5. RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks not presently known to us or that we currently deem insignificant may also impair our business, results of operations or the market price of our Shares as they become known or as facts and circumstances change.

5.1 RISKS RELATING TO OUR BUSINESS

5.1.1 We operate in a highly regulated industry where our insurance business is subject to laws, regulations and guidelines

(i) General insurance industry regulation

Our business in the general insurance industry in Malaysia is highly regulated. We are subject to laws, regulations and guidelines under the purview of BNM under the FSA. If we are unable to comply with the laws, regulations and guidelines issued by BNM, this may adversely impact our Company's operations, financial condition, or business prospects, as the most serious outcome may be a revocation or suspension of our licence.

The legal and regulatory framework is extensive under the FSA, and includes, among others, the following:

- licensing requirements: We must obtain and maintain an insurance licence, which includes meeting capital requirements and other prudential standards;

- capital and solvency requirements: We must maintain a minimum paid-up share capital of RM100.0 million and a minimum capital adequacy ratio of at least 130%;

- ownership and shareholding structure: Ownership of licensed insurers in Malaysia is subject to requirements under the FSA. Applications involving shareholding are assessed on a case-by-case basis, taking into account, among others, the "best interest of Malaysia" considerations under the FSA. In such cases, any changes in ownership or control beyond the prescribed threshold under the FSA will require prior approval of or notification to BNM. In summary, material changes in ownership or control which will require prior approval of or notification to BNM include, among others, the following:

  - prior written approval of BNM is required before any person can acquire any interest in shares of a licensed insurer which would result in that person holding an aggregate interest of 5% or more in the shares of the licensed insurer;

  - if a person has already obtained BNM or the MoF approval (as the case may be), further approval of BNM is required for any subsequent acquisition which would result in that person holding an aggregate interest in shares of a licensed insurer of or exceeding any multiple of 5% or the percentage holding for a mandatory offer under the Malaysian Code on Take-overs and Mergers 2016 issued by the SC;

  - prior written approval of the MoF (on BNM's recommendation) is required for a person to: (a) acquire any interest in shares of a licensed insurer which would result in that person holding an aggregate of more than 50% of the interest in shares of the licensed insurer; or (b) gain control over a licensed insurer;

- prior written approval of the MoF (on BNM's recommendation) is required for a person who has an aggregate interest in shares of a licensed insurer of more than 50%; or 50% or less but has control over the licensed insurer, to dispose any interest in shares of a licensed insurer which would result in that person holding below 50% or losing control over the licensed insurer; and

- directors or officers of a licensed insurer must immediately notify BNM if they become aware of any agreement or arrangement as described above which has been or is about to be effected;

- prudential requirements: There are specified standards to ensure financial safety and soundness, including regulations on capital adequacy, risk management, corporate governance and internal controls, outsourcing, anti-money laundering and counter-financing of terrorism;

- product and pricing approval: For the introduction of new products or material changes to existing products, we are required to notify or submit the required information or obtain approval from BNM;

- business conduct and consumer protection requirements: We are required to act professionally, provide transparent product information and have in place an effective mechanism for handling customer complaints; and

- regulatory developments: We may be required to adapt our risk management frameworks, reporting practices and operational processes to remain compliant. Recent developments in Malaysia include BNM's requirements on climate-related risk management and sustainability reporting, the Inland Revenue Board of Malaysia's mandatory e-invoicing, as well as BNM's emphasis on robust governance, risk management and controls in the areas of technology, cybersecurity and data protection.

In addition, we are required to comply with the RBC Framework, which provides a more comprehensive and risk-sensitive measure of capital adequacy. The RBC Framework requires us to maintain sufficient capital relative to the risks inherent in our business, including insurance, market, credit and operational risks. Some of the key requirements under the RBC Framework include:

- capital adequacy, where a capital adequacy ratio is used to measure the adequacy of capital available in the insurance and shareholders' funds of a licensed insurer to support the total capital required. Insurance companies are required to satisfy a minimum supervisory target capital level of 130%. Capital adequacy ratio is computed as follows:

  Capital adequacy ratio = Total capital available / Total capital required x 100%

- capital required to mitigate major risks, where the required capital is calculated based on the insurer's exposure to major risks, including underwriting risk, asset/investment risk, and operational risk. These risk-based capital requirements form the denominator of the capital adequacy ratio computation above and ensure that the capital adequacy assessment is aligned with the insurer's underlying risk profile;

- valuation of assets and liabilities, where the insurer is required to value its assets and liabilities in accordance to the approved accounting standards and other standards specified by BNM; and

- investment of insurance funds, where insurance companies are required to ensure proper investment of insurance funds and put in place an investment and risk management policy in line with the risk appetite set by the board of directors. Generally, the policy covers the overall investment strategy and risk management systems, such as the investment objectives, risk and liability profile, asset allocation and the respective limits, restricted or disallowed types of assets, as well as the policy on the usage of derivatives and structured products. For general insurance funds, the investment limits on individual asset classes include maximum of 30% of total assets in shares listed on the Main Market of Bursa Securities, maximum of 20% in immovable property and a minimum limit of 10% in liquid assets. In addition, the exposure to shares not listed on the Main Market of Bursa Securities, debt securities with credit rating of category four or poorer (which refers to lower-rated debt securities such as those rated BBB or below), and loans other than policy loans is generally restricted to 5% of total assets, with a maximum of 1% per individual counterparty, as well as a maximum limit of 10% in foreign assets in jurisdictions with sovereign ratings at least equivalent to that of Malaysia.

The RBC Framework also requires each licensed insurer to ensure adequate capital to meet its capital requirements on an ongoing basis as stipulated in the Guidelines on Internal Capital Adequacy Assessment Process for Insurers. Each insurer is required to establish an individual target capital level that reflects its own risk profile and risk management practices. Failing to meet the individual target capital level would result in restrictions on, among others, payments of dividends. Our capital adequacy ratio for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 well exceeded the minimum supervisory target capital level of 130%, as well as our individual target capital level. See Section 7.25(i) of this Prospectus for further details on the RBC Framework.

Consequently, we must comply continuously with existing and any future regulatory requirements, and meet solvency and capital adequacy standards to maintain our general insurance licence.

The regulations on pricing of insurance products and commissions could constrain our ability to align premiums with actual risk, potentially leading to reduced profitability. Such constraints may limit our ability to make timely premium adjustments in response to increased claims or rising claim costs, which will affect our profitability. Furthermore, regulations on commission structures may constrain business growth, which could impact our financial performance. Recent interim measures implemented by BNM to limit premium increases with respect to medical insurance products has affected our individual Hospital & Surgical ("**Individual H&S**") products. As our Individual H&S sub-segment currently represents less than 1.0% of our GWP for the Financial Years and Period Under Review, and our loss ratio in this sub-segment has consistently performed below target thresholds for the past five years, the recent BNM-led inflationary pressures relating to this sub-segment have not required us to make premium adjustments or pricing change to our Individual H&S products, which means BNM's interim measures have not materially impacted our Company's financial performance or overall growth strategy. As the regulatory framework under which we operate, including the FSA and all other regulations imposed by BNM, is extensive and dynamic, we have to continuously develop and maintain robust internal compliance, control and reporting protocols and processes so that we adhere to the same, which may incur operational costs to our Company.

BNM has the authority to impose various restrictions and further corrective measures which may affect our ability to underwrite new business and consequently this may affect our business operations and financial performance. BNM maintains a strict and multi-tiered enforcement framework, and the law and regulations applicable to the general insurance industry are stringent. A failure to comply with changes to BNM's requirements or framework could affect our ability to maintain our general insurance licence and in turn adversely affect our business operations and financial performance.

For the Financial Years and Period Under Review and up to the LPD, we remain compliant with the regulations and guidelines issued by BNM, including the minimum financial requirements for paid up share capital, and we have maintained capital adequacy ratios well above the supervisory target capital level. However, there can be no assurance that we will be able to continue to do so, as our ability to meet solvency and other regulatory requirements may be influenced by factors such as underwriting profits, investment performance and claims experience. Furthermore, there is no assurance that changes to the laws, regulations and guidelines governing the general insurance industry will not adversely impact our business operations or our ability to comply with solvency or capital adequacy standards.

In addition, PIAM is the general insurance association in Malaysia that plays a key role in promoting industry discipline, setting standards for agents to register with PIAM and facilitating consumer protection. In general, insurance agents in Malaysia are required to pass examinations and be registered with PIAM. As at the LPD, all of the agents representing our Company are required to be registered with PIAM. Our business is subject to risks associated with the misconduct and/or incompetency of agents acting on our behalf, resulting in non-compliance with regulatory requirements. Such conduct may expose our Company to risks including customer disputes, financial losses, regulatory action, and reputational damage. See Section 5.1.15 of this Prospectus for further details on complaints received. For the Financial Years and Period Under Review and up to the LPD, our business operations and financial performance were not materially affected by any such complaints.

If we are unable to comply with the regulations and guidelines issued by BNM, the most serious outcome may be a revocation or suspension of our licence. In the event our licence is suspended or revoked by BNM, we would have to cease to carry on our business operations temporarily or permanently. Notwithstanding that, we are still required to discharge our obligations to all existing insurance policyholders until BNM is satisfied that the obligations are discharged or adequate arrangements have been made to discharge all our obligations. Furthermore, failure to comply with any of the above applicable laws, rules and regulations may otherwise lead to regulatory reprimands, monetary penalties or fines, and may expose our Company, Directors and/or officers to potential civil and criminal liability claims, which could impact our ability to continue our business operations, and consequently, may affect our financial performance and lead to reputational damage and undermine market confidence, adversely impacting our stakeholder relationships, including policyholders, investors, employees, and business partners.

(ii) Environmental, social, and governance ("ESG") regulation for financial institutions in Malaysia

Our Company is subject to evolving ESG regulations and stakeholder expectations, which could affect our operations and financial condition. In particular, we are subject to BNM's Climate Risk Management and Scenario Analysis Policy Document, which sets out principles and requirements on climate risk management and scenario analysis for financial institutions to, among others, enhance the financial sector's resilience against climate-related risks. New or changing ESG requirements may entail additional costs for compliance, reporting and operational adjustments.

In addition, certain stakeholders, such as investors, customers and business partners, may increasingly expect strong ESG compliance and investments in ESG initiatives, which could place additional demands on our Company's financial and operational resources. Consequently, any failure to understand, manage, or ensure transparency regarding our Company's exposure to ESG-related regulatory risks and comply with our ESG-related obligations could have a material adverse effect on our business operations, financial performance and prospects.

(iii) Corporate governance, risk management and internal controls

We are subject to among others, BNM's Corporate Governance Policy Document, Operational Risk Policy Document, Risk Management in Technology Policy Document, Compliance Policy Document and Guidelines on Internal Audit Function of Licensed Institutions.

In particular, we are subject to strict governance requirements imposed by BNM. Director appointments to financial institutions, which includes our Company, are subject to prior BNM approval. Under BNM's governance requirements, among others, the board and board committees must be of a size that promotes effective deliberation, encourages the active participation of all directors and allows the work of the various board committees to be discharged without giving rise to an over-extension of directors that are required to serve on multiple board committees. In particular, the chairman of the board must not be an executive, and must not have served as a chief executive officer of the financial institution in the past five years. In addition, the board must not have more than one executive director, unless BNM approves otherwise, and the board must have a majority of independent directors at all times. The board must also establish amongst its members a nominations committee; a remuneration committee; a risk management committee; and an audit committee. Each board committee must have at least three directors, a majority of whom shall be independent, including the chair, and comprise directors who have the skills, knowledge and experience relevant to the responsibilities of the board committee.

In addition, members of senior management must also fulfil the minimum fit and proper requirements prescribed by BNM. A substantial shareholder must not hold a senior management position, and a chief executive officer must devote the whole of his professional time to the service of the financial institution, unless BNM approves otherwise. A financial institution must also have a robust succession plan for senior management and clearly defined processes for the appointment and removal of the chief executive officer and senior officers, and the assessment of the candidates for appointments.

Our Company's failure to demonstrate sound corporate governance or comply with applicable laws and regulations could negatively impact our reputation, operations and financial performance. Some of the key corporate governance requirements include, among others, establishing a robust risk management framework, implementing effective internal control systems, adhering to the financial reporting standards and implementing a whistleblowing policy.

We have established risk management and internal control systems tailored to our business operations. However, such systems have inherent limitations and may not be able to identify, mitigate and manage every possible risk exposure. Internal control weakness or failure could lead to unanticipated costs and negatively impact our business operations and financial performance. Our business relies on our ability to process a high volume of daily transactions, and any prolonged disruption with our financial, accounting, data processing, security and other operating systems and facilities could adversely affect our business operations and financial performance.

(iv) Risks of disruptions to our outsourcing arrangements

We are subject to BNM's 2019 Outsourcing Policy Document with respect to outsourcing arrangements. Under this policy document, the entering into of outsourcing arrangements which:

- could, in the event of a service failure or security breach, have the potential to significantly impact the financial institution's provision of financial services to customers, business operations, financial position, reputation or compliance with applicable laws and regulatory requirements; or

- could involve customer information and in the event of unathorised access, disclosure or modification, or loss or theft of the information, have a material impact on the customer of the financial institution,

would require prior BNM's approval. We have such outsourcing arrangements with various third parties and related parties for, including without limitation, IT services (including hosting, development, maintenance and support services for applications and systems), claims administration services and customer service functions. We do not regard these outsourcing arrangements to be material outside the wider parameters of materiality under BNM's 2019 Outsourcing Policy Document, as we are not materially dependent on the current service providers as sole providers for such services, given that comparable services may be procured from alternative third-party service providers on similar terms. Therefore, even though they may affect, among others, our operations, services and customers within the wider parameters of materiality under BNM's 2019 Outsourcing Policy Document, they are not regarded as having material and adverse financial impact on our business or profitability. Notwithstanding this, should we be required to transition to alternative third-party service providers, our business operations may experience temporary disruptions during the period of transition. Therefore, if there are disruptions to such services and notwithstanding that we may have contractual recourse against our service providers, there could be a corresponding impact on our business operations.

In addition, prior BNM approval would have to be obtained prior to the procurement of such alternative services. Where this is the case, we face the risk that disruptions to our business would be prolonged if these approvals are not obtained on a timely basis.

5.1.2 Our business and financial performance are dependent on insurance revenue and profitability that are subject to volatility and unpredictability

The nature of our business is such that the underwriting of insurance risk can be volatile, which can lead to unpredictable earnings. As a general insurance provider, our insurance revenue is primarily derived from the premiums we receive for underwriting risks. Our insurance revenue is influenced by several factors including product mix, and the size and volume of premiums.

Our ability to generate and grow insurance revenue depends largely on our capability to secure new business and retain customers, as well as our capacity to expand sales through our distribution channels and our resources to broaden our reach.

We face challenges in aligning our pricing strategies with our Company's risk appetite while maintaining market competitiveness. Our risk appetite requires disciplined and adequate pricing to ensure sufficient capitalisation against potential loss reserves, particularly for high-risk portfolios. However, the competitive market dynamics often pressure insurers to reduce premiums. Pricing too aggressively may expose us to risks beyond our internal tolerance levels and affect our financial performance, while maintaining strictly risk-adequate pricing may result in the loss of potential customers.

In addition to insurance revenue, our profitability is influenced by cost factors such as claims incurred, commissions, adjustments and reinsurance expenses. See Sections 5.1.4, 5.1.7 and 5.1.8 of this Prospectus for the risk factors affecting our costs.

Any combination of the above factors can significantly impact our underwriting appetite and profits. As a result, any unfavourable operational environment or macroeconomic conditions could negatively impact our business operations and financial performance.

5.1.3 As a member of the Chubb Group, we are subject to risks of disruption to our business and operations if there are adverse changes or developments to the Chubb Group

Our Company is currently, and following our IPO and Listing, will continue to be, a member of the Chubb Group, which comprises Chubb Limited, our ultimate parent company, and its global subsidiaries. Our business operations and infrastructure are aligned with the overall strategic and management direction of the Chubb Group.

Therefore, any adverse changes or developments affecting our parent company, related companies or the Chubb Group with respect to strategic direction, operational policies or restructuring could have an adverse impact on our business operations, reputation and financial performance.

Further, as we are part of a multinational group, in addition to local laws and regulations, we may also be required to comply with various laws and regulations from other territories. For example, as our ultimate parent company, Chubb Limited, is listed on the New York Stock Exchange, certain United States laws and regulations may also be applicable to our Company, including United States laws and regulations regarding financial reporting, disclosure and internal controls, such as the Sarbanes Oxley Act of 2002, the United States Foreign Corrupt Practices Act focusing on anti-bribery and accounting standards and various United States sanctions regulations. If we fail to comply with applicable international laws and regulations, there may be adverse repercussions to the Chubb Group and/or us. For example, if we were found to have breached applicable sanctions regulations, our Company may be subject to enforcement proceedings and reputational damage.

In addition, we obtain shared operational and support services from the Chubb Group as follows:

- IT services (including hosting, development, maintenance and support services for applications and systems);

- multinational policy administration services (including processing of all post-bind activities of the Chubb Group multinational programmes involving Malaysia, including, among others, indexing, submission logging and premium book entry);

- reinsurance-related services (including the collection and verification of reinsurance information); and

- other ad hoc technical advisory or support services (including underwriting, claims, finance and administration, reinsurance and human resource advisory or support services, provided upon request by our Company).

Nevertheless, although we obtain administrative support services from other parties, including members of the Chubb Group and third parties, our Company retains control and responsibility for our core insurance functions, including decision-making in relation to claims, and accounting and finance functions. No decision-making authority in respect of such core functions are delegated to any other person.

If there are adverse changes or disruptions to the provision of such services by the Chubb Group, we may correspondingly face disruptions in our business operations. However, we are not materially dependent on such services as we, where necessary, are able to obtain similar services from alternative third-party service providers on similar terms. Nevertheless, in the event we need to seek out alternative third-party service providers, we may face temporary disruptions to our business operations during the period of transition. See Sections 5.1.1(iv) and 11.1.2 of this Prospectus for further details.

In summary, the procurement of such services from the Chubb Group does not impede the ability of our Company to independently run our daily core operations. We operate under the direct supervision of our Board, the majority of which are comprised of Independent Non-Executive Directors, and through the management of our Key Senior Management who are employed full time and located in Malaysia. We have local oversight and execution of our business, as well as local policies and procedures for our operations, including those covering sales, human resources, risk management, legal and compliance, and financial management.

In addition, we also have in place our own board charter and corporate governance framework, which is wholly independent from the Chubb Group. We are also financially independent from the Chubb Group and we do not receive any financial support or financial assistance from the Chubb Group for our business operations.

However, there can be no assurance that adverse changes or developments to the Chubb Group would not disrupt our business operations at any time.

5.1.4 Our results of operations or financial condition could be adversely affected by the occurrence of natural and man-made disasters

We have substantial exposure to losses resulting from natural disasters and man-made catastrophes, such as terrorism or cyber-attack, and other catastrophic events. This could impact a variety of our businesses, including our property and casualty, and accident and health segments. Catastrophes can be caused by various events, including floods, storms, landslides, earthquakes, heatwaves explosions, fires, war, acts of terrorism, nuclear accidents, political instability, and other natural or man-made disasters, including a global or other wide-impact pandemic or a significant cyber-attack. The incidence and severity of catastrophes are inherently unpredictable and our losses from catastrophes could be substantial. In addition, climate change and resulting changes in global temperatures, weather patterns, and sea levels may both increase the frequency and severity of natural catastrophes and the resulting losses in the future, and impact our risk modeling assumptions. Risk modelling relies on assumptions about future events and current conditions. The models used quantify risk, determine pricing, set reserves and calculate capital requirements, and the contributing factors include estimates and judgements which are based on historical experience and other factors, including expectations of future events. The results of these models have a direct impact on our Company's financial results as any changes to the estimates and judgments may cause material adjustments to the carrying amounts of assets and liabilities. There is a risk that actual events may differ from such assumptions and consequently could adversely impact our results of operations or financial condition. For example, if actual claims exceed estimated claims resulting in an increase in claims expenses, this could adversely affect our insurance service results and profitability. A deviation in discount rates that requires reserve adjustments will result in changes to the assets and liabilities and could have an impact on our overall capital adequacy. See Note 2.2 of the Accountants' Report as set out in Section 13 of this Prospectus for further details.

We cannot predict the impact that changing climate conditions, if any, may have on our results of operations or our financial condition. We cannot predict how legal, regulatory or social responses to concerns around global climate change and the resulting impact on various sectors of the economy may impact our business. As industry practices, legislative, regulatory, judicial, social, financial, technological and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. In addition, exposure to cyber risk is increasing systematically due to greater digital dependence, which may increase possible losses due to a catastrophic cyber event. The rise of cybersecurity incidents such as malware and ransomware attacks, phishing attacks and data breaches could increase the risk of potential claims. Cyber catastrophic scenarios are not bound by time or geographic limitations and cyber catastrophic perils do not have well-established definitions or fundamental physical properties. Rather, cyber risks are engineered by human actors and thus are continuously evolving, often in ways that are engineered specifically to evade established loss mitigation controls. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or increasing the frequency and severity of claims, which could adversely impact our business operations and financial performance.

The occurrence of claims from catastrophic events could result in substantial volatility in our results of operations or financial condition for any fiscal quarter or year. For example, in the past, there have been increased claims arising from the increasing frequency and severity of floods. While, as at the LPD, our Company has not encountered a specific past incident arising from occurrence of natural and man-made disasters that materially affected our business operations and financial performance, there is no assurance that this risk may not materialise in the future. Catastrophic events are inherently unpredictable and the actual nature of such events, when they occur, could be more frequent or severe than contemplated in our pricing and risk management expectations. As a result, the occurrence of claims from one or more catastrophic events could adversely impact our business operations and financial performance.

5.1.5 Our investment performance may affect our financial results and our ability to conduct business

Our investments are subject to market risks and risks inherent in individual securities. Our investment performance is highly sensitive to many factors, including interest rates, inflation, monetary and fiscal policies, and domestic and international political conditions. The volatility of our losses may force us to liquidate securities, which may cause us to incur capital losses. Realised and unrealised losses in our investment portfolio would reduce our book value, and if material, can affect our ability to conduct business. Our investment leverage ratio has been increasing during the Financial Years and Period Under Review. The increase in the investment leverage ratio does not materially impact our results of operations and financial condition. See Section 7.12 of this Prospectus for further details.

Our investments are mainly focused on fixed income assets comprising government bonds such as MGS and unquoted debt securities. Volatility in interest rates could impact the performance of our investment portfolio which could have an adverse effect on our investment income and operating results. We may not be able to effectively mitigate interest rate sensitivity. A significant increase in interest rates would generally have an adverse effect on our book value, while a decrease in interest rates would generally have an adverse effect on investment income.

In periods of economic weakness (such as recession), we may experience credit or default losses in our portfolio, which could adversely impact our business operations and financial performance. See Note 2.25 (2.1) of the Accountants' Report as set out in the Section 13 of this Prospectus for further details on credit exposure by credit rating.

5.1.6 Our business is exposed to liquidity risks, including the availability of cash resources to fund our business operations and growth

Liquidity in the general insurance industry is related to our ability to generate sufficient cash from our business operations, to meet our financial commitments and operational expenditures. For the Financial Years and Period Under Review, we have funded our liquidity requirements using cash generated by our operating activities. If we fail to secure funds or encounter difficulties in sourcing capital and cash, this will result in financial distress, which will impact our business operations and financial performance.

Additionally, our liquidity is influenced by the frequency and severity of claims under our insurance contracts. Policy termination typically involves a pro-rated refund of the unearned premium. Over the past three years and up to the 1st half of 2025, the total number of policies terminated has ranged between 1% and 2% of all policies underwritten. Our claim ratios ranged between 39.3% and 50.4% over the past three years and up to the 1st half of 2025.

Our general insurance products expose us to the risk of liquidity strain in the event of early policy termination or a catastrophic event, such as flood, fire and other natural disasters which may lead to an increase in the frequency and severity of claims. There can be no assurance that our liquidity will be sufficient to meet the resulting financial demands associated with the unpredictable timing and effects of a highly catastrophic event. Any occurrence of such events could affect our business operations and financial performance. There was negative net cash flows used in operating activities of RM27.7 million for the FYE 2023, mainly attributed to increased investment in financial assets. After excluding the investment assets, our adjusted net cash flows generated from operating activities was positive at RM136.9 million. Subsequently, we recorded a positive net cash flows generated from operating activities of RM175.0 million for the FYE 2024 and RM47.0 million for the FPE 2025.

In addition to premium, investment income is another source of resources to fund our operations. For the Financial Years and Period Under Review, the total investment income accounted for 28.3%, 64.7%, 88.8% and 116.5% of our PAT for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025, respectively. There can be no assurance that we will be able to generate the same level of investment income to support our operations. In the event we encounter difficulties in managing our cash flow, this will result in financial distress, which will impact our business operations and financial performance.

5.1.7 Our financial results could be adversely affected if actual claims exceed our loss reserves

Our business operations and financial performance depend on our ability to accurately assess the potential losses associated with the risks that we insure and reinsure. Inadequacy of premiums may occur as a result of inaccurate assessment of risks. Furthermore, pricing adequacy may also be affected by underestimation of emerging claims and expense trends. We establish reserves for unpaid losses and loss expenses, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred in or prior to the financial year end. The process of establishing reserves can be highly complex and is subject to considerable variability as it requires the use of informed estimates and judgments.

Reserves for insurance claims are established based on best estimates, which are influenced by factors such as claims experience, economic conditions and reinsurance recoveries, and as such, it is not possible to always accurately assess the future potential losses associated with the risks that our Company insures. The risks that our Company underwrites are inherently volatile and the internal and external underlying factors influencing the potential losses may change rapidly. Consequently, actual claim payments in each case may exceed or fall below the reserved amounts for specific cases, although our Company's overall actual claims have not exceeded our loss reserves in any year as our Company also maintains additional reserves for Incurred But Not Reported and Incurred But Not Enough Reported claims, as well as a risk margin comprising the additional reserves together with the best estimate value of insurance liabilities with the aim of ensuring that the policy reserves (comprising loss reserves and risk margin) are maintained at a level of sufficiency prescribed by BNM, which is at the 75% confidence level. While we regularly evaluate the levels of loss reserves, if our loss reserves are determined to be inadequate, we may be required to increase loss reserves at the time of the determination and our net income and capital may be reduced. In addition, failure to maintain the level of sufficiency of policy reserves (comprising loss reserves and risk margin) at the 75% confidence level may result in regulatory intervention, adverse impact on capital adequacy and inability to meet policyholder obligations, which would have an adverse impact on our financial performance. Generally, insurance claims must be filed within 6 years from when the cause of action arises, under the Limitation Act 1953.

Similarly, reserves may be insufficient if actual claims develop adversely, particularly catastrophic events such as natural disasters or major fire incidents which may exceed historical averages. Evolving legal or judicial trends, such as changes in legal interpretations, judicial awards or settlement practices, may increase settlement costs beyond anticipated levels, affecting reserve adequacy. Operational weaknesses in claims handling processes may also contribute to reserve shortfalls through inefficiencies or errors such as delays in claims processing, inadequate claims assessment and inaccurate claims data entry, which can lead to underestimation or inaccurate claims estimation. Furthermore, changes in regulatory or accounting requirements may require higher reserves than previously anticipated. All these possible factors may lead to financial volatility and impact the results of our business operations and financial performance.

5.1.8 Reinsurance may be inadequate or unavailable at desired levels, which could limit our ability to underwrite new business and reduce our capacity to provide adequate insurance coverage to clients, expose us to counterparty risk, and fail to provide sufficient protection against potential losses

As part of our risk management strategy, we transfer a portion of the risks from our insurance products to reinsurers through reinsurance arrangements. Under these reinsurance arrangements, the reinsurer assumes a portion of the losses and related expenses (including commissions) in exchange for a premium.

We are exposed to the risk that reinsurance may not be available at current levels and prices and this risk can limit our ability to underwrite new businesses and may reduce the level of protection against losses. These risks include challenges relating to the availability of reinsurance as reinsurers may reduce or withdraw from the high-risk segments or tighten their underwriting criteria in response to rising claims or adverse market conditions. In addition, pricing risk may arise where reinsurance premiums increase due to increased catastrophe events driven by the growing frequency and severity of natural disasters such as floods, storms and other climate-related incidents that lead to substantial industry losses, In this respect, such developments may result in higher retention levels, more restrictive terms or reduced coverage limits, which will increase our exposure and may affect our ability to maintain an optimal risk transfer.

Our access to reinsurance on a timely and cost-effective basis is contingent upon various factors. Failure to renew or secure adequate reinsurance coverage may require us to review our risk appetite and potentially limit our ability to underwrite new policies or restrict the range of products we can offer. Moreover, regulatory changes affecting reinsurance arrangements in the industry could adversely affect our business operations and financial performance. For the Financial Years and Period Under Review, the allocation of reinsurance premiums was RM122.4 million (FYE 2022), RM142.6 million (FYE 2023), RM143.9 million (FYE 2024), and RM71.9 million (FPE 2025).

The nature and percentage of risks transferred by way of a reinsurance arrangement depends entirely on type of reinsurance contract and the specific agreement between us and the reinsurer. We adopt various reinsurance arrangements, depending on the risk profile of the products including their claims experience, which can be generally categorised into proportional reinsurance (the reinsurer shares the premium and claims in a predetermined fixed proportion by quota share or surplus share arrangements), and non-proportional reinsurance (such as excess of loss reinsurance where the reinsurer only pays if the losses exceed a specified amount. This type of reinsurance arrangement is typically used for catastrophic or high-severity losses). See Section 7.11 of this Prospectus for more details on reinsurance. For illustration purposes, under the surplus proportion reinsurance arrangement, the insurer has a surplus share reinsurance arrangement with a RM100,000 retention limit, and has a policy with sum insured of RM300,000. The insured will retain RM100,000 of the risk and the remaining surplus of RM200,000 will be ceded to the reinsurer. Under this situation, 67% of the premium will be ceded to the reinsurance who in turn will be responsible for the same proportion of claim arising from this policy.

We are exposed to credit risk from reinsurers. Although our reinsurers are liable to us under the reinsurance arrangements, we remain responsible to our policyholders as the primary insurer for all risks. As such, reinsurance does not eliminate our obligations to pay claims. We face the risk that one or more of our reinsurers may be unable or unwilling to fulfil their obligations, such as failing to make payments or not making payments on a timely basis, thereby restricting our ability to recover funds.

Our reinsurance selection complies with regulatory requirements set by BNM. Under BNM requirements, for reinsurance business to be ceded, our Company must first prioritise domestic-licensed reinsurers, and only if none of them accept the business, would our Company then be permitted to approach licensed reinsurers in Labuan. It is only after the business is also not accepted by Labuan reinsurers that our Company is permitted to approach foreign reinsurers. Additionally, our Company's selection process involves an independent and rigorous assessment of each reinsurer's financial strength, with a particular emphasis on credit ratings, to effectively manage counterparty risk. Despite the adoption of these procedures and measures, there can be no assurance that our reinsurers will be able to fulfil their obligations in all circumstances. Any late payments or delays in reinsurance recoveries, or any inability or unwillingness of a reinsurer to pay a claim could result in a loss for us, which would adversely impact our business operations and financial performance.

5.1.9 Our business is subject to risks of security breaches or damage to our ICT infrastructure and systems, and unintended human errors

Our business operations involve receiving, processing, storing and transmitting critical and confidential data and information digitally, which may expose us to the risk of security breaches or damage related to our software, hardware and databases.

Our electronic infrastructure and systems comprise communication and processing devices such as servers, processors, computers and mobile devices that receive, process, store and transmit data; data centres that provide storage of systems, data and information; and communications infrastructure including managed, leased, virtual and private networks that facilitate transmission and reception of data, all of which are potentially vulnerable to physical or electronic intrusions, eavesdropping, cyber-attacks, malicious codes, ransomware or other destructive or disruptive actions. As with all electronic infrastructure and systems, we face the risk of, among others, sabotage, theft, ransom, destruction and/or loss of data, information and systems.

Such an event may render our electronic systems inoperable for a period of time, resulting in a violation of applicable privacy and other laws, which could subject us to significant liabilities, losses or actions by regulators, harm our reputation and adversely affect our business operations and financial performance. For the Financial Years and Period Under Review, a ransomware attack was perpetuated on one of our distribution partners. We immediately isolated the distribution partner's digital credentials and suspended their access to our digital platform, which impacted policy application submissions from the said partner for approximately one month. However, the incident did not materially impact our business operations or financial performance.

Nevertheless, we may not be able to anticipate or implement adequate preventive measures against all security breaches or damage to our systems, as well as human errors, any of which could potentially adversely impact our reputation, business operations and financial performance.

5.1.10 We may require additional capital or financing sources in the future, which may not be available or may be available only on unfavorable terms

Our future capital and financing requirements depend on many factors, including our ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses, as well as our investment performance and capital expenditure obligations. We may need to raise additional funds through financings or access funds through credit facilities or through short-term repurchase or borrowing arrangements. Any equity or debt financing or refinancing, if available at all, may be on terms that are not favorable to us. In the case of equity financing, dilution to our shareholders could result, and in any case, such securities may have rights, preferences and privileges that are senior to those of the Shares. Our access to funds under credit facilities would be dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. If we cannot obtain adequate capital or sources of credit on favorable terms, or at all, we could be forced to use assets otherwise available for our business operations, and our business operations and financial performance could be adversely affected.

5.1.11 Our exposure to various commercial and contractual counterparties, including brokers and certain of our policies, may subject us to credit risk

We are exposed to credit risk through various commercial transactions and arrangements, including reinsurance transactions, agreements with banks, brokers and our investments. This risk arises if our counterparty fails to perform its obligations. This includes exposure to financial institutions and corporate bond issuers in the form of unsecured debt instruments.

We may pay claims to brokers who then remit these amounts to the insured. While the legal situation varies depending on the facts and circumstances of the particular case, if a broker fails to make such a payment, we may remain liable to the insured or ceding insurer for the shortfall. Conversely, if a broker does not remit premiums to us, these premiums may still be considered paid and the insured will no longer be liable to us for the amounts, regardless whether we have actually received the premiums from the broker. Consequently, we face credit risk when transacting with brokers.

In relation to certain high-deductible policies that we offer, such as workers' compensation and general liability, we may be required to pay covered claims first and then seek reimbursement for amounts within the applicable deductible from our customers. This obligation subjects us to credit risk from these customers. Consequently, if our counterparties fail to perform their obligations, our business operations and financial performance may be adversely affected.

5.1.12 Our business is dependent on our ability to retain existing customers and expand our customer base and we are dependent on our distribution partners for a large portion of insurance premiums

Through the network of our distribution partners and direct sales, our overall customer base increased from approximately 229,000 customers in the FYE 2022 to approximately 260,000 customers in the FYE 2024, representing a CAGR of approximately 6.6%. For the full years of 2022, 2023 and 2024, and 1st half of 2025, based on MFRS 4, our GWP underwritten through distribution partners accounted for 84.2%, 88.2%, 88.3% and 88.1% of our GWP for the full years of 2022, 2023 and 2024, and 1st half of 2025, respectively.

There can be no assurance that we will be able to maintain the growth rate of our customer base or renewal rate in retaining our existing customers. Some of the factors that could negatively affect our ability to retain or expand our customer base include, among others, failure to offer competitive products, distribution partners failing to grow their customer base or achieve sales targets, or failure to meet evolving customer expectations (such as inferior online and digital purchasing and customer service experiences, or inability to meet changes in customer demand and preference).

Furthermore, macroeconomic factors, including economic conditions, inflation and unemployment rates directly influence disposable income, thereby affecting business confidence and customer spending and behaviour. In the event of economic adversity, businesses may seek to reduce costs by scaling back on their insurance coverage. Consequently, any adverse changes in economic conditions or consumer behaviour would affect our business operations and financial performance.

We rely on distribution partners, mainly registered agents and licensed brokers, to market and sell our products. In this respect, the dependency on distribution partners exposes us to various operational risks, including sales and productivity risks, consistency issues on customer assessment and reputational risks as follows:

- We may not always have complete control over our distribution partners' recruitment, retention and motivation strategies, as these distribution partners operate as independent entities with their own internal operations, recruitment and remuneration strategies. This can lead to underperforming agents who may not consistently or aggressively promote our products and this could affect sales and our financial performance.

- Our distribution partners may not always accurately assess risk or capture all relevant customer information during the customer acquisition process. This may lead to inaccurate pricing and a higher likelihood of claims that ultimately impact our financial performance.

- Reputational risks may arise from negative publicity caused by several factors, including claim disputes, misconduct by our distribution partners, unethical behaviour (such as product mis-selling or poor customer service), fraudulent sales practices and insolvency of a distribution partner. Any of these issues, especially with social media amplification, could damage public trust in our brand.

As our distribution partners often maintain direct relationships with our customers, we rely on our distribution partners to understand and gain insights into our customer needs and buying behaviour. We are required to maintain proactive collaboration and communications with our distribution partners in order to drive innovation and sell our products. If our distribution partners fail to grow the customer base or achieve sales targets, this would affect our business operations and financial performance.

Additionally, our business is dependent on the willingness of these distribution partners to recommend our products to their customers and our distribution partners may also promote and distribute the products of our competitors. Our distribution partners such as appointed agents can represent up to two licensed general insurers, including us, while financial advisers, digital partners and licensed insurance brokers are able to offer or recommend products from other insurers, and the GWP generated from these distribution partners accounted for 84.2%, 88.2%, 88.3% and 88.1% of our GWP for the full years of 2022, 2023 and 2024, and 1st half of 2025, respectively Such arrangements do not give rise to conflicts of interest, provided that the distribution partners comply with all regulatory requirements including compliance with conduct standards, such as minimum qualifications, fit and proper criteria, maintain minimum standards of professional conduct in dealings with customers, as well as minimum continuous professional development hours. However, there is a risk that our distribution partners may prioritise the sales of other insurers' products. Deterioration in relationships with our distribution partners or their increased promotion and distribution of our competitors' products could adversely affect our ability to sell our products. Our Company has not experienced any unusually high attrition of the agency force in the past five years.

Our business is dependent on our distribution partners to promote and sell our products, and gain insights into customer needs. In this respect, any underperformance or loss of the business provided by one or more of these distribution partners could have an adverse effect on our business and financial performance.

5.1.13 Our business operations are dependent on our Key Senior Management

Our business operations are dependent on the experience, knowledge, and skills of our Key Senior Management, as well as our ability to continue attracting, motivating, and retaining the services of key talent. Our Key Senior Management plays a significant role in the continued success of our business from the formulation and implementation of our strategies and plans to the day-to-day operations of our business. We have entered into employment contracts or issued letters of appointment with these individuals, although the retention of their services cannot be guaranteed. See Section 9.3.2 of this Prospectus for the profile of our Key Senior Management.

Premised on the above, the loss of any of our Key Senior Management may have an adverse impact or hinder the continued success of our business operations and financial performance. Furthermore, there can be no assurance that any departures will be promptly replaced or that their replacements will be able to make similar or increased contributions to our business operations.

5.1.14 We may not be able to effectively execute some of our business strategies and future plans

Our business strategies and future plans are focused on leveraging our key strengths and capitalising on our core competencies to drive business growth and expansion. This includes empowering our agents for motor products, expansion of our share in the small-enterprise market, expansion of property and casualty products to the medium-sized enterprise market, and increasing the number of our accident and health products tailored to the consumer market. See Section 7.5 of this Prospectus for further details on our business strategies and future plans.

The future growth of our business depends on our ability to implement and execute our business strategies and future plans promptly, focusing on product and market expansion, as well as digitising and automating our business processes to drive business growth. Any delays or failure in executing our business strategies and future plans efficiently and effectively may negatively affect our business growth and financial performance.

5.1.15 We are exposed to negative publicity or adverse reactions

We are susceptible to adverse market perception as we operate in an industry where integrity, trust and customer confidence are paramount. Any negative publicity regarding our business could directly result in a loss of customers and a decline in revenue. Consequently, any instances of mismanagement, fraud or failure to satisfy our fiduciary responsibilities, as well as public complaints or allegations of such activities could adversely damage our reputation and in turn, affect our business operations and financial performance.

For the Financial Years and Period Under Review and up to the LPD, we have received complaints in the usual course, which are lodged on BNM's kijang.net consumer complaints and enquiries platform. These complaints concern a range of matters, including appeals against the decision of claims, dissatisfactions with claim processing delays, and policy renewal and coverage. We have a complaint handling policy in place for managing customer complaints. All ongoing incidents are closely monitored and addressed promptly. For incidents where resolutions have been reached, we have taken steps to resolve the issues, including where appropriate making claim payments and refunds. As at the LPD, we have taken proactive steps to address complaints, and for those where resolutions have not been reached, the ongoing complaints are closely monitored and addressed in due course, and these will not materially affect our business operations and financial performance. As at the LPD, there are no pending or threatened actions by BNM in respect of the complaints lodged. For the Financial Years and Period Under Review and up to the LPD, our business operations and financial performance were not materially affected by any such complaints. There can be no assurance that all complaints will be fully addressed or satisfactorily resolved, which could result in adverse impact on our reputation, customer retention, business operations and financial performance.

Further, as a general insurance provider, we are subject to risks associated with disputes, both regulatory and legal actions. This may result in financial costs or reputational harm, which could affect our business operations and financial performance. As at the LPD, there are ongoing material litigations involving our Company, namely a Court of Appeal case with MyCC and a claims lawsuit involving Kejora Resources Sdn Bhd. See Section 14.7 of this Prospectus for further details relating to our ongoing litigation.

Additionally, if any other member of the Chubb Group experiences negative publicity, adverse market reactions, or becomes involved in lawsuits or other adverse situations, our Company's reputation could potentially be affected due to the common brand. This may impact customer confidence and market perception, which could result in loss of customers and could, in turn, affect our business operations and financial performance. For the Financial Years and Period Under Review and up to the LPD, to the extent there has been any negative publicity and/or adverse market reactions experienced by other members of the Chubb Group, this has not had a material impact on the business operations and financial performance of our Company.

5.1.16 We are dependent on the trademark granted by our holding company

We are party to a Trademark Licensing Agreement with Chubb Limited, Chubb IH and other entities within the Chubb Group. Our operations rely on the trademarks granted pursuant to this agreement, which allows us to among others, operate and market our products under the "Chubb" brand and logo in Malaysia. The continued use of these trademarks is subject to the terms and conditions stipulated in the Trademark Licensing Agreement. Any change, restriction or termination of this right could adversely affect our brand identity, market presence and business operations.

In the event the Trademark Licensing Agreement is terminated, our Company will no longer be able to use the "Chubb" brand and logo in Malaysia. Our Company would then be required to incur costs to carry out a comprehensive rebranding initiative to communicate a new brand identity. The termination of the Trademark Licensing Agreement will not affect the validity of any insurance policy of our Company's customers as the legal obligations under these policies remain binding on our Company and its customers.

Should the Trademark Licensing Agreement be terminated or the rights granted under the agreement be changed or restricted, there could be an adverse impact on our Company's business operations and financial condition, including potential costs and operational disruption associated with transitioning to alternative branding. The "Chubb" brand has established market recognition, reputation and goodwill over the years in Malaysia, which contributes to customer trust, brand loyalty and the confidence of distribution agents and business partners. Transitioning to a new brand would require time, resources and investment to build comparable recognition and goodwill, including costs associated with marketing, customer communication and operational adjustments. During this transition period, our Company may experience potential disruptions to sales, slower customer acceptance of our products under a new brand and a temporary reduction in operational efficiency, all of which could affect our financial performance.

In implementing a rebranding exercise, our Company would implement measures to minimise operational disruption and maintain continuity of business, including proactive communication with customers and distribution partners, coordinated marketing campaigns and timely updates to operational systems and documentation. Nonetheless, rebranding could entail potential risks, including the marketability of products under a new brand, customer acceptance and the confidence of distribution agents and business partners, which could affect sales, brand recognition and operational efficiency in the short term. In such event, our Company would monitor and manage these risks to mitigate any material adverse impact on our business operations.

The risk of termination of the Trademark Licensing Agreement or our Company being unable to continue using the "Chubb" brand and logo is minimal, as Chubb Limited and Chubb IH will retain 70% equity interest in our Company following the completion of our IPO and our Listing (through the direct ownership by Chubb INA). However, there can be no assurance that there will be no breach of the terms and condition of the Trademark Licensing Agreement or other events that could lead to termination of the said agreement.

See Section 7.21 of this Prospectus for further details of the Trademark Licensing Agreement.

5.2 RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

5.2.1 We face competition from other general insurance companies in Malaysia

We face competition from other general insurance companies in Malaysia. According to the IMR Report, there are 19 general insurers in Malaysia, comprising 13 foreign companies and 6 domestic companies. The general insurance industry is moderately to highly concentrated, with the largest insurer accounting for 15.0% of total industry revenue, with the top five operators collectively holding 52%, and the top 10 accounting for 82% in 2024. However, the lower tier of the industry remains fragmented. In addition, we face competition from four general takaful insurers licensed by BNM.

According to the IMR Report, the competitive landscape of Malaysia's general insurance industry is influenced by several factors, including price competition driven by market concentration, a large number of general insurance and takaful operators, and tariff liberalisation, particularly in motor and fire insurance. Additionally, shifting customer preferences and expectations, increased digitisation that makes comparing competing products more accessible, and the emergence of new digital insurers and takaful operators further shape the competitive landscape.

According to the IMR Report, competition in the industry is moderated by significant barriers to entry, which are driven by a highly regulated environment and the need for substantial capital and liquidity. Additionally, the Malaysian Government has maintained a policy of not issuing new licences for direct insurers in Malaysia (excluding the Labuan International Offshore Financial Centre), including general insurers.

Our continued success depends on our ability to deliver services that meet customer expectations, ensure responsiveness across all customer interfaces (from applications to claims), and maintain a positive brand image and market reputation. Additionally, our ability to compete effectively with peers is crucial. We compete mainly on, among others, pricing, product offerings, claims services, customer access, service quality, compensation structures for our distribution partners, brand recognition and distribution capabilities. If we fail to compete effectively with our peers in these areas, we risk losing existing and potential customers to competitors, which could negatively impact our business operations and financial performance.

5.2.2 The general insurance industry is affected by changes in political, economic (including inflation) and regulatory conditions

Any changes or developments in the political, economic, social, and regulatory conditions in Malaysia and globally could negatively impact our operations, business and financial prospects. These uncertainties include, but are not limited to, shifts in political leadership, the risk of war or civil unrest, the declaration of a state of emergency, systemic risks like catastrophic events, disease outbreaks such as a pandemic or endemic, and regulatory changes, such as the liberalisation of motor and fire tariffs, all of which could influence demand for our services and our ability to operate effectively.

A domestic or global economic downturn would also reduce business confidence and consumer sentiment and increase inflationary pressures, while heightening risk aversion toward investments and business expenditures. Inflation may impact both our costs as a general insurer and customers' purchasing power. If the cost of claims increase, we may need to increase premiums to offset such costs, or our profitability could be adversely affected. Any significant premium increases, and any domestic or global economic downturn, could reduce demand for our services, prompting customers to revise, defer or abandon their insurance plans. We cannot guarantee that any adverse political, social, economic, regulatory or disease-related developments beyond our control will not materially affect our business operations and financial performance.

5.2.3 Insurance and reinsurance markets are unpredictable, and we may experience periods of excess underwriting capacity and unfavorable premium rates

The insurance and reinsurance markets are unpredictable, where there may be periods of intense price competition due to excessive underwriting capacity, as well as periods of favourable premium levels due to capacity shortages, which may be driven by the availability of capital. Excessive underwriting capacity arises due to the increasing supply of insurance and reinsurance capacity, either by the commitment of additional capital by existing insurers or reinsurers or by the capital provided by new entrants in Labuan International Offshore Financial Centre, which may cause prices to fall. Any of these and other factors could lead to a significant reduction in premium rates, less favourable policy terms and fewer submissions for our underwriting services. Conversely, capacity shortages may occur due to tightening of capital requirements, which reduces available capital.

In addition to these considerations, changes in the frequency and severity of losses suffered by insureds and insurers may affect the insurance and reinsurance markets significantly. Higher frequency or more severe losses such as major catastrophic events, will affect the underwriting profitability of the insurers and reinsurers and in turn reduce available capital, which will lead to increased premiums. Conversely, lower frequency or less severe losses improve profitability and free up capital, allowing the insurers and reinsurers to underwrite more risk. Our financial performance may be negatively affected by cycles in insurance and reinsurance markets, as these cycles may be affected by factors such as major catastrophic events which are largely outside of our control and any adverse developments in the market conditions may affect our Company's premium level, underwriting profitability and overall financial performance.

5.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

5.3.1 The offering of our Shares may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of shareholders to sell our Shares or the prices at which shareholders would be able to sell our Shares. Neither we nor our Promoter have an obligation to make a market for our Shares or, if such a market does develop, to sustain it. In addition, there can be no assurance that the trading price of our Shares will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

5.3.2 Our Share price and trading volume may be volatile

The market price of our Shares could be affected by numerous factors, including the following:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- differences in our actual financial and operating results and those expected by investors and analysts;

- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed shares in general or shares of companies comparable to ours;
- perceived prospects of our business and the industry in which we operate;
- adverse media reports regarding us or our shareholders;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described in this Section 5 could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Final Retail Price. Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies, regardless of their operating performance. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

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

Following our Listing, 300,000,000 Shares, representing 30.00% of our issued Shares, will be held by investors participating in our Listing, and 700,000,000 Shares, representing 70.00% of our issued Shares, will be directly held by our Promoter. Save for the restrictions pursuant to the moratorium and our lock-up arrangements as set out in Sections 2.2 and 4.9.3 of this Prospectus, respectively, our Shares sold in our IPO will be traded on the Main Market of Bursa Securities without restriction following our Listing.

Our Promoter could dispose of some or all of our Shares that it holds after the moratorium period pursuant to its own investment objectives. If our Promoter sells, or is perceived as intending to sell, a substantial amount of our Shares that it holds, the market price for our Shares could be adversely affected.

5.3.4 There may be a delay in, or termination of, our Listing

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

- the Sole Underwriter's exercise of its rights under the Retail Underwriting Agreement, or the Sole Bookrunner's exercise of its rights under the Placement Agreement, to discharge itself of its obligations under such agreements;
- our inability to meet the minimum public shareholding spread requirement pursuant to Paragraph 3.06 of 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 at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing;
- we are unable to achieve full subscription of the Offer Shares in connection with our IPO, as a result of which we and the Selling Shareholder may decide in our absolute discretion to not proceed with our Listing; or
- the revocation of the approvals from the relevant authorities for our Listing.

Where prior to the transfer of the Offer Shares:

- the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and the Selling Shareholder shall repay all monies paid in respect of the applications for the Offer Shares within 14 days of the stop order, failing which the Selling Shareholder shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

- our Listing is aborted other than pursuant to a stop order by the SC under Section 245(7)(a) of the CMSA, investors will not receive any Offer Shares, and all monies paid in respect of all applications for the Offer Shares will be refunded free of interest.

Where after the transfer of the Offer Shares:

- the SC issues a stop order under Section 245(1) of the CMSA, the allotment of such securities shall be deemed null and void, and all monies received from the applicants; shall be forthwith repaid and if any such monies are not repaid within 14 days from the date of service of the stop order, the Selling Shareholder shall be liable to repay such monies with interest at the rate of 10.0% per annum or such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; and

- take all necessary steps to give effect to the stop order.

5.3.5 We may be restricted in our ability to pay dividends

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board at any time and from time to time. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

(i) our expected financial performance;
(ii) tax considerations;
(iii) level of cash, gearing, return on equity and retained earnings;
(iv) working capital requirements;
(v) projected levels of capital expenditure and other growth and investment plans; and
(vi) capital adequacy and prudential compliance requirements including meeting our individual target capital level.

As part of our Board's guidance on dividends, we aim to declare a certain portion of our retained earnings for the financial year, subject to the prior approval of our Board, our shareholders (where required) and BNM, and to any applicable law and contractual obligations, as dividends. See Section 12.4 of this Prospectus for further details of our dividend policy. We propose to pay dividends after setting aside the necessary funds for capital expenditure and working capital such that any declaration of dividends shall not exceed our distributable profits. Our Board is of the opinion that we have sufficient working capital for the next 12 months from the date of this Prospectus, based on our cash generated from our operating activities, cash balances and capital adequacy ratio. However, there can be no assurance that our working capital will be sufficient or that we will be able to make dividend payments in the future. Even if we are able to pay dividends, there may be reasonable circumstances leading our Board to decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay lower dividends. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends. If we do not pay dividends, or we pay dividends at levels lower than anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced.

The payment of our dividends may also be affected by the passing of new laws, adoption of new regulations and other events outside our control, and we may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect our ability to pay dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure. As a result, we may be required to borrow money or raise capital by issuing further equity securities on terms that may not be favourable.

The value of your Shares and the return you receive therefrom may be impaired by any restriction on or elimination of dividends.

5.3.6 Our Promoter's and Substantial Shareholders' interests may not always be aligned with our minority shareholders

As disclosed in Section 9.1.3 of this Prospectus, our Promoter will retain a 70.00% equity interest in our Company following the completion of our IPO and our Listing. As a result, our Promoter will generally be able to exercise control of our Company through matters subject to shareholder vote, such as the election of our Directors, amendments to our Constitution, approval of material transactions, approval or disapproval of dividend proposals and other matters requiring the vote of our shareholders, except where our Promoter is required to abstain from voting either by applicable law, guidelines or regulation. The ability of minority shareholders to influence our Company's matters may therefore be limited, and there can be no assurance that the interests of our Promoter will at all times be aligned with those of our other shareholders. The value of your Shares may be negatively affected by lack of alignment with our Promoter's and Substantial Shareholders' interests.

5.3.7 This Prospectus contains forward-looking statements which may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including without limitation to those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date of this Prospectus. Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance, achievements, or industry results expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include among others, general economic and business conditions, competition and the impact of new laws and regulations affecting our industry and government initiatives.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.