

9. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent, our business and operations are subject to regulatory, industry and business risks. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below.

9.1 RISKS RELATING TO OUR BUSINESS

9.1.1 We may not be able to renew or maintain our major licences, permits and approvals required to operate our business

We require various major licences, permits and approvals including, amongst others, shipping agent approval, terminal licences and DSLs for our business operations. These licences, permits and approvals are subject to periodic renewal. See Annexure B of this Prospectus for further details of our major licences, permits and approvals including the respective issuing authorities, validity period and status of compliance that we require to operate our business.

We require approval from the RMCD to act as a shipping agent for the entry or clearance of any vessel at ports in Malaysia. Our shipping agent approval is valid for three years from 1 January 2024 to 31 December 2026 as set out in Annexure B of this Prospectus.

We are also required to obtain a terminal licence for operating our container depots in Peninsular Malaysia (excluding areas gazetted under the Port Authorities Act 1963 or the Penang Port Commission Act 1955) pursuant to the LPTA and the relevant regulations made thereunder. As at the LPD, our Group has obtained the requisite container depot terminal licences for the Pasir Gudang Depot, Bandar Sultan Sulaiman Depot and the Perai Depot, all of which expire on 31 December 2025 as set out in Annexure B of this Prospectus. Our Group is not required to obtain the container depot terminal licence for the Westports Depot and Kota Kinabalu Depot as such depots are not situated within the prescribed areas subject to the terminal licence under the LPTA and the relevant regulations.

Furthermore, we are required to obtain a DSL from the Domestic Shipping Licensing Board for each of our vessels in order to perform domestic shipping services and we will not be able to obtain port clearance from the officer of customers or such authority authorised to issue port clearance to sail or berth our vessels at the relevant Malaysian ports if we engage in domestic shipping without a DSL. Further details on domestic shipping and DSL are set out in Paragraph 1(i) of Annexure A of this Prospectus. If we operate our vessels or chartered vessels without the requisite DSLs or in contravention of any applicable exemption, we may, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment not exceeding one year or both. Our vessels could also be detained by the port officer or officer of customs who has reasonable cause to suspect that our vessels are operated without the requisite DSLs. As at the LPD, all vessels owned by our Group which engage in domestic shipping activities hold valid conditional DSLs, which are renewed periodically in accordance with regulatory requirements.

In order to be registered as a Malaysian ship under the Malaysia Ship Register of the MSO, a ship needs to be owned by either (1) Malaysian citizens; or (2) a corporation incorporated in Malaysia in which the majority of directors and shareholders are Malaysians with principal office in Malaysia, and management of the corporation is carried out mainly in Malaysia. Based on the particulars of our IPO and plan of distribution as set out in Section 4.2 of this Prospectus, 63.9% of the entire enlarged issued share capital of MTTSL at the point of our Listing (even after assuming that the Over-allotment Option and the First ESOS Tranche are fully exercised) will be directly held by our Promoters and Substantial Shareholders which are Malaysian. Accordingly, as at our Listing, we will remain to be a Malaysian-majority owned and our Group's vessels will continue to be qualified to be registered as Malaysian ships, and to hold valid DSLs for our domestic shipping operations.

9. RISK FACTORS (Cont'd)

Upon our successful listing, our Shares will be traded on a daily basis on Bursa Securities and the non-resident or non-Malaysian investors are free to invest in any of such Shares in Malaysia. Accordingly, we are subject to risks associated with us maintaining the Malaysian-majority shareholding, particularly in the event of changes in our shareholders' shareholdings that may be beyond our control. Any subsequent change in our shareholdings which results in us not in compliance with such Malaysian-majority shareholding requirement may result in our vessels losing the Malaysian ship status and enforcement action may be undertaken by the relevant authorities, including the suspension or revocation of the DSLs or the inability to renew the existing DSLs or obtain new DSLs, which may adversely affect our operations in Malaysia as well as our financial condition, results of operations and prospects.

There can also be no assurance that our major licences, permits or approvals will not be suspended, revoked or terminated in the event of non-compliance with any terms, conditions or requirements in relation thereof, or pursuant to any regulatory action, despite our best efforts to adhere to applicable regulatory requirements. In addition, there can be no assurance that we will be able to renew such licences, permits and approvals in a timely manner or at all in the future, or that there will not be any variation, modification or imposition of additional conditions or requirements in relation to such licences, permits and approvals which may materially and adversely affect our business, financial condition, results of operations and prospects. Any failure to renew or maintain our major licences, permits and approvals in the future could materially and adversely affect our business, financial condition, results of operations and prospects.

Additionally, we are required to comply with the requirements of laws, regulations, rules and directives from relevant authorities in respect of certain land and buildings utilised for our business operations, the non-compliance of which could result in civil and criminal liabilities and penalties as described in Annexure A of this Prospectus. As at the LPD, such non-compliances are detailed in Section 7.20 of this Prospectus. While we have not experienced any imposition of sanctions by the relevant authorities for such non-compliances as at the LPD, and we are actively undertaking rectification measures to remedy such non-compliances, there can be no assurance that we will not be subject to any enforcement action in the future.

9.1.2 We may not be able to successfully implement our growth strategies and expansion plans

Our future growth will depend, in part, on our ability to successfully implement our growth strategies and expansion plans. There can be no assurance that we will succeed or achieve any return on these expansion efforts. In recent years, we have expanded our operations into other international markets by launching new service routes. We intend to expand our overseas service network to ports within and beyond the Southeast Asia region, including further expansion into the India subcontinent and the South of China region. We may be unable to secure port slots in such regions or fail to anticipate customer demand for services along such routes. For example, in May 2023, we discontinued our service to Myanmar mainly due to political turmoil, and instability and the imposition of sanctions on Myanmar, which led to a decrease in demand for imported goods, making our independent service not economically viable. In addition, our competitors may choose to establish services on the same routes that we offer or attempt to undercut our freight rates on those routes, which may affect our ability to operate those services profitably.

9. RISK FACTORS (Cont'd)

We are in the process of expanding our container depot and warehouse business in East Malaysia and expect to complete the construction of our new IFF in Kota Kinabalu by the end of 2025. We also have plans to develop IFFs in Bintulu, Kuching and Pulau Indah (Port Klang) by 2028. As part of the Pulau Indah (Port Klang) IFF, we are starting with the development of a new container depot to replace the Westports Depot by the end of 2025. We will incur significant costs during the construction phase of our IFFs without earning revenue and assurance that such projects will be completed on time or at all. The completion of construction could be delayed temporarily or indefinitely due to factors outside our Group's control, among other reasons, quality or engineering problems, work stoppages and other labour disturbances, bankruptcy of the counterparty, backlog of orders of the counterparty, shortages of necessary equipment or construction materials as well as any longer than expected duration for the IFF to obtain the relevant licences and permits from the relevant authorities to commence operations. Further, if the construction is completed, but the quality and specifications of our new IFFs do not meet our requirements, we may face increased costs in relation to litigation or to remedy the construction, or we may lose the sum spent on construction entirely. If completion of any project is materially delayed or the final cost increases, this could adversely affect our business, financial condition, results of operations and prospects.

In 2024, we entered into a newbuilding contract for two chemical tankers, which are scheduled for delivery in the second half of 2026. As at the LPD, the operation of our chemical tanker business has yet to commence. In the event that our chemical tankers are not delivered on schedule, our planned expansion into the chemical tanker business will be delayed. See Sections 9.1.4 and 9.1.5 of this Prospectus for further details.

The success of our growth strategies and business expansion will depend upon a number of factors, both within and outside of our control, including our ability to secure new contracts from customers, manage our existing business and new initiatives to expand our business, obtain any required financing and achieve operational efficiencies. If we fail to manage such risks, our business operations, results of operations and financial condition may be materially and adversely affected and we may not be able to achieve benefits associated with our growth strategies and expansion plans.

9.1.3 Maintenance and repair of our vessels require substantial expenditure

We operate in a capital intensive industry where we incur significant expenditure to maintain the operating condition of our vessels. We focus on maintaining the operating condition of our vessels as some of our vessels are over 20 years old. Older vessels are expected to incur higher maintenance cost or capital expenditure if retrofitting is required to comply with any new laws and regulations. There can be no assurance that our vessels will be able to continue to comply with evolving laws and regulations. If it would not be economically viable to retrofit our older vessels to comply with the new laws and regulations or if retrofitting is not possible for such vessels in the future, we may consider disposing of such vessels. Our maintenance and repair related expenditure includes the cost of maintenance, repairs, surveys and drydocking. Our expenses for maintenance and repair of our vessels accounted for 15.2%, 17.1%, 15.8% and 19.2% of our Group's total direct costs for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025, respectively. In addition, we incurred RM31.0 million, RM8.3 million, RM28.5 million and RM25.3 million in drydocking costs for FYE 2022, FYE 2023, FYE 2024 and FPE 2025, respectively, which were capitalised as a separate component of the vessel costs.

We drydock our vessels on a periodic basis for planned inspections, maintenance and repair as well as renewal of class certificates. Drydocking is a major undertaking which can only be done at a dockyard and covers all areas of maintenance that cannot be carried out when the ship is in operation. See Section 7.8.2(c) for further details on drydocking of our vessels.

9. RISK FACTORS (Cont'd)

Our vessels may also need to be docked in the event of breakdowns or collisions. Rectification of the affected vessels may require us to incur significant costs and may result in such vessels being out of service over a period of time, which could cause disruption to our business operations. For example, in October 2018, one of the engines of MTT Tanjung Manis (which has been disposed by our Group) caught fire, causing the vessel to cease operations for approximately 48 days and resulting in repair related expenses of RM5.8 million for the FYE 2018, of which RM4.5 million was covered by insurance. Although our expenses incurred for the incident were substantially covered by our insurance policies, there can be no assurance that we will not experience similar incidents in the future or that our insurance coverage will be sufficient to cover such incidents, which could adversely affect our business, financial condition, results of operations and prospects.

Our maintenance and repair related expenditure may increase as a result of a variety of factors, including increases in the cost of labour, materials and spare parts, increases in the size of our fleet, changes in regulations and currency fluctuations. There can be no assurance that we will at all times have sufficient capital resources (including cash on hand, cash flow for operations and borrowings) to maintain and repair our vessels.

9.1.4 **There is considerable time lag between the ordering and the delivery of new vessels, which could result in heightened exposure to intermittent changes in shipping market conditions**

Orders for new vessels must currently be placed up to 18 to 24 months prior to delivery subject to available construction slots at the relevant shipyard. As at the LPD, we have entered into newbuilding contracts for four container vessels which are scheduled for delivery between December 2026 to December 2027 and two chemical tankers which are scheduled for delivery in the second half of 2026. In order to remain competitive in the medium term, we may decide to further invest in additional newbuilds in the future, as set out in Section 4.5.1 of this Prospectus. As orders are based on current expectations of future demand, a container shipping company is subject to the inherent risk that it will order either too much or insufficient vessel capacity to meet future demand, as well as the related risk of misallocating capital expenditure. In addition, the building and financing of such new vessels can be delayed or disrupted, thereby extending the lag time between order and delivery.

If we do not invest sufficiently in expanding our shipping capacities, we may be faced with the choice of either not being able to satisfy our customers' demand for our services (which could lead to losses in revenue and market share and, potentially, strained customer relations or even a loss of customers) or alternatively having to charter additional vessels via the charter market at potentially higher charter rates during phases of strong demand. If, on the other hand, we overinvest in additional container shipping capacity that we are not able to fully utilise during weaker market conditions and periods of lower demand, this would increase our costs relative to the development of our revenues. Either scenario could have a material adverse effect on our business, financial condition and results of operations.

9.1.5 **We may face issues with delivery of purchased vessels including delays and defects**

Building new vessels is subject to risks of delay or cost overruns caused by financial difficulties of the shipyard building the vessel, including bankruptcy, unforeseen quality or engineering problems, work stoppages, weather interference, unanticipated cost increases, delays in receipt of necessary materials or equipment, changes to design specifications and inability to obtain the requisite permits, approvals or certifications from governmental authorities and the applicable classification society upon completion of work.

9. RISK FACTORS (Cont'd)

Significant delays, cost overruns and failure of shipyards to deliver new vessels in a timely manner could adversely affect us in several ways, including delaying our deployment to new and expanded service routes or charters, as well as our expansion into the chemical tanker business. In addition, we are typically subject to substantial payments before the newbuildings are delivered and start to generate revenue. To this end, delays in delivery may also adversely affect our liquidity, business, results of operations and financial condition. In addition, the delivery of any vessels with substantial defects could have similar consequences.

Moreover, we may purchase second-hand vessels as an alternative to commissioning newbuildings. Second-hand vessels may have latent defects that we may not be aware of at the time of purchase. These defects may subsequently result in significant repair expenses or disruption of voyages. Furthermore, a second-hand vessel may not have all the features that would otherwise be incorporated into a newbuilding and may not fully satisfy our operational needs, which may require additional expenditure for further upgrade.

9.1.6 Our business may be affected by disruptions to operations at ports along our service routes

Our container liner shipping operations cover service routes between ports in Peninsular Malaysia and East Malaysia, as well as ports outside Malaysia such as Brunei, China, India, Indonesia, Singapore and Thailand. As a result, disruptions to operations at ports along our service routes may materially and adversely affect our business, financial condition and results of operations.

Port congestion can result from various operational and external factors beyond our control. A shortage of shipping capacity on certain routes can lead to the accumulation and idling of transshipment volumes at hub ports, which can in turn overwhelm terminal container yards and reduce overall terminal efficiency. Persistent adverse weather and ineffective port management can further exacerbate congestion, complicating the smooth operation of port facilities. The global increase in container ship capacities has outpaced some ports' capacity expansions, causing delays in processing shipments and difficulties accommodating larger ships. Longer loading and unloading times due to increased ship capacities could lead to further congestion. Disruptive events such as equipment breakdowns, strikes or natural disasters can affect port services and result in closure of such ports or their facilities and potentially damage vessels, containers and customer cargo.

We experienced port congestion during the COVID-19 pandemic, which resulted in longer wait times for available berthing windows for our container vessels at certain ports. In addition, a computer outage at Kuching Port in March 2021 due to ingress of water into electrical conduits at the port resulted in operational interruptions and port congestion. Our voyages to Kuching Port were affected due to longer waiting times for berthing, which led to delays in shipments and disruptions and delayed berth to subsequent ports within the same route. In respect of the Labuan Port and Kuching Port congestion, we were able to impose port congestion surcharges on our customers under the terms of carriage in the bill of lading to minimise the negative financial impact to our operations. However, if such events occur in the future, there can be no assurance that such charges will be sufficient to offset the negative financial impact of these events. Such port congestion could mean that we are unable to operate our vessels at full capacity, or maintain the freight rates required for profitable margins, which along with delayed schedules, could increase our cost of operations and materially and adversely affect our business, financial condition and results of operations.

Decisions on port expansions or port access are made by national or local governments or port operators and are outside of our control, determination or influence. Further, changes and increase in demand and supply for container liner shipping may mean we could encounter difficulties in securing sufficient terminal slots to expand our operations, due to the limited availability of port facilities. We cannot ensure that our efforts to secure port access will be successful. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

9. RISK FACTORS *(Cont'd)*

9.1.7 We may fail to obtain sufficient funding for our business expansion and growth

Participants in the container shipping industry, such as our Company, are generally required to allocate a substantial amount of capital expenditure towards business expansion. Our ability to obtain financing for our capital expenditure is dependent on a number of factors, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, investors' confidence in us, the performance of the container shipping industry in general, and our operating and financial performance in particular, as well as any legal and regulatory restrictions.

While we expect our cash on hand, cash flow from operations, proceeds from our IPO and available bank borrowings and proceeds from our Sukuk Wakalah to be adequate to fund our existing and future commitments for a period of 12 months from the date of this Prospectus, our ability to service these amounts is dependent upon the continued success of our business and operations. We cannot assure you that we will be able to obtain future financing on terms that are acceptable to us or at all. In the event that financing is not available or is not available on terms acceptable to us, our business, results of operations, financial condition and prospects may be materially and adversely affected.

9.1.8 We are exposed to interest rate fluctuations

We operate in a capital-intensive industry which requires high levels of funding. We have and will continue to have a significant amount of borrowings as we rely on bank borrowings and the proceeds from our Sukuk Wakalah to fuel our Group's future business and vessel expansion. Our borrowing costs range from approximately 2.8% to 5.8% per annum for the FYE 2024. Changes in economic conditions could result in higher interest rates and eventually also increase our finance costs, which in turn may affect our business and profitability. Any significant fluctuations in interest may affect our profitability.

Our gearing ratio was 0.6 times, 0.5 times, 0.5 times and 0.5 times as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 April 2025, respectively. Taking into account the proceeds for our IPO and its proposed utilisation, we expect our gearing to improve to approximately [*] times on a proforma basis as at 30 April 2025. There can be no assurance that our gearing level will remain the same in the future and our business, financial condition and results of operations will not be affected if there are any fluctuations in interest rates for our borrowings.

9.1.9 Our growth and success depend on our Key Senior Management

Our growth and success depend on, to a significant extent, the abilities, skills, experience and expertise of our Key Senior Management.

Our Group is led by our Executive Directors supported by a team of Key Senior Management who have extensive knowledge and experience in the container liner shipping industry and container storage and related services. Our Key Senior Management has an average of 32 years of industry experience across the shipping, maritime, freight forwarding and logistics sectors. See Sections 5.2 and 5.3 of this Prospectus for the profiles of our Executive Directors and Key Senior Management and also Section 7.2.7 of this Prospectus regarding our Key Senior Management being one of our Group's competitive strengths.

The loss of any of our Key Senior Management without suitable and timely replacement, or the inability to attract, hire and retain suitable candidates for Key Senior Management positions may adversely affect our continued ability to compete with other industry players and implement our business strategies, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

9. RISK FACTORS *(Cont'd)*

9.1.10 We may not be able to attract and retain our employees

We require highly experienced and skilled personnel with requisite experience to undertake tasks which are crucial to our operations, such as vessel operations, container inventory management, voyage planning, fleet management, terminal operations and vessel operations. In connection with our expansion into the chemical tanker business, we will also need to hire employees with specialised knowledge in operating and maintaining chemical tankers.

The employment market for experienced, certified and skilled personnel in the industry in which we operate, specifically for vessel operations, is very competitive. The loss of the services of such experienced personnel without adequate replacements or the inability to attract new experienced personnel in a timely manner and at a reasonable cost as we grow our business operations, would have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, competition for experienced personnel could compel us to pay higher wages to attract or retain key personnel, which could increase our labour costs.

While we recognise the importance of motivating and retaining our existing experienced and skilled workforce by offering them a competitive remuneration package, there can be no assurance that we will be able to retain a sufficient number of them for our operations or that we will not face shortage in experienced and skilled workers in the future. In addition, the hiring process of new personnel can be time-consuming. A shortage of experienced and skilled workers which is not expeditiously addressed may adversely affect our business, financial condition, results of operations and prospects.

9.1.11 Potential labour disruptions could interfere with our business operations and have an adverse effect on our business

We are subject to the risk of labour disputes and adverse employee relations, which could disrupt our business operations, and adversely impact our business and results of operations. All of our crew members are protected by the ITF Seafarers' Trust, which is an international organisation protecting seafarers and promoting their rights and working conditions in the global maritime industry.

As at the LPD, 268 of our local crew members belong to National Union of Seafarers of Peninsular Malaysia and 134 of our Indonesian crew members are registered with the Indonesian Seafarers Union (Persatuan Pelaut Indonesia). We cannot guarantee that our other employees will not join labour unions or enter into collective bargaining agreements in the future. Increased unionisation may result in higher labour costs, operational restrictions, and increased risk of work stoppages, strikes or other disruptions to operations. Efforts by our employees to modify compensation and other terms of employment may also divert our management's attention and increase operating expenses. The occurrence of such events or disruptions could materially and adversely affect our reputation, business operation, financial condition and prospects.

9. RISK FACTORS *(Cont'd)*

9.1.12 We may be unable to retain existing customers or attract new customers

We cannot be certain that our customers will continue to use our services in the future or that we will be able to attract new customers. The shipping industry is highly competitive, and certain contracts are traditionally awarded on a competitive bid basis. In future, we may need to bid for contracts in relation to both our existing container liner shipping business and our planned chemical tanker business. Pricing, safety records, competency, location and technical capabilities are significant factors in determining which qualified contractor is awarded a contract. There is no assurance that we will be able to secure contracts for our vessels on favourable terms, or at all. In addition, as our fixed-term time charter contracts can be longer-term in nature, if freight rates should rise or our operating costs increase, we may not be able to make the necessary adjustments to the contractually agreed rates to capitalise on such increased freight rates or address such increased operating costs until the existing contracts expire. Once our existing customer contracts expire, there is no assurance that our customers will renew the contracts on similar terms or that we will be able to attract equivalent new customers.

As we generally do not enter into long-term exclusive supply or service agreements with most of our customers (apart from fixed-term time charter contracts), our customers could potentially switch to the services of other parties on all or some routes. Other parties may choose to establish services on the same routes as ours and attempt to undercut our freight rates on those routes to attract our existing customers. In order to retain these customers, we may be obligated to similarly reduce our freight rates, which could materially and adversely impact our business, financial condition and results of operations.

We may face inflationary cost pressures in the operation of our container depots, which may result in us having to seek regulatory approval to increase our depot gate charges. If approved, such price increases may result in customer dissatisfaction. In August 2021, we proposed to increase the depot gate charges at our Bandar Sultan Sulaiman Depot and faced objections from certain hauliers who proposed to organise a protest against such price increase. While the price increase was implemented, the protest was eventually called off after our discussion with the hauliers. Nevertheless, there can be no assurance that such incidents will not occur in the future or occur in a disruptive manner. Future occurrences of such incidents may attract negative publicity, which could damage our reputation and affect the demand for our container depot services.

As a result, we may be unable to maintain or expand our relationships with existing customers or obtain new customers on a profitable basis, which may materially and adversely affect our business, financial condition, results of operations and prospects.

9.1.13 We may be affected by the performance of our counterparties, contractors and suppliers

As part of our business, we enter into, among other things, charter contracts with our customers, terminal service agreements, newbuilding contracts with shipyards, agreements to purchase vessels from the second-hand market and credit facilities with banks. Such agreements subject us to counterparty risks. A deterioration in the financial condition of our counterparties, whether influenced by broader economic downturns, sector or company-specific challenges, could impede their ability to fulfil contractual obligations with us, and they may seek to renegotiate terms of their existing agreements or avoid their obligations with us under the contract. Accordingly, we may be exposed to credit risks resulting from our counterparties being unable to perform or unwilling to honour their obligations under the contract, including any delays and/or defaults in payments by our customers, which would adversely affect our business, financial condition, results of operations and prospects.

9. RISK FACTORS (Cont'd)

We engage suppliers and other third-parties to supply products and services in relation to our business. Work-stoppages, financial or other difficulties at any one of our suppliers or third-party contractors could materially and adversely affect our operations if they disrupt supply and an alternative source of supply were not readily available. While our Group is not dependent on any individual supplier as further detailed in Section 7.14 of this Prospectus, there is no assurance that we will be able to secure alternative sources of supply, or that alternative sources of supply secured will be satisfactory and match required delivery or service quality levels, should our supply from existing suppliers and third-party contractors be disrupted. Any delay or failure of our contractors or suppliers to perform their contractual obligations could have a material adverse effect on our business, financial condition, results of operations and prospects.

9.1.14 We are exposed to risks associated with non-wholly owned entities

We conduct part of our operations through subsidiaries, jointly controlled entity and associated companies in which our shareholding ranges from approximately 30% to 60%, with the remaining equity interests held by other shareholders. Please refer to Sections 6.2 and 6.3 of the Prospectus for details of the other shareholders.

As we do not possess sole or majority control over the management, operations or strategic direction of the jointly controlled entity and associated companies, the presence of the other shareholders may limit our ability to unilaterally direct the strategic, operational or financial policies of these entities that we believe are in the best interests of our Group. The other shareholders may have business objectives, financial interests or risk appetites that diverge from or conflict with our own, and may take actions contrary to our instructions, preferences or strategic policies. The occurrence of any such circumstances could result in impasses or operational deadlocks that may lead to delays in decision-making and could adversely affect the execution of our business strategies.

In the event of a dispute between us and any such other shareholders, there is no assurance that such disputes can be resolved in a timely, cost-effective, or satisfactory manner. Any prolonged disagreement may adversely impact the business and results of operations of the affected non-wholly owned entity, and could, in extreme cases, lead to termination or dissolution of such arrangements. Even in circumstances where we do not maintain majority control, the financial performance, risks or losses of these entities may be required to be reflected in our financial statements, including recognition of impairments, provisions or contingent liabilities, pursuant to applicable accounting standards.

Our interests in these entities also depend upon the continued cooperation and alignment of interests with the other shareholders. There can be no assurance that such relationships will not deteriorate, or that future disputes, defaults, or changes in ownership structure will not arise. The occurrence of any of these events may in turn adversely affect our business, financial condition, results of operations and prospects.

9.1.15 Any termination of, or disputes in relation to, the slot exchange arrangements and vessel sharing arrangements to which we are party could have an adverse effect on our business

Market participants in the container liner shipping industry have accelerated the pooling of operations and equipment and most of our competitors have established or are members of strategic alliances aimed at gaining a competitive edge through cost synergies, joint procurement and joint operations. As at the LPD, we are a party to two slot exchange arrangements with third-party container liner shipping companies as detailed in Section 7.7.2(b) of this Prospectus.

9. RISK FACTORS (Cont'd)

While our participation in such slot exchange arrangements (which are commonly known as vessel sharing arrangements) widens our port coverage and geographic scope for our customers and increases our departure frequency of network services that would not be possible solely using our own container vessel fleet, any termination of or material changes to such arrangements could materially adversely affect our business. Our slot exchange arrangements may be terminated by either party, or the terms and conditions of such arrangements may materially change in a manner which is less advantageous to us. Further, if there are disagreements or disputes among the parties to our slot exchange arrangements or other alliances, or weakening of such arrangements and alliances due to expulsion, termination, non-participation or otherwise discontinued membership of one or more members, this would diminish the advantages of our participation in the arrangements and alliances. Our arrangements and alliances could also be found or construed to be in breach of competition and antitrust laws or other laws and regulations applicable to us or other participating members, especially in the event there is a material change in such laws and regulations, which would further weaken the advantages of our participation in such arrangements and alliances. See also Section 9.2.9 of this Prospectus for further details on the competition laws and regulations that apply to our slot exchange arrangements.

While we could seek to form new vessel sharing arrangements with other industry members if any of the above risks materialise, we may not be successful in agreeing to similar terms or to even entering into another arrangement at all. Any diminishing of the advantages of our participation in such arrangements and alliances could have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, the formation of larger or more advantageous alliances by our competitors could also materially and adversely affect our business. Different cost advantages may arise as a result of the expansion of the networks and the range of services offered to customers and we may not be able to match the cost advantages offered by other container liner shipping companies and their respective alliances. Moreover, we may not be able to fully realise other benefits, such as lower investment costs, capacity sharing and adjustment, as well as extended network of services, from our membership in our arrangements and alliances which we are currently anticipating, or we may fail to realise any benefits at all.

9.1.16 Our insurance coverage may not be adequate to cover all risks and losses associated with our business operations

The operation of our vessels and the use of heavy equipment involve inherent risks, including catastrophic loss, spills, personal injury and loss of life, maritime disaster, mechanical failure, fire, collision, stranding and loss of, or damage to, cargo, as well as damage to or loss of vessels or ransom payments in case of acts of terrorism, piracy or hijacking. See also Section 9.2.12 of this Prospectus for risks relating to terrorism or piracy.

As our business activities, size and vessel fleet continue to grow, the risks associated with our operations may also increase. We cannot assure you that we will be adequately insured against all risks or that we will be able to obtain adequate insurance coverage at reasonable rates for our vessels in the future. While we maintain insurance policies against, among others, risk of damage to or loss of our owned and chartered vessels, cargoes, offices, motor vehicles, equipment, fire, public liability and burglary and risk of personal accidents and compensation in respect of our employees, there can be no assurance that all losses arising from these events are adequately covered by our insurance policies or that we will be able to renew or expand current insurance policies on commercially reasonable terms. Additionally, our insurers may refuse to pay particular claims if we fail to take certain actions, such as failing to maintain certification of our vessels with applicable regulations. If we were to suffer a loss that is not insured or is not adequately covered by insurance, our business, financial condition, results of operations and prospects could be materially and adversely affected.

9. RISK FACTORS (Cont'd)

There may also be certain risks which cannot be reasonably or capable of being insured against. Our insurance policies may contain deductibles, limitations and exclusions which may increase our costs in the event of a claim. We may also be subject to additional calls, or premium payments, in amounts based not only on our own claim records but also claims records of all other members of the protection and indemnity association through which we received indemnity insurance coverage. If our insurance fails to cover large claims and liabilities, our assets could be subject to attachment, seizure or other judicial processes, which could materially and adversely affect our business, financial condition, results of operations and prospects.

9.1.17 We operate in emerging markets which may expose us to economic instability, political unrest and uncertainty in the interpretation of laws and regulations

We operate in emerging markets across Asia and intend to expand our overseas service network to ports within and beyond the Southeast Asia region, including further expansion into the India subcontinent and the South of China region. Issues from time to time faced in emerging markets, including economic and political instability, restrictions on foreign ownership, varying statutory frameworks with regard to compliance issues and general uncertainty in the interpretation and enforcement of laws and regulations, could have a negative effect on our financial condition and results of operations and also restrict our ability to continue to operate profitably or at all in these markets. Violations of applicable laws or regulations by us, our employees or agents, could result in monetary penalties against us and could damage our reputation and, therefore, our ability to do business. Although we aim to constantly improve our compliance policies and training, there can be no guarantee that we are successful in detecting, mitigating and addressing all possible compliance-associated risks. Thus, our compliance system and monitoring capabilities may not be sufficient to prevent violations of legal provisions and internal policies, to identify past violations or prevent damages from fraud or similar crimes. Any involvement in potential non-compliance related proceedings and investigations could harm our reputation and that of our management, lead to the loss of customers and have a negative impact on our efforts to compete for new customers. Further, the uncertainties in the interpretation and enforcement of laws and regulations in these emerging markets could limit the legal protections available to us, our customers, suppliers and other counterparties. If any of the risks described above materialise, this could materially and adversely affect our business, financial condition, results of operations and prospects.

9.1.18 We are exposed to risks arising from foreign exchange fluctuations

Our results of operations and profit margins may be affected by the fluctuation in foreign currencies, in particular, USD against RM. Whilst the bulk of our revenue is from our Peninsular Malaysia and East Malaysia service routes, and denominated in RM, we also have revenue from routes outside of Malaysia such as Brunei, China, India, Indonesia, Singapore and Thailand during the Financial Years/Periods Under Review. We also derive revenue denominated in USD from our vessel charter hire operations, which are generally international in nature with no fixed routes set by our Group.

The following sets out the proportion of our revenue that is billed in RM and other currencies during the Financial Years/Periods Under Review:

	FYE			FPE	
	2022	2023	2024	2024	2025
	RM'000	RM'000	RM'000	RM'000	RM'000
RM	741,925	663,006	672,434	197,243	228,912
USD	568,246	400,029	457,344	122,974	146,918
Other currencies	99,130	54,300	68,813	20,228	25,021
Total	1,409,301	1,117,335	1,198,591	340,445	400,851

9. RISK FACTORS (Cont'd)

A portion of our direct costs, such as bunker fuel, vessel charter-in costs and crew costs (including salaries) are denominated in USD whilst most of our vessel maintenance costs are denominated mostly in USD and SGD as well as other currencies.

The purchase of vessels and containers are also customarily transacted in USD. A weakening of RM against the USD would impact USD denominated revenues positively but would also adversely impact our USD/foreign currency costs such as associated direct costs, port costs, drydocking and other related vessel costs.

We currently do not hedge our foreign currency exposure using any derivative instruments. Any significant volatility in foreign currencies which is unfavourable to us may affect our results of operations. We may consider using certain derivative instruments in the future in order to minimise the risk of foreign exchange fluctuations. Any future use of derivative instruments would nevertheless involve certain risks which could negatively affect our financial condition and results of operations.

9.1.19 Any failure of our IT systems could adversely affect our business operations

Our ability to quickly and correctly obtain, process and transmit data related to transport volumes, freight rates, transport costs, container locations, container depot capacity and vessel schedules is critical to the provision of our services, including effective management of our container capacity, our vessels, our container depots and the handling of empty containers in order to manage and minimise imbalance costs. As such, we are dependent on various IT systems provided and/or maintained by third party service providers such as iKapal's shipping system, the SOVY-DEPOT system and the SOVY-LOGISTICS system for our business operations. These systems integrate various business processes in our container liner shipping and auto logistics operations (such as booking, management of shipping rates, management of containers and finance for us to control and monitor our shipments, port costs, container management costs and ship running costs) and our container depot operations (such as integration with our customers' container management systems and third party booking platforms, scheduling of pick-ups and drop-offs, container inspection and location tracking), and financial operations (such as core accounting, cost management, and financial reporting process across our shipping, logistics, and depot businesses). See 7.8.3 of this Prospectus for further details of our IT systems.

Failure of third party service providers to provide maintenance services and any disruption to our computer systems and IT systems may compromise our business operations as well as cause transaction errors, loss of data or downtime. While we have not encountered any major failures in our current IT systems which had materially impacted our business, financial condition and results of operations in the past, there can be no assurance that we will not face any breakdown of or disruption to any of our IT systems in the future. Additionally, technology developed by other shipping companies may render our services less attractive or competitive, and we may otherwise fail to meet the technology progress to operate our business more efficiently. Any such events could materially and adversely affect our business, results of operations and financial condition.

9. RISK FACTORS *(Cont'd)*

9.1.20 Cybersecurity breaches could adversely affect our business operations

We rely extensively on our IT systems and third party service providers in many aspects of our business. We also collect, store and transmit sensitive data, including our proprietary business information and that of our customers, and personally identifiable information of our customers and employees. Despite our efforts to invest in our IT systems and data security programs, the implementation of security measures to protect our data and infrastructure against breaches and other cybersecurity threats, and our use of internal processes and controls designed to protect the security and availability of our systems, we may experience cybersecurity risks, such as computer viruses, hacking, malware, denial of service attacks, ransomware attacks, cyber terrorism, circumvention of security systems, breaches due to employee error, unauthorised release, attempts to gain unauthorised access to data, natural disasters, telecommunications failures, corruption or loss of data or confidential information, social media hacks and leaks, and breach of protected data belonging to third parties, or other catastrophic events aboard our vessels, at our container depots or at third party locations. These risks are often unpredictable and may not be fully preventable or mitigated, even with robust security measures in place. Any failure, breach or unauthorised access to our IT systems or those of third parties on which we rely could result in the loss of confidential, sensitive or proprietary information, interruptions to our business or otherwise impact our ability to conduct our business operations and could lead to potential reductions in revenue and profits and damage to our reputation or liability.

We also cannot assure you that our IT systems will be completely secure from future security breaches or computer virus attacks. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

9.1.21 We face the risk of arrest and detention of vessels

Our vessels are our primary assets to ensure delivery of goods for our customers. Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by either arresting or attaching a vessel through foreclosure proceedings. Our vessels may be arrested and detained in certain events, which include, but not limited to the following events:

- (i) a breach of the MSO as well as other applicable laws and regulations empowering the authorities to issue vessel detention orders;
- (ii) a claim in respect of a mortgage or charge on our vessels or any share therein;
- (iii) a claim for damage done to/by our vessels, for instance where our vessels collide with and cause damage to other vessels or properties;
- (iv) a claim for loss of life or personal injury sustained in consequence of any defects in our vessels or in our apparel or equipment;
- (v) a claim for loss of or damage to goods carried in our vessels;
- (vi) a claim arising from any agreement relating to the carriage of goods in our vessels or to the use or charter hire of our vessel; or
- (vii) any claim by a master or a member of the crew of our vessels for wages (including any sum allotted out of wages or adjudged by a superintendent to be due by way of wages).

9. RISK FACTORS (Cont'd)

Two of our vessels, MTT Samalaju and MTT Sapangar, were detained by the MMEA on 14 October 2022 and 4 December 2023, respectively, for failure to comply with Section 491B(1)(l) of the MSO by anchoring in a non-anchorage area without permission of the Director General of the Malaysia Marine Department. In each of those instances on 18 October 2022 and 6 December 2023 respectively, the two vessels were temporarily released after we placed a bail bond of RM100,000 with the local magistrate court. Subsequently, MTT Samalaju and MTT Sapangar were respectively charged and fined RM30,000 on 28 December 2022 and RM40,000 on 30 January 2024.

The arrest or attachment of one or more of our vessels could require us to pay or deposit a substantial amount of money to have the arrest or attachment lifted, and could also result in a significant loss of earnings and cash flow for the related off-hire period. Since the MTT Sapangar incident in December 2023, we have not experienced any similar vessel arrest or detention incidents as at the LPD. However, there can be no assurance that such incidents may not occur in the future. Such incidents may lead to direct financial losses through shipment delays or missed charter hire, increased insurance premiums, penalties, or fines, as well as indirect consequences such as reputational damage or the loss of key commercial relationships. Although maritime liens generally do not extend to cargoes on vessels, the delay in transportation of cargoes or any obsolescence of cargoes caused by the enforcement of maritime lien on vessel may subject us to claims, disputes and potential liabilities. Any such incidents could materially and adversely affect our business, financial condition, results of operations and prospects.

9.1.22 We may be involved in litigation, legal disputes, claims or administrative proceedings which could be costly and time-consuming to resolve

The container shipping business carries the inherent risks of marine and other accidents, which could result in property loss as well as bodily injuries or loss of lives. We may, from time to time, become involved in litigation, disputes and other legal proceedings. Any litigation or proceeding to which we become a party might result in substantial costs and divert management's attention and resources. We cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on our reputation and business. These actions could also expose us to adverse publicity, which might adversely affect our brand and reputation. If any of the risks described above materialise, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration which may have or has had material or significant effects on our financial position or profitability and our Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially or adversely affect our Group's position of business. However, there can be no assurance that there will be no proceedings in the future that could adversely affect the positions or business of our Group.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Our business may be adversely affected by changes in policies and regulations applicable to the container liner shipping industry

Our business may from time to time be subject to changes in applicable government, economic, fiscal and monetary policies and regulations. For example, the cabotage policy was implemented in Malaysia in 1980 to protect domestic shipping companies and to promote the domestic shipping industry. In furtherance of the cabotage policy, the MSO was amended to provide the necessary statutory framework for its implementation and enforcement. The cabotage policy essentially prohibits non-Malaysian vessels from engaging in domestic shipping activities in Malaysia unless otherwise exempted.

9. RISK FACTORS (Cont'd)

The cabotage policy was first introduced in January 1980 with the purpose of developing Malaysian ownership and local shipping in general whilst at the same time minimising Malaysia's dependence on foreign vessels and the outflow of foreign exchange in the form of freight payments. The implementation of the cabotage policy has undergone several material modifications or adjustments since its introduction. In June 2017, the cabotage policy was partially lifted specifically for cargo transportation routes between Peninsular Malaysia and Sabah, Sarawak and Labuan respectively as well as for intra-Sabah and intra-Sarawak routes. In October 2023, the scope of relaxation was further extended to cover container transshipment routes between certain specified ports. Subsequently, in June 2024, the cabotage policy was reinstated nationwide except for specified container transshipment routes (i) within Sabah, (ii) between Peninsular Malaysia and Sabah, (iii) between Peninsular Malaysia and Labuan, (iv) between Port of Tanjung Pelepas and Port of Pasir Gudang (for a period between 6 October 2023 and 5 October 2026) and (v) between Port of Tanjung Pelepas and Port of Kuantan (for a period between 6 October 2023 and 5 October 2026), with full cabotage restrictions being imposed in Sarawak.

There can also be no assurance that the current cabotage policy will continue for an indefinite period of time or will continue on the same conditions. Any adverse change to the cabotage policy will adversely affect our results of operations. Any further liberalisation of the cabotage policy could result in increased competition from non-Malaysian vessels. Non-Malaysian vessels owned by international shipping companies may be able to offer a more competitive freight rates compared with local shipping companies. Any downward pressure on freight rates arising from increased competition would materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, government intervention and significant changes in policies in Malaysia including inflation, wage and price controls, capital controls, interest rates controls and limitations on imports or exports, may materially and adversely affect our business, financial condition, results of operations and prospects. Economic slowdowns may also have a material adverse effect on domestic economic conditions and investment sentiments. Such developments could lead to reduction in demand for our services and materially and adversely affect our business, financial condition, results of operations and prospects.

9.2.2 We may be affected by changes to the current taxation regime applicable to the Malaysian shipping industry

As a Malaysian-based marine transportation company and Malaysian tax resident, we currently benefit from the income tax exemption granted under the Income Tax (Exemption for Malaysian Ship) Order 2024 [P.U.(A) 184/2024] ("**Exemption Order**") that was gazetted on 5 July 2024, which grants an income tax exemption on 100% of the statutory income for a YA from the business of transporting passengers or cargo by sea on a Malaysian ship or letting out on charter a Malaysian ship owned by him on a voyage or time charter basis ("**Shipping Income**"), subject to the condition that the resident person shall obtain an annual verification from the Ministry of Transport on the meeting of certain requirements as prescribed in the Exemption Order. For further information, see Paragraph 1(vi) of Annexure A of this Prospectus. The Exemption Order is valid for the YA 2024 to YA 2026. A Malaysian ship in this context means a sea-going ship registered under the MSO, other than a ferry, barge, tugboat, supply vessel, crew boat, lighter, dredger, fishing boat or other similar vessel.

9. RISK FACTORS (Cont'd)

Prior to YA 2012, the statutory income of a Malaysian tax resident from Shipping Income was granted 100% income tax exemption under Section 54A of the ITA. The law was amended with effect from YA 2012 to reduce the income tax exemption under Section 54A of ITA to 70% of statutory income. Notwithstanding this, the Minister of Finance subsequently exercised his powers under Section 127(3)(b) of the ITA to grant 100% income tax exemption on Shipping Income by way of the following gazette orders:

- Income Tax (Exemption) (No. 2) Order 2012 for the YA 2012 to YA 2013
- Income Tax (Exemption) Order 2018 for the YA 2014 to YA 2015
- Income Tax (Exemption) (No. 2) Order 2018 for the YA 2016 to YA 2020
- Income Tax (Exemption) (No. 7) Order 2022 for the YA 2021 to YA 2023
- Income Tax (Exemption for Malaysian Ship) Order 2024 for the YA 2024 to YA 2026

Our financial position and profitability benefit substantially from the availability of these income tax exemptions. The Government may, at its discretion, amend, suspend or revoke such income tax exemptions as part of a broader fiscal or regulatory policy reform. If these income tax exemptions are reduced, modified, or withdrawn, we may become subject to higher income tax liabilities, which could have a material adverse effect on our financial performance. In addition, there can be no guarantee that the income tax exemption will continue to be extended by the Government or will be available in the future, nor that any replacement or alternative tax exemption of equivalent benefit will be introduced in the event of a change or cancellation of the current regime.

Any changes in the current tax regime and/or laws, rules and regulations pertaining to the taxation of Malaysian shipping companies, or the interpretation thereof including differing interpretations of our entitlements or the meeting of the conditions to be entitled under the Exemption Order, which may have a retrospective, current and/or prospective effect, may affect the tax paid or payable by us arising from a tax reassessment on our financial results, and could materially and adversely affect our business, financial condition, results of operations and prospects.

While we have not encountered such events or incidents, there is no assurance that events or incidents will not occur in the future or that the outcome of the tax audits mentioned below will not result in a material impact to our business, financial condition, results of operations, prospects and liquidity.

The further extension on the 100% income tax exemption on Shipping Income beyond YA 2026 is contingent upon the MOF gazetting a new exemption order. In the absence of an extension, the tax treatment will revert to the default position under Section 54A(1) of the ITA and consequently, from YA 2027 onwards, only 70% of our Shipping Income will be exempt from tax instead. If the 70% income tax exemption applies, 30% of our Shipping Income would be subject to the prevailing statutory tax rate of 24% and for illustrative purposes only, as a consequence, the effective tax rate of our Group would increase from approximately 2.5% to 6.2% for the FYE 2024.

Furthermore, during the Financial Years/Periods Under Review, we have been imposed with late penalties arising from tax audits in relation to indirect tax and underestimation of corporate income tax totaling RM7,590.58 which is not material to the financial condition and liquidity of our Group. Additionally, as at the LPD, we are presently undergoing tax audits by the Inland Revenue Board of Malaysia for two of our subsidiaries covering the YA 2019 to YA 2023 and since the audits are ongoing, we are not able to determine the potential outcome of the audits or whether such audits may result in any fines or penalties being imposed on our Group.

9. RISK FACTORS *(Cont'd)*

9.2.3 We operate in a highly competitive industry

We operate in a highly competitive market that is capital intensive and highly regulated. We compete with other global, regional and niche container liner shipping industry players in terms of service route offerings, capacity, service, pricing, frequency of delivery and reliability, among others. In particular, we compete with industry players who operate along similar service routes while covering the same ports, some of whom may have substantially greater resources than we do or may be better positioned to adapt to changes in market or economic conditions.

We are subject to price competition and freight rates are usually a key factor for our customers in determining which shipping company to engage. Freight rates are affected by a variety of factors including the demand for and supply of cargo space, market conditions and bunker fuel prices, many of which are beyond our control. Some of our competitors may be able to offer lower freight rates. We compete with a large number of smaller carriers in the regions where we operate. This places additional pricing pressure on us, as smaller carriers may have a more flexible cost structure than we do, and requires us to differentiate ourselves in aspects such as frequency and value-added services. If one or more of our competitors expands its market share through a merger, acquisition or secures a better position in an attractive niche market in which we operate or intend to enter, we could lose market share as a result of increased competition.

There can be no assurance that we will continue to be able to maintain our market share as described in Section 7.2.1 of this Prospectus or continue to compete successfully in the future. If we are unable to effectively compete with these competitors, our market position, growth prospects and results of operations may be adversely affected.

9.2.4 Our business is highly dependent on regional and global economic trends

We operate in the container liner shipping industry, which is heavily dependent on the prevailing conditions in global and regional economies. Fluctuations in the economic environment have typically have a material effect on the shipping industry. The container shipping industry has, thus, historically exhibited highly cyclical economic conditions, with high volatility in freight rates, primarily due to fluctuations in the demand for container shipping services and the supply of shipping capacity. Changes in the demand for container liner shipping services are difficult to predict and are beyond our control.

The volume of containers we transport and the usage of other related services are influenced by the performance and growth of regional and international trading economies. Our core business is container shipping, where we transport containerised goods by sea within the global and regional marketplace for our customers. As a result, there is a correlation between the condition of global and regional economies and the volume of containers we transport. Any economic slowdown, particularly in Asia, would have a negative effect on our business, as we anticipate a significant number of the port calls made by our vessels will continue to consist of ports in Southeast Asia, South of China and the India subcontinent region for the foreseeable future. Our business, financial condition and results of operations, as well as our future prospects, will likely be materially and adversely affected by any economic downturn in any of these countries.

Our business is also influenced by other factors that impact regional and international trade, including economic and political conditions, trade restrictions, sanctions, embargoes, boycotts and other trade measures, exchange controls, currency fluctuations, unexpected changes in laws relating to tariffs or taxation policies and trade disputes. In particular, the adoption of protectionist policies and regulatory regimes may change trade patterns, trade flows and intensify trade imbalances, which may result in a decrease in demand from our customers and consequently reduce our revenue. Further, the impact of protectionist policies may be exacerbated if the affected countries resort to retaliatory protectionist measures or make changes to the regulatory regimes in which we operate, including raising import tariffs and the creation of other trade barriers.

9. RISK FACTORS (Cont'd)

We have little or no control over any of these risks and we may be unable to anticipate changes in economic and political conditions or anticipate extended disruptions of transport activity due to other factors. As a result, we may be unable to alter our operations in time to avoid the adverse effects of any of these changes. Any of these events could impact trade volumes, which could materially and adversely affect our business, results of operations and financial condition.

9.2.5 Changing trade patterns, trade flows, sharpening trade imbalances may lead to container repositioning costs

Our routes operate within Malaysia and across Southeast Asia and other overseas regions, and our TEUs carried can vary depending on the balance of trade flows within and between different countries and regions. Utilisation per voyage is generally higher when transporting cargo from net export regions to net import regions (the dominant leg), and considerable expenses may result when empty containers are transported or repositioned. Changes in trade patterns, trade flows and sharpening trade imbalances may lead to mismatch between supply and capacity of containers, and demand for container line shipping services.

If we are unable to successfully match demand for container capacity with available capacity in nearby locations, we may incur significant balancing costs to reposition our empty containers in other areas where there is demand for capacity. There can be no assurance that we will always be successful in minimising the costs resulting from the imbalance between the volume of cargo carried in each direction, which could materially and adversely affect our business, financial condition and results of operations.

9.2.6 We are subject to complex international and domestic environmental, health and safety laws and regulations applicable to the container liner shipping industry. Failure to comply with these regulations may subject us to increased liability and may result in a denial of access to, or detention in, certain ports

The container liner shipping industry is highly regulated and our operations are subject to various environmental, health and safety laws and regulations in the form of international conventions, treaties and national and local laws and regulations in force in the jurisdictions in which our vessels operate or are registered. See Annexure A of this Prospectus for further details of the material environmental, health and safety laws and regulations which are relevant to our business operations. These conventions, treaties, laws and regulations which govern areas such as maritime operations, environmental protection, the release and management of hazardous materials and human health and safety are subject to changes from time to time.

As we transport hazardous materials such as industrial chemicals, paint and batteries, there is a risk of spillage, erosion and contamination, which may be hazardous to the handling personnel and environment. In addition, oil spillages may arise as a consequence of a collision of our vessels. Environmental regulations often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. The discharge of pollutants into the air or water may give rise to liabilities to governmental authorities and third parties and may require us to incur remediation costs.

We have faced instances where we were fined for regulatory breaches. In December 2024, we were fined RMB20,000 (equivalent to RM12,544) by the port authorities at the Port of Qingdao due to an inaccurate entry in the records of garbage discharge of our ship MTT Sapangar. In April 2025, we were fined RMB15,000 (equivalent to RM8,816) by the port authorities at the Port of Ningbo due to the discharge of wastewater by our ship MTT Dumai directly into the sea without authorisation from the port authorities. While we have among others, mandated the relevant crew to attend refresher courses on record-keeping practices and implemented new procedures relating to waste management, there can be no assurance that such breaches will not occur again, which could materially and adversely affect our business, financial condition and results of operations.

9. RISK FACTORS (Cont'd)

Further, environmental regulations are evolving which will result in stricter standards and enforcement, larger fines and liability and potentially increase our capital expenditure and operating costs materially. For instance, the IMO has ruled that beginning 1 January 2020, all vessels operating outside designated emission control areas (i.e. the Baltic Sea area, the North Sea area, the North American area (covering designated coastal areas off the United States and Canada) and the United States Caribbean Sea area (waters around Puerto Rico and the United States Virgin Islands) and Mediterranean Sea), are required to use bunker fuel with lower sulphur content of no more than 0.5% (mass by mass) as opposed to the previous limit of 3.5%. Operators who intend to continue using high sulphur content bunker fuel are required to fit their vessels with sulphur-cleaning devices known as scrubbers. As at the LPD, all of our container vessels have been certified as EEXI-compliant in accordance with IMO 2020 regulations.

Introduction of new conventions, treaties, laws or regulations applicable to our business may result in us having to incur additional expenditure to install costly equipment or introduce operational changes and may affect the resale value or useful lives of our vessels. If any of our vessels are denied access to, or are detained in, certain ports for failure to comply with the new laws and regulations, our business, results of operations and financial condition may be adversely impacted.

9.2.7 We are exposed to risk of fluctuation in bunker fuel prices

Our direct costs for our container liner shipping services include bunker fuel (including HFO, VLSFO and MGO), which we used to propel our vessels. The cost of bunker fuel accounts for a substantial part of our operating cost. The table below sets out the breakdown of bunker fuel costs incurred by us for the Financial Years/Periods Under Review:

	FYE			FPE	
	2022	2023	2024	2024	2025
Bunker fuel costs (RM'000)	149,880	159,264	169,931	54,149	49,522
Direct costs (RM'000)	790,327	735,437	867,361	250,356	279,548
% of our direct costs	19.0	21.7	19.6	21.6	17.7
Average cost of marine fuel oil (RM per MT)	3,284	2,791	2,814	2,883	2,475
Average cost of MGO (RM per MT)	4,110	3,674	3,783	3,828	3,624

The cost of bunker fuel which is denominated in USD fluctuates according to the prevailing global oil prices. Global oil prices are affected by various factors beyond our control such as changes in global demand and supply conditions, geopolitical events affecting major oil producing countries, government policies and the level of global economic activities. Any changes in these factors may cause material increases in the global oil prices and this may lead to an increase in our Group's direct costs. In addition, we are required to use higher quality bunker fuels on an increasing number of our services due to changing environmental requirements. Compliant fuel typically costs more than current high sulphur fuel oil, which will lead to increased bunker fuel costs.

While we have been able to partially pass on cost increases to our customers through a bunker adjustment factor on certain occasions, there can be no assurance that we can continue to do so in the future. If we are unable to partially pass on cost increases to our customers and are unsuccessful in managing our exposure to bunker fuel price fluctuations, our business, financial condition, results of operations and prospects could be materially and adversely affected.

9. RISK FACTORS *(Cont'd)*

9.2.8 We are subject to fluctuations in charter hire rates for container vessels

As at the LPD, we charter out 11 of our container vessels to other container liner shipping companies. We plan to expand our vessel chartering business as part of our future plans and strategies. Charter hire market rates fluctuate according to the supply and demand for vessel chartering services, the design or specifications of the vessels, geographical locations and changes in economic conditions and regulatory requirements. Our success in increasing the revenue contribution from our vessel chartering business segment depends on our ability to secure charters for our vessels at profitable charter rates.

If we charter out our container vessels at a time when demand for container vessels is low, we may have to accept reduced and potentially unprofitable rates or we may not be able to charter out our vessels at all. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

9.2.9 We are subject to competition laws and regulations applicable to the container liner shipping industry

We are subject to competition laws and regulations in each of the countries and regions in which we operate and could face fines, ordered remedies and damages claims if we fail to comply with applicable regulatory regimes. Any instances of non-compliance incidents may lead to negative publicity and/or liabilities and legal proceedings filed against our Group which will have an adverse impact on our reputation and financial performance.

For example, we are required to comply with the CA 2010 which, among others, prohibits anti-competitive agreements and the abuse of dominant position in the market. On 1 June 2016, the MyCC issued a decision containing findings that ICSD and three other container depot operators, along with Containerchain (Malaysia) Sdn Bhd, infringed the CA 2010 by entering into an agreement that imposed increased depot gate charges and offered common rebates to hauliers if the depot gate charge payments were made within 14 days from the date of the invoice. As a result, ICSD paid a fine of RM118,228 and ceased such practices with effect from 1 July 2016. As at the LPD, there has been no recurrence of similar incidents.

In addition, any participation in slot exchange arrangements, vessel sharing agreements or other similar alliances or arrangements will need to comply with anti-trust and competition rules and regulations in the various jurisdictions in which we operate. This could require filing for clearances and approvals which may not be forthcoming, involve lengthy delays, and might result in a transaction being prohibited or permitted with conditions that may or may not be acceptable. Our Group has entered into two vessel sharing agreements as described in Section 7.7.2(b) of this Prospectus. MyCC has issued several block exemption orders for vessel sharing agreements in respect of liner shipping services via maritime transportation, with the most recent exemption being for a three year period, from 7 July 2022 to 6 July 2025. In essence, the block exemptions offer a regulatory safe harbour for the vessel sharing agreements between liner shipping operators concerning their operational arrangements for liner shipping services by sea, including the coordination or joint operation of vessel services, and the exchange or charter of vessel space from the prohibition contained in Section 4 of the CA 2010.

On 5 May 2025, MyCC received a latest application for block exemption for vessel sharing agreements from the Malaysia Shipowners' Association and the Shipping Association Malaysia, on behalf of the shipping operators ("**2025 Block Exemption Application**"). In line with the provisions of the CA 2010, following completion of its preliminary assessment of the 2025 Block Exemption Application, MyCC had launched a public consultation from 27 May 2025 to 25 June 2025 inviting all interested stakeholders and members of the public to provide their feedback on the said application.

9. RISK FACTORS (Cont'd)

Although MyCC has approved block exemptions for vessel sharing agreements in the past, approvals for two of the last three previous applications were issued by MyCC approximately 4 months and 21 months after the expiry of the preceding block exemptions, respectively. As of the LPD, the 2025 Block Exemption Application has yet to be approved, and the previous exemption granted has expired on 6 July 2025. If MyCC decides not to approve the 2025 Block Exemption Application, this may have a financial impact on our Group, as our Group will then no longer be entitled to the regulatory safe harbour under the CA and the loss of the block exemption would affect our Group's two slot exchange arrangements which are part of our container liner shipping business. To that end, if any of our slot exchange arrangements are construed as having the object or effect of significantly preventing, restricting or distorting competition in the liner shipping services, our Group could be liable for infringement of the prohibition. This may in turn potentially result in our Group having to modify, vary or suspend our existing slot exchange arrangements, which may potentially impact our Group's existing vessel utilisation rates and the extent of its service coverage, which may then have a material adverse effect on our business, financial condition, results of operations and prospect unless we are able to successfully adapt our business operations relating to vessel sharing to address any potential loss of revenue arising from it. Further, if any future renewal is granted on less favourable terms, is subject to additional requirements, or is not extended upon expiry, this may also materially and adversely affect our business, results of operations and financial condition.

9.2.10 We may be exposed to cargo risks and risks from transport of restricted or dangerous cargo

We may be exposed to liability for contamination of cargo transported on board our container vessels, including due to the breakout of a fire or due to inadequate handling or storage. Furthermore, transportation of cargo that is subject to trade restrictions could result in violations of applicable restrictions or sanctions. Residual risks remain, including the risks of our contracting parties breaching or being alleged to breach applicable restrictions or sanctions, which could materially and adversely affect our business, results of operations and financial condition.

Each of our vessels have been issued with a Document of Compliance for the Carriage of Dangerous Goods pursuant to the International Maritime Dangerous Goods (IMDG) Code, certifying our vessels are suitable for the carriage of certain dangerous goods in accordance with the conditions set out therein. For instance, dangerous goods must be placed at the permitted stowage location of the vessels stipulated in the Document of Compliance for the Carriage of Dangerous Goods. However, we are exposed to the risks that our customers may fail to declare or misdeclare illegal or dangerous cargo, and fail to adhere to applicable domestic and international codes. This could result in container explosions and fires, damage to or loss of vessels, equipment or cargo as well as injuries to crews onboard. Any such event may expose us to losses and liabilities, loss of income, increased costs and damage to our reputation. In addition, the failure or misdeclaration of illegal or dangerous cargo could result in breaches of local and international laws and regulations, and non-compliance may expose us to fines, penalties and litigation. Any such risks relating to the transport of restricted, dangerous, illegal and misdeclared cargo could materially and adversely affect our business, results of operations and financial condition.

9.2.11 Natural disasters, epidemics, acts of war and other events in markets where we operate could adversely affect our business

Given the nature and scope of our operations, we are vulnerable to disruption as a result of climate change and adverse weather conditions, including hurricanes, typhoons, earthquakes and other natural disasters. Similar to any other container shipping operator, the natural disasters that we may encounter may, among other things, hinder our ability to effectively and timely provide scheduled services to our customers, interfere with our container depot operations, damage our vessels and equipment, or result in injury or death to our employees. Any of these events could have an adverse effect on our business, financial condition, results of operations and prospects.

9. RISK FACTORS (Cont'd)

An outbreak of an infectious disease or any other health epidemics, whether in Malaysia or other countries could lead to restrictions on economic activity which may cause the demand for specific commodities to fall, and in turn could lead to lower demand for shipping services, including ours, thereby adversely affecting our profitability. Such an outbreak may also cause significant interruption to our operations as health or governmental authorities may impose quarantine and inspection measures on our vessels or restrict the flow of cargoes to and from areas affected by any epidemic. Further, any outbreak onboard our ships or at one of our container depots could impact our operations. As an example, additional restrictions and obligations on our operations were imposed during the COVID-19 pandemic. Although we were not required to close or temporarily halt our operations as our business was deemed to constitute essential services, there can be no assurance that that such treatment will apply in the event of any future pandemics.

Natural disasters, epidemics, acts of war and other events in markets where we operate which are beyond our control may lead to global or regional economic instability, which may in turn materially and adversely affect our business, results of operations, and financial condition.

9.2.12 Terrorist or pirate attacks or cargo hijacking may increase the costs of our operations

Our container vessels including our tugs and barges face the risk of terrorist or pirate attacks during a voyage as we sail along the waters of Sabah, Sarawak, Straits of Malacca, Indonesia, Singapore and Thailand. Terrorist or pirate attacks and/or cargo hijacking during our voyage and/or at the ports along our service routes, may materially and adversely affect our shipping operations. The potential impact includes the loss of cargo and loss of profit from payment of ransom, detention against our vessels, as well as jeopardising the safety of the affected crew members. While we have not encountered any pirate attacks which involved cargo hijacking or vessel detention or kidnapping of our crew members in the past, there can be no assurance such events will not occur in the future. Any future terrorist or pirate attacks or cargo hijacking in regions where we provide our services may increase the premiums payable for such insurance coverage and require investment in tightened security measures, which could materially and adversely affect our business, results of operations and financial condition.

9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

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

Prior to our IPO, there has been no prior public market for our Shares. Accordingly, there can be no assurance that an active and liquid market will develop for our Shares or if developed, that such a market can be sustained. Neither we nor our Promoters 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 trade higher or lower than the institutional and retail price or that it will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

9.3.2 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:

- (i) the Joint Underwriter(s) exercising their rights under the Retail Underwriting Agreement, or the Joint Global Coordinators and Joint Bookrunners exercising their rights pursuant to the Placement Agreement to discharge themselves from their obligations under such agreements;

9. RISK FACTORS *(Cont'd)*

- (ii) we are unable to meet the minimum public shareholding spread requirement under the Listing Requirements, i.e. at least 25.0% of the total number of our Shares for which our Listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (iii) the revocation of approvals from the relevant authorities for our Listing for whatever reason.

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

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

Where subsequent to the issuance and allotment of our IPO Shares and the proceeds from our IPO form part of our share capital:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) a solvency statement from our Directors.

9.3.3 Our Share price and trading volume may be volatile

The market price of our Shares may fluctuate as a result of, among others, the following factors, some of which are beyond our control:

- (i) fluctuations in stock market prices and trading volumes;
- (ii) trading liquidity of our Shares;
- (iii) differences between our actual financial and operating results and those expected by investors and analysts;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (v) changes in market valuations of listed shares in general or shares of companies comparable to ours;

9. RISK FACTORS *(Cont'd)*

- (vi) changes in conditions affecting the industry, the general political and economic conditions or stock market sentiments or other related events or factors;
- (vii) involvement in litigation;
- (viii) addition or departures of our Key Senior Management;
- (ix) perceived prospects of our business and the industry in which we operate;
- (x) adverse media reports regarding us or our shareholders;
- (xi) changes in government policy, legislation or regulation; and
- (xii) general operational and business risks.

In addition, many of risks described elsewhere in this Prospectus could also 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 Institutional Price or the Final Retail Price. There can be no assurance that the trading price of our Shares will reflect our operations and financial condition, our prospects, and the prospects of the industry we operate in.

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. Share prices of many companies have experienced wide fluctuations that are often unrelated to the operating performance of these companies, including fluctuations as a result of developments in other emerging markets. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

9.3.4 We may not be able to pay dividends

Our ability to declare dividends to our shareholders will depend on, among others, our expected financial performance, distributable reserves and cash flows. This, in turn, is dependent on our operating results, capital requirements and on our ability to implement our future plans, demand for and selling prices of our products, general economic conditions, and other factors specific to our industry, many of which are beyond our control. As such, there can be no assurance that we will be able to pay dividends to our shareholders.

As our Company is a holding company and substantially all of our operations are conducted through our subsidiaries, jointly controlled entity and associated companies, our Company relies on dividends and other distributions from our subsidiaries, jointly controlled entity and associated companies as our Company's principal source of income. Our Company and our subsidiaries may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends.

The receipt of dividends from our subsidiaries, jointly controlled entity and associated companies may be affected by the passing of new laws, adoption of new regulations and other events outside our control, and our subsidiaries, jointly controlled entity and associated companies 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 the ability of our subsidiaries, jointly controlled entity and associated companies, and consequently, our ability to pay dividends.

9. RISK FACTORS *(Cont'd)*

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends at all or at a lower payout ratio than the amount we currently propose, after taking into consideration the necessary funds for capital expenditure, working capital and applicable restrictive covenants under our financing. Further, if we incur new borrowings subsequent to our Listing, we and our subsidiaries may be subjected to additional covenants restricting the ability to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all.

For a description of our dividend policy, see Section 12.4 of this Prospectus.

9.3.5 **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, we will have in issue 2,500,000,000 Shares, of which up to 633,500,000 Shares, representing up to approximately 25.3% of our enlarged issued Shares, will be held by investors participating in our Listing, and not less than 67.8% will be held by our Promoters via their direct and indirect interests in our Company, assuming the Over-allotment Option is not exercised. Our Shares issued as part of our IPO will be tradable on the Main Market of Bursa Securities without restriction following our Listing. Our shares may also be sold outside the United States, subject to the restrictions of Regulation S.

If any shareholders or group of shareholders were to dispose of a substantial number of our Shares in a short period of time, it may put downward pressure on our Share price, which could adversely affect the market value of our Shares.

A moratorium and lock-up agreement will apply to the shareholdings held by our Promoters and persons connected to our controlling shareholder for a period of six months from the date of our Listing, during which time no sale or disposal of these shares will be permitted. However, they could dispose of some or all of our Shares that they hold after the moratorium and lock-up period pursuant to their own investment objectives. If our Promoters and persons connected to our controlling shareholder sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

9.3.6 **Forward-looking statements in this Prospectus 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, prospects, plans and objectives of our Group for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements of our Group, 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, the impact of new laws and regulations affecting our industries and government initiatives. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance.

9. RISK FACTORS *(Cont'd)*

Forward-looking statements can be identified by the use of forward-looking terminology 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.

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.

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