TIME) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP BEFORE INVESTING IN OUR SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are exposed to the risk of price fluctuations and shortage of input materials

Our business requires us to secure sufficient quantities of input materials in a timely manner and at competitive prices to meet the demands of our customers and manage our production costs. As such, our business operations and financial performance are vulnerable to changes in the prices and supply of our input materials. Our main input materials for our products include palm-based and coconut-based oils and fats, glucose syrup, and acid casein.

For the FYE Under Review, our purchases of palm-based and coconut-based oils and fats, glucose syrup, and acid casein are as follows:

Main input materials	FYE 2022		FYE 2023		FYE 2024	
	RM'000	% (1)	RM'000	% (1)	RM'000	% (1)
Palm-based and coconut-based oils and fats (2)	117,974	38.58	73,031	31.88	89,684	34.65
Glucose syrup (mainly made from corn)	77,131	25.23	67,668	29.54	71,577	27.65
Acid casein	47,459	15.52	32,382	14.14	26,654	10.30

Notes:

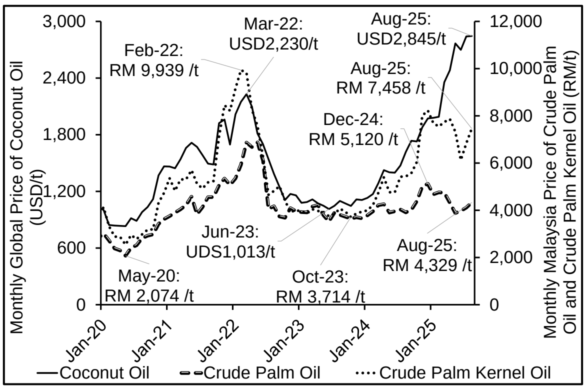
(1) Total purchases of main input materials divided by total purchases of materials for the respective financial years.

(2) Include palm-based oils and fats such as palm kernel oil, palm oil, palm olein, MCT oil, and palm stearin, as well as coconut-based oils and fats such as hydrogenated and refined coconut oil, and MCT coconut oil.

As palm oil, coconut oil, corn, and acid casein are globally traded commodities, we are therefore exposed to the risk of price fluctuations, which is mainly driven by market dynamics, weather conditions, and geopolitical factors. If we are unable to pass on any increase in input materials prices to our customers, we would have to absorb the additional costs, which would adversely affect our profit margins and overall financial performance. Conversely, if we were to pass on any of the increase in input materials prices to our customers, we may not be able to remain price-competitive. This could lead to customer attrition or decrease in our sales volume, which would adversely affect our revenue and overall financial performance.

According to the IMR Report, crude palm kernel oil ("**CPKO**") generally tracks crude palm oil ("**CPO**") price trends but often moves with a greater magnitude due to tighter supply. In 2024, CPKO and CPO prices have increased by 40.5% and 9.7% respectively. The rise in CPKO prices was partly driven by the increase in coconut oil prices during the same period, as CPKO is commonly used as a substitute for coconut oil. The average price of CPO and CPKO in the first half of 2025 rose by 9.5% and 58.8% respectively, compared to the same period in 2024. This increase was primarily driven by higher prices for competing edible oils like soybean and sunflower oil, and reduced supply from Indonesia due to increased domestic use of palm oil for biodiesel production.

Monthly Prices of Coconut Oil, Crude Palm Oil and Crude Palm Kernel Oil



(Source: IMR Report)

Meanwhile, coconut oil prices were volatile, falling to USD1,013 per tonne in June 2023 before surging to USD2,845 per tonne in August 2025, representing an increase of 180.9%, driven by global supply-demand imbalances and adverse weather conditions in key producing countries. Higher cocoa bean prices also prompted food manufacturers to reformulate their products by using coconut oil as a substitute for cocoa butter, further pushing up the demand and prices for coconut oil. *(Source: IMR Report)*

In the first half of 2025, we had experienced an increase in the average purchase price of palm-based and coconut-based oils and fats. Nevertheless, we did not pass the increase in costs to our customers to preserve our market competitiveness.

Further, any disruptions to the supply of our input materials, whether due to adverse weather conditions, geopolitical factors, export restrictions, labour shortages, logistics constraints, or shifts in global demand, could lead to input materials shortages. A prolonged or unexpected shortage of our input materials may result in production delays, increased procurement costs, or an inability to meet customer orders, all of which could adversely affect our business operations and financial performance. There is no assurance that we will be able to secure sufficient quantities of input materials in a timely manner and at competitive prices from our suppliers in the future.

9.1.2 We are exposed to the risk of increase in sea freight rates

We rely on sea freight to deliver products to our foreign customers. In FYE 2024, we served customers across 42 foreign countries. Additionally, we rely on sea freight for the procurement of certain input materials from our foreign suppliers.

As such, we are exposed to potential disruptions in sea freight logistics arising from factors that are beyond our control, including adverse weather conditions, political instability, international trade tensions or trade wars, port strikes, port congestion, and delayed or lost shipments. Any such disruptions could result in delays in the delivery of products to our foreign customers and receipt of materials from our foreign suppliers, which may adversely affect our business operations and financial performance.

For the FYE Under Review, our average sea freight cost per tonne decreased by 56.64% from RM429 per tonne in FYE 2022 to RM186 per tonne in FYE 2023, and subsequently increased by 41.94% to RM264 per tonne in FYE 2024.

According to the IMR Report, the weekly sea freight rate for 40-foot equivalent unit ("**FEU**") containers on 18 September 2025 was USD1,913 per FEU, down by 67.8% from its recent peak of USD5,937 per FEU on 18 July 2024 following the resolution of the Red Sea Crisis and the easing of conflicts in the Middle East. *(Source: IMR report)*

There can be no assurance that we will not be adversely affected by the increase in sea freight rates and other supply chain disruptions that may adversely affect our business operations and financial performance.

9.1.3 We are dependent on our certifications and major licences, permits and approvals from relevant government authorities and regulatory agencies

We are required to obtain and hold valid certifications, licences, permits, and approvals granted by various government authorities and regulatory agencies as they are essential for the conduct and continuity of our business. Please refer to Section 7.2 and Annexure A of this Prospectus for further details of our certifications and major licences, permits, and approvals.

Our certifications, licences, permits, and approvals may be suspended, withdrawn or terminated if we fail to comply with the applicable requirements or any required conditions. Some of these certifications, licences, permits, and approvals need to be renewed on a periodic basis or reassessed by the relevant government authorities and regulatory agencies. Failure in obtaining, keeping or renewing the requisite certifications, licences, permits, and approvals may result in the suspension or restriction of our operations and in turn, will adversely affect our business operations and financial performance.

Our Group has experienced incidents of non-compliances relating to licences, permits and approvals as detailed in Section 7.26 of this Prospectus. As at the LPD, our Group has not received any notices, penalties or compounds from the relevant authorities for the incidents of non-compliances. Nevertheless, there can be no assurance that we will not be subject to enforcement actions by the relevant authorities in the future, including cessation or monetary penalties.

In addition, we are also subject to various laws and regulations governing our business operations. Please refer to Section 7.25 of this Prospectus for details of the applicable laws and regulations governing our Group. If we are found to be in breach of any regulatory requirements by the relevant authorities, we may be subject to fines, enforcement actions, operational restrictions or criminal proceedings against us. Any such actions may have a material adverse effect on our business operations and financial performance.

9.1.4 We are subject to laws and regulations relating to occupational safety and health administration and environment

Our business operations are bound by occupational safety and health administration and environment as set out below:

(i) Workplace health and safety hazards

If our employees and contract workers are harmed or injured as they perform their jobs or if we fail to comply with or breach any of the relevant health and safety regulations, our business operations may be suspended or disrupted, and our financial performance may be affected.

For the FYE Under Review and from 1 January 2025 up to the LPD, there have been a total of three incidents of injury involving our production workers at our Kulim Factory and SJ Factory, all of which have been reported to the DOSH. There were no material injury or harm to our production workers as they were able to continue working without any disruptions to our operations. Nevertheless, there can be no assurance that injury or harm to our employees will not occur in the future.

In July 2024, we have been imposed with a penalty of RM5,000 pursuant to Section 52A of the Factories and Machinery Act 1967 for failure to appoint a competent person to monitor the operations of our steam boilers in our Kulim Factory. The penalty has been paid and settled on 6 August 2024, and we have appointed the relevant competent persons to monitor the operations of our steam boilers in our Kulim Factory.

Further, in January 2025, we had received a notice of prohibition from DOSH in respect of the operation of one unit of our air receiver machine located at our Kulim Factory without a valid certificate of fitness. We have since obtained a valid certificate of fitness for the air receiver machine, and DOSH has confirmed that the notice has been cancelled.

Additionally, we have also made improvements to our operations following the receipt of five notices of improvement from DOSH in January 2025. The notices of improvement were relating to workplace safety matters, including monitoring of hazardous chemicals exposure, identification of ergonomics issues at workplace, and assessment of noise exposure.

The above notices and penalty did not materially impact our business operations and financial performance. Nevertheless, there can be no assurance that we will not be subject to any similar notices, fines, penalties, claims or regulatory inspections in the future, any of which may have a material adverse effect on our business operations and financial performance.

(ii) Environmental safety

In the course of our manufacturing operations, waste would be generated, some of which requires specialised disposal. As such, we are subject to relevant environmental laws, regulations, and standards, and are required to implement appropriate measures to manage and dispose of wastewater, scheduled wastes, and other environmentally sensitive materials. Non-compliance with applicable environmental laws, regulations, and standards may subject us to, amongst others, various enforcement actions from relevant regulatory authorities, including official warnings, fines, criminal liability, suspension of permits, or even forced cessation of operations, depending on the nature and severity of the violation.

In February 2025, we have been imposed with a penalty of RM4,000 for failure to (i) inform the Department of Environment within six hours form the occurrence of any spill, accidental discharge or leakage of any industrial effluent or mixed effluent; and (ii) maintain records of the manufacturing processes, operation, maintenance and performance monitoring of the industrial effluent treatment system. The penalty imposed has been settled as at the LPD, without any material impact to our business operations and financial performance. Nevertheless, there can be no assurance that we will not be subject to other notices, fines, penalties, claims or regulatory inspections in the future for any failure to comply with relevant environmental laws, regulations and standards, any of which may have a material adverse effect on our business operations and financial performance.

9.1.5 We are exposed to the risk of unfavourable foreign currency exchange rates

Our business is exposed to fluctuations in foreign currency exchange rates as a certain proportion of our revenue and purchases are transacted in foreign currencies, mainly in USD and EUR. Any adverse fluctuations in exchange rates between RM and foreign currencies would adversely affect our financial performance.

Our revenue transacted in foreign currencies collectively accounted for 53.83%, 57.13%, and 51.12% of our total revenue for FYE 2022, FYE 2023, and FYE 2024 respectively. The breakdown of our revenue transacted in RM and foreign currencies for the FYE Under Review is summarised in the following table:

Revenue by currency	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
RM	189,722	46.17	157,348	42.87	193,004	48.88
USD	208,420	50.73	198,175	53.99	186,521	47.24
EUR	9,548	2.32	6,964	1.90	9,611	2.43
Others (1)	3,191	0.78	4,591	1.24	5,728	1.45
Total	**410,881**	**100.00**	**367,078**	**100.00**	**394,864**	**100.00**

Note:

(1) Others comprise SGD, AUD and RMB.

Meanwhile, our purchases of materials transacted in foreign currencies collectively accounted for 21.05%, 28.85%, and 26.89% of our total purchases of materials for FYE 2022, FYE 2023, and FYE 2024 respectively. The breakdown of our purchases transacted in RM and foreign currencies for the FYE Under Review is summarised in the following table:

Purchases by currency	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
RM	241,417	78.95	162,978	71.15	189,228	73.11
USD	34,012	11.12	37,471	16.36	50,709	19.59
EUR	29,526	9.66	28,421	12.41	18,571	7.18
Others (1)	830	0.27	190	0.08	320	0.12
Total	**305,785**	**100.00**	**229,060**	**100.00**	**258,828**	**100.00**

Note:

(1) Others comprise GBP, THB, RMB and AUD.

A depreciation of the RM against the foreign currencies we transact will lead to higher purchase costs and higher revenue in RM after conversion. Conversely, an appreciation of the RM against the foreign currencies we transact will lead to lower purchase costs and lower revenue in RM after conversion.

We do not have a hedging policy. As at the LPD, we have foreign currency hedging facilities to manage our exposure to fluctuations in foreign currencies. In addition, we have cross-currency profit rate swaps executed in conjunction with certain bankers' acceptances, which allow our Group to receive proceeds and settle these bankers' acceptances in RM. Further, we also maintain bank accounts in RM, USD, EUR, SGD, RMB and AUD, such that collections can be used to settle payments in the same currency where possible. To a certain extent, this provides a natural hedge against any fluctuations in foreign currency exchange rates.

For the FYE 2022 and FYE 2023, we recorded net foreign exchange gain of RM1.69 million and RM1.23 million respectively. In FYE 2024, we recorded a net foreign exchange loss of RM0.94 million. The net foreign exchange loss in FYE 2024 did not have a material adverse impact to our financial performance. Nevertheless, there can be no assurance that future exchange rate fluctuations would not have any material adverse impact to our financial performance.

9.1.6 We are exposed to the risk of changing consumer preferences and shifts in market demands

Our business is subject to the risk of changing consumer preferences and shifts in market demands, particularly for our non-dairy creamer range of products. Evolving dietary trends, growing health consciousness, nutritional guideline changes, and increased food ingredients awareness may influence consumer choices and purchasing behaviour.

For example, increasing global scrutiny over the environmental and health impacts of palm oil have led to growing consumer and regulatory pressure in specific markets to reduce or eliminate palm oil products. As some of our non-dairy creamers and functional lipid powders formulations incorporate palm-based oils and fats, negative sentiments or reduced acceptance of palm oil products, whether due to sustainability concerns, dietary preferences, or labelling requirements, may affect the demand for our products in affected markets.

The European Union and the Gulf Cooperation Council have banned the use of titanium dioxide as a food additive in 2022 and 2023 respectively, citing potential health concerns. As such, there can be no assurance that the increasing global scrutiny over the environmental and health impacts of palm oil will not result in a ban on palm oil products in certain markets in the future.

Further, changing consumer behaviour driven by the demand for clean label, plant-based, low-fat or allergen-free foods may reduce the interest in certain of our product formulations. Similarly, shifts in lifestyle or preferences could impact the demand for our products.

There is no assurance that our current or future products will continue to meet market expectations or be able to retain product competitiveness in the market. A sustained decline in the demand for any of our products or a shift away from certain key ingredients could adversely affect our business operations and financial performance.

9.1.7 We are exposed to the risk of product liabilities and product recalls

Being a manufacturer of specialty food ingredients and food products, including as a contract manufacturer for third-party brands, we are exposed to product liability claims arising from, amongst others, manufacturing defects, inadequate labelling, warnings or instructions, product contamination and deterioration, unintended use of unsafe ingredients, sabotage, or mislabelling. Claims from affected individuals may lead to legal action, potentially resulting in financial losses and negative publicity. In addition, as a contract manufacturer, we face the risk of being held liable for products sold under our customers' names or brands.

Further, heightened regulatory scrutiny on product safety, growing consumer awareness, and the increasing influence of social media have amplified our exposure to the risk of product recalls. If any of our input materials, packaging materials, or finished products are found to be contaminated, tampered with, damaged or out of specification at any point during their shelf life, we may be required to dispose of, recall, and/or replace the affected batches. Such actions could lead to financial losses due to inventory destruction, costs incurred associated with conducting product recalls, and loss of sales resulting from product unavailability. In addition, a product recall regardless of its basis could significantly harm our Group’s reputation.

For the FYE Under Review and from 1 January 2025 up to the LPD, we have not experienced any product liability claims and product recalls for our products.

9.1.8 We are subject to the availability of labour for our manufacturing operations and increasing labour costs

Our manufacturing operations require labour. We are subject to the risks relating to the availability and the costs of employing labour, who comprise both local and foreign workers. As at the LPD, we employed 178 workers for our production and warehouse functions, of which 49.44% are Malaysians and 50.56% are foreigners.

Any substantial shortage or high turnover of our workers may lead to disruptions in our manufacturing operations, delays in fulfilling customer orders, reduced plant efficiency, and increased overtime costs. Further, we are subject to government policies and regulatory requirements on the employment of foreign workers, including quotas, levies, recruitment approvals, and work permit renewals. Any tightening of labour policies, delays in foreign workers intake, or changes to regulatory requirements may constrain our ability to maintain optimal workforce levels.

For the FYE Under Review and from 1 January 2025 up to the LPD, we have not encountered any issues relating to the hiring of our workers, including foreign workers, that have adversely affected our Group’s business operations and financial performance. There is no assurance that our business operations and financial performance will not be affected by future challenges in attracting, hiring, or retaining sufficient labour.

Further, there is no assurance that we are able to mitigate the risks of increasing labour costs. The national minimum wage was revised to RM1,500 with effect from 1 May 2022, and subsequently increased to RM1,700 with effect from 1 February 2025. Any further increase in minimum wage in the future will increase our labour costs, which would adversely affect our financial performance.

9.1.9 We are exposed to operational risks including machinery breakdown, utility disruptions, IT systems failures, and cybersecurity breaches

Our machinery and equipment are essential to ensuring the efficiency of our manufacturing operations. However, these assets may occasionally be taken out of service due to unforeseen failures or damage sustained during normal operations. If there is a breakdown, our manufacturing operations may be disrupted, resulting in production downtime and delays in product delivery to our customers. We may also incur additional costs for repairs or replacements, and may not always be able to resolve such issues or secure replacement equipment in a timely manner. In April 2023, we encountered a fire damage to our Spray Dryer Plant 1 and its related accessories, fixtures, and fittings, which caused it to be inoperable for a month. This incident did not materially impact our business operations and financial performance, as we were able to, amongst others, utilise our Spray Dryer Plant 2 to fulfil customer orders. Nevertheless, there is no assurance that we are able to prevent any breakdown of our machinery and equipment in the future.

Our manufacturing operations rely on a continuous supply of water and electricity. Our manufacturing facilities were equipped with storage tanks for potable water, which can support the operation of one dryer for up to one day if there is a water supply disruption. For the FYE Under Review and from 1 January 2025 up to the LPD, we experienced both scheduled and unscheduled disruptions to water and electricity supply. In these instances, some products under processing were rendered off-specification and had to be reprocessed, resulting in additional production costs. Further, in FYE 2023, we encountered several incidents of water supply disruptions which affected our overall operational efficiency. Notwithstanding this, our operational efficiency improved in FYE 2024 and from 1 January 2025 up to the LPD, and these past incidents did not have a material impact on our business operations and financial performance. Nevertheless, there can be no assurance that any prolonged disruption to the supply of water or electricity in the future will not materially affect our business operations and financial performance.

Our business operations also depend on our IT systems, including our servers that connect our head office and manufacturing facilities. In this respect, we are exposed to risks such as security breaches, system malfunctions, unavailability of third-party services, and intentional or accidental damage to our IT systems. These risks include cyber threats such as ransomware attacks, which may compromise system availability and disrupt our business operations. In May 2025, we experienced a ransomware attack that temporarily prevented access to our servers at both our SJ Factory and Kulim Factory, which hosted our accounting system. We successfully gained access to our servers within three days, and there was no material impact to our business operations and financial performance.

9.1.10 We may not be able to realise the anticipated benefits of our future plans

Our business strategies and future plans are focused on the expansion of our operational facilities, investment in IT and automation systems, and expansion of our product range. Our implementation of these business strategies and future plans is subjected to (i) significant capital expenditure that includes the purchase of a suitable piece of land for our New Factory, as well as machinery and equipment, and setup costs (including construction and renovation costs); (ii) availability of human resources and experience; and (iii) changes to regulatory requirements and conditions. Please refer to Section 7.19 of this Prospectus for further details on our business strategies and future plans.

There can be no assurance that we can successfully execute our business strategies and future plans, and be able to anticipate all associated risks and uncertainties. Hence, our prospect and future business growth are dependent on our ability to implement and execute our business strategies and future plans effectively and promptly. Any failure in executing our business strategies and future plans may have a material and adverse impact on our business operations and future financial performance.

9.1.11 We are exposed to the risk of inventory write-downs and write-offs

We are exposed to the risk of inventory write-downs and write-offs due to the perishable nature of our input materials and finished goods as well as the compliance to strict quality and safety standards. Factors such as spoilage, contamination, changes in customer demand, overproduction, or regulatory non-compliance may result in certain inventory items becoming obsolete.

Inventory write-downs occur when the net realisable value of inventory falls below its cost, while write-offs are recognised when inventory is deemed no longer usable or saleable. Both circumstances may result in unexpected losses that impact our profitability. In particular, excess or slow-moving inventory poses a financial risk if not effectively monitored or managed.

Our inventories written down were RM0.82 million and RM1.23 million for the FYE 2023 and FYE 2024 respectively, while our inventories written off were RM0.86 million, RM0.73 million, and RM0.37 million for the FYE 2022, FYE 2023, and FYE 2024 respectively. These inventories were written down and/or written off mainly due to obsolescence, slow-moving, damage, or expiry of our inventory items. There is no assurance that all losses from inventory deterioration or obsolescence can be avoided. Significant or recurring write-downs or write-offs may adversely affect our financial performance.

9.1.12 We are dependent on our Managing Director and Key Senior Management for our business continuity

Our Managing Director, namely Dato' Saw, has been instrumental in the growth and performance of our Group. He is responsible for spearheading and overseeing the overall direction of our Group. He is supported by our Key Senior Management, who possess the relevant knowledge in their respective fields of work to ensure the smooth operations of our Group. Please refer to Sections 5.1.2 and 5.4.3 of this Prospectus for the profiles of our Managing Director and other Key Senior Management respectively.

There can be no assurance that we will be successful in retaining our Managing Director and/or Key Senior Management or ensuring a smooth succession if any changes occur. Any loss of our Managing Director and/or any of our Key Senior Management without any suitable and prompt replacement, may adversely impact our Group's business operations and financial performance.

9.1.13 We are exposed to the risk relating to product formulations, brands, and proprietary know-how

Our product formulations are critical to our competitive strengths but are vulnerable to unauthorised copying, imitation, or reverse engineering by our competitors or third parties. There is also a risk that third parties may copy or misrepresent our brands by selling products under our names and trademarks. Such actions could mislead customers, harm our reputation, and result in loss of sales and market share. While we have not experienced any such instances to date, there is no assurance that it will not happen in the future.

In addition, while we develop our products using in-house expertise, research, and industry knowledge to meet customer requirements, there is a risk that our products may inadvertently infringe upon third-party rights, such as product formulations, patents, trade secrets, trademarks, or copyrights. As at the LPD, we have not been subject to any claims, proceedings, or incidents relating to infringement of third-party rights. However, if such events were to occur, we could be exposed to legal actions, settlement obligations, or restrictions on our ability to develop, manufacture, or sell certain of our products. These consequences could adversely affect our business operations and financial performance.

9.1.14 We are exposed to the risk of inadequate insurance coverage

We have in place insurance policies that cover, amongst others, fire, consequential loss, product liability, public liability, marine, and burglary. These policies are subject to various exclusions, coverage limitations, and liability caps concerning the insured events and amounts. There can be no assurance that our insurance coverage will be sufficient to fully cover any losses or damages that may arise during our business operations.

Our insurance policies are subject to periodic renewal, which may involve changes in premiums, coverage terms, and policy limits. If there is a significant increase in our insurance premiums, we may incur higher costs to renew our insurance policies. Further, there is no guarantee that such insurance policies will remain available to us in the future on commercially acceptable terms or at reasonable costs.

During the FYE Under Review and from 1 January 2025 up to the LPD, we received insurance claims mainly relating to the impact damage caused by the collapse of the racking system at our Kulim Factory amounting to RM0.72 million, and a fire incident involving our Spray Dryer Plant 1 amounting to RM0.64 million. Notwithstanding this, there can be no assurance that we will be able to successfully claim the amount of losses suffered or receive the full amount of our claim from the insurer, or that our existing insurance policies will be sufficient to cover all of our potential losses or risk associated with our business operations.

9.2 RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

9.2.1 We are subject to the demand and performance of user industries

Our business is dependent on the demand and performance of various user industries of our specialty food ingredients and food products, including confectionery and bakery producers, beverage manufacturers, nutritional product manufacturers, foodservice operators, and other food-related sectors. Therefore, the demand for our products is closely tied to the production output, innovation cycles, and consumer sales trends within these user industries.

A slowdown, disruption, or structural shift in any of these user industries may directly affect the demand for our products. This includes factors such as changes in consumer preferences, economic downturn, regulatory restrictions, or supply chain disruptions.

In addition, user industries may shift to alternative specialty food ingredients and food products, or reformulate their products in response to cost pressures, evolving nutritional requirements, or environmental concerns. These changes may reduce the reliance on our existing product offerings and require us to invest in new formulations or applications to maintain relevance in the supply chain.

We have limited control over our customers' business cycles, strategic decisions or innovation priorities. As such, any sustained weaknesses or contractions in the industries we serve may adversely affect our business operations and financial performance.

9.2.2 We are subject to competition from other specialty food ingredients and food products manufacturers

We face competition from other specialty food ingredients and food products manufacturers that are based in Malaysia and foreign countries. In addition to the established industry players, we may also face competition from new entrants seeking to establish themselves in our industry from time to time.

The barriers to entry in the production of non-dairy creamers and functional lipid powders are moderate to high, primarily due to the specialised technical requirements and capital-intensive nature of the manufacturing processes involved. A key barrier lies in the need for advanced processing techniques such as spray drying and microencapsulation, which are crucial to achieving the functional and sensory attributes required by end users. These technologies demand substantial capital investment, while production requires specialised production expertise and process controls to ensure consistent quality at scale. The ability to tailor product formulation and characteristics to precise customer specifications further raises the technical requirements for new entrants. Other barriers to entry include regulatory compliance and certifications such as HACCP, MeSTI and GMP. While these certifications are standard across the food industry, it requires operational discipline and robust quality systems to maintain these certifications. *(Source: IMR Report)*

We generally compete based on a variety of factors including, amongst others, price competitiveness, financial strength (particularly in terms of working capital to ensure that our products are available for delivery to customers), capacity and willingness to invest in machinery and equipment, sufficient production capacity, availability of skilled personnel, product and service quality, responsiveness to customer requirements, promptness and reliability in delivery, proven track record, and our market reputation.

There can be no assurance that we will continue to remain competitive against existing and prospective competitors. Consequently, there can be no assurance that our existing customers will continue to issue purchase orders to us in the future. Failure to remain competitive, adapt quickly to changing market conditions and trends, or ability to secure purchase orders from existing or new customers may adversely affect our business operations and financial performance.

9.2.3 We are subject to adverse economic, social, political and regulatory risks

Any adverse changes in the economic, social, political and regulatory conditions in Malaysia and the Netherlands may negatively impact our business operations and financial performance.

Changes in the economic, social, political and regulatory conditions could arise from, amongst others, changes in political leadership, geopolitical events, economic cycles, fluctuations in interest rates and tariffs, terrorism, wars, sanctions, pandemics, expropriation or nationalisation, changes in fiscal and monetary policies (including taxation, inflation, and exchange controls), unemployment trends, and other matters that could affect consumer and business confidence.

In July 2025, the United States of America ("**USA**") government had imposed a 19% tariff on most imported goods from Malaysia, effective from 8 August 2025. As our export sales to the USA constituted less than 1.00% of our total revenue for the FYE Under Review, the import tariff is not expected to have a direct material adverse impact on our business operations and financial performance. Nevertheless, there can be no assurance that we will not be indirectly affected by the import tariff, as our competitors which were directly impacted by the import tariff may divert their efforts towards our customers, which could adversely impact our market competitiveness.

Further, some of our existing customers, as well as addressable customers, are dependent on the global demand for their products. As such, our business prospects are also directly or indirectly affected by global events such as geopolitical events, financial crises, trade conflicts and sanctions. This may cause our existing and addressable customers to defer, reduce, or terminate purchase orders. As such, there can be no assurance that any adverse changes in the economic, social, political, and regulatory conditions that are beyond our control will not materially affect our business operations and financial performance in the future.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There has been no prior market for our Shares and it is uncertain whether an active market will ever develop

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

There can be no assurance that our Final Retail Price will correspond to the price at which our Shares will trade on the Main Market upon our Listing and that the market price of our Shares will not decline below our Final Retail Price. A number of factors could cause our Share price to fluctuate, including but not limited to, the depth and liquidity of the market for our Shares, investors' individual perception of our Group, market and economic conditions, general industry conditions, and our operating results.

9.3.2 We may not be able to pay dividends to our shareholders

Our ability to declare dividends to our shareholders will depend on, amongst others, our profitability and cash flow position, our capital expenditure and strategic investment requirements, and our working capital needs and debt servicing obligations. This, in turn, is dependent on market demand, our operating results, and our ability to implement our future plans. As such, there is no assurance that we will be able to pay dividends to our shareholders.

You should note that any statement on the payment of dividends in this Prospectus merely describes our Company's present intention. This shall neither constitute a legally binding obligation or statement on our Company nor a guarantee by our Board. 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 12.5 of this Prospectus for a description of our dividend policy, and Section 15.3 of this Prospectus for details of repatriation of capital and remittance profit from our foreign subsidiary.

9.3.3 Our Share price and trading volume may be volatile

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 operating results. These factors may include changes in analysts' recommendations or projections, economic and political conditions of our country as well as the growth potential of the specialty food ingredient and food product industry.

In addition, the trading price and volume of our Shares are dependent on external factors such as the performance of the world exchanges and the inflow or outflow of foreign funds. These factors will contribute to the volatility of trading volumes witnessed on Bursa Securities and may adversely affect the market price of our Shares.

9.3.4 The interests of our Promoters and substantial shareholders who control our Company upon the completion of our IPO and Listing may not be aligned with the interests of other shareholders

Upon the completion of our IPO and Listing, our Promoters and substantial shareholders via their direct and/or indirect interests in our Company, will collectively hold an aggregate of 669,863,638 Shares, representing approximately 65.62% of our entire enlarged total number of issued Shares upon our Listing (assuming the Over-allotment Option is not exercised).

As a result, our Promoters and substantial shareholders will be able to have effective control over the business direction and management of our Company including the election of Directors, the timing and payment of dividends, and have the ability to influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters and substantial shareholders and persons connected with them are required to abstain from voting either by requirement of law and/or by the relevant guidelines or regulations. Therefore, there may be a risk where the interests of our Promoters and substantial shareholders are not aligned with those of our other shareholders.

Notwithstanding the above, we have in place our Audit Committee, consisting of our Independent Non-Executive Directors, which functions to assist our Board in making decisions that are in our shareholders’ best interest based on our internal control systems. Please refer to Section 5.3.2 of this Prospectus for further details on the duties and responsibilities of our Audit Committee.

9.3.5 Possible sale of a substantial number of Shares in the public market following our IPO could adversely affect the price of our Shares

Upon the completion of our IPO and Listing, we will have 1,020,823,025 Shares in issue, of which up to 300,123,000 Shares, representing up to 29.40% of our entire enlarged total number of issued Shares, will be held by investors participating in our Listing, and approximately 65.62% (assuming the Over-allotment Option is not exercised) will be held by our Promoters and substantial shareholders via their direct and/or indirect interests in our Company. Our Shares sold in our Listing will be traded on the Main Market following our Listing.

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

9.3.6 Delay or failure of our Listing

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

(i) our Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder;

(ii) if we are unable to meet the public shareholding spread requirements under the Listing Requirements of having at least 25.00% of our total number of Shares for which our Listing is sought, being held by a minimum number of 1,000 public shareholders holding not less than 100 Shares at the point of our Listing; and

(iii) the revocation of the approvals from the relevant authorities prior to our Listing for whatever reason.

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

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we or such other person who received the monies shall repay all monies paid for the applications for our IPO Shares within 14 days of the stop order, failing which we 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 pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any IPO Shares, all monies paid for all applications for our IPO Shares will be refunded free of interest.

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

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we 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 pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules.

Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either:

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

(b) a solvency statement from our Directors.