9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY OCCUR EITHER INDIVIDUALLY OR IN COMBINATION, AT THE SAME TIME OR AROUND THE SAME TIME) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

9.1 RISKS RELATING TO OUR BUSINESS

9.1.1 We operate within the consumer market, making our business susceptible to changes in consumer behaviour, trends, brand preferences as well as negative publicity, perceptions or actions

As a beauty care service provider in the consumer market, we face risks from negative publicity, perceptions, or actions related to our services and products, or to the beauty industry as a whole. We are also exposed to risks arising from changes in consumer behaviour, trends and brand preferences. Consumer spending in this segment is primarily discretionary in nature as customers may allocate such discretionary spending across different services or products from time to time, or may choose not to utilise these services at all. As such, the sustainability and success of our business depend on our ability to consistently adapt to changes in consumer behaviour and spending habits, trends and brand preferences, supported by our brand equity.

The performance of our business as a multi-brand chain of beauty care centres requires us to consider several factors, including shifts in the latest technological trends. These include advanced beauty care services using technology-based machines such as cooling, RF, ultrasonic, EMS, microwave and light therapy for slimming, body contouring and firming, as well as advanced light-pulse, ultrasonic, hydro-microdermabrasion, RF, and serum infusion to enhance skin appearance. These sophisticated machines enhance our service offerings and attract new customers by providing a wider range of results and experiences.

Branding also plays an important role in the consumer market. Accordingly, the sustainability and growth of our business depend on our ability to continuously building of our brand equity including brand awareness, customer trust and loyalty, and brand image to retain existing and attract new customers. Building brand equity also involves enhancing and sustaining brand relevance in the minds of our target customer groups as our brands mature over time.

Changes in consumer behaviour, trends and brand preferences are increasing shaped by consciousness-driven choices and pervasive influence of social medias, as well as various other factors. These include growing awareness of wellness, the appeal of beauty care services, the impact of social media trends, and broader social and health trends, as well as religious and environmental considerations. Our business is also susceptible to negative publicity or disruptive actions such as consumer boycotts, the dissemination of negative information or fake news, and damaging allegations or sabotage regarding the quality of beauty products and services. The occurrences of any of these events may adversely affect our operations and financial performance.

In this regard, there is no assurance that market perception and acceptance of our services, products and brands will remain positive or relevant. Any failure to align our service and product offerings with consumer requirements and expectations could adversely affect our reputation and materially impact our operations and financial performance.

9.1.2 We face the risk of adverse regulatory changes affecting the type of services that may be offered in the beauty industry, which may materially affect our business operations and financial performance

We provide beauty care services which fall under the purview of KPDN in Malaysia. As at the LPD, no specific licences are required from KPDN for our business operations. Our business is subject to the prevailing regulatory framework governing beauty centres, including the Beauty Guidelines issued by KPDN, which we comply with in our operations. The Beauty Guidelines permit the provision of certain beauty services, including those involving the use of laser machines, ultra-sonic devices and slimming treatments using sonography, cavitation, hot and cold services and coolant (chemical) machines (collectively, the "**Machines**"), provided such services are performed by adequately trained operators in a safe and proper manner.

In line with the Beauty Guidelines, our beauty therapists have received the necessary training and are competent to perform beauty care services involving the use of Machines safely. Certain services offered by us involve the use of laser machines which are registered with the MDA in Malaysia. As at the LPD, we operate 4 types of laser machines registered with the MDA, which are permitted to be operated by our beauty therapists, provided they have received adequate training.

In Singapore, beauty care services, such as facial and body slimming services, are subject to regulatory compliance and permits, compliance with the Health Products Act 2007 of Singapore, compliance with applicable laws and regulations for the supply of cosmetic products and operation of beauty devices, and adherence to workplace safety and hygiene requirements set by the relevant authorities in Singapore. We do not provide clinical procedures or healthcare services, and ensure that our operations do not use devices restricted to registered medical practitioners. Nevertheless, regulatory authorities may determine otherwise, and if such a determination is made, we may incur penalties and/or be required to cease the provision of such services, which could materially impact our business operations, financial position and prospects.

The revenue contribution from the provision of beauty services using laser machines ranged from approximately 17% to 36% of our total revenue for the Financial Years/Period Under Review. This contribution has decreased from 35.36% in FYE 2022 to 17.56% in FPE 2025, primarily due to the growing revenue from body care services.

While we currently comply with the Beauty Guidelines in Malaysia and other relevant laws, regulations, guidelines and requirements in Malaysia and Singapore which permit us to offer beauty care services, we cannot assure that future changes, amendments, or reinterpretations of regulations and guidelines affecting the beauty industry in Malaysia and Singapore will not impose additional requirements, restrictions, or limit or prevent us from providing beauty care services including those involving the use of laser machines. Compliance with any such new or revised requirements may necessitate additional measures, including the allocation of additional resources, increased compliance-related costs, and operational adjustments, the financial impact of which cannot be quantified at this juncture. Any adverse regulatory changes in the beauty industry in Malaysia and Singapore may materially and adversely affect our business operations and financial performance.

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9.1.3 We are exposed to the risk of potential disruption in the supply of our input products, consumables as well as beauty care machinery and equipment from reliance on a limited number of major suppliers

We are dependent on a major supplier of products including products used at our beauty care centres to facilitate beauty care services as well as sales of products to customers for their home use. Maxcos Manufacturing Sdn Bhd is our supplier for the manufacturing of our brands for body, facial and hair care products. The formulations of these products are either provided by us or are developed by Maxcos Manufacturing Sdn Bhd based on our requirements, where they manufacture and package them under our brands. As at LPD, we have subsisting agreements with Maxcos Manufacturing Sdn Bhd, which restrict them from disclosing and supplying identical formulations to third parties. For the Financial Years/Period Under Review, our purchases from Maxcos accounted for 57.05% (RM8.71 million), 50.78% (RM6.77 million), 59.86% (RM8.87 million) and 68.97% (RM5.13 million) of our total purchases of products and consumables for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

We are subject to concentration risk as the top 3 major suppliers for our input products, consumables collectively accounted for 75.99%, 63.99%, 73.13% and 82.98% of our total purchases for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. As for the supply of our beauty care machinery and equipment, the contribution from our top 2 major suppliers collectively accounted for 66.12%, 81.82%, 67.09% and 57.67% of our total purchases of machinery and equipment for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

In the event of disruptions, supply cessation or shortages, or changes in business relationships, our operations and financial condition may be impacted. We may incur additional costs, time, and resources to secure alternative suppliers on terms that are commercially viable for us. For the Financial Years/Period Under Review and up to the LPD, we did not experience disruptions in supplies from these suppliers. Nevertheless, there is no assurance that any disruptions in the supply of products for our beauty care centre operations or retail sales will not adversely affect our business operations and financial performance in the future.

9.1.4 Our operations may be affected by changes in the conditions of the locations of our centres

As of the LPD, we own and operate 53 beauty care centres in Malaysia and 4 beauty care centres in Singapore, located within commercial centres, shop lots, and shopping malls. For the FYE 2024, each beauty care centre contributed less than 10% of our total revenue for the year.

Any adverse changes in the conditions or performance of the multi-tenanted buildings, shopping malls, or commercial areas where our beauty care centres are located, such as operational disruptions, changes in the tenancy mix, poor maintenance, or declining foot traffic, could negatively impact our business operations in those premises. Similarly, for our shop lot centres, changes in the surrounding area, such as increased traffic congestion, loss of parking facilities, removal of key attractions, or shifts in the tenancy mix of nearby shop lots, could also affect the performance of our centres in these commercial areas.

Additionally, since all of our beauty care centres operate in rented premises, we are reliant on the respective landlords and subject to the rental rates and tenancy terms they impose. Upon the expiry of a rental agreement, landlords have the right to alter the terms and conditions, including increasing rental rates, requiring renovations, or deciding not to renew the lease. Furthermore, we are subject to rental terms that may include liquidated damages if we fail to commence or complete fit-out works, or experience delays in starting operations, as outlined in the rental agreement.

Any unfavourable changes in the rental agreement, the performance of the shopping malls or commercial areas, or foot traffic at the locations where our beauty care centres are located could adversely affect our operations and financial performance.

While we conduct thorough research and financial analysis before opening any beauty care centres, there is no assurance that external factors, such as a decline in foot traffic or adverse operational and rental conditions, will not have an adverse impact on the performance of our centres.

9.1.5 We may not be able to sustain the same level of growth and financial performance for our business in the future

Our revenue has been increasing from RM191.83 million in FYE 2022 to RM346.96 million in FYE 2024, representing a CAGR of 34.49%. There can be no assurance that we will be able to achieve similar growth rates and financial performance in the future. Our revenue growth will depend on several factors, including our ability to expand our brand and service offerings, acquire new customers, increase purchase frequency from both new and existing customers, boost customer engagement, and attract talent to effectively operate and manage our centres.

Some of the potential internal factors include, among others, the inability or delays in expanding our multi-brand chain beauty care centre operations, operational and management issues, issues with our suppliers, and quality of products and services. Potential external factors include, among others, economic, social, and regulatory conditions, competition, changes in consumer tastes, preferences, spending habits, brand relevance, and deterioration in the performance of the commercial facilities, shopping malls or areas where our beauty care centres are located.

9.1.6 Inflationary pressure or other cost increases may necessitate price increases for our products and services which may adversely affect our business performance

As a consumer-based business, our products and services are subject to inflationary pressure which affects our costs of goods and services, and we may have to pass the increased costs to our customers to at least maintain our margins. Inflationary pressure may arise directly from the cost of goods such as beauty care products and consumables as well as indirectly arising from increases in among others, staff wages and salaries, rental, utilities, and promotional and marketing costs.

For instance, the expansion of sales and service tax ("**SST**") in Malaysia will have a direct impact on rental costs for businesses. Rental or leasing services for commercial properties in Malaysia (which includes shop lots, offices, or buildings used for business) are subject to an 8% service tax that took effect from 1 July 2025, and this is applicable for new lease agreements signed on or after 1 July 2025. This may lead to a higher operational cost which will affect our financial performance if we cannot fully pass them on to consumers through price adjustments or if we decide to absorb the increases.

There is no assurance that we will be able to pass on increased costs due to inflation or any other factors to our customers in the future, which may negatively impact our financial performance. Alternatively, if we pass all the increased costs to our customers, we may lose some of our existing customers or attract fewer potential customers. If any of these situations occur, it may negatively affect our business operations and financial performance.

9.1.7 Our growth prospects may be limited if we are unable to effectively execute some of our business strategies and plans including risks associated with foreign market expansion

Our business strategies and plans are focused on leveraging our key strengths and capitalising on our core competencies in multi-brand chain beauty care centre operations in Malaysia and Singapore. Our business strategies and plans include domestic market expansion and foreign market expansion. Please refer to **Section 7.17** of this Prospectus for further details on our business strategies and plans.

We are subject to risks associated with our expansion in the domestic market including market conditions such as changing consumer preferences; cannibalism among our beauty care centres in proximity to each other; poor patronage in new locations/states due to, among others, lack of brand awareness; and deterioration of service quality and customer experience due to issues associated with, among others, lack of sufficient specialised beauty machines and devices, staffing issues such as shortage of skilled staff or inadequate training as the business expands rapidly.

In addition, we face risks associated with expansion in Singapore such as regulatory compliance and licencing requirements as set out in **Sections 9.1.2 and 9.1.8**, as well as workplace safety and hygiene requirements and obligations. Other risks include longer timeframes to achieve profitability, unforeseen operational challenges and competition in foreign markets.

The prospects and future growth of our business depend on our ability to effectively and promptly implement our strategies and plans. Risks that may prevent the achievement of the timing or objectives of these plans include the inability to secure desired locations for new centres, insufficient funding or bank borrowings in addition to IPO proceeds, limitations in human resources or experience in foreign markets, regulatory changes in Malaysia and Singapore, or delays caused by internal or external factors.

There can be no assurance that any of our strategies and plans will be commercially successful or implemented in a manner that mitigates operational and business risks. Any delays or failures in executing our strategies and plans effectively, may adversely affect our future growth or expected financial performance.

9.1.8 We operate within the regulated consumer market and we are dependent on our ability to maintain validity of relevant licences, permit and registration

We primarily operate chain beauty care centres in Malaysia which are subject to relevant law, regulations and policies, including the following:

(i) We are required to obtain business licences for our beauty care centre operations from the local councils.

(ii) Beauty therapists are required to acquire necessary training and qualifications to carry out beauty care services. As at the LPD, we have a total of 482 trained beauty therapists across our centres in Malaysia.

(iii) The beauty care products that we use and sell are required to be notified to the NPRA, under the MOH. As at the LPD, we have a total of 107 beauty care products notified to the NPRA in Malaysia and 66.

(iv) Our food products we sell must comply with the relevant regulations under the Food Act 1983 including the food labelling regulation for our Halal-certified food products. As at the LPD, we have a total of 6 Halal-certified food products sold under our brands.

In Singapore, while beauty care services are generally not subject to specific regulatory requirements we are still required to comply with the following:

(i) We also ensure that the services we provide do not involve those that require registered medical practitioners. Additionally, we ensure that our beauty therapists have received the necessary in-house training to provide beauty care services. As at the LPD, we have a total of 24 trained beauty therapists across our centres in Singapore;

(ii) The beauty care products that we use and sell are required to be notified to the Health Sciences Authority ("**HSA**") of Singapore. As at the LPD, we have a total of 66 beauty care products notified to the HSA of Singapore; and

(iii) The requirements for content, labelling, and advertising of beauty care products, as well as other relevant regulations under the Health Products Act 2007 of Singapore and its regulations.

For the Financial Years/Period Under Review and up to the LPD, we have been able to renew or maintain our licences, permits and approvals. Nevertheless, there is no assurance that we will consistently be able to renew or maintain our licenses, permits or approvals in a timely manner, or obtain the necessary licenses, permits or approvals for additional beauty care centres or products in the future. Any non-renewal of expiring licenses, registrations, permits, or approvals, or failure to obtain the required new licences, permits or approvals, could adversely affect our operations and financial performance.

9.1.9 We are subject to operational risks, including a shortage of staff and retaining trained and experienced staff, which may cause interruptions to our business

We face operational risks related to our skilled workforce. These risks mainly involve a potential labour shortage to support our existing beauty care centres and our expansion plans, as well as challenges in retaining trained and experienced staff. The Beauty Guidelines issued by KPDN require all beauty therapists to be trained, making our dependency on a qualified workforce and a stable team, primarily consisting of beauty therapists and support staff, essential for our daily operations.

A shortage of skilled staff could negatively affect our operations. It could lead to deteriorated service quality and customer experience, resulting in longer wait times, scheduling difficulties, and a general decline in service, ultimately affecting customer satisfaction and our market reputation. Furthermore, a shortage of skilled staff could also hinder our business expansion.

As at the LPD, we have a total of 506 staff at our beauty care centres in Malaysia and Singapore. Our staff costs for our beauty care centre operations accounted for 9.85% (RM18.91 million), 9.02% (RM27.28 million), 9.87% (RM34.24 million) and 9.95% (RM20.38 million) of our total revenue for FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

On 17 July 2024, the branch managers of 8 Slim Doc beauty care centres ("**Relevant Outlets**") submitted the resignation letters of 86 staff in their respective outlets to Slim Doc's management. Slim Doc subsequently discovered from the branch manager of one centre that a planned mass resignation was intended, with the outlets scheduled to close for 7 days from 18 July 2024. Subsequently, Slim Doc successfully persuaded 80 staff to return to work by noon of 18 July 2024, and the business operations of the Relevant Outlets were not materially affected. Following the incident, we face risks from employment disputes, including an ongoing claim from a former employee.

In addition, there is an ongoing industrial court dispute relating to a claim for unfair dismissal of a former employee. Nevertheless, the case is not expected to have a material adverse impact on our Group's business operations and financial condition as the estimated legal fees of RM40,000 and the potential maximum liability of RM468,000 is immaterial and represents 0.52% of the Group's PAT for the FYE 2024.

While we have not experienced any material workforce shortages that affected our business operations during the Financial Years/Period Under Review and up to the LPD, there is no assurance that we will not face challenges in recruiting and retaining trained staff, especially beauty therapists, in the future. Such challenges could adversely affect our business operations and financial performance.

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9.1.10 Our business is exposed to service, product, professional and public liability risks, as well as risks related to consumer claims and claims against our directors and employees

We operate a multi-brand chain of beauty care centres in Malaysia and Singapore, primarily serving individual consumers. In addition to beauty care services, we also sell food and beauty products at our centres. As such, our business is subject to several liability risks, including service, product, professional and public liability, as well as risks from consumer claims, and potential legal actions against our directors and employees.

These risks may arise from the beauty care services and products we offer and could lead to legal claims, reputational damage, or financial losses. We may also face regulatory fines, product recalls, temporary closures of our centres, or the potential suspension or withdrawal of our business licences or product registrations. Product liability risks could arise from factors such as contamination during manufacturing, processing, storage, the unintentional use of unsafe or banned ingredients, sabotage, or product mislabelling. While we adhere to quality standards at our centres and ensure that our third-party suppliers comply with industry safety and quality standards, any product liability claims could harm our market reputation, erode consumer trust in our brand, and negatively impact our operations and financial performance.

We also face consumer claims related to dissatisfaction with the quality of our beauty care services. As outcomes may vary between individuals, we do not provide guarantees for the success of treatments; claims based solely on dissatisfaction with results are generally not entertained. Nevertheless, we may, at our discretion and on a case-by-case basis, consider refunds following internal assessment of the relevant circumstances. For the Financial Years/Period Under Review and up to the LPD, our business operations and financial performance were not materially affected by any such complaints.

We maintain a formal complaint-handling policy to manage customer feedback and complaints. For example, Slim Doc SG received an email from the Advertising Standards Authority of Singapore ("**ASAS**") on 14 October 2025 regarding public feedback on an online advertisement claiming that weight loss could be achieved without proper diet and appropriate physical activity. Upon receipt, Slim Doc SG immediately ceased all online advertisements containing the phrase "no extreme diets or tough workouts needed", and subsequently received a further email from ASAS dated 5 November 2025 confirming the closure of the matter. All ongoing incidents are closely monitored and addressed promptly.

Dispute resolution arising from legal or other business-related claims can be costly and time-consuming. Given the uncertainties of such proceedings, we cannot assure a favourable outcome. Adverse outcomes could damage our reputation, erode consumer trust in our brand, and adversely affect our business operations and financial performance.

We cannot assure that similar incidents or events will not occur in the future, nor that they will not materially and negatively impact our reputation, business operations, or financial results. While we maintain professional indemnity insurance to cover potential claims, there is no assurance that such insurance will be sufficient for all possible liabilities. In addition, claims may result in higher insurance premiums, which could further affect our financial performance.

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9.1.11 We are exposed to the risk of theft, robbery or pilferage from our beauty care centres

We operate beauty care centres where our staff handle products, consumables as well as cash. There is a risk of product and cash pilferage which may materially affect our financial performance. While we have implemented various operational procedures and controls to minimise product and cash pilferage, there is no guarantee that such occurrences can be fully prevented, nor that they will not impact our financial performance. In addition, while we have insurance to cover pilferages and theft at all our centres and our headquarters, there is no assurance that our insurance coverage will be sufficient to compensate us for all losses, which may affect our financial performance. If we make multiple insurance claims, our insurance premium may increase, further impacting our financial performance. For the Financial Years/Period Under Review and up to the LPD, we have not experienced any material pilferage from our centres. However, there can be no assurance that such incidents will not occur in the future.

9.1.12 Our business operations are dependent on our Executive Directors and Key Senior Management

Our business operations are dependent on the experience, knowledge and skills of our Managing Director/Chief Executive Officer, Executive Director, and the Key Senior Management of our beauty care centre operations.

Our Managing Director/ Chief Executive Officer, Ong Hong Keat is responsible for steering the Group's overall strategic direction and business planning to drive the growth and expansion of our Group. He has been instrumental in our Group's growth and operations over the years. In particular, through his efforts, the first *Slim Doc* beauty centre was set up in 2022 where our Group started to offer slimming treatment services; the first *Perfect Doc* beauty centre was set up in 2023; and the first *One Doc x Hair Doc* beauty centre was established in Singapore in 2024, marking our Group's official expansion into Singapore. He is currently a director of all the companies within our Group.

Our Executive Director/Chief Operating Officer, Joel Yap Jiang Feng is responsible for overall management of the Group's operations, including resource coordination and the execution of the Group's operational strategies

Our Managing Director and Executive Director are supported by our Key Senior Management team including Chin Boon Keat, our Chief Learning Officer, and Cheok Huei Shian, our Chief Financial Officer. The loss of the services of any one or more of our Executive Directors or Key Senior Management without any suitable and timely replacement may adversely affect our business operations and financial performance.

9.1.13 Our business operations are subject to risks of security breaches, information and communications technology ("ICT") and network system failures, and other disruptions affecting the ICT and its related systems

Our websites, databases and ICT systems, including the enterprise resource planning ("**ERP**") system, online platform and telecommunication infrastructure that connect our centres and headquarters, are important to our business operations. Our ERP system handles a wide range of functions, including sales processing, finance and accounting, inventory and warehouse management, delivery, centre management, and customer relationship management. Our beauty centres are connected to an online platform that incorporates electronic payment facilities, facilitating the sale of our services, including package sales and products. Our communications infrastructure includes our local area networks as well as third-party wide area networks and the internet.

In this respect, we are exposed to the risk of security breaches, malfunctions, unavailability of third-party services, and wilful or otherwise intentional damage to our IT and network systems, infrastructure, properties, or assets. Security breaches, including eavesdropping, cyber-attacks, malicious code, ransomware, or other destructive or disruptive actions related to our software, hardware, processing, communications, and data, as well as our online platform, may adversely affect our business operations and financial performance.

In the event of any occurrence of security breaches or malfunction of our IT and network systems, it may render our systems to be inoperable for some time or result in violation of applicable privacy laws, which could subject us to significant liabilities, losses or actions by regulators and legal suit. It could also harm our reputation and adversely affect our business operations and financial performance. For the Financial Years/Period Under Review and up to the LPD, we have not encountered any material security breaches or malfunction of our ICT system malfunctions.

Nevertheless, there can be no assurance that we can anticipate or implement adequate preventive measures against all security breaches, system malfunctions, human errors, and/or negligent actions, any of which could adversely impact our reputation, business operations and financial performance.

9.1.14 There is no assurance that our insurance coverage would be adequate

We maintain general insurance policies where relevant and practical, covering our assets, employees and business operations with policy specifications and insured amounts which we believe are reasonable. As at the LPD, we have various insurance coverage including malpractice, all-risk, fire, product liability, public liability, and money insurance.

If claims exceed the coverage of our general insurance policies, we may be liable for the shortfalls which could adversely affect us financially. Alternatively, multiple or substantial claims may result in higher insurance premiums, further impacting our financial performance. For the Financial Years/Period Under Review and up to the LPD, there have not been any material claims exceeding the coverage of our general insurance policies.

Additionally, we are exposed to the risk of increased premiums or deductibles, reduced coverage and additional or expanded exclusions under our existing insurance policies.

Although we have taken steps to ensure that our assets, employees and business operations are adequately insured, there can be no assurance that our insurance coverage will be adequate to compensate for the replacement costs of assets, claims from employees or the public, and any consequential losses.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to competition from other beauty care service providers and are dependent on our intellectual properties

We face competition from other beauty care service providers and medical aesthetic clinics offering similar services. Factors of competition include, among others, the range of beauty care services offered, the techniques, and products used; brand equity (including brand awareness, customer loyalty, and brand image); quality of services and customer experience; pricing; accessibility and convenience of locations; and operational efficiency, including appointment scheduling, booking and payment options.

If we are unable to maintain our competitive position, differentiate our services, or strengthen our brand and key operational capabilities, our business prospects and financial performance may be adversely affected.

In addition, we have registered our intellectual property to protect our beauty care centre brands against potential trademark infringement. As at the LPD, our Group is the registered proprietor of 114 trademarks and has 30 pending trademark applications in Malaysia, Singapore and other jurisdictions. Please refer to **Annexure A** of this Prospectus for further details. Nevertheless, there can be no assurance that we will be able to successfully prevent third parties from using our intellectual property without authorisation. Any failure to renew or maintain such rights on a timely basis may enable third parties to exploit our intellectual property, which could have a material adverse effect on our business operations and financial performance.

9.2.2 We are subject to economic, social, political and regulatory risks in the countries where we operate, including Malaysia and Singapore

Our business is susceptible to adverse changes in economic, social, political, and regulatory conditions in Malaysia and Singapore, which may negatively impact our business operations and financial performance. Among others, these changes may include the following:

(i) changes in domestic and global situations, including political leadership, geopolitical events, expropriation or nationalisation, deterioration of international bilateral relationships, trade sanctions, boycotts, and acts of terrorism, riots and wars;

(ii) changes in domestic fiscal and monetary policies affecting interest rates, foreign investments, methods of taxation and tax policies;

(iii) emergence of new epidemics or pandemics;

(iv) changes in consumer trends and behaviour;

(v) changes in social conditions such as inflation, unemployment rate and minimum wage levels;

(vi) changes in regulations pertaining to the operations of beauty care centres; and

(vii) other matters such as unemployment trends, inflation and other factors that may influence consumer and business confidence and spending.

Accordingly, there can be no assurance that adverse economic, social, political or regulatory developments beyond our control will not materially affect our business operations and financial performance.

9.2.3 Our business operations and financial performance may be affected by prolonged epidemics or pandemics

We face risks arising from prolonged epidemics or pandemics that may affect our business operations.

Our beauty care centre operations were temporarily suspended following the implementation of various movement control orders by the Malaysian Government during the Covid-19 pandemic. During this period, we were not allowed to provide beauty care services and sell of products at our centres, which adversely affected our business operations and financial performance.

Accordingly, prolonged epidemics or pandemics may result in temporary closures of our business operations and a decline in patronage at our beauty care centres, which may adversely affect our business and financial performance.

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9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

There was no public trading market for our Shares prior to our IPO. Hence, there can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the price at which holders 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 our IPO price will reflect our operations and financial conditions, 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

Our IPO Price was determined after taking into consideration various factors including but not limited to our business strategies, future plans and our financial and operating history.

The market price of our Shares may fluctuate as a result of, among other things, the following:

(i) general market, political and economic conditions;

(ii) trading liquidity of our Shares;

(iii) differences in our actual financial and operating results and those expected by investors and analysts;

(iv) changes in earnings estimates and recommendations by financial analysts;

(v) changes in market valuations of listed shares in general or shares of companies comparable to ours;

(vi) perceived prospects of our business and the industry in which we operate;

(vii) adverse media reports regarding us or our shareholders;

(viii) changes in government policy, legislation or regulation; and

(ix) general operational and business risks.

The performance of the stock market is also affected by the external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. 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 is no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

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9.3.3 We may not be able to pay dividends

We are an investment holding company, and 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.

We target a payout ratio of at least 50.00% of our PAT attributable to owners of our Company for each financial year on a consolidated basis. Our dividend payments would be determined by our Board considering, among others, our financial performance and condition, working capital requirements, projected levels of capital expenditure and investment plans. Please refer to **Section 12.5** of this Prospectus for further information. Therefore, our dividend payments are not guaranteed, and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to declare and pay dividends or to declare and pay lower amounts of dividends than the amount we currently propose, after taking into consideration the necessary funds for capital expenditure, working capital and applicable restrictive covenants under our financing.

Such declaration of dividends shall not exceed our distributable profits. Further, if we incur new borrowings after our Listing, we and our subsidiaries may be subjected to additional covenants restricting the ability to pay dividends. If we do not pay dividends, or 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.

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

9.3.4 There may be a delay in or termination of our Listing

Our Listing may be delayed or terminated due to possible occurrences of certain events, which may include, among others, the following:

(i) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations under that agreement or the Joint Placement Agents exercise their rights under the Placement Agreement to discharge themselves from their obligations under that agreement;

(ii) we are unable to meet the minimum public shareholding spread requirement under the Listing Requirements, whereby at least 25.00% of the total number of our Shares for which our Listing is sought must be held by a minimum number of 1,000 public shareholders each holding not less than 100 Shares at the point of our Listing; and/ or

(iii) the revocation of the approvals for our Listing by the relevant authorities for our Listing for whatever reason.

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

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

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) 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 of our Issue Shares and the issue proceeds form part of our share capital:

(i) 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

(ii) our Listing is terminated other than pursuant to a stop order by the SC, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either:

    (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

    (b) a solvency statement from the directors.

9.3.5 Forward-looking statements are subject to uncertainties

This Prospectus contains forward-looking statements, which are statements other than historical facts, including, without limitation, statements regarding our financial position, business strategies, growth prospects, and plans and objectives for future operations. These statements are based on assumptions that we believe to be reasonable as at the date of this Prospectus; however, there is no assurance that such expectations will materialise.

Forward-looking statements can often be identified by the use of terms such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. They are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements, or those of the industry in which we operate, to differ materially from any results or performance expressed or implied by such statements.

Accordingly, investors should be aware that reliance on these forward-looking statements involves risks, and actual results may differ materially, which could adversely affect the value of, and returns on, our Shares.

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