

5. RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

5.1 RISKS RELATING TO OUR BUSINESS

5.1.1 We may be affected by events, publicity or actions from third parties that may have an adverse impact on our brand and reputation

Our expansive network of stores operate under the homegrown trade name of "KK Super Mart" for which we have expended significant time and effort to develop and protect over the past 25 years. We have built a strong brand identity centered on our ability to provide quick-service and an extensive product selection, with up to 24-hour operating hours for a majority of our stores and competitive pricing. As such, the "KK Super Mart" brand is integral to our identity.

As we expand our operations, we may increasingly become a target of public scrutiny. The occurrence of events, including unfavourable attention and comments that generate negative publicity surrounding our products, our stores or the actions of our employees may adversely impact our reputation or damage the "KK Super Mart" brand, regardless of whether such claims or perceptions are true. Consequently, such events which we may not be able to control or regulate may deter customers from purchasing from us and may cause our business partners to hesitate in doing business with us.

Furthermore, the significant expansion in the use of social media over recent years has compounded the potential for widespread negative publicity that could be generated by any negative events. The harm may be immediate without affording us an opportunity for redress or correction, causing our brand value and reputation to be affected. An erosion of trust and confidence in our business or the "KK Super Mart" brand could undermine our customers' confidence in our products, reduce demand for our products, adversely affect our relationships with our stakeholders and also adversely impact our business, financial condition, results of operations and prospects. For example, in March 2024, we faced a significant backlash and calls for boycott after socks bearing the word "Allah" in Arabic lettering were found on sale in one of our stores. In January 2025, sandwiches labelled as "Ham and Cheese Sandwich" and bearing a Halal logo were offered for sale at our Group's Universiti Malaya store. A customer raised concern about the veracity of the Halal labelling, which escalated into our Group's product offerings generally, being in question. We have enhanced our SOP, refined our internal controls and exercised more stringent due diligence in the evaluation of our supply chain, to mitigate the risk of events which could lead to such negative publicity. However, our internal control measures may not be fully effective as we employ foreign workers in the operations of our stores and Balakong DC. Due to language and cultural barriers, the foreign workers may not be able to identify certain issues, particularly those related to religious sensitivity. As such, there is no assurance that we would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation.

Additionally, although our Group has registered the trademarks in Malaysia as set out in Annexure C of this Prospectus, Mega Hugo Holdings Limited ("**Mega Hugo Holdings**") (a company incorporated in British Virgin Islands and is wholly owned by DSKK) has submitted trademark applications for trademarks that are currently pending registration and is the registered proprietor of the same or similar trademarks in the jurisdictions of India, Sri Lanka, Bangladesh, Pakistan and Myanmar (as applicable).

5. RISK FACTORS (Cont'd)

While our Group does not intend to expand our business in these jurisdictions, the same or similar trademarks are currently used by an unrelated third party in Nepal which we have limited control or influence over. Pursuant to a trademark and trade name licence agreement (“**Licence Agreement**”), K8 Supermart Holdings and Mega Hugo Holdings had granted an exclusive right to Kathmandu Kreative Mart Nepal Private Limited (“**Kathmandu**”) to use all the trademarks, trade names, trade dress and logos bearing the mark “KK” exclusively within Nepal for the stores in Nepal for a period of five years up to 15 January 2027. While Kathmandu is not conducting activities in competition with our business due to geographical distance and distinct customer bases and markets in Malaysia and Nepal respectively and has a different day-to-day management and operations team, any negative publicity relating to Kathmandu may negatively affect our customers’ perception of our brands, reputation, stores and products in Malaysia, and in turn adversely affect our business, results of operations, financial condition and prospects as well as our sales and profitability. To safeguard our Group’s interests, a supplemental agreement to the Licence Agreement has been entered which provides the right for Mega Hugo Holdings to, among others, terminate the Licence Agreement immediately if Kathmandu breaches any material terms or covenants related to the use of, or should take or omit any actions that could result in any disrepute or could result in any damage to the value or reputation of, the trademarks, trade names, trade dress and logos of our Group (“**Conditions**”). Additionally, DSKK (as the sole shareholder of Mega Hugo Holdings and substantial shareholder of K8 Supermart Holdings), Mega Hugo Holdings and K8 Supermart Holdings have given an undertaking to our Group to procure and ensure that Kathmandu uses the trademarks related to “KK Mart” and/or “KK Super Mart” solely for the business of the stores in Nepal only and that DSKK will procure and cause Mega Hugo Holdings and K8 Supermart Holdings to terminate the Licence Agreement if there is a breach of the Conditions. Nonetheless, harm to the value or reputation of our trademarks may already have occurred prior to the termination of the Licence Agreement as mentioned above, and our Group may be required to take remedial measures to clarify any misunderstandings among the public or to restore and rebuild the value and reputation of our trademarks.

For the avoidance of doubt, our Group is allowed by Mega Hugo Holdings to register and use our trademarks outside of Malaysia if we intend to expand our business outside of Malaysia. To facilitate this, Mega Hugo Holdings has given a no-objection letter to allow our Group to use our trademarks outside of Malaysia and if necessary to register the trademarks under our Group. As at the LPD, our Group has no plans to expand our business outside of Malaysia in the near to medium term. Our Promoters also do not intend to start or acquire any convenience mart business outside of Malaysia on their own.

5.1.2 **If we fail to maintain or renew the required operating licences, approvals or permits for our operations in a timely manner, or comply with applicable regulatory requirements, this may result in operational disruptions such as temporary store closures and/or regulatory actions**

As part of our usual business operations, we require various regulatory licences, approvals and permits to operate our stores and Balakong DC. This includes, among others, the business licence, signage licence, liquor licence, five-foot way licence, controlled goods licence, tobacco licence and rice licence (collectively, “**Operating Licences**”). For further details on the description of the relevant Operating Licences and associated penalties that relate to our business operations, see Section 7.22 of this Prospectus.

5. RISK FACTORS (Cont'd)

The continued validity of product-specific Operating Licences such as the liquor licence, tobacco licence, rice licence and licences for other controlled supply items affects the product range that we are able to offer in our stores. Each of these Operating Licences is subject to specific regulatory requirements and compliance checks and any non-compliance may result in compounds or penalties being imposed or the relevant authorities seizing the affected products. While we are committed to using our best efforts to obtain the required Operating Licences for our new stores and to renew such licences prior to their expiry, there can be no assurance that we will be able to obtain or renew such licences in a timely manner or at all, and as a result, we cannot continue the sale of such products at the relevant stores. This could negatively impact our operations, sales and financial performance.

As disclosed in Section 12.2.2 of this Prospectus, we have ceased the sale of liquor at some of our stores due to the absence of a liquor licence. As a result, our sales generated from liquor has reduced from 4.5% for the FYE 30 June 2024 to 2.8% for the FYE 30 June 2025.

Further, our business operations are also subject to various applicable laws, regulations and guidelines imposed by relevant authorities. We are, from time to time, subject to regulatory inspections by relevant authorities in relation to the compliance of the products we sell at our stores. These authorities include, among others, MDTCL (for product-related licensing compliance such as price labelling and product certification compliance), MOH (for non-display of "No Smoking" signage as well as labelling and display compliance related to food and tobacco products and etc.), local councils (for licence compliance, condition of the stores and etc.), Department of Labour (for licence compliance related to workers' accommodation) and Ministry of Agriculture and Food Security (for licence compliance related to the sale of rice). Any inadequacy in the maintenance of store conditions may expose us to enforcement actions, including fines, penalties or temporary closure of our stores. For example, during the month of March 2026, the relevant local councils and the MOH had found rat droppings in three of our stores located in Perak, Selangor and Johor, resulting in the temporary closure of the affected stores for two to five days to allow for pest control measures to be completed before resuming business operations. While we have implemented monitoring mechanisms to maintain cleanliness standards across our store network, there can be no assurance that such measures will be sufficient to prevent instances of non-compliance or lapses in store conditions, including the presence of pests.

5.1.3 Shortage or unavailability of products demanded by our customers due to disruptions to our supply chain or increase in the prices of our products may materially and adversely affect our business and competitiveness

In the past, we have not faced any shortage or unavailability of products or increase in the prices of our products that has materially and adversely affected our business and competitiveness. However, as our products are sourced from suppliers, their ability to reliably and efficiently fulfil our orders is critical to the success of our business. If one or more of our current sources of supply becomes unavailable, we believe we would generally be able to procure an alternative source of supply for the products (e.g. by purchasing from another wholesaler or from another supplier offering different product brands), but it may increase our supply chain lead time, and we may not be able to procure products of equal quality and quantity on equally competitive terms, if at all. If we are unable to remain price competitive, this may affect our plans for the expansion of our Group, hinder our strategy for growth and our long-term objectives and have an impact on our market share.

5. RISK FACTORS (Cont'd)

There is also a risk that our suppliers may not meet our expectations regarding stock availability. Any disruptions in manufacturing such as production delays or quality control issues, could result in inventory shortage that could lead to a loss in sales and reputational harm. Additionally, the delivery of products from our Balakong DC to stores may be disrupted due to factors such as poor handling, transportation bottlenecks, labour strikes or other unforeseen circumstances. We also rely on several third-party logistics providers to transport our products from our Balakong DC to our stores, over whom we do not have direct control. If any of these logistic providers experience financial difficulties, fails to comply with applicable laws, ceases operations or is otherwise unable to perform as expected, we may not be able to obtain replacements for them immediately. Any such disruptions could cause delayed or lost deliveries, damaged products, and interruptions in supply, which may adversely affect our business operations, profitability and competitiveness.

As at the LPD, our Group deals with approximately 520 suppliers, all of whom are located in Malaysia. As our business expands, our supply chain may become increasingly complex and may involve international supply chain networks. The ongoing geopolitical instability in the Middle East and Europe, along with potential shifts in the global economic environment resulting from the trade tension caused by the recent United States policy changes and tariff increases as well as any countermeasures imposed by its trading partners, could put pressure on our suppliers' supply chains and lead to delays in receiving inventory, increased supply costs or inventory shortage.

While our Group does not currently source products directly from foreign suppliers, a number of our products are sourced by our suppliers from overseas. Although we have long-standing relationships with the majority of our key suppliers, there is no guarantee that they will be able to continue their commitment to us. Their ability or willingness to continue supplying us with sufficient quantities of their products may be influenced by external factors such as their manufacturers' own production capacity and commercial considerations arising from the global economic environment (e.g. currency fluctuations and increased raw material costs) or other material unforeseen circumstances like geopolitical conflict, earthquakes, floods or droughts.

Recent regulatory developments governing the sale of certain categories of products such as alcoholic beverages, vape products and tobacco products, as well as restrictions on access to certain other tobacco products, may also have an impact on the availability of such products in our stores, causing our sales and financial performance to be negatively affected.

In addition, we do not have any assurance that the prices of the products we source from our suppliers will not be subject to significant price fluctuations in the future, which in turn may impact our margins and profitability. Furthermore, we typically place orders through individual purchase orders, rather than dedicated supply contracts, and may be subject to price fluctuations or supply shortages based on changes in our suppliers' businesses, cost structures or other factors. Our profit margins and/or price competitiveness may be affected if our suppliers increase the prices of their products and we are unable to pass such price increases to our customers. Any increase in the prices of products from these suppliers for any reason may have an immediate material adverse effect on our business, results of operations and financial condition.

5. RISK FACTORS (Cont'd)

5.1.4 Any material issue with the quality of our products or non-compliance of our products with regulatory requirements could adversely affect our business, financial condition and results of operations

Our Group currently deals with approximately 520 suppliers as at the LPD, who supply us with approximately 6,852 SKUs as at the LPD. Some of our suppliers deliver their products directly to our stores, while other suppliers deliver their products to our Balakong DC for our distribution to our stores. With multiple delivery channels, hundreds of suppliers and an expanding product range, we may not be able to fully ensure the consistent quality and safety of every product sold in our stores. If the products we sell are contaminated, damaged or defective, or contain other unintended features that could result in illness or injury, we may be subject to product recalls or product liability claims, which could affect our financial condition and result in negative publicity and harm to our reputation and our brand.

Additionally, as we have expanded our product offering with RTE meals and fresh food in selected KK Super Mart stores and KK Concept Stores, we are subject to food safety claims. Should a customer become ill after consuming our products, we could be required to temporarily close some affected stores and/or become subject to enforcement actions by the authorities or become involved in litigation actions taken by our customers. Any such events could lead to adverse publicity, product recall and/or a decrease in customer traffic due to food-safety concerns which consequently could have an adverse effect on our business, financial condition and results of operations.

Furthermore, certain products sold in our stores are subject to product registration, certification and regulatory requirements. We rely on our suppliers to obtain and maintain the required certification or registration for certain products that they supply to us. If either we or such suppliers fail to comply with the applicable laws and regulations for the products we sell, we may be subject to fines by the regulators and may be required to cease the sale or distribution of such products. For example, in January 2025, sandwiches labelled as "Ham and Cheese Sandwich" and bearing a Halal logo were offered for sale at our Group's Universiti Malaya store. A customer raised concern about the veracity of the Halal labelling, which escalated into our Group's product offerings generally, being in question. Such non-compliances may result in the imposition of fines or penalties, and we may be required to remove such products from our stores until any non-compliances are resolved. While we have enhanced our SOP and exercised more stringent due diligence in evaluating suppliers and monitoring our supply chain, there is no assurance that these measures will fully eliminate future risks related to product quality or compliance.

5.1.5 Our supply chain depends on a single DC, which handles a significant share of the products we offer for sale

We operate a single DC located in Balakong Jaya, Selangor. As at the LPD, approximately 38% of the SKUs received from our suppliers are managed and distributed to our stores in Peninsular Malaysia from our Balakong DC. Our Balakong DC is supported by a logistics team consisting of 2 employees who are located on-site and a fleet of 28 delivery trucks (out of which 25 delivery trucks are managed by our third-party logistics vendors), which is a key factor in our ability to manage our inventory efficiently.

5. RISK FACTORS (Cont'd)

Any significant disruption in the operations of our Balakong DC due to natural disasters or events such as fire, accidents, prolonged power outages, system failures or other unforeseen causes, could devalue or damage a significant portion of our inventory, rendering the inventory unsaleable. In such event, it could adversely affect our product distribution and sales until such time we secure an alternative facility or arrangements with our product principals and suppliers. We cannot guarantee that our product principals or suppliers will agree to deliver those inventory that were previously distributed through our Balakong DC, directly to our stores nor can we guarantee that we will be able to secure an alternative facility in a timely manner and on terms and conditions which are commercially acceptable to us. Direct delivery to our stores may also prevent us from taking advantage of certain supplier rebates for shipping to a centralised location. Furthermore, if we encounter difficulties, delays or problems arising from the operations of our Balakong DC, we cannot ensure that the critical systems and operations will be restored in a timely manner, resulting in delayed deliveries to our stores or delivery scheduling conflicts, thereby affecting our ability to restock our stores in a timely manner. Any disruption or disasters affecting our Balakong DC may consequently result in a material adverse impact on our business operations, financial performance and profitability.

As our Balakong DC is tenanted by our Group, there is also no assurance that we will be able to secure tenancy renewals of the building on commercially acceptable terms or at all for any reason whatsoever. In the event that a tenancy is not renewed, we may incur additional rental expense or be required to relocate our DC, which could potentially disrupt our supply chain. This may have a material adverse impact on our Group's operations and profitability.

5.1.6 We may be subject to enforcement action if we are unable to obtain the necessary approvals from authorities for the properties which we occupy

We are required to ensure that the properties occupied by our Group comply with all applicable laws and regulations pertaining to the occupation of buildings, and that the properties are in uniformity to the SDBA and the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.

As at the LPD, 86 out of 996 of our stores have not been issued with the required CCC or do not have documentary evidence showing that a CCC has been issued ("**Store CCC Non-Compliances**"). 84 of these stores are tenanted and located throughout Malaysia. As at the LPD, we are in the process of applying for the CCC for these stores. Whether our Group is able to obtain the requisite approvals governing the operation of our stores is subject to the discretion of the local councils and/or the land authorities based on the implementation of their relevant policies and guidelines. Any adverse change in such policies, guidelines or directions taken by the local councils and/or land authorities on matters requiring their approvals which we may not be able to anticipate or is beyond our control may result in our application for relevant approvals being rejected and/or our Group being subject to sanctions, penalties or fines.

Although we have not been subject to any material enforcement action in the past with respect to the Store CCC Non-Compliances, there can be no assurance that we will not be required to close down or relocate our stores or become subject to financial or other penalties in respect of such non-compliances in the future. Any such event may disrupt our business operations and in turn may have a material adverse effect on our financial condition, results of operations and prospects.

Notwithstanding that the Store CCC Non-Compliances may remain unresolved at the time of our Listing, our Directors undertake to continue to make the necessary applications and/or engage with the relevant authorities to obtain CCC or its equivalent in accordance with the directions of the relevant authorities after our Listing. The Store CCC Non-Compliances are not expected to have any material impact on our Group's business operations and financial condition. See Section 7.23.2 of this Prospectus for further details of the Store CCC Non-Compliances of our Group.

5. RISK FACTORS (Cont'd)

5.1.7 Our new stores may not achieve profitability, and we may not be able to maintain the profitability of our existing stores

The profitability and financial performance of our new and existing stores are dependent on various factors, including our ability to manage our product costs, labour costs and other operational costs and expenses to operate and grow our store network. Our financial performance is closely tied to our ability to efficiently utilise our workforce and adapt our operational IT systems such as supply chain, inventory management and accounting systems, to support our growing store network. If we are unable to effectively manage these, our operational costs and expenses may increase and our profitability may be materially and adversely affected.

Additionally, our new stores may not be profitable immediately or at all. The establishment of new stores requires substantial financial investment and may lower our profit in the short term until sufficient revenue is generated from these new stores to offset their setup and operating costs. We may face the risk of new stores experiencing longer than anticipated ramp-up periods or that the return on these investments may not meet our expectations. If our new stores, on average, fail to achieve results comparable to our existing stores, our expansion could result in a decrease in our average sales per store. Furthermore, as we expand our store network in Malaysia, the opening of new stores may result in a diversion of customer traffic from our nearby existing stores, particularly in areas with high store density. Similarly, if our competitors successfully expand their store network in Malaysia, the market may become increasingly saturated, which could further impede our business strategies and future plans.

The performance of our new stores will also be significantly impacted by our ability to identify and secure suitable sites with sufficient customer traffic as such locations are generally in high demand in Malaysia. A continued increase in property prices in Malaysia will increase our costs in securing new locations for our new stores and may increase the operating costs of our existing stores. There is also no assurance that our existing stores will continue to generate sufficient customer traffic due to events beyond our control such as changing economic conditions, demographic patterns, or even prolonged construction or renovation works in surrounding areas, which may affect the accessibility of our stores and reduce customer traffic.

If we are unable to successfully implement our strategies as a result of any of the above, the growth of our business may be negatively impacted and this could have a material adverse effect on our business, prospects, financial condition and results of operations.

5.1.8 Our profitability relies on our ability to execute our pricing strategies and manage the cost of our products efficiently

As a 24-hour convenience retailer, our pricing strategy is different from other retail and groceries stores as we operate a majority of our stores 24 hours. To remain competitive as compared to our competitors, we closely manage our costs and expenses and optimise our supply chain while offering products that are tailored to meet our customers' demand. We also regularly review and adjust the prices of our products and consistently roll out monthly and festive promotional campaigns and discounts to drive additional footfall to our stores. However, if our competitors offer significant discounts or lower their selling prices substantially, we may need to reduce the prices for our products to remain competitive, and consider other marketing strategies as well, which could potentially affect our profit margins and financial performance.

5. RISK FACTORS (Cont'd)

Additionally, we benefit from periodic rebates, promotions and favourable terms from our suppliers in the form of product display fees, advertising and promotional fees and target incentive fees, which improve our gross profit margin. These favourable terms are negotiated directly between us and our suppliers for mutual benefit, and are primarily dependent on the volume of our purchases after taking into account our large network of stores, extensive reach and our ability to achieve faster roll-out time for new products as we provide our suppliers with an immediate platform to make their products available to retail consumers. In certain instances, these commercial terms are also determined by the sales performance of their products within our network.

If we are unable to secure similar rebates, promotions or favourable terms in the future, for example, if our suppliers face financial constraints or have selected alternative channels for their marketing and promotional activities, or if the expected mutual benefits as stated above do not materialise, we may have to increase the selling price of our products in order to remain profitable. Alternatively, if we maintain our current selling prices, we may experience lower profit margins. Either scenario could negatively impact our business and financial performance.

5.1.9 Increasing operating costs could impact our margins and profitability

Our results of operations are particularly susceptible to any increases in our operating costs. A significant portion of our operating costs is attributable to employee compensation, tenancy payments and utility charges, which accounted for 91% of our total operating costs for the FYE 30 June 2025. If these costs continue to rise and we are unable to pass them on to our customers via price revision, it could negatively affect our business performance and financial stability.

For example, recent changes to employment laws and other amendments to the regulatory framework around employment matters in Malaysia have resulted in an increase in our operating costs. In particular, the increase in the minimum wage from RM1,500 to RM1,700 per month pursuant to the Minimum Wages Order 2024 effective on 1 February 2025 had led to an increase in our staff costs by approximately 15% when compared to the same number of employees that we had in January 2025. Similarly, the raising of the wage threshold for the entitlement of overtime and termination benefits from RM2,000 to RM4,000 effective on 1 January 2023 as well as the recent imposition of a mandatory 2.0% EPF contribution for foreign workers effective on 1 October 2025 have resulted in higher staff costs. Collectively, such increases also contribute to a higher amount of statutory pension and insurance contributions that our Group is liable to pay. As a result, should there be any further minimum wage increases or changes in the regulatory framework around employment matters in Malaysia, our business, prospects, financial condition and results of operations may adversely be impacted.

5.1.10 Our success depends on our ability to secure suitable retail locations at commercially acceptable prices

As a 24-hour convenience retailer, one of the key factors for our stores performance is our ability to secure locations with foot traffic that is optimal to our retail business. Our established brand equity enhances our ability to secure optimal locations as property owners are more likely to rent their premises to tenants that are established and have easily recognisable brands. However, there is no assurance that we will consistently be able to secure suitable retail locations for our new stores. If demand for retail locations in Malaysia increases, we may be unable to secure attractive locations for our new stores. As a result, our ability to expand our stores network may be hindered and if our stores become sub-optimal in the future in terms of declining foot traffic, the financial viability from operating such stores may be adversely impacted due to lower sales, which may then materially impact our Group's overall financial performance and business profitability.

5. RISK FACTORS (Cont'd)

Additionally, most of our stores are located in premises which are rented from third parties. There is no guarantee that we will be able to continuously secure sufficiently long term tenancies for our new stores or that we will be able to negotiate and obtain tenancies and renewal terms that are commercially acceptable to us.

Currently, the duration of our tenancy agreements do not exceed a period of three years for each term, with an option to renew such tenancy for a period of up to five subsequent terms. However, some of the terms and conditions governing these tenancies may be subject to revision by the respective landlords, in accordance with the provisions set out in each tenancy agreement, including during any proposed renewal of these tenancies. There is no assurance that our landlords will not increase the rental rates beyond the provisions stipulated in the tenancy agreement or that they will agree to renew the tenancies upon their expiration. In the event that a tenancy is not renewed, we would be required to relocate the affected stores to alternative premises, a potentially less attractive location, or pay a substantially higher rent with additional relocation costs. For example, we may not be able to find alternative premises for our stores which are situated within the vicinity of transportation hubs, where demand for retail space is highly competitive and intense. Therefore, any increase in the rental rates and inability to renew the existing tenancies may have a material adverse effect on the operations and profitability of our Group.

5.1.11 Our growth prospects may be affected if we face challenges in executing our business strategies and future plans

Our business strategy which focuses on expansion is an important element to our continued growth in revenue and financial performance. For the FYE 30 June 2023 to FYE 30 June 2025, our revenue grew at a CAGR of 11.8% in line with our expansion strategy, where we opened approximately 100 stores per year on average (net of closures), representing a CAGR of 17.4% in number of stores opened over this period.

Our goal is to open about 1,500 stores operating nationwide by the FYE 30 June 2028. Our ability to successfully execute our growth strategy requires substantial resources and depends on a number of factors, including:

- our ability to identify suitable sites for new stores and to successfully negotiate tenancy agreements for these sites on terms acceptable to us;
- whether we can accurately estimate expected consumer demand for our products in the new locations;
- securing and/or maintaining the requisite permits and approvals for the operation of our stores;
- optimising our product mix and offerings and minimising cannibalisation of sales at our existing stores;
- our ability to attract, train and retain skilled personnel in sufficient numbers for our expanding operations;
- effectively managing our supply chain and ensuring our suppliers and logistics providers continue to meet our quality and other standards;
- adapting and updating our operational and management systems, including our IT systems, to support an expanded network;
- our ability to compete against our competitors; and
- efficiently expanding and upgrading our DC in a timely and cost efficient manner.

5. RISK FACTORS (Cont'd)

Given the factors above, we cannot be certain that we will successfully develop and implement our future plans and strategies or that we can successfully address the risks of which our plans will expose us to. There can be no assurance that we will be able to expand our store network, whether at the same rate as we have done in the past or at all. If we fail to effectively execute our future plans and strategies, it may result in limited growth and reduced profitability which could have a material adverse effect on our business, prospects, financial condition and results of operations.

5.1.12 We may encounter challenges in human resource management that could affect the quality of our customer service as well as our operational performance

The convenience retail industry is largely driven by service and it is therefore important to ensure that suitable front-line or front-desk personnel are hired. Any customer service issues such as inefficient or unfriendly customer service could result in an overall unpleasant experience for customers. For example, any customer service issues leading to longer queues or longer check-out time could have a negative impact on our customers' convenience shopping experience. This may in turn result in loss of sales or loss of repeat customers. In the event of the above, our brand equity, business and results of operations may be materially and adversely affected.

As at the LPD, we employ a total of 5,699 full-time and 603 temporary or contract-based employees. Foreign workers make up approximately 11.5% of our total employees as at the LPD, of which 699 are stationed across our stores, two at our headquarters and 24 at our Balakong DC. Employing foreign workers would mean that we are subject to the conditions and restrictions as contained in the applicable government policies, directives and regulations governing the employment of foreign workers. These include provisions on the countries from which we may hire foreign workers, the number of foreign workers permitted and the terms of their employment. Any change in such regulations could affect our ability to hire foreign workers and may impact our business operations. In particular, if the number of foreign workers that we can employ is reduced, we might not be able to employ sufficient local employees in time to replace them, which could lead to a disruption to our business operation. To mitigate this risk, we also engage manpower agencies to supply foreign workers for deployment at our DC.

In addition, there are certain restrictions on foreign workers taking on roles as front-line workers (including being a cashier). While we endeavour to ensure that all the front-line positions at our stores are staffed by local employees by implementing SOP governing workforce composition and shift staffing requirements, there can be no assurance that this will consistently be the case across all our store locations at all times should we face challenges in recruiting a sufficient number of local employees to work in our stores, notwithstanding that we offer competitive salaries and allowances.

Furthermore, our ability to meet our labour needs while controlling our costs is subject to various external factors, including the availability and competition for talent, as well as the introduction of new or amended legislative frameworks for employment matters.

5. RISK FACTORS (Cont'd)

5.1.13 We are exposed to various security risks, including theft and robbery, particularly at our Balakong DC and stores

The industry we operate in is inherently exposed to the risks of pilferage and robbery which could significantly impact our business operations and financial performance, regardless of any precautionary efforts we may put in place. As a significant portion of our customers' purchases are settled in cash, we face a higher risk of theft and robbery. Our stores are also vulnerable to pilferage and shoplifting, leading to inventory loss, which will affect our sales and profitability. Additionally, with large quantities of inventory housed at our Balakong DC, any security breaches at our Balakong DC could result in financial losses due to theft, delays in stock delivery and potential disruptions in our ability to efficiently supply our stores.

Although our Group has experienced pilferage and robbery in the past, with an approximately 42 cases reported during the FYE 30 June 2025, the aggregate financial impact to our Group has been immaterial, amounting to approximately 0.03% of our PAT for the FYE 30 June 2025, as we have been able to recover about 80% of the pilferage or robbery losses, from our burglary insurance. Additionally, we have also implemented precautionary measures such as installing surveillance systems in our Balakong DC and stores, providing our employees with regular training on preventive measures and emergency protocols, as well as enforcing the practice of regular depositing of cash into our bank accounts. For further details on the security control of our Group's DC and stores, see Section 7.16 of this Prospectus.

5.1.14 Our success depends on our ability to attract and retain experienced personnel, including our Key Senior Management

Our Group's continued success, future business growth and expansion depend on our ability to attract and retain experienced personnel needed for our organisation, including our Key Senior Management. Our Non-Independent Executive Director / Group Managing Director and Key Senior Management have extensive experience, with each having over 18 years of experience in their respective fields of expertise and/or in the retail industry. See Sections 9.1.1(ii) and 9.3.2 of this Prospectus for further details on the profiles of our Non-Independent Executive Director / Group Managing Director and Key Senior Management respectively. The strong leadership and deep industry expertise of our management team have been and will continue to be instrumental to the success and growth of our business.

The unexpected departure or loss of any of our Key Senior Management and other management team members could impair our ability to achieve our strategic objectives. In particular, our team is led by our Non-Independent Executive Director / Group Managing Director, DSKK, who is also our substantial shareholder and Promoter. He has been instrumental in formulating our business strategies and spearheading the growth in the number of our stores, as well as maintaining our relationships with key stakeholders. He is supported by members of our Key Senior Management, who similarly have broad and deep knowledge and experience in the retail industry. In the event we lose any of our key people, we may not be able to identify and/or recruit a suitable replacement that possesses equivalent expertise and experience in a timely manner or at all. This may disrupt our business and impair our financial condition and results of operations.

5. RISK FACTORS (Cont'd)

5.1.15 We depend on our IT infrastructure in managing our business operations. Failure of our IT systems or loss of data could adversely affect our operations

Our business is substantially supported by our IT systems and IT servers to manage a wide variety of our business operations, including inventory management at our stores and DC, tracking of sales at our stores, processing of credit card and e-wallet transactions and other payment services, accounting and finance, human resources and payroll. For further details on the various IT systems that we use throughout our operations, see Section 7.14 of this Prospectus.

The systems are subject to damage or interruption from a number of causes, including power outages, computer and telecommunications failures, computer viruses, security breaches, cyber-attacks, including the use of ransomware and catastrophic events such as fires, floods, earthquakes, tornadoes, or hurricanes, acts of war or terrorism and design or usage errors by our service providers. Although we back-up our systems to ensure business continuity, such efforts may not be wholly successful. Significant malfunctions or disruptions in our IT systems could lead to data loss and prolonged issues may interrupt our daily activities and operations.

We also retain confidential information such as personal information on our employees, suppliers and customers. We rely on the security of our IT systems as well as the integrity of our employees and the physical security of our premises to preserve the confidentiality of this information. Any significant compromise or breach of our information systems or data security or any misuse of data, could result in significant costs including costs to investigate and remediate, lost sales, fines, lawsuits and reputational damages. As at the LPD, there have been no major security breaches in the recent past that have affected our operations.

Any failure to protect against these technological disruptions and/or to prevent security breaches could negatively and materially impact our business operations and reputation as well as our financial condition and results of operations.

5.1.16 Our insurance coverage may not adequately protect us against all material hazards

We maintain insurance policies to cover a variety of risks that are relevant to our business needs and operations. These policies provide insurance coverage for all our real property, fixtures, fittings and stock in our stores and DC. Key coverage areas include burglary, fidelity, money, fire, plate glass and goods in transit. To further safeguard our operations, we also maintain public liability insurance, employer liability insurance and motor vehicle insurance. In the past, our Group had experienced a fire incident at one of our stores and a major flood incident at another of our store, none of which had a material adverse impact on our Group's business operations or financial performance as we were able to successfully claim the losses from our insurers. Notwithstanding this, there can be no assurance that we will be able to successfully claim for any future losses, receive full compensation from our insurers or that our existing insurance policies will be sufficient to cover all of our potential losses or risks associated with our business and operations. We are also subject to risks of increased premiums or deductibles, reduced coverage and additional or expanded exclusions in connection with our existing insurance policies, which may affect our financial condition and results of operations.

5. RISK FACTORS (Cont'd)

Our Group sells consumer products which we source from our brand principals and suppliers. There is a possibility that some individuals may have adverse reactions to products purchased from our stores, and which may result in actual or potential product liability claims. Our Group generally does not have any product liability insurance for most of the products sold at our stores unless it is a term and condition in the relevant supply contract and we do not intend to procure such coverage since we do not manufacture or produce most of the products that we sell, hence we are not the primary party liable for such products' defects or harm caused by such products. However, since our Group does not carry product liability insurance, any significant product liability claim could negatively impact our reputation as well as financial condition and results of operations.

We also do not have business interruption insurance coverage. Accordingly, any losses that we may incur from potential business disruption at our stores for any reason would not be recoverable under our existing insurance policies.

If we suffer any uninsured losses, damages or liabilities in the course of our operations, we may not have sufficient funds to cover such losses, damages or liabilities. To the extent that we suffer losses or damages as a result of a risk for which we do not maintain insurance or which is not covered by our insurance policies or where the cost of the losses or damages exceeds our insurance coverage, we will have to bear such costs, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

5.1.17 We may be involved in legal and other disputes or proceedings arising from our operations from time to time and may face significant liabilities as a result

We may be subject to litigation and other disputes from time to time, which may include other proceedings, legal or otherwise, including tax reviews and/or audits. These matters are often subject to significant uncertainties and their outcomes can be difficult to predict. For example, with a workforce of over 6,000 employees, there is a risk of employee dissatisfaction which may give rise to legal claims against us. In the past three years, we were involved in 47 employment-related claims filed with the Department of Labour, all of which have been resolved.

Our customers may bring claims against us for faulty or defective products that we sell or in the case of our employees, for incidents that occurred during the course of their employment with us. Such actions and claims may be costly and time consuming and could result in liabilities and reputational harm. We are unable to accurately determine the full extent of any claims and liabilities (financial or otherwise) of any litigation and claims. In particular, our business exposes us to an inherent risk of product liability claims and adverse publicity. If we were found responsible for damage caused by faulty, defective or non-compliant products sold in our stores, our reputation may be adversely affected in a material way. This could undermine customers' confidence in the "KK Super Mart" brand and stores, which will lead to subsequent reduction in sales. In addition, we may need to incur significant legal, settlement and other costs in defending actions taken against us. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will be in our favour. Any adverse result may have a material adverse effect on our business, prospects, financial condition and results of operations.

5. RISK FACTORS *(Cont'd)*

5.1.18 We are controlled by our substantial shareholders whose interests may not always align with the interests of our shareholders

As disclosed in Section 9.1.2 of this Prospectus, immediately following the completion of our IPO, our substantial shareholders will hold in aggregate up to 73.85% of our enlarged issued Shares, assuming the Over-allotment Option is not exercised. Accordingly, our substantial shareholders will still be able to exercise significant influence over the outcome of matters requiring the vote of our shareholders, including voting on appointments of our Directors, and consequently may be able to influence the composition of our Board. The interests of our substantial shareholders may differ from the interests of our other shareholders.

Our substantial shareholders could also have significant influence in determining the outcome of corporate transactions or other matters submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions to the extent that they are not required to abstain from voting (and procuring persons connected to them to abstain from voting) in respect of such transactions and corporate actions. This influence may also prevent or deter a change in control in our company, which could in turn limit the ability of our shareholders to receive a premium for their shares. There can be no assurance that the interests of our substantial shareholders will be aligned with those of our other shareholders.

5.2 RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

5.2.1 Our business and operations are limited to Malaysia and hence, the performance of our stores are generally dependent on the strength of the general economy and the level of consumer spending in Malaysia.

Our growth strategy is focused on expanding our business within Malaysia where we have experienced substantial growth during the past several years as we increased our number of stores from 646 stores as at 30 June 2023 to 890 stores as at 30 June 2025 and to 996 stores as at the LPD, which makes us the leading convenience mart player in Malaysia by number of stores as at 28 February 2026 and by revenue in 2025, according to the IMR Report.

Given the concentration of our business and operations within Malaysia, our performance is closely tied to the country's economic and political landscape. Our sales could be affected by several economic factors, including but not limited to, periods of economic slowdown or recession; volatility or reduced liquidity in local and international financial markets, which may limit our access to financing or increase the borrowing costs for our Group, our customers and suppliers; slower growth or reductions in real disposable income, which may potentially dampen consumer spending; elevated unemployment rates; rising consumer debt; rising fuel and utility prices; subsidy reductions; inflationary or deflationary trends in commodity prices; natural disasters; and incidents of terrorism, whether domestic or international.

Many of these factors influence the cost of products sold at our stores, transportation expenses (including diesel fuel), labour costs and insurance premiums. In addition, rental costs, trade barriers and broader economic conditions can impact our ability to execute our strategic initiatives effectively. These variables may also affect our cost of sales, selling and distribution expenses as well as administrative costs, and could lead to other adverse effects that are difficult to predict or manage. We have limited control over many of these external factors. Should inflation continue to rise, our GP margin may be negatively affected, particularly if we are unable to adjust our pricing.

5. RISK FACTORS (Cont'd)

In April 2025, the United States announced the implementation of substantial tariffs on its trading partners, including Malaysia. These tariffs, along with any retaliatory measures adopted by Malaysia or other affected countries may have a negative impact on both the Malaysian and global economic environment.

Unfavourable developments in any of the above factors could lead to a reduction in consumers' disposable income, potentially resulting in decreased spending or a shift in purchasing behaviour toward lower-priced products. Our Group may be constrained to reduce our selling prices to avoid a decline in sales volumes, which may materially reduce our revenue and profitability.

Our historical growth has been supported by the expansion of the Malaysian economy, rising household consumption, and the development of the retail sector. While Bank Negara Malaysia reported a 6.3% growth in the Malaysian economy in the fourth quarter of 2025, there is no certainty that such favourable conditions will persist, particularly in light of the tariffs imposed by the United States and any retaliatory measures by its trading partners. In the event of an economic downturn, we may face challenges competing on price with larger retailers such as hypermarkets which benefit from greater economies of scale due to their higher purchasing volumes, broader product offerings and larger store formats. Reduced consumer discretionary spending during such periods could lead to increased demand for lower-priced products, thus placing downward pressure on our pricing strategy and profit margins. Any negative developments in the broader Malaysian economy or factors that significantly impact consumer discretionary spending could materially and adversely affect our business operations, financial condition, future prospects and overall performance.

5.2.2 **Our business prospects may be impacted by changing consumer preferences, needs, expectations or trends, which could adversely affect the demand of our products**

Our success depends in part on our ability to identify and respond promptly to evolving changes in consumer preferences, expectations and needs and demographic trends and maintaining a satisfactory customer experience. We constantly refine our product offerings by tracking and analysing the sales performance of our SKUs, in order to stay abreast of emerging consumer trends and to remain competitive. However, it is difficult to accurately predict the products our customers demand. If we fail to source and market such products or accurately forecast or respond in a timely manner to changing customer preferences, and/or fail to implement competitive and effective promotion strategies, we could experience a decrease in both the number of customer transactions and average value of each transaction at our stores.

Furthermore, the layout and design of our stores primarily follow a standardised template. As a result, we may face difficulties or delays in attempting to provide a different ambience or customer experience if our customers exhibit a change in their preferences or expectations across different localities. There is also no assurance that our existing stores will continue to meet our expectations in terms of consumer foot traffic due to events that may affect the appeal of our stores. If any of our current stores becomes unattractive resulting in a decrease in foot traffic due to changes in economic conditions or demographic patterns, poor maintenance or a less attractive product mix, these may impact our business, prospects, financial condition and results of operations.

5. RISK FACTORS (Cont'd)

5.2.3 We have many competitors who could take sales and market share from us if we fail to execute our merchandising, marketing and distribution strategies effectively

Our industry is highly competitive. We face a wide range of competition including from supermarket chains, mini-markets, convenience store chains and independent grocery stores, many of whom operate stores in the same locations where we operate, offer a similar or wider range of products and engage in extensive advertising and marketing efforts. We also compete with our competitors based on store location, customer service quality, pricing, store appearance as well as product selection. If we fail to execute our pricing, merchandising, marketing and distribution strategies effectively or fail to maintain a satisfactory customer experience, our competitors may take sales and market share from us, which could adversely affect our business, financial condition and results of operations.

We anticipate that such competition will continue to intensify, which could impact our market position, customer base and sales. For instance, competitors might adopt aggressive pricing strategies or offer a broader range of products, which could divert customers away from our stores. Similarly, if competitors establish stores in close proximity to our stores, it could reduce our customer footfall and revenue. There is no assurance that our efforts will always offset the impact of intense competition. Any inability to effectively respond to competitive pressures could lead to loss of market share, reduced profitability and slower growth.

Our failure to respond effectively to competitive pressures and changes in the convenience retail industry could affect our financial performance. Moreover, we use our marketing, advertising and promotional programmes to drive customer traffic and compete more effectively, and we must regularly assess and adjust our efforts to address changes in the competitive landscape. Intense competitive pressures from one or more of our competitors such as through aggressive promotional pricing, or our inability to adapt effectively and quickly to a changing competitive landscape, could affect our prices, margins or demand for our products and services. If we are unable to maintain our competitive position, we could experience lower demand for our products, downward pressure on pricing and a loss of market share, each of which could have a material adverse effect on our business, prospects, financial condition and results of operations.

5.2.4 We face risks arising from regulatory requirements and policy changes in Malaysia

Our business operations are subject to various regulatory requirements and policies governing areas such as retail operations, taxation, employment and environmental standards. These regulations and policies may change in a manner that may not necessarily be favourable to our business, which could result in additional restrictions, constraints or operational limitations to our business.

For example, the recent legislative changes pertaining to employment matters have impacted our wage structures, working hours and our employment practices, resulting in an increase in our operational costs. Similarly, any changes in taxation legislation such as adjustments in corporate tax rates or the introduction of new taxes, could directly impact our profitability.

5. RISK FACTORS (Cont'd)

Any changes in the regulatory framework for the retail sector or the imposition of new environmental laws may require us to similarly change how we operate or may result in higher costs of compliance. Changes in legislation could influence our strategic decisions moving forward such as how we plan and strategise on our new store expansions, suppliers selection or choice of product offerings. While we continuously endeavour to stay updated with regulatory developments and maintain a proactive approach to regulatory compliance, the unpredictability and potential impact of unfavourable regulatory changes pose a constant risk to our business and operations.

There is also no guarantee that we will be able to foresee the full impact of newly introduced regulatory developments. Therefore, any significant future changes in the legislation in Malaysia could materially and adversely affect our financial performance, business and operations.

5.2.5 Recent policy changes may impact our key product offerings

With the growing health awareness among consumers as well as governmental policies promoting healthier lifestyles, our Group may see the reduced consumption of certain types of products in the future. For example, in the event the Government imposes higher excise taxes on alcohol and/or tobacco products in the future, this could result in our Company having to impose higher selling prices which could result in lower demand for such products, or if our Company opts to maintain selling prices then our Company may face lower margins and may have difficulties in meeting our operational targets.

Other recent developments, such as the introduction of mandatory registration requirements for tobacco and vape products and the display ban of such products under the Control of Smoking Products for Public Health Act 2024 may affect the range and the visibility of products that can be lawfully offered for sale in our stores. Products that do not obtain the requisite registration may no longer be permitted for sale, while restrictions on display could reduce product visibility and consumer awareness. These factors may limit availability and ease of access for consumers and, in turn, adversely impact our sales within this product category.

In July 2022, the Control of Tobacco Product and Smoking Bill 2022 was presented to the Dewan Rakyat (House of Representatives) by the Minister of Health. This bill included proposals to prohibit persons born on or after 1 January 2007 from smoking tobacco products, substitute tobacco products and smoking substances and the sale of the aforesaid products and smoking devices to persons within this category of people. Although the bill was eventually withdrawn and replaced by the Control of Smoking Products for Public Health Act 2024, there is a risk that similar proposals may be introduced in the future, which may result in limiting customers' access to this range of products, and hence negatively impact our sales. For information purposes, smoking tobacco products, substitute tobacco products, smoking substances and smoking devices including vape products and electronic cigarettes represent 25.5% of our sales for the FYE 30 June 2025. Should there be a complete ban on vaping products by the Government in the future, which may result in customers having a limited access to this range of products, our sales and financial performance may negatively be impacted.

5. RISK FACTORS (Cont'd)

5.2.6 Our business operations may face potential disruptions from unforeseen events such as natural disasters, infectious diseases or health crises and significant global political events

There is a risk that natural disaster incidents such as flooding or fire in neighbouring units could impact our stores and damage our inventory as well as our premises. Any damage to our premises could further result in reduced sales due to the time required to restore and repair our stores prior to being able to recommence store operations.

Similarly, other natural disasters or other events such as work stoppages affecting the transportation sector could increase the cost or reduce the availability and supply of products available to us (whether provided through our own Balakong DC or delivered by our suppliers directly to our stores). As we expand our network of stores, the increasing volume of stock required to operate our business may place additional pressure and impose new challenges on our logistics planning. Hence, these events, if they occur, may impose disruptions to our business and financial performance.

With the highly global nature of businesses today, our operations may face possible disruptions caused by infectious diseases or health crises. For example, the global outbreak of COVID-19 in late 2019 resulted in several countries including Malaysia, implementing widespread control measures such as border closures, office and business shutdowns and movement restrictions. Despite our Group being able to continue generating revenue and pursuing store expansion (although at a slower pace) during those periods of restrictions arising from the COVID-19 pandemic, there can be no assurance that any future disruptions due to further outbreaks of infectious diseases including the measures that authorities in Malaysia and elsewhere impose to deal with such outbreaks may not affect our operations and the ability of our customers to access our stores, which in turn would adversely impact our business, prospects, financial condition and results of operations.

While we are not directly impacted by global political events such as the geopolitical tensions involving China, the conflict between Russia and Ukraine, rising tensions in the Middle East, and the recent escalation of armed conflict involving Iran, such events could nonetheless create substantial economic uncertainty in financial and commercial markets. This may adversely affect operations and consumer spending, lead to a slowdown in overall economic activity, alter consumer shopping patterns, and ultimately result in a material adverse effect on our business, prospects, financial condition and results of operations.

5.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

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

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of shareholders to sell our Shares or the prices at which shareholders would be able to sell our Shares. Neither we nor our 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 Final 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.

5. RISK FACTORS *(Cont'd)*

5.3.2 Our Share price and trading volume may be volatile

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

- general market, political and economic conditions;
- trading liquidity of our Shares;
- fluctuation in stock market prices and volume;
- differences in our actual financial and operating results and those expected by investors and analysts;
- changes in securities analysts' and financial analysts' recommendations, perceptions or estimates of our Group's financial performance;
- changes in conditions affecting our industry, the general economic conditions or stock market sentiments or other related events or factors;
- changes in market valuations of listed shares in general or shares of companies comparable to ours;
- additions or departures of our Key Senior Management;
- perceived prospects of our business and the industry in which we operate;
- adverse media reports regarding us or our shareholders;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described in this Section could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Final Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that were not always related to the operating performance of such companies. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

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

Following our Listing, we will have in issue 3,500,000,000 Shares, of which up to 840,000,000 Shares, representing up to 24.0% of our enlarged issued Shares, will be held by investors participating in our Listing, and not less than 73.85% will be held by our Promoters, assuming the Over-allotment Option is not exercised. Our Shares sold in our IPO will be tradable on the Main Market of Bursa Securities without restriction following our Listing. 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.

5. RISK FACTORS (Cont'd)

While our Promoters are restricted from selling their Shares for a period of six months, following our Listing, the market price of our Shares could fluctuate if our Promoters choose to sell their Shares in the future after the moratorium period. For further details on the moratorium, see Section 2.2 of this Prospectus. If our Promoters 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.

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

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

- the Sole Underwriter's exercise of its rights under the Retail Underwriting Agreement or the Sole Bookrunner's exercise of its rights under the Placement Agreement to discharge themselves of their obligations under such agreements;
- our inability to meet the minimum public shareholding spread requirement of having 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing as approved by Bursa Securities; or
- the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

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

- the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we and the Selling Shareholders 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
- 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, and 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 or transfer of our IPO Shares and the proceeds from our Public Issue form part of our share capital:

- the SC issues a stop order under Section 245(1) of the CMSA, any issue of our Issue 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
- 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 our 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 the directors.

5. RISK FACTORS (Cont'd)

5.3.5 We may not be able to pay dividends

Our Company is a holding company and substantially all of our operations are conducted through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our Company's principal source of income. Our Company and its subsidiaries may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends.

As part of our Board's guidance on dividends, we aim to declare a certain portion of our PAT attributable to the owners of our Company for each financial year, subject to the approval of our Board and any applicable law and contractual obligations, as dividends, provided that such distribution will not be detrimental to our Group's cash requirements or to any plans approved by our Board. See Section 12.4 of this Prospectus for further details on our dividend policy. Even if we are able to pay dividends, our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends than the amount we currently propose, after taking into consideration the required funds for capital expenditure, working capital and any applicable restrictive covenants under our financing. Such declaration of dividends shall not exceed our distributable profits. Further, if we incur new borrowings subsequent to our Listing, we and our subsidiaries may be subject to additional covenants restricting the ability to pay dividends. If we do not pay dividends or we pay dividends at levels lower than anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced.

Our payment of dividends may also 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 any 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.

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

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including without limitation to those regarding our financial position, business strategies, prospects, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results, to be materially different from any future results, performance, achievements or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and Government initiatives. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts.

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.