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, including capital adequacy and solvency requirements

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

- requirements to obtain and maintain an insurance licence, which includes meeting capital requirements and other prudential standards;

- prudential requirements with specified standards to ensure financial safety and soundness, including regulations on capital adequacy, risk management, corporate governance and internal controls; and

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

In addition to the FSA, BNM issues a range of regulations and policies that provide detailed requirements and guidance for general insurers. These regulations and policies are regularly updated to address emerging risks and market developments. Key areas of note include the RBC Framework; guidelines on corporate governance, outsourcing, anti-money laundering and counter-financing of terrorism, product transparency and disclosure; and regulations on pricing of insurance products and commissions. 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. See Section 7.25 of this Prospectus for further details of the major laws and regulations governing the conduct of our business.

Consequently, we must comply continuously with regulatory requirements, and meet solvency and capital adequacy standards to maintain our general insurance licence. BNM maintains a strict and multi-tiered enforcement framework, and the law and regulations applicable to the general insurance industry are stringent, including the ultimate sanction of revoking a licence. As such, if we are unable to comply with the laws, regulations and guidelines issued by BNM, the most serious outcome may be a revocation or suspension of our licence. Furthermore, any non-compliance with laws, regulations or BNM guidelines can lead to regulatory reprimands, monetary penalties or fines, and may expose our Company, Directors and/or officers to potential civil and criminal liability claims. Any alleged or actual non-compliance, revocation or suspension may impact our ability to continue business operations and consequently, affect our financial performance.

For the Financial Years and Period Under Review and up to the LPD, we remain compliant with the relevant laws, regulations and guidelines. However, any adverse changes to the laws, regulations and guidelines governing the general insurance industry may adversely impact our business operations. There can be no assurance that future changes in the relevant laws, regulations and guidelines will not impact our business operations and financial performance.

5.1.2 Our business and financial performance are dependent on underwriting earnings 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 and our underwriting earnings from insurance revenue exceeding losses and expenses.

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.

Changes in premiums collected are influenced by a variety of internal and external factors. Internal factors include failing to offer competitive products or pricing, operational inefficiencies in underwriting, the frequency and severity of losses, claims or distribution, disruptions in digital platforms that hinder sales or customer engagement, and a high dependence on a specific distribution channel. External factors are broader market and environmental forces which include among others, macroeconomic conditions (such as business confidence index and inflation), regulatory changes, shifts in customer preference (such as demand for digital solutions and alternative coverage types), competitive pressures, and catastrophic events like natural disasters that can significantly impact our underwriting appetite. As a result, any unfavourable operational environment or macroeconomic conditions could negatively impact our business operations and financial performance.

5.1.3 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. 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. 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. 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.

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. Although we attempt to manage our exposure to such events through the use of underwriting controls, risk models, and the purchase of group reinsurance and third-party reinsurance, 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.

5.1.4 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.

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. Although we take measures to manage the risks of investing in a changing interest rate environment, we may not be able to effectively mitigate interest rate sensitivity. Our mitigation efforts include maintaining a high-quality portfolio of primarily fixed income investments with a relatively short duration to reduce the effect of interest rate changes on book value. A significant increase in interest rates would generally have an adverse effect on our book value.

Our fixed income portfolio is primarily invested in high quality, investment-grade securities. While we have put in place procedures to monitor the credit risk and liquidity of our invested assets, it is possible that, 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.

5.1.5 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. Our management utilises monthly cash flow reporting and forecasting to identify known, expected and potential cash outflows, thereby determining an appropriate level of operating liquidity to cover anticipated and potential payments.

5.1.6 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. 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.

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.

5.1.7 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.

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.

We are also 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.

5.1.8 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.

In such event, this 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.

5.1.9 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.

5.1.10 The effects of emerging claim and coverage issues on our business are uncertain

As industry practices, legislative, regulatory, judicial, social, financial, technological and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or increasing the frequency and severity of claims.

5.1.11 Our business is subject to risks associated with maintaining adequate financial requirements for our business operations

Our business is subject to various financial requirements including, among others, maintaining a minimum paid-up share capital of RM100.0 million as well as maintaining a minimum capital adequacy ratio of 130%.

For the Financial Years and Period Under Review, we have met the minimum financial requirements for paid-up share capital, and we have maintained capital adequacy ratios well above the supervisory target capital level. As at 30 June 2025, our total capital available stood at RM803.9 million.

We have funded our liquidity requirements through internally generated funds from our general insurance business. In addition, we make fixed-income investments in Malaysian Government Securities and corporate debt that meet our standards for liquidity and credit quality. We have the flexibility to lengthen or shorten the duration of most fixed income accounts as needed to optimise total returns.

Nonetheless, there can be no assurance that we will be able to continue meeting the minimum financial requirements imposed by BNM. In the event of a potential or actual breach of the minimum financial requirements due to changes in our financial position, we are obligated to notify BNM in writing. This notification must outline the nature of the breach and the preventive/corrective measures we intend to implement and projected financial result. BNM has the authority to impose various restrictions and further corrective measures which may affect our ability to underwrite new business. In this respect, this may consequently affect our business operations and financial performance.

5.1.12 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.

5.1.13 We are dependent on our distribution partners for a large portion of insurance premiums

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, which can lead to underperforming agents who may not consistently or aggressively promote our products.

- 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. 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. Loss of the business provided by one or more of these distribution partners could have an adverse effect on our business.

5.1.14 Our business is dependent on our ability to retain existing customers and expand our customer base mainly through our distribution partners

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 sale targets, or failure to meet evolving customer expectations (such as inferior online and digital purchasing and customer service experience, 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 face stagnation, closure or the need to downsize their operations. They may also 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.

5.1.15 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.

5.1.16 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.

5.1.17 Our business operations are subject to other operational risks, such as corporate governance, risk management, internal control, legal actions and others

In the highly regulated insurance industry, we are governed by BNM and the industry association, PIAM. In cases of poor governance or governance failures, problems can arise. Our failure to uphold high standards of corporate governance could negatively impact our reputation and operations, which may ultimately negatively affect our financial performance.

We have implemented risk management and internal control systems, including a formal organisational framework, policies and procedures tailored to our business operations. Despite these measures, our risk management and internal control systems have inherent limitations. These include challenges in identifying and evaluating all potential risks and control variables. As a result, there can be no assurance that these systems will 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. With our expanding customer base, the complexity of developing and maintaining our operational systems is also growing. Any disruptions with our financial, accounting, data processing, security and other operating systems and facilities could impact our ability to process transactions and provide services. Any prolonged disruption could adversely affect our business operations and financial condition.

In addition, as a general insurance provider, we are subject to risks associated with disputes, regulatory and legal actions arising from our business operations. These may include disputes with policyholders, intermediaries or other parties, as well as regulatory enquiries into our underwriting, claims handling or compliance practices. Any adverse outcome 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, including 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.

5.1.18 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 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.

5.1.19 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, although the termination of the Trademark Licensing Agreement is not expected to 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.

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. If we fail to compete on pricing, product offerings, customer access, and service quality, 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. An increase in premium levels is often offset by an 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, which may cause prices to fall. Any of these factors could lead to a significant reduction in premium rates, less favourable policy terms and fewer submissions for our underwriting services. 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.

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.

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), BNM and/or other authorities, 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 or may not be favourable to you.

5.3.6 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.