8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

8.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

8.1.1 Our business and operations were impacted by the outbreak of the COVID-19 virus

Our business and operations faced temporary interruption pursuant to the outbreak of the COVID-19 virus globally. The imposition of the MCO effective on 18 March 2020 to 3 May 2020 by the government of Malaysia to contain the spread of virus has resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission is obtained from the relevant governmental bodies.

As our business is categorised under essential services, we were allowed to continue operating during the MCO period. Nevertheless, between 18 March 2020 and 3 May 2020, we were required to adhere to the standard operating procedures set out by MITI whereby we had reduced our Group's total workforce to a capacity of 50%.

Resulting from the COVID-19 pandemic, we received a suspension of order from 1 foreign customer, namely Loi Hein (Singapore) Pte Ltd, our major customer in the FYE 2019 and FYE 2020. Based on the total purchase order received from Loi Hein (Singapore) Pte Ltd, the suspension of order was USD0.45 million (approximately RM1.85 million) and we are unable to recognise such revenue until we complete the fulfilment of the order. Further, the imposition of the MCO had resulted in delays of up to 2 weeks in our delivery schedule, for both local orders and export orders, arising from logistics disruptions during the initial stage of the MCO. Similarly, we also experienced delays in receiving supplies purchased from overseas which had resulted in a 1-month delay in fulfilling our orders to Bryden Pi Ltd.

The imposition of the second MCO in Selangor from 13 January 2021 to 4 March 2021 did not cause any adverse impact to our operations, including the procurement and receipt of supplies and fulfilment of orders. Further, the imposition of the third MCO in Selangor from 6 May 2021 onwards, including the total lockdown (phase 1) from 1 June 2021 to 14 June 2021 is not expected to cause any adverse impact to our operations, including the procurement and receipt of supplies and fulfilment of orders. As such, our Group does not expect any adverse impact to our financial performance for the FYE 2021 arising from the imposition of the second MCO and the third MCO, including the total lockdown (phase 1).

Nevertheless, if there is any tightening of movement restriction in the future which result in reduction of workforce or closure of our operations, there can be no assurance that our manufacturing schedule will not be materially impacted and that we will be able to fulfil our orders in a timely manner. Further, there can be no assurance that our customers will not initiate any penalty claims against our Group arising from the delay, which may result in adverse impact on our financial performance.

Notwithstanding that our Group had undertaken necessary precautionary measures and steps in response to the COVID-19 situation, there can be no assurance that our employees will not be infected by the COVID-19 virus. Should all or a portion of our employees be quarantined as a result of potential infection, our business operations may be affected due to a temporary shortage of workers.

Additional details on interruptions to our business operations are set out in Section 6.7.4.

8.1.2 We are dependent on a few major customers who contribute substantially to our revenue

We are dependent on the following major customers:

(i) Hai-O Enterprise Berhad which contributed 57.33%, 45.16% and 31.04% of our Group's revenue, respectively in the past 3 FYEs 2018 to 2020. The majority of our sales to Hai-O Enterprise Berhad were from the sale of one coffee premix product which amounted to RM16.40 million, RM14.32 million and RM12.11 million, which contributed 87.56%, 100.00% and 99.08% of our total sales to Hai-O Enterprise Berhad, respectively in the past 3 FYEs 2018 to 2020. They have been our customer since 2007.

(ii) TDC Avenue Sdn Bhd which contributed 6.35%, 13.64% and 38.54% of our Group's revenue, respectively in the past 3 FYEs 2018 to 2020. Our sales to TDC Avenue Sdn Bhd were from the sale of one food supplement premix product which amounted to RM2.07 million, RM4.32 million and RM15.17 million, which contributed 100.00% of our total sales to TDC Avenue Sdn Bhd, respectively in the past 3 FYEs 2018 to 2020. They have been our customer since 2008.

Collectively, Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd have contributed 69.58% to our Group's revenue for FYE 2020.

In addition to our dependency on Hai-O Enterprise Berhad and TDC Avenue Sdn Bhd as our top 2 major customers, we are also dependent on single products from both these customers, namely one coffee premix product from Hai-O Enterprise Berhad and one food supplement premix product from TDC Avenue Sdn Bhd.

Additional information on our major customers is set out in Section 6.21.

Any loss of these major customers and our inability to replace these customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our financial performance. Further, even though we may be able to secure new customers, there is no assurance that we will be able to achieve the same level of sales value and maintain and/or improve our profit margins. If such adverse events occur, our financial performance will be adversely affected.

8.1.3 Absence of long-term contracts with our customers and supply agreements with our suppliers may result in the fluctuation of our Group's financial performance and may affect affect our business and results of operations

We have not entered into any long-term contracts with our customers as our sales are derived based on purchase orders whereby our customers will purchase our services on an as-needed basis. The lack of long-term contracts is mainly due to the nature of our business and the prevailing customer practices where the demand for our services is subject to our customers' needs and business decisions. Further, it is common for customers to replenish their stocks only when inventory levels are low due to the long shelf-life of instant beverage premixes which typically ranges between 1 to 2 years.

The absence of long-term contracts may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance. It poses risks to our Group as any business decision made by our customers, resulting in the reduction of purchases from our Group, may affect our financial performance. Should our existing customers cease purchasing from our Group, and if we are unable to replace these customers with new customers in a timely manner, our financial performance may be adversely affected.

While we strive to ensure customer satisfaction by improving our product quality, strengthening existing business relationships and establishing relationships with new customers to expand our customer base, any adverse economic conditions or slowdowns in the demand for instant beverage premixes may negatively impact our sales, which will consequently result in a decline in our financial performance.

We have not entered into any supply agreements with our suppliers to secure the long term supply of our raw materials. As such, there can be no assurance that we will be able to consistently source for raw materials at the quantities required and at competitive pricing from the same suppliers. In the event that we are unable to procure certain food ingredients from our existing suppliers, we may be able to replace with other suppliers but we may not be able to achieve taste profile with no discernible difference in our instant beverage premixes as the product profile of the food ingredients may differ from one supplier to another supplier. While the new suppliers may be able to supply the food ingredients with the closest taste profile as the original suppliers, there is no assurance that we will continue to be able to achieve the same taste profile in our instant beverage premixes all the time. In such instances, we may face risk of delivery delays as more time is spent to adjust the taste profile of the instant beverage premixes and if we are unable to adjust the taste profile based on our customers' requirements, we may produce instant beverage premixes that have slightly different taste profile than the original instant beverage premixes, which may lead to customer dissatisfaction and potential cancellation of orders, which may subsequently adversely affect our sales and reputation.

8.1.4 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules and regulations. We have obtained the necessary licences and approvals from various governmental authorities for our business, as set out in Section 6.18.

The licences and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, these licences and approvals may be revoked or may not be renewed upon expiry. Similarly, any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/or our directors, restrictions on operations and/or remedial liabilities.

8.1.5 We may face delays in the construction of our new factory

We plan to construct a new factory on the Semenyih Land and this will allow us to increase our manufacturing capacity and enhance the efficiency of our manufacturing. We expect to complete the construction of the new factory by March 2023.

The construction of the new factory within time and budget is subject to the following risks and uncertainties:

(i) Our ability to obtain the requisite approvals and licences for us to construct and operate our new factory, including the following:

   (a) The approval for our planning permit and building plan from Majlis Perbandaran Kajang. We had on 29 January 2021 submitted our applications;

   (b) The issuance of Certificate of Completion and Compliance; and

   (c) Issuance of manufacturing licence from MITI/MIDA,

(ii) Delays in machinery procurement and relocation of our existing machinery from our Beranang Factory.

Delays in the construction of our new factory may lead to higher than anticipated construction costs. In such event, we may be required to utilise our internally generally funds which will reduce our available working capital or utilise additional bank borrowings which will increase our interest cost to fund the increase in construction costs.

8.1.6 We are subject to the volatility in prices of coffee powder, milk powder, creamer, sugar and sachet foils

Our coffee powder, milk powder, creamer, sugar purchases and sachet foils constitute between 64.87% to 79.98% of our cost of sales for the past 3 FYEs as follows:

	FYE 2018		**FYE 2019**		**FYE 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Coffee powder	4,867	27.53	4,577	23.95	3,490	15.69
Milk powder	485	2.74	992	5.19	4,122	18.54
Creamer	5,435	30.74	4,962	25.97	3,684	16.57
Sugar	1,254	7.09	1,198	6.27	1,110	4.99
Sachet foils	2,100	11.88	2,722	14.24	2,019	9.08
	14,141	**79.98**	**14,451**	**75.62**	**14,425**	**64.87**

The prices of coffee powder, milk powder, creamer and sugar are subject to fluctuations according to the global commodity prices. Prices of packaging materials such as sachet foils are also subject to fluctuations. As such, our financial performance may be adversely impacted if we are unable to pass on any increase in cost of supplies to our customers.

Kindly refer to Section 11.2.3(iv) on the effects of price fluctuations of supplies on our financial performance for the past 3 FYEs.

8.1.7 We are exposed to risk arising from food contamination

Food contamination is an inherent risk in all food and beverage operations. We are exposed to the risk of food contamination due to numerous processes involved in instant beverage premix manufacturing.

The food ingredients used in our manufacturing comprises powdered ingredients which has to be handled and stored in dry conditions. Such ingredients are vulnerable to contamination from the growth of mould if not properly handled, stored and packed. Any contamination in our products may result in it being unsafe for consumption and will have an adverse impact on our reputation. This may also result in authorities inspecting our premises, leading to monetary fine and/or temporary closure of our operations for cleaning and/or sanitation, any of which may materially and adversely affect us.

Further, our manufacturing processes involve human intervention and are therefore subject to our employees' awareness of good hygiene and them continuously adhering to our food safety management system. Whilst we stress and educate our employees on our food safety standards, there is no assurance that we will be able to continuously maintain the highest level of food safety standards and that we will not be exposed to the risks of food contamination in the future.

In the past 3 FYEs 2018 to 2020, there was 1 occurrence where a small piece of plastic strip of the filling cup from our filling machine was found in a sachet. Our customer lodged the complaint to us pursuant to the complaint lodged by the consumer against the incident, but did not initiate any claims against our Group. Due to this, we replaced the plastic strip of the filling cups for all our filling machines to a single large lining, to prevent any small pieces of plastic strips from detaching and inadvertently sealed into the sachets. This is to prevent the reoccurrence of similar incidents.

8.1.8 We may not be able to source food ingredients and ingredients for body care product with similar taste profile and composition of properties from alternative suppliers

Food ingredients are generally readily available and can be easily sourced locally and overseas as there are many alternative suppliers available in the market. Nevertheless, the product profile may differ slightly from one supplier to another supplier. In the event that we are unable to procure from our existing suppliers for certain food ingredients, we are able to replace with other suppliers but there can be no assurance that we will be able to achieve the similar taste profile in our instant beverage premixes. Hence, there is no assurance that the instant beverage premixes manufactured for third party brand owners as well as for house brands will continue to be well accepted by end-consumers. Should there be any negative response to our instant beverages premixes due to a change in taste profile, our financial performance may be adversely affected if brand owners reduce their purchases from our Group due to lower demand for the products.

Further, the ingredient for our body care product, namely aloe vera gels is currently sourced from an overseas supplier. While we have not encountered any major disruptions in the supply of aloe vera gels in the past 3 FYEs 2018 to 2020, there is no assurance that in the event of a disruption, we will be able to source for aloe vera gels with similar composition of properties from other suppliers. Further, if our Group is forced to change our existing supplier due to unforeseen circumstances, there is no assurance that our customer will continue to engage our services for the manufacturing of aloe vera gel. Any discontinued engagement of our services may adversely impact our financial performance.

8.1.9 We are dependent on our Executive Deputy Chairman, Executive Director/Chief Executive Officer, Executive Director and key senior management for continued success and the loss of their continued services may affect our business

Our continued and future success largely depends on the continuing contribution of our Executive Deputy Chairman, Executive Director/Chief Executive Officer, Executive Director and key senior management, namely Dato' Ean Yong Tin Sin, Ean Yong Hien Voon, Ean Yong Hen Loen, Ean Yong Hien Chal, Ngooi Sok Ling and Tok Ai Mei. With their experience in their respective fields and in-depth knowledge of the instant premix beverage industry and our business, they play a pivotal role in our daily business operations as well as formulating and implementing strategies to drive the growth and expansion of our Group. They are involved in overseeing our manufacturing, quality assurance and quality control, execution of growth strategies, financial and accounting functions of our Group as well as procuring new suppliers and customers, and maintaining relationships with all our suppliers and customers.

We recognise that our Group's continuing success and future growth depend significantly on the capabilities and efforts of our Executive Deputy Chairman, Executive Director/Chief Executive Officer, Executive Director and key senior management. As such, any loss of these personnel, and our inability to find a suitable replacement in a timely manner, may create an unfavourable or material impact on our Group's operations, and may eventually affect our ability to maintain and/or improve our business performance.

8.1.10 We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group

For the past 3 FYEs 2018 to 2020, our export sales contributed 19.02%, 27.11% and 17.32% to our Group's total revenue respectively. The revenue generated from export sales are denominated in USD and RMB. In the FYE 2020, sales denominated in USD amounted to RM5.19 million and sales denominated in RMB amounted to RM1.63 million.

For illustration, assuming the fluctuation of RM against the USD and RMB is 5%, this will result in an increase or decrease in our GP for the FYE 2020 by RM0.34 million, depending on the direction of the foreign exchange. As our Group continues to expand our export sales, any fluctuation in foreign exchange rates will have an impact on our financial performance.

Further, some of our supplies such as coffee powder, flavouring, maltodextrin, aloe vera gels, sachet foils and packing bags are sourced from overseas and are denominated in USD, RMB and SGD. For the past 3 FYEs 2018 to 2020, our purchase of supplies denominated in the respective currencies are as follows:

	Audited					
	FYE 2018		**FYE 2019**		**FYE 2020**	
Purchases in:	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
RM	14,786	80.61	17,970	84.07	19,867	86.79
USD	3,240	17.66	3,059	14.31	2,602	11.37
RMB	297	1.62	285	1.33	263	1.15
SGD	20	0.11	61	0.29	159	0.69
	18,343	**100.00**	**21,375**	**100.00**	**22,891**	**100.00**

In the FYE 2020, our purchases of supplies from our overseas suppliers amounted to RM3.02 million. For illustration, assuming the fluctuation of RM against the USD, RMB and SGD is 5% and such foreign exchange fluctuations is not passed on to customers by way of selling price changes, this will result in an increase or decrease in our GP for the FYE 2020 by RM0.15 million, depending on the direction of the foreign exchange movement between RM and said currencies.

Our Group is dependent on foreign suppliers for the purchase of coffee powder and maltodextrin due to the limited availability of coffee powder and maltodextrin manufacturers in Malaysia. Additionally, each supplier has their own profile of coffee powder and therefore, we may not be able to easily source similar coffee powder from local suppliers. This further exposes us to the risk of foreign exchange fluctuations as we need to source for supplies from foreign suppliers. Further, there can be no assurance that we will be able to source similar coffee powder and maltodextrin at the quantities required and at competitive pricing from other foreign suppliers. In such instances, our manufacturing and delivery may be disrupted or delayed, which will materially adversely affect our business and results of operations.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risks for the revenue from our foreign sales and the purchase of our supplies. A depreciation of the RM against any of the currencies will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies.

There is a lead time of approximately 30 days between receiving purchase orders from customers and delivery of completed products, depending on the size of the order. This exposes us to foreign exchange fluctuation risks as we are unable to accurately price in all possible future depreciation of RM which may cause our revenue to be less than originally anticipated.

8.1.11 Our business is exposed to unexpected interruptions or delays caused by equipment failures, fire, as well as environmental factors (including natural disasters and outbreak of diseases), some of which may be beyond our control, which may lead to interruptions in our operations

We rely on machinery and equipment such as the filling machine and mixer to carry out manufacturing activities in our factory. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. Further, our business is also subject to loss due to fires or natural disasters such as floods or storms.

The occurrence of these unexpected events that are beyond our control may cause damage or destruction of all or part of our factory and machinery, resulting in interruptions to or prolonged suspension of our manufacturing activities. Any prolonged interruptions to our manufacturing activities will affect our ability in adhering to our manufacturing schedule, thus causing delays in the delivery of products to our customers. This could adversely impact our relationships with customers, financial performance and industry reputation.

For the past 3 FYEs 2018 to 2020, we have not experienced any incidents of unanticipated machinery and equipment failures or catastrophic damages as a result of fires or floods, which led to major interruptions in our operations. However, there can be no assurance that such incidences will not happen in the future. In the event that these incidences occur, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.

8.1.12 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities.

As at LPD, the Group has taken up the following insurance policies:

(i) Fire insurance policy, with a sum insured of RM11.91 million; and

(ii) Burglary and product liability insurance policy, with a sum insured of RM1.60 million.

However, our insurance may not be adequate to cover all losses or liabilities that might incur in our operations. For example, while we are insured against losses resulting from fires, we do not maintain insurance against losses at our factory as a result of other natural disasters.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We are subject to stringent licencing requirements, relevant food regulations and hygiene standards

Among the certifications that we have received are ISO 22000:2005, HACCP, FSSC 22000, MeSTI and GMP. We are also required to obtain and maintain a number of licences and permits from the relevant authorities to operate our business as set out in Section 6.13.

The manufacturing licences of Orgabio Manufacturing stipulate that 80% of the workforce has to be Malaysian citizens by 31 December 2022. As at LPD, Orgabio Manufacturing has not complied with such conditions. If Orgabio Manufacturing is unable to comply with such condition by 31 December 2022, its manufacturing licences may be suspended or revoked and this will negatively affect our business operations. In order to fulfil this condition, we will increase the hiring of local workers and reduce the hiring of additional foreign workers.

If we are unable to comply with all regulations or conditions of our certifications, licences and permits, such certifications, licences and permits may be suspended or revoked and this will negatively affect our business operations. There is also no assurance that the introduction of new laws or any changes to these legislations or other future regulatory developments will not have a material adverse effect on our business.

8.2.2 We are dependent on the existing foreign workers for our manufacturing activities

Despite our commitment to fulfil the condition which stipulates that 80% of our workforce has to be Malaysian citizens by 31 December 2022, we are still reliant on our existing foreign workers in our production, and procurement and warehousing department to carry out our manufacturing activities. As at the LPD, we have 43 foreign workers, accounting for 50.59% of our total workforce. Among our foreign workers, 40 workers are from our production department (representing 76.92% of total workforce in our production department), whereas the remaining 3 workers are from our procurement and warehousing department (representing 33.33% of total workforce in our procurement and warehousing department). All of our foreign workers have valid working permits, which are renewed annually.

The loss of our existing foreign workers without timely replacements may adversely disrupt our operations. The hiring of new local employees to replace the foreign workers may require some time as they may not be immediately available. Further, new employees will need time to familiarise with the operations of our machinery. In such event, our manufacturing activities may be affected and our deliveries may be delayed, which in turn may materially and adversely affect our business operations and financial performance.

Further, costs of foreign labour may continue to increase in the future as the Government continues to revise the relevant policies. In November 2018, pursuant to the release of Budget 2019, the Government announced a revision of minimum wages for all domestic and foreign workers to RM1,100 per month nationwide, from RM1,000 per month in Peninsular Malaysia and RM920 per month in East Malaysia, which was effective from 1 January 2019. The latest changes in minimum wages were announced through Budget 2020 whereby the minimum wages were raised to RM1,200 per month in major cities effective from 1 January 2020. Although this change did not affect us as we are not located in the selected major cities, there is no assurance that we will not be affected by other future changes to the minimum wage policy in the country. Hence, any increase in the levy rate and minimum wages for foreign workers will increase our cost of labour which may negatively affect our financial performance should we fail to pass on the increase in cost to our customers in a timely manner.

8.2.3 We are subject to risk relating to the economic, political and/or legal environment in countries we export to

In the past 3 FYEs 2018 to 2020, our foreign sales accounted for 19.02%, 27.11% and 17.32% of our total revenue respectively. As we continue to expand our business, our financial performance and results of operations are expected to be affected by the economic, political and/or legal conditions in countries we export to.

Conducting business in foreign markets also require us to comply with foreign laws and regulations covering many aspects including trade laws and licensing regulations, and these laws and regulations may change, or may be updated and amended, from time to time. Much of the above changes are beyond our control. There can be no assurance that any adverse economic, political and/or legal developments in countries we export to will not materially affect the financial performance of our Group.

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, our competitive strengths, our business strategies and prospects as well as our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(i) The selected investors fail to subscribe for the IPO Shares;

(ii) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from its obligations therein; and

(iii) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (iii) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8.3.3 The trading price of our Shares following our Listing may be volatile

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

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

8.4 OTHER RISKS

8.4.1 Our Promoter will be able to exert significant influence over our Company

Our Promoter will hold 61.00% of our enlarged share capital upon Listing. Because of the size of its shareholdings, our Promoter will have significant influence on the outcome of certain matters requiring the vote of our shareholders unless it is required to abstain from voting by law and/or as required by the relevant authorities.

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