

9. 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 prospectus could be affected by any of these risks.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are subject to the prevailing market conditions in the property market in Malaysia

Our properties' sales performance and future development planning are dependent on the prevailing market conditions in the states where our property developments and landbank are located, including Melaka, Kedah, Johor, Selangor, Perak and Penang.

The performance of the property market and value of properties in Malaysia, including these states, is influenced by factors such as supply and demand of properties, economic growth rates, interest rates, inflation and regulatory measures aimed to curb speculative investments. External factors beyond our controls such as changes in political landscape or sudden outbreak of diseases (e.g., the COVID-19 pandemic in 2020) may impact Malaysia's economic activities. Adverse economic activity can weaken the employment market and consumer purchasing power, leading to more cautious spending and investment, which may ultimately reduce property demand and values in Malaysia.

A downturn in the Malaysian economy could reduce consumer confidence and purchasing power, affecting the overall property demand and market performance. A weak market sentiment may influence our development planning including property types, pricing strategies and project launch timings, potentially affecting our business operations, financial performance and prospects.

9.1.2 We are exposed to unexpected interruptions or delays in project completion caused by external factors, including natural disasters or sudden crisis

The timely completion of our property developments and the progress of construction can be affected by external factors inherent to property development, some of which are beyond our control. These factors include delays in receiving regulatory approvals, licences and permits, availability of labour, equipment and construction materials, availability of financing and the timely appointment of architects, professional consultants and contractors. In addition, delays in the completion of our property development could also arise from environmental factors such as natural disasters (e.g., flash flooding and landslides caused by torrential rain), altered weather patterns or sudden crisis like the COVID-19 pandemic in 2020. The construction activities may be halted due to slippery and unsafe working conditions caused by increased rainfall and necessitating additional safety measures to prevent injuries, particularly during foundation work, scaffolding or working at heights, which may reduce man-hours and workdays. In addition, the increase in rainfall may hinder site access for workers and machinery, causing delays in construction material deliveries and disrupting construction operations. These external factors may impact progress, completion and revenue recognition of our property developments.

Any prolonged interruption or delay in completion of a phase of property development may result in LAD claims by property buyers, which may affect our financial performance. Our contracts with contractors include LAD clauses, holding them responsible for delays attributable to their work, with LAD typically set at 10% per annum of the contract sum. If there is a delay in delivery of vacant possession, the LAD claims from our property buyers are calculated daily at a rate of 10% per annum of the purchase price of the unit. If the delay is caused by our contractors, we may claim LAD from them. However, any difference between the LAD claims made by our property buyers and the amounts we can claim from our contractors will be borne by us, which may adversely affect our financial performance.

9. RISK FACTORS (Cont'd)

The MCO implemented by the Malaysian Government in 2020 had delayed the construction of our property developments. However, we have been granted temporary reliefs for delays in delivery of vacant possession and payment of LAD pursuant to the Temporary Measures for Reducing the Impact of Coronavirus Diseases 2019 (COVID-19) Act 2020, which was gazetted on 23 October 2020. Notwithstanding that the extension of time was granted to our Group for the delivery of vacant possession to our property buyers, several phases of our property developments still faced delays in construction and delivery of vacant possession during the COVID-19 pandemic. Please refer to **Section 7.6.2** of this Prospectus for further details.

In FYE 2023, we have made a provision for LAD of RM10.37 million for Taman La Casa Lunas (Phases 3A, 3B and 2) and Taman Nuri (Phase 3B2) as these phases experienced delays in construction and delivery of vacant possession. The provisions for LAD and the respective repayment for LAD claims for each development are disclosed below:

Development	Provision for LAD as at 31 December 2023	As at the LPD		
		Provision for LAD	Payment for LAD claims	Net provision for LAD
	RM'000	RM'000	RM'000	RM'000
Taman La Casa Lunas, Lunas, Kedah				
- Phase 3A	2,725	2,725	(954)	1,771
- Phase 3B	4,943	4,612	(4,742)	(130)
- Phase 2	2,587	2,776	(1,547)	1,229
Taman Nuri, Melaka				
- Phase 3B2	117	117	-	117
Total	10,372	10,230	(7,243)	2,987

As at the LPD, we have further provided LAD of RM1.15 million for La Casa Lunas (Phases 4A and 4C) due to rectification work required for the TNB electrical access point in response to changes in TNB's requirements and regulations. In addition, the discovery of high groundwater levels in certain construction areas caused delays in infrastructure works, such as sewerage systems, which in turn delayed roadworks and streetlighting installation works. Due to these unforeseen conditions, our contractors were not held liable for the delays or additional rectification costs, and the LAD was not charged to our contractors, and instead, our Group absorbed these rectification costs.

There can be no assurance that unexpected interruptions or delays in project completion will not occur in our property developments. In the event of delays in the delivery of vacant possession, we are subject to LAD claims from our property buyers, which may adversely affect our financial performance.

9.1.3 We may face unanticipated cost increases for property developments

Under the terms of our letters of award and/or contracts with appointed contractors, they are responsible for construction workers wages and procuring the necessary materials and equipment for our property development. As such, they bear the risk of fluctuations in construction costs including labour and material costs, which may be affected by foreign exchange movements for imported materials.

However, any unforeseen spikes or persistent increases in construction costs may strain our contractors' cash flow and their ability to secure the necessary resources. Prolonged situations persist may affect our contractors' capacity to carry out construction works which could delay the completion of construction works, and impacting our property delivery schedules, billing schedules, market reputation, sales performance and profit margins. In addition, there can be no assurance that contractors appointed for our future developments (including future phases of ongoing development) will continue to agree to bear the risk of fluctuations in labour and material costs. If we are unable to secure contracts where contractors assume this risk, any material increase in these costs may reduce our profit margins and adversely affect our results of operations and financial performance.

9. RISK FACTORS (Cont'd)

Our cash flows and profitability are dependent on accurate cost estimation and management throughout the development period. These costs may be influenced by various factors such as lower quality or delays in construction, unexpected site conditions, higher construction material and labour costs and financing delays.

Any cost overrun of the property developments may adversely affect our profitability, cash flows and results of operations. For the Period Under Review, we have not encountered any significant cost overruns or renegotiated contracts with our constructors due to increased construction costs. However, there can be no assurance that we will be able to accurately estimate costs for future developments.

9.1.4 Our capital-intensive business depends on our ability to secure adequate financing

As a property developer, we rely on internally generated funds and external borrowings such as term loans, bank guarantees and bank overdrafts to fund our working capital requirements and partially finance land acquisitions. Our business is dependent on our ability to secure adequate financing at competitive rates. If we are unable to obtain such credit facilities, our cash flows, results of operations, business strategies and future plans may be adversely affected.

There is also a risk of simultaneous demand for immediate repayment of short-term credit facilities and tighter loan terms due to unfavourable market conditions or other factors. If our callable credit facilities are called, it could materially affect our cash flows, working capital, and consequently, on our financial performance and prospects.

As at 31 December 2023, our Group's total borrowings amounted to approximately RM50.12 million. If the interest rates on these borrowings increase, our finance cost will increase accordingly, and this will adversely affect our profitability and cash flows.

9.1.5 We may not be able to identify and acquire suitable landbank to sustain our business operations and financial performance

As a property developer, we rely on our existing landbank and our ability to identify and acquire land with development potential to ensure sustainable business operations and financial performance. As such, we have to continuously identify and acquire landbanks in strategic locations and at commercially acceptable cost for future developments.

Furthermore, we may face the risk of acquiring land with issues such as ownership conflicts, environmental concerns or feasibility problems. Unforeseen adverse land issues could lead to increased development costs, potentially compelling us to increase our properties' selling prices to maintain our desired returns. The increase in our properties' selling prices may reduce our market competitiveness or make our properties less affordable and appealing to potential buyers. If we are unable to increase our properties' selling prices, the increase in our development costs could strain our budget and adversely affect the profitability of our developments.

Severe land issues such as discovery of high groundwater body, unstable conditions that heighten the risk of sinkholes and landslides that required additional construction costs may render our development financially unviable, and requiring re-evaluation or, in extreme cases, abandonment of our property development which could result in financial losses. Although we conduct preliminary assessments on the suitability of land prior to acquiring them, there is no assurance that we will not encounter financial impact from land acquisitions in future.

As at the LPD, we have approximately 664 acres of landbank in Melaka, Johor, Kedah, Selangor, Perak and Penang which are reserved for future development. In addition, we are in the process of acquiring approximately 187 acres of Plentong Land. Further details on our landbank and land to be acquired are set out in **Section 7.3.2 (iii) and (iv)** of this Prospectus. We intend to allocate RM[●] million, representing approximately [●]% of our estimated gross proceeds from our Public Issue, for the acquisition of landbank and/or development expenditure. For further details of our utilisation of IPO proceeds and our business strategies and future plans, please refer to **Section 4.6** and **Section 7.16** of this Prospectus.

9. RISK FACTORS (Cont'd)

While we have not encountered any adverse events arising from land acquisitions for the Period Under Review and up to the LPD, there can be no assurance that we are able to consistently identify and acquire suitable landbank in strategic locations at commercially acceptable costs, or to secure joint development opportunities with landowners on favourable terms. If we are unable to do so, it may affect our ability to launch new developments, which could adversely affect our business operations, results of operations and prospects.

9.1.6 We may achieve lower-than-estimated GDV for our property developments

The GDVs of our on-going and future developments are estimated based on forecasts, projections and market conditions prevailing at the time taking in consideration of factors such as the supply and demand for properties, the economic growth rate and interest rates.

We may achieve lower-than estimated GDV for our property developments if unfavourable changes occur to the assumptions and forecasts underlying these estimates such as changes in township planning by the authorities for example, construction of a highway that cuts into our development area or removal or cancellation of proposed amenities and infrastructure. Any such changes could prevent us from realising the projected GDV and could adversely affect our results of operations and financial performance.

For the Period under Review, we did not experience any material unanticipated changes that may result in our Group not being able to realise our projected GDV. However, there can be no assurance that the estimated GDVs will reflect the actual sales achieved as they are subject to various assumptions as mentioned above. If we are unable to sell all the units as anticipated or we achieve the expected selling prices, this may impact our initial estimated GDVs and adversely affect our results of operations and financial performance.

9.1.7 We rely on contractors for timely completion and quality of our property developments

We engage contractors to carry out construction work for our property developments, and as such we are relying on their performance for timely delivery and adherence to our quality specifications. We may face risks associated with our contractors such as health and safety practices, potential delays leading to suspension of works, fines from the authorities or LAD claims against us. In addition, if our contractors are unable to meet our quality expectations, it may adversely affect our market reputation and our properties' sales.

Contractors are appointed based on evaluation criteria such as work quality, timeliness, track records and prices submitted by contractors, and thereafter, we will enter into formal contracts with the appointed contractors. Despite these contracts, if our contractors fail to fulfil their obligations, we may face damages and penalties if we are unable to deliver vacant possession as per the SPAs or pre-agreed schedule. Issues such as insufficient resources (i.e. labour, equipment and construction materials), building materials' price fluctuations and poor workmanship may cause delays and quality concerns.

In addition, our contractors must comply with the rules and regulations from bodies such as the CIDB and the Immigration Department of Malaysia, which govern employment of construction workers and foreign workers, respectively. Any non-compliance with these rules and regulations may result in non-renewal or revocation of their registrations or licences, preventing them continuing the construction works without and/or may lead to revocation of their registrations or licences.

During the Period Under Review and up to the LPD, we have not experienced any termination by our contractors that materially affected our business operations. Nonetheless, there is no assurance that we would not face such situations in the future. Any revocation of letters of award or termination of contracts without timely replacement may delay completion and handover of properties to buyers. While we can impose a penalty on our contractors, there can be no assurance that fully recover the compensation, and may be required to absorb some or all of the associated losses, which may affect project delivery schedules, profitability and market reputation, and adversely affect our financial performance and prospects.

9. RISK FACTORS (Cont'd)**9.1.8 We may not be able to sustain our growth rate and our financial performance**

Our revenue grew by a CAGR of 38.58% in revenue from RM104.56 million in FYE 2021 to RM200.81 million in FYE 2023, while our PAT grew by a CAGR of 36.58% from RM24.67 million in FYE 2021 to RM46.02 million in FYE 2023.

The prospects and future growth of our business are dependent on our ability to implement and execute our strategies and plans effectively. There is a risk that we may be unable to sustain our growth rate and our financial performance due to factors including, among others, adverse market conditions and economic downturn, regulatory changes, and challenges in securing suitable and strategic landbank.

Accordingly, there can be no assurance that we can achieve similar growth rates and financial performance in the future. If we are unable to maintain adequate revenue and profit growth, our financial position could also be adversely affected. If we fall short in managing our growth effectively, we may not be able to capitalise on market opportunities or execute our business strategies and future plans.

9.1.9 We may be involved in legal and other proceedings related to our business operations from time to time

We may face disputes with various parties including landowners, joint venture partners, suppliers, contractors, sub-contractors, consultants and customers in the sale of our properties (e.g. damage claims by property buyers for non-compliance with building specification, defective workmanship, incomplete or unavailability of common facilities, late delivery of vacant possession and difference in built-up area) from time to time. For example, we encountered a litigation case against one of our subsidiaries, Panglima Juara, by a purchaser of a property unit in Taman Bukit Cheng. Please refer to **Section 16.5** of this Prospectus for further details on the material litigation, claims and arbitration our Group is engaged in.

Such disputes or claims arise may require us to allocate costs, time and management resources to defend against them. These disputes and claims could lead to legal or other proceedings against our Group, with unfavourable rulings potentially resulting in additional costs, delays and/or financial losses.

We are unable to give any assurance that disputes and claims will be resolved favourably for our Group and that any resulting litigation, arbitration or other proceeding against us such as judgement, order or award will not adversely affect our business operations, financial condition, prospects and reputation.

9.1.10 We may have inadequate insurance coverage

We are exposed to operational risks, including physical damage to our properties. As part of our standard operational practice, we maintain several insurance policies including group personal accident insurance, contractor all-risk insurance and worker's compensation insurance. As at the LPD, the type of our insurance coverage and the sum assured are as follows:

Type of insurance	Sum Assured
	RM
Group personal accident policy	14,250,000
Medical policy for employees	Between 100,000 and 180,000 per annum
Worker's compensation insurance policy	1,000,000 for any one accident
Contractors' all risks insurance policy	Between 1,000,000 and 2,000,000 for any one accident

While we have insurance coverage for various aspects of our business, there is no assurance that it is sufficient to cover all potential losses, damages or liabilities that may arise in the course of our business operations. Any losses or damages exceeding our insured sum or in areas for which we are not insured, may adversely affect our business operations and financial performance. For the Period Under Review and up to the LPD, there have been no material insurance claims against or made by us.

9. RISK FACTORS (Cont'd)

9.1.11 We are subject to the risk of defect liability claims from our property buyers

We provide a defect liability period of up to 24 months for properties under construction sold in accordance with the Housing Development (Control and Licensing) Act 1966. The defect liability period begins from the delivery date of vacant possession to property buyers. In the event of any defects arise during the defect liability period, we will bear the rectification expenses to repair and make good all identified defects. Any material rectification costs incurred or claims made could adversely affect our financial performance.

Under the terms of our contracts with contractors, our contractors are responsible for rectifying any defects identified during the defect liability period, at their own costs. If we unable to recover these rectification expenses from our contractors for repairs and addressing all identified defects, this could adversely affect our financial performance and market reputation. For the Period Under Review and up to the LPD, there were no defect liability claims from our property buyers which have had a material impact on our financial performance.

While we endeavour to maintain the quality of our property development and rectification costs being borne by our contractors, there is no assurance that we will not face any defect liability claims in the future that could adversely affect our financial performance.

9.1.12 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules, and regulations. As at the LPD, we have obtained the necessary licences, approvals and permits from various regulatory authorities for our business operations, as set out in **Annexure A** of this Prospectus. We have experienced non-compliance issues in the past as set out in **Annexure D** of this Prospectus for further details. Our Group will continue to assess and observe the relevant laws, rules and regulations relating to our industry. We will apply and renew the required licences, approvals and permits in a timely manner as and when required.

If we are unable to comply in material respect with the relevant laws and regulations or conditions of our licences, approvals and permits, the authorities may impose penalties on us including imposing stop work orders and fines and such licences, approvals and permits may be suspended or revoked. Consequently, this will negatively affect our business operations. There is no assurance that the introduction of any new laws or any changes to these legislations or other future regulatory development will not have a material adverse effect on our maintenance or renewal of licences, approvals and permits. Any failure to maintain or renew our major licences, permits and approvals in the future could materially and adversely affect our business operations and financial performance.

9.1.13 We rely on property agents who may not meet our performance expectations

In addition to our in-house sales and marketing team, we engage property agencies to market and sell our property developments. Our property agencies are selected based on criteria such as market reputation, qualifications, fees and track record. However, as independent third parties, there is no assurance that they comply fully with property sales related laws and regulations or meet all our contractual terms. If our property agencies fail to comply with the property sales related laws and regulations, or fail to adhere to contractual obligations, our Group may be exposed to legal liabilities, regulatory scrutiny and potential fines. Furthermore, if our property agencies underperform, we may lose property buyers and market share. This could lead to reputation damage in the long term, and adversely affect our business and results of operation.

Prior to August 2023, our property agencies collected booking fees or earnest deposits, which are not prescribed by the contract of sale, from purchasers for some of our housing developments. We were not aware of the prohibition of collection of booking fees under the Housing Development (Control and Licensing) Regulations 1989 and such restriction was brought to the attention of our Group during the due diligence conducted by our solicitors for the purposes of our IPO. Upon being aware of the prohibition, we sent written notice to our property agencies in August 2023 to instruct them to cease collection of booking fees or earnest deposits from August 2023 onwards. Please refer to **Annexure D** of this Prospectus for the potential maximum penalty on our Group for the non-compliance under the Housing Development (Control and Licensing) Regulations 1989.

9. RISK FACTORS (Cont'd)

9.1.14 We are dependent on Desa Johan Sdn Bhd, being one of our major suppliers

We are dependent on Desa Johan Sdn Bhd, being one of our major suppliers for construction services for our property developments. Desa Johan has been a supplier of our Group and had contributed approximately 82.70%, 92.25% and 65.50% of our Group's total purchases for the FYE 2021, FYE 2022 and FYE 2023 respectively.

While there are other main building contractors who are able to provide construction services to our Group, we continue to engage Desa Johan Sdn Bhd for construction services due to its quality of work and pricing as well as our long-term working relationship with Desa Johan Sdn Bhd.

Nevertheless, there can be no assurance that we will appoint Desa Johan Sdn Bhd and Desa Johan Sdn Bhd may not accept our terms in providing construction services for our future property development projects. In the event we appoint other main building contractors that provide similar construction services as Desa Johan Sdn Bhd, it may result in higher construction cost which may lead to lower profit margins.

9.1.15 We are dependent on our Non-Independent Executive Chairman, Non-Independent Executive Directors and Key Senior Management

The success of our Group relies on the experience, industry knowledge, network and skills of our Non-Independent Executive Chairman, Non-Independent Executive Directors and Key Senior Management, who play significant roles in our business operations and implementation of our business strategies. Our founder and Non-Independent Executive Chairman, Datuk Yap brings with him 43 years of experience in construction and property development. He is supported by our Non-Independent Executive Directors and Key Senior Management from various departments.

The loss of any of these key personnel without any suitable and timely replacement could adversely affect our business operations and financial performance. Although we have implemented human resource strategies which include competitive remuneration packages, incentive scheme and development programmes to ensure smooth succession planning, there can be no assurance that these measures will successfully retain our Key Senior Management or ensure a smooth management succession plan. Further details of the profiles of our Non-Independent Executive Chairman, Non-Independent Executive Directors and Key Senior Management are set out in **Section 5** of this Prospectus.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to economic, political, regulatory and climate-related risks in Malaysia

Any adverse changes in economic, political and regulatory conditions could have negative impact on our business operations and financial performance. Changes in the economic, political and regulatory could arise from, among others, changes in political leadership, risk of war or civil unrest, changes in conditions governing licensing, registrations and permits. Similarly, any local, regional or global economic downturn would also affect overall business conditions, consumer confidence as well as investments, which would subsequently affect the demand for our properties.

Further, any changes in Government policies related to the property market such as housing regulations, land and development policies, property taxation or restriction on foreign property ownership, environmental standards and sustainable development requirements in Malaysia could adversely affect the performance of the property market and value of properties in Malaysia. In addition, any restrictive policy changes by Bank Negara Malaysia, such as increases in the overnight policy rate, higher interest rates for housing loans and reduced loan-to-value ratios could restrict the buyer's purchasing ability of buyers. This could negatively impact consumer sentiment and purchasing power, as property buyers would face higher borrowing cost and increased monthly housing loan instalment, which may affect the demand for our Group's properties.

9. RISK FACTORS (Cont'd)

As such, there can be no assurance that any future unfavourable changes in economic, political, regulatory or climate-related changes will not adversely affect our Group's business and results of operations in the future.

9.2.2 We face competition from other property developers

We compete with other property developers ranging from private limited companies to large public listed companies in Malaysia, who are principally involved in the development of residential and commercial properties, particularly landed properties. These property developers have a market presence in Melaka or in the other states where our Group operates. Our competitors may have greater resources or specialised expertise in certain property segments. We also compete with them on aspects such as location, price and rebates, facilities, surrounding amenities and connectivity. Competition among property developers may intensify leading to lower property prices, higher land acquisition costs, and increased expenses to attract or retain experienced employees which could adversely affect our financial performance and prospects.

Therefore, there can be no assurance that we will be able to compete effectively with other property developers. If we fail to do so and sustain our competitive edge, our business operations and financial performance may be adversely affected.

9.2.3 We may face compulsory acquisition by the Malaysian Government

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the Land Acquisition Act 1960. Compensation amount for such acquisitions shall be based on the First Schedule of the Land Acquisition Act 1960.

There can be no assurance that our lands will not be subject to compulsory acquisition by the Government. If such an acquisition occurs, the compensation amount will be based on the land's market value as determined by the Government, which may be lower than valuations by independent property valuers appointed by our Group. As such, a compulsory acquisition of any of our lands may adversely affect our Group's financial position, business operations, financial performance and prospects.

9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

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

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 market price of our Shares will trade higher or lower than the institutional and retail price or that it will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

9.3.2 Our Share price and trading volume may be volatile

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

- (i) general market, political and economic conditions;
- (ii) trading liquidity of our Shares;
- (iii) fluctuation in stock market prices and volume;
- (iv) differences in our actual financial and operating results and those expected by investors and analysts;

9. RISK FACTORS (Cont'd)

- (v) success or failure of our Non-Independent Executive Chairman, Non-Independent Executive Directors and Key Senior Management in implementing business and growth strategies;
- (vi) gain or loss of an important business relationship;
- (vii) changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;
- (viii) changes in conditions affecting our industry, the general economic conditions or stock market sentiments or other related events or factors;
- (ix) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;
- (x) additions or departures of our Non-Independent Executive Chairman, Non-Independent Executive Directors and Key Senior Management;
- (xi) fluctuations in stock market prices and volumes;
- (xii) perceived prospects of our business and the industry in which we operate;
- (xiii) adverse media reports regarding us or our shareholders;
- (xiv) involvement in litigation;
- (xv) changes in governmental policy, legislation or regulation; and
- (xvi) general operational and business risks.

In addition, many of the risks described in this Prospectus 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.

9.3.3 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after our IPO

As disclosed in **Section 5.1.1** of this Prospectus, our Promoters will collectively hold 70.00% of our enlarged issued Shares after our IPO. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group. As such, they will likely 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 relevant guidelines or regulations.

As a step towards good corporate governance, the appointment of Independent Non-Executive Directors and our Audit and Risk Management Committee will serve as an effective mechanism to promote good corporate governance. This ensures future transactions of our Group, including related party transactions, if any, are entered into on an arms' length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders. Our Audit and Risk Management Committee will in this regard, represent the interest of the minority shareholders and general public at large.

9. RISK FACTORS (Cont'd)

However, there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9.3.4 The interests of our substantial shareholders who control our Group may not always align with the interests of our other shareholders

Some of our banking facilities contain provisions requiring Datuk Yap, Datin Loh, Datuk Jacky Yap, Datuk Sean Yap and Yap Lih Shyan to remain as the shareholders in our Company with direct or indirect shareholding of more than 50% throughout the financing tenure. In this regard, there can be no assurance that they will not sell their Shares after the moratorium period, which could breach the shareholding covenants for some of our banking facilities, leading to the cancellation of our banking facilities and the immediate repayment of the amounts borrowed.

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

Following the completion of our IPO and Listing, assuming full subscription of the Pink Form Shares reserved for our Eligible Persons, approximately 30.00% of our enlarged issued share capital will be publicly held by investors participating in our IPO, while approximately 70.00% of our enlarged issued share capital, will be held by our Promoters.

It is possible that our Promoters may dispose of some or all of their Shares after their respective moratorium period, pursuant to their own investment objectives. If our Promoters sell, or are perceived as intending to sell, a substantial amount of our Shares, the market price of our Shares could be adversely affected.

9.3.6 There may be a failure or delay in our Listing

The occurrence of certain events, including but not limited to the following, may cause a delay in or cancellation of our Listing:

- (i) our Underwriter exercising its rights pursuant to the Underwriting Agreement, or the Placement Agent exercising its rights under the Placement Agreement, to discharge itself from its obligations thereunder;
- (ii) the revocation of approvals from the relevant authorities for the Listing and/or admission to the Official List for whatever reason; or
- (iii) our inability to meet the public shareholding spread requirement of the Listing Requirements of having at least 25.00% of the total number of our Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing.

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

- (i) if 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 we and the Selling Shareholder 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 10.00% per annum or at such other rate as may be specified by the SC pursuant to section 245(7)(a) of the CMSA; or
- (ii) if 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:

9. RISK FACTORS (Cont'd)

- (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 10.00% per annum or at such other rate as may be specified by the SC pursuant to section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
 - (a) 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
 - (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors in accordance with the Act.

9.3.7 There is no certainty of dividend payments

Our ability to declare dividends or make other distributions to our shareholders is dependent on, among others, our future financial performance, cash flow position, capital requirements and other obligations as well as our ability to implement our business plans. This in turn will depend on certain factors which are beyond the control of our Group, such as, the general economic conditions, changes in governmental policies, as well as demand and value of our property developments. Deterioration of these factors could have an impact on our business, consequently affecting our ability to declare dividends to our shareholders. As such, there is no assurance on the payment of dividends to our shareholders.

Dividend payments are not guaranteed, and our Board may decide, at its discretion, not to pay dividends at any time and for any reason, where appropriate. 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, reducing the value of any investment in our Shares.

For a description of our dividend policy, please refer to **Section 12.18** of this Prospectus.

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