8. 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 legal, regulatory and business risks where we operate. 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.

8.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

8.1.1 We may not be able to renew or obtain licences and permits required to carry on our business

The logistics industry in Malaysia is regulated by specific legislations requiring companies which undertake logistics business to have various registrations, permits and licences from the regulatory authorities. In providing our services in Malaysia, our Group has obtained various licences, permits and approvals to carry on its business, including but not limited to forwarding agent licences, shipping agent licences, public bonded warehouse licences, operator licences and service permits. These licences, and permits are subject to renewal. The revocation or non-renewal of these permits and licences, or the variations, modifications or imposition of additional conditions by the regulatory authorities, may adversely affect our ability to continue operation and hence affect our financial performance.

New laws and regulations may also be enforced from time to time to require additional approvals, licences and/or permits other than those we currently have or provide additional requirements on the operation of our business. If additional approvals, licences or permits are required for the operation of any part of our business and we are not able to obtain such approvals, licences, or permits or adjust our business model to comply with such new laws in a timely manner, we could be subject to operational disruption and penalties.

8.1.2 We are dependent on the experience and expertise of our Executive Director and key senior management for the continued success of our Group

Our Executive Director and key senior management who have on average 24 years of experience in the industry, are key to our continued success as they have extensive industry experience and expertise. The loss of any of our Executive Director or key senior management may adversely affect our future development, business operations and our relationships with our major customers if we are unable to find suitable replacements in a timely manner.

In order to ensure smooth succession planning, our Group has put in numerous efforts to train and groom younger members of our management team to gradually take on more responsibilities. Such efforts include constantly exposing our younger management team members to various aspects of our business operations and our Group's decision making process to ensure that they are equipped with the knowledge to succeed in senior management roles. In addition, we have put in place human resource strategies which include competitive remuneration packages and a variety of on-going training and development programmes for the younger management team who have been earmarked in our succession plan.

Notwithstanding our efforts in seeking to limit and minimise this risk, there can be no assurance that the above measures will be successful in retaining our key senior management or ensuring a smooth management succession plan. Should we experience any significant, material changes to the composition of our key senior management team, and we are unable to recruit or train suitable replacements in a timely manner, this could have a material and adverse effect on our business operations, financial results and future prospects.

8.1.3 Our business operations and financial performance may be adversely affected by the COVID-19 pandemic

Although our business operations are deemed as "essential services", our financial performance was affected by the economic disruptions caused by COVID-19 which were felt across the logistics sector due to the lockdowns and tighter border control imposed by the governments of other countries.

During the MCO, we are allowed to conduct our business operations as normal, subject to compliance with the requirements and implementation of standard operating procedures to minimise the spread of the COVID-19 virus. However, if any of our employees do not comply with our standard operating procedures and are inadvertently infected with the COVID-19 virus, we may be required to temporarily shut down our operations for a period of time as advised by the Ministry of Health, Malaysia before we are allowed to resume our operations. Since the start of 2020 and up to the LPD, 29 of our employees received positive diagnosis for COVID-19, 27 of whom have since recovered.

Although our business operations have continued throughout the MCO, the operating environment has changed since the COVID-19 pandemic with the need to adhere to strict standard operating procedures at additional costs. Any deterioration in the conditions of the COVID-19 pandemic may also potentially result in a tightening of the MCO including targeted enhanced MCO in a specific location, which could potentially interrupt and/or suspend our customers' operations. This could lead to an adverse impact on our business and financial conditions.

In addition, we may also face delays in implementing our business strategies and capital expenditure in accordance with the expected timeline as set out in Section 6.21 of this Prospectus, due to the COVID-19 pandemic. Failure to implement our business strategies in a timely manner may adversely affect our future business and financial performance.

Please refer to Section 6.23.1 of this Prospectus on the effect of COVID-19 on our business operations and the implementation of standard operating procedures by us to reduce the risk of COVID-19 transmission.

8.1.4 We face threat of cargo hijacking and theft incident

Risks of cargo hijacking and theft incidents are inherent to the nature of our business. The potential impact of cargo hijacking or theft includes among others, a reduction in the demand for our services by customers, the loss of traffic thereby affecting revenue, increased security and insurance costs and delays due to tightened security. In such event, the reputation, business and results of our operations may be materially and adversely affected. Although there has not been any cargo hijacking and theft incidents for the Financial Years Under Review and as at the LPD, we cannot assure you that such incidents will not occur in the future. In the event that such incidents occur, we may be liable for the losses of and subject to claims by our customers. This may in turn damage our reputation and adversely affect our financial performance.

8.1.5 We may fail to identify referral shipments which carry goods of dangerous or illicit nature

Containers and cargoes entering Malaysia are generally subject to customs clearance whereby we have no control over, and no actual knowledge of the goods our customers carry other than as declared in relevant declaration forms. It is possible that actual containers and cargo handled by us may differ from that what is described in the declarations. Should there be discrepancies or illegal activities occurring on the part of the customers, the containers and cargoes may end up being impounded by customs, or give rise to any unexpected accidents, and we may be subject to investigations, and exposed to fines by authorities. In such event, our reputation, business and results of operations may be materially and adversely affected.

8.1.6 Our Group may face difficulty in implementing its business strategies

The successful implementation of our business strategies and future plans are based on our current circumstances and bases and assumptions that certain circumstances will or will not occur in the future. It is also dependent on a number of factors including the availability of funds, our ability to execute our business strategies well and to retain and recruit competent management and employees. There are also factors beyond our control that affect the successful implementation of our strategies such as the general market conditions in Malaysia and Southeast Asia, or changes in the Malaysian government's policy or regulatory regime for the logistics industry in Malaysia. There is no assurance that our business strategies and future plans can be implemented successfully. Any failure or delay in the implementation of any or all of our business strategies and plans may have a material adverse effect on the profitability and prospects of our Group.

As disclosed in Sections 4.6.1(a) and 4.6.1(b) of this Prospectus, we intend to utilise part of the IPO proceeds for the following purposes:

(i) Construction of a new warehouse

Our plan to construct the new warehouse in Port Klang Free Zone in Selangor to relocate our existing warehouse operations at the Westport Warehouse, which is currently under rented premises with lease ending at the end of October 2021, is expected to provide us with larger capacity to serve our existing and potential customers, as well as to enable us to address business opportunities in providing warehousing services to potential and existing customers within the Port Klang Free Zone. The construction of the new warehouse is expected to complete within the fourth quarter of 2021, and we plan to commence our operations at the new warehouse in the first quarter of 2022.

The construction and completion of the new warehouse is subject to, among others, the approval for the building plan, as well as the issuance of CCC. There is no assurance that the necessary approval and CCC can be obtained according to our timeline, which could impact our warehousing services operations. If the construction and/or issuance of the CCC for the new warehouse are delayed and if we are unable to extend the lease period of our Westport Warehouse, this would result in disruption to our warehousing services operations and loss of revenue.

Please refer to Section 6.21.2.1 of this Prospectus for further details on the construction of the new warehouse.

(ii) Purchase of land

While we intend to utilise a portion of the IPO proceeds to purchase the Bandar Sultan Sulaiman Land, there is no assurance that the acquisition of the said land will be successful or completed due to factors beyond our control such as the non-approval from the Selangor State Land Office for its consent to transfer the Bandar Sultan Sulaiman Land and failure to settle the payment for the acquisition to PKNS due to insufficient internal funds or inability to obtain bank borrowings to partially finance the acquisition. If the acquisition of the said land is not successful or is unable to be completed, there is a risk that we may not be able to achieve our business strategies and plans related to the land in a timely manner nor can we provide assurance that our business strategies and plans for the said land will be commercially successful or that we will be able to anticipate and to mitigate all the business and operational risks associated with our strategies for the said land.

Please refer to Section 6.21.2.2 of this Prospectus for further details on the purchase of the said land.

Additionally, we also plan to expand our business activities via the acquisition of cold-chain logistics companies. On 16 June 2020, our wholly-owned direct subsidiary, Swift Integrated Logistics had acquired 50.0% equity interest of Hypercold Logistics and 15.0% equity interest of Platinium Coldchain, which are currently involved in providing cold-chain logistics services in Sabah. This is in line with our intention in providing cold chain logistics services in Sabah, East Malaysia.

Part of our future plans is to expand on Hypercold Logistics' existing cold-chain facilities by expanding its cold-chain storage capacity, and Hypercold Logistics has obtained the approval for the building plan to construct the additional cold-chain warehouse space but has yet to commence construction. The construction works are expected to commence during the third quarter of 2021, with expected completion by the first quarter of 2022.

In the event there is any failure or delay in the construction works, there is a risk that we may not be able to achieve our business strategies and plans related to the cold-chain logistic services in a timely manner nor can we provide assurance that our business strategies and plans for the cold-chain logistic services will be commercially successful or that we will be able to anticipate and to mitigate all the business and operational risks associated with our strategies for the said services.

Please refer to Section 6.21.3.1 of this Prospectus for further details on the above.

8.1.7 Adequacy of insurance coverage

Our Group is mainly involved in container haulage, freight forwarding, warehousing and container depot and land transportation services. As such, there is a risk of non-delivery due to among others cargo hijacking, loss or damage of goods on consignment arising from mechanical or vehicular failures or accidents which may result in claims for damages by our customers. In addition, our warehouses are susceptible to natural disasters and security risks, such as breakout of fire, flood or theft. Such incidences may affect the operational and financial performance of our Group.

Our Group is aware of the adverse consequences arising from inadequate insurance coverage for the above risks that could disrupt our business operations. In order to ensure that such risks are minimised, we regularly review and ensure adequate insurance coverage for our business. In addition to the insurance to our fleet of vehicles, our Group has other insurance coverage for our business such as fire insurance, burglary insurance and inland transit insurance. Although we maintain adequate insurance coverage for such incidents, however, there is no assurance that this coverage is adequate to cover all potential losses and indemnify us against all possible liabilities arising from our operations. There is also no assurance that this coverage is adequate to offset the potential financial losses arising from public liability fire, flood, theft and personal accidents. We cannot guarantee that we will be successful in all of our claims submitted to the respective insurers. Our business and financial performance may be adversely affected in the event that such claims exceed the coverage of our insurance policies or our claims are not successful.

8.1.8 We are dependent on our customers' business performance and continuing demand for our services

Our Group is principally engaged in the provision of integrated logistics services in Malaysia. We serve our customers' needs by providing, among others container haulage and land transportation services, as well as providing warehousing, container depot and freight forwarding services. We are indirectly and largely dependent on our customers' business performance and developments in their markets and industries.

For the FYE 2020, our revenue from our five largest customers (on individual and/or group basis) as set out in Section 6.18 in this Prospectus, in aggregate amounted to approximately RM154.2 million, respectively, representing approximately 27.7% of our total revenue. If our customers' sales in Malaysia decline, such decline will likely lead to a corresponding decrease in demand for our services.

Our customers' business performance could likely be affected by factors such as global or regional economic conditions, trade restrictions, changes in trade policies, tariff regulations or embargoes. If our customers' business performance is affected by these factors, and their demand for our services decline, our business, financial condition and results of operations could be adversely affected.

8.1.9 Our business is dependent on information technology and may be affected by system disruptions

The logistics industry has undergone technological advancements where a variety of technologies have been developed to increase the efficiency and security of services offered by logistics service providers. Our Group depends on technologies such as Global Positioning System (GPS) for the monitoring and tracking of cargo to ensure smooth operations of our business and to address the technological needs of our customers.

Our technology systems may experience telecommunication failures, cyber-attacks, failures during the process of upgrading or replacing software, databases or components, power outages or hardware failures which may result in the unavailability or slowdown of our technology platform. Although our Group seeks to limit these risks through, among others, constant updates of our software and systems, regular service and maintenance of our systems and having a backup system performing daily backup of data, there is no assurance that our Group will be able to respond to technological changes as well as system disruptions in a cost effective and timely manner. As such, any inability to respond to technological changes or compromises on our technology systems could materially and adversely affect our business and results of operations.

8.1.10 Credit risk and default in payment by our customers

Generally, the normal trade credit terms granted to a majority of customers range from 30 days to 90 days. Our customers have varying degrees of creditworthiness which exposes us to the risk of non-payment by them. In the event that our customers default on their payments, our operating cash flows, financial condition and results of operations could be materially and adversely affected.

We are aware of our exposure to credit risk and have put in place stringent credit management policies in our Group through the application of credit approval, credit limit and monitoring procedures on an on-going basis. Our Group only provides credit terms to recognised and credit worthy customers and we deal with all other customers solely on a cash basis. We perform credit evaluations on our customers and an appropriate credit limit is then allocated to each customer based on their observed risk level. In addition, we also emphasise on close monitoring and efficient collection of accounts to minimise the risk of default.

Although there have been no material collection problems for trade receivables during the Financial Years Under Review up to the LPD, there is no guarantee that our customers will be able to fulfil their debt obligations and our Group will not encounter collection problems in the future. In the event that our customers default or delay on their payments, this could affect our cash flow, lead to impairment losses on trade receivables or bad debts which may materially and adversely affect our financial condition and results of operations.

8.1.11 We may not be able to successfully enter into necessary or desirable strategic alliances or make acquisitions or investments, and we may not be able to achieve the anticipated benefits from the alliances, acquisitions or investments we make.

We may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to develop new services or solutions and enhance our competitive position. Investments or acquisitions involve numerous risks, including potential failure to achieve the expected benefits of the integration or acquisition; difficulties in, and the cost of, integrating operations, technologies, services and personnel; and potential write-offs of acquired assets or investments. These transactions will also divert the management's time and resources from our normal course of operations, and we may have to incur unexpected liabilities or expenses.

We may also in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with potential leakage of proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business.

In addition, if we do not successfully execute or effectively operate, integrate, leverage and grow the acquired businesses, our business operations and financial results may suffer. Our strategy for long-term growth, productivity and profitability depends in part on our ability to make prudent strategic investment or acquisition decisions and to realise the benefits we expect when we make those investments or acquisitions.

8.1.12 Our ability to fulfil our debt obligations is not assured

Based on our pro forma statements of financial position as at 31 December 2020 after adjusting for subsequent events, Share Split, our Listing and IPO assuming that they were completed on 31 December 2020, our total contracted financial liabilities, including future finance costs, was approximately RM790.9 million, of which RM222.2 million were current liabilities. If we are unable to make payments in connection with our debt and other fixed payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions or our trade and other creditors decline to lend additional funds to us or to refinance or extend our existing liabilities when they mature on acceptable terms, whether as a result of our perceived credit risk or otherwise, and we fail to raise financing through other means, our business prospects, financial condition and results of operations may be materially and adversely affected.

8.1.13 We face risk of chemical spillage, erosion and contamination as we carry hazardous materials in the provision of our container haulage and land transportation services

The provision of our container haulage and land transportation services occasionally involves the transportation of hazardous materials such as industrial chemicals. As such, there is risk of chemical spillage, erosion and contamination which may be hazardous to the handling personnel and immediate surroundings.

Despite there has not been any chemical spillage, erosion, contaminations, accidents or injuries involving the transportation of hazardous materials which result in disruption to our business operations for the Financial Years Under Review and as at the LPD, we cannot assure you that accidents or injury will not occur during transportation of such materials. Any damage caused or injuries sustained as a result of transportation of hazardous materials may result in claims for compensation and reparations. In the event of accidents or injuries and we are required to make such compensation or reparations, our business, operations and financial performance may be adversely affected.

8.1.14 There is a risk of shortage of drivers

Our container haulage and land transportation services businesses employ drivers to operate our prime movers. As at the LPD, we employed a total of 1,468 drivers in Malaysia and 139 drivers in Thailand.

We only recruit drivers who hold relevant licences that are currently valid. The measures that we take to maintain sufficient drivers include, among others, employing drivers as permanent employees to provide job stability (as opposed to on a contract basis), offering competitive wages and benefits, providing drivers with rewards for good performance, providing a path for career advancement by assigning jobs to drivers based on their experience, managing the allocation of jobs to drivers to give them the opportunity to earn consistent and stable income and providing on the job training to drivers. While we have not experienced any shortages of drivers as at the LPD, there can be no assurance that we will not face shortages of drivers which may result in material disruptions to our business operations and financial performance in the future.

8.1.15 The logistic activities are exposed to risks relating to workplace health, safety and environment ("HSE")

Our logistic industry is bound by the laws and regulations relating to workplace safety and workers' health enacted or issued by the government bodies. The primary legislation and regulations that are applicable to our daily logistic works includes but is not limited to Occupational Safety and Health Act 1994 ("**OSHA**"), Road Transport Act 1987, Land Public Transportation Act 2010 and Customs Act 1967.

As a logistic player, we are obliged to ensure that a healthy and safe working environment is provided especially at our sites. The HSE risks include any accidents and injury caused during the course of logistic activities. Any failure to comply with the relevant HSE laws and regulations may result in penalties and closure of the sites. Our operations may also be affected if there are changes in the HSE laws and regulations and the compliance with new laws and regulations may impose a significant cost to our Group.

As at the LPD, we have encountered two accidents at our site. The first accident which occurred at a container yard tenanted by our subsidiary, Container Connections, resulted in injuries being sustained by one of our employees and a third-party driver. Pursuant to the investigation carried out by the Department of Occupational Safety and Health Malaysia ("**DOSH**") in July 2020, the DOSH was of the view that the accident was caused by the uneven road surface at the accident location rendering it unsafe for loading and unloading activities and issued Container Connections a prohibition notice under Section 48 of the OSHA. Upon the issuance of a prohibition notice, we are prohibited from using or operating at the place of work until the danger is rectified to the satisfaction of DOSH under Section 48(2) of the OSHA. Pursuant to Section 49(2) of the OSHA, in the event we fail to comply with the prohibition notice, on conviction, we may be exposed to fines not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or to both and to a further fine of RM500 for each day during which the offence continues.

Pursuant to the prohibition notice, we are no longer operating in the affected area which has been cordoned off and we have removed all the containers and vehicles damaged in the accident. Preventive actions have since been taken, such as the establishment of enhanced hazard identification, risk assessment and risk controls (HIRARC) and revising our standard operating procedures, and no similar incident has occurred since then. Nevertheless, Container Connections is presently delayed in completing its rectification works to resurface the uneven surface due to the continued lockdown restrictions arising from the COVID-19 pandemic.

Pending the completion of the rectification work, we are unable to utilise the affected area of the container yard. Although the rectification work is expected to be completed by the fourth quarter of 2021, we are unable to guarantee that such work will not be further delayed due to the imposition of the MCO 3.0.

The second accident resulted in the fatality of one of our employees at our subsidiary, Tanjong Express Logistic's workshop in Seberang Jaya, Penang. Pursuant to our investigation of the accident, the root cause of the accident was due to the modified cable extension not being in accordance with the manufacturer's specification. We have since implemented a preventive action plan, which includes the establishment of standard operating procedures for weekly safety checks, inspection checklists and the enhancement of our employee education programmes.

Since the commencement of the DOSH investigation in June 2020, we have cooperated fully with the DOSH investigation and provided to them all necessary documents requested. As at the LPD, the DOSH investigation is pending, and our Group has not been issued any improvement or prohibition notices in relation to this incident. Although we have cooperated fully with the DOSH investigation and the DOSH has not issued any notices in relation to this incident, we cannot assure you that we will not face any liability arising from this accident. Pursuant to Section 19 of the OSHA, in the event we are held to be liable for this accident, we may be exposed to statutory fines of up to RM50,000, imprisonment for a term not exceeding 2 years or both, which may have an adverse effect on our reputation, financial position and financial performance.

Additionally, the DOSH may issue an improvement and/or prohibition notice under Section 48 of the OSHA if the DOSH is of the view that our workshop is likely to cause bodily injury or poses a serious risk of health. In the event such notices are issued, Tanjong Express Logistic would be required to cease activities at the workshop (or part thereof) until the risk or danger is rectified to the satisfaction of the DOSH which may have an adverse impact on our financial position and financial performance.

Although our Group has put in place standard operating procedures and preventive action plans in place to ensure a safe and healthy working environment in accordance with the laws, further accidents may occur in the future, and such accidents may lead to negative publicity and/or suspension of our relevant licences which, will have an adverse impact on our reputation, financial position and financial performance.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We operate in a competititive industry

We operate in a competitive industry in Malaysia, with 1,373 operators registered with the Federation of Malaysian Freight Forwarders (FMFF) and 129 operators registered with the Association of Malaysian Hauliers (AMH) as of March 2021. It should also be noted that there are operators who are not members of either FMFF and/or AMH. *(Source: IMR Report)* We compete against other logistics services providers on the basis of, among others, rates, range of services, availability of commercial vehicles, warehouses and other facilities, and areas of coverage. As a result of the large number of operators in the industry, our existing customers and prospective customers may have the option of selecting one or more of our competitors to provide them with logistics services. This competition may result in, among others, reduction in our rates and profit margins, and/or loss of business, which could materially affect the results of our business operations and financial performance.

As an integrated logistics service provider, we have our strengths and advantages including a comprehensive coverage of the main seaports in Peninsular Malaysia for our container haulage operations supported by our fleet of commercial vehicles, services and facilities, our track record, our large customer base of approximately 1,590 customers as at the LPD and experienced Directors and key senior management team. Despite our strengths and advantages, there is no assurance that we may be able to continue to compete effectively in the market and in the event that we are unable to do so, this may adversely affect our financial performance.

8.2.2 We are subject to economic, social, political and regulatory risks in Malaysia as well as global pandemic risks

Like all other business entities, adverse developments in economic, social, political and regulatory conditions in Malaysia as well as the emergence of pandemics that spread to the country (such as COVID-19), could unfavourably affect our financial position and business prospects. These risks include, amongst others, changes in political leadership, risk of war, civil war, rebellion or civil disobedience, global pandemic risks, changes in economic conditions, international trade, corporate ownership or investment policies, nationalisation or expropriation, global, regional or domestic economic recession or slowdown, changes in logistic industry regulations, spread of pandemic or other widespread infectious disease in Malaysia, changes in interest rates, methods of taxation and unfavourable changes in government policies such as the introduction of new regulations, import duties and tariffs.

8.2.3 An increase in diesel prices may reduce our profitability

Diesel is a commodity whose price fluctuates from time to time depending on, among others, fluctuations in global crude oil prices and global supply and demand. Currently, the cost of fuel (including diesel) is one of the costs for operators in the logistics industry and any sustained increases in the price of fuel (including diesel) may increase their operating costs, resulting in adverse effects on the financial performance.

Diesel was our largest category of the purchases used to operate our fleet of commercial vehicles in Malaysia and Thailand. Purchases of diesel accounted for 36.4% 42.3% and 37.9% of our total purchases of materials, consumables and services respectively for the FYE 2018, FYE 2019 and FYE 2020. An increase in diesel prices may increase our operating costs and have an adverse impact on our profitability, if we are unable to pass on the increase to our customers through corresponding increases in our rates. Notwithstanding that we may be able to pass on part of any increases in diesel prices to some of our customers through fuel adjustment factors, we may not be able to pass on the full effect of diesel price increase. The price of diesel fluctuates from time to time, and it is subject to economic and political factors that are beyond our control, including but not limited to demand and supply of fuel, performance of the economy and government policies.

8.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

8.3.1 There is no prior market for our Shares

Prior to our Listing, there has been no prior public market for our Shares. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop, or if developed, that such market can be sustained. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There can be no assurance that the Institutional Price or Retail Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the Institutional Price or Retail Price.

8.3.2 Our Share price and trading volume may be volatile

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include material variations in our results and operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. Market sentiment is also influenced by factors such as the prevailing economic and political climate of the country, and the potential for growth in various sectors of the economy. Other factors that may negatively affect investor sentiment include natural disasters, and health epidemics including outbreaks of contagious diseases. These factors contribute to the volatility of trading volumes on Bursa Securities, and of the market price of our Shares.

8.3.3 There is no assurance of payment of dividends to our shareholders

It is the intention of our Board to recommend and distribute a dividend of up to 30% of the profit attributable to the owners of the Company. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded, excess of funds not required to be retained for working capital for our business, capital expenditure and other investment plans. In addition, some of our subsidiaries have entered into facility agreements which contain certain financial covenants restricting our ability to pay dividends. If our subsidiaries are in breach of any of these covenants, it may affect our ability to pay dividends. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. 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.

Please refer to Section 11.8 of this Prospectus for further information on our dividend policy.

8.3.4 The interest of our Promoters who control our Group may not be aligned with the interest of our shareholders

As disclosed in Section 5.1 of this Prospectus, our Promoters will directly or indirectly hold at least approximately 35.87% of our enlarged issued share capital upon Listing. As a result, they will be able to effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends and influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will always be aligned with those of our shareholders.

8.3.5 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 889,804,502 Shares, of which up to 314,142,900 Shares, will be held by investors participating in our Listing (representing approximately 35.30% of our enlarged issued share capital) and not less than 52.78% will be held by the Promoters and substantial shareholders via their direct interests in our Company. Our Shares offered pursuant to our Listing will be tradable on the Main Market of Bursa Securities following our Listing.

Notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares in connection with our financing activities or otherwise. In addition, the Promoters and substantial shareholders could dispose of some or all of our Shares that they hold after the Moratorium Period pursuant to their own investment objectives. If the Promoters and substantial shareholders 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.

8.3.6 Failure or potential delay in our Listing

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

(i) the Joint Underwriters exercising their rights under the Retail Underwriting Agreement to discharge themselves of their obligations under such agreement;

(ii) our inability to meet the minimum public spread requirement under the Listing Requirements, i.e. at least 25% of the total number of our Shares for which our Listing is sought to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or

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

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

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall refund all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA upon expiration of that period until full refund is made; or

(ii) our Listing is aborted, investors will not receive any of our 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:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA upon expiration of that period until full refund is made; 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 either:

(aa) the sanction of our shareholders by special resolution in a general meeting, 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

(bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

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