

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING KEY RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 The project-based nature of our business and / or the timing of delivery may lead to fluctuations in our Group's revenue, profit and operating cash flow

Our revenue is derived from the provision of mobile and web application development; digital platform-based services; as well as subscription, hosting, technical support and maintenance services. Amongst these services, the provision of our application development and digital platform-based services (particularly Vote2U) are carried out on project basis and per-usage / per-event basis respectively, whereby these business activities collectively contributed approximately 94.3% to our Group's total revenue in FYE 2019, 87.1% in FYE 2020, 88.2% in FYE 2021 and 85.6% in FYE 2022.

Our revenue from the delivery of the application development projects is recognised upon issuance of invoices based on project delivery milestones over the tenure of the projects. As such, the timing of project delivery will affect our billing schedule which will in turn affect our revenue recognition, and may cause our profit and operating cash flow to fluctuate. Our application development projects generally range for a period of 3 months to 6 months for a single phase, depending on the complexity of the project. Any enhancements or upgrades are subject to our customers' operational needs and business decisions, which may be dependent on the user adoption rate of the application, additional features required based on feedback by end-users and the customer's budget. On the other hand, our revenue from Vote2U is based on each event / usage by our customers on the pre-agreed rates with our Group.

Our Group's inability to secure new projects and customers for these business segments in a timely manner will materially affect our Group's overall profitability and financial performance. Since the commencement of our business and up to the LPD, our Group has not experienced any shortage of projects that has adversely affected the revenue of our Group. Hence, the non-recurrent nature of application development projects and digital platform-based services (particularly Vote2U) secured from customers may cause our revenue, profit and operating cash flow to fluctuate.

9.1.2 We are dependent on our Executive Directors and key senior management team for continued success and growth of our business

Since inception, the success of our Group has been attributed to the experience, industry knowledge and network, and skills of our Executive Directors and key senior management. The growth and future success of our Group will continue to be dependent on the continuous contribution from Tan Aik Keong for his leadership in setting the strategic direction and driving the business development of our Group. Additionally, we also attribute our continuous success to the abilities, skills, experience and efforts of Low Kang Wen and Tham Chin Seng, in assisting Tan Aik Keong in implementing operational strategies and policies. Further, we are also dependent on the continued service of Cynthia Wong Yoke Wah, who possesses the relevant knowledge in finance, human resources and administrative matters to support our business operations. Please refer to Sections 5.1.2 and 5.4.2 of this Prospectus for the profiles of our Executive Directors and key senior management respectively.

9. RISK FACTORS (CONT'D)

As such, the loss of any of our Executive Directors and key senior management simultaneously or within a short period may create an unfavourable impact on our Group's operations and the future growth of our business. All of which may eventually affect the results of operations, financial performance and prospects of our Group, if we are unable to replace or attract suitable talents in a timely manner.

9.1.3 We are dependent on our software development team

The provision of mobile and web application development, as well as subscription, hosting, technical support and maintenance services, require the expertise of our software development team who are equipped with extensive technical knowledge as well as experience in various technology and software for application development such as Adobe Creative Suites, MarvelApp, Figma, C# .NET, VS Code, Visual Studio and other development toolkits and software detailed in Section 7.4(i) of this Prospectus. As at the LPD, we have a total 64 in-house software developers, of which 59 are permanent employees, while the remaining 5 are contract employees.

Our ability to retain and to attract competent and skilled software developers is crucial for our continued success, future business growth and expansion. Any loss of our software developers and our inability to find suitable replacements in a timely and cost-efficient (i.e. at competitive salary rates which are within our hiring budget) manner may cause disruptions to our project deliverables. Consequently, if our Group is unable to adhere to our project delivery schedules due to loss of any of our software developers, our project delivery milestones may be delayed, which may consequently affect our revenue recognition. Any delays to our project delivery schedules may lead to dissatisfaction from our customers and may impact our ability to secure future projects from these customers. Additionally, we may lose our competitive edge if we are unable to recruit competent and skilled software developers at a rate consistent with our business growth. In the Financial Years Under Review, the turnover rates of our software development team were 56.6%, 39.0%, 25.7% and 35.4% respectively. During the same period, there were instances whereby we face resource constraints which led to our Group outsourcing some development works to third party developers, details of which are set out in Section 7.3.1 of this Prospectus.

9.1.4 We may not be able to successfully implement our business strategies

We plan to grow our Group's business by expanding and enhancing our service offerings, through our business strategies and future plans as follows:

- (i) investing in a dedicated R&D division;
- (ii) investing in a dedicated sales, marketing and business development team;
- (iii) investing in a dedicated technical support and maintenance services division;
- (iv) establishing a training and development centre;
- (v) expanding our regional presence in Singapore; and
- (vi) expanding our mobile and web application development and digital platform-based services.

In order to successfully implement these business strategies, we are required to attract suitable talents, intensify our R&D activities and increase our sales and marketing activities. Please refer to Section 7.8 of this Prospectus for further details of our business strategies.

9. RISK FACTORS (CONT'D)

The execution of our business strategies is subject to additional expenditures including operational expenditures, capital expenditures and other working capital requirements. Such additional expenditure will increase our Group's operational cost including overhead costs, which may adversely affect our profit margin if we are unable to gain sufficient revenue by securing more sales or projects following the implementation of our business strategies. Furthermore, the implementation of our business strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate as well as political environment in Malaysia, Hong Kong, Singapore and countries in which our customers are domiciled, which may affect the commercial viability of our business strategies. The implementation of our business strategies could also be adversely affected by a variety of other factors such as new and unforeseen technologies used or introduced by our competitors or attractive pricing offered by our competitors, which may affect the attractiveness of our offerings.

Hence, there can be no assurance that the effort and expenditures spent on the implementation of our business strategies will yield expected results in growing our business in terms of financial performance and market presence. We are not able to guarantee that we will be successful in executing our business strategies, nor can we assure that we will be able to anticipate all the business, operational and industry risks arising from our business strategies. Such failure may lead to adverse effect on our business operations and financial performance.

9.1.5 We may be exposed to the risk of security breaches

Our customers who engage our subscription and hosting services, have their personal information and all data generated stored on third party cloud platform(s). Further, our customers who engage our RPV service through Vote2U, have data and information such as personal details of voters and attendees as well as voting results of the AGMs and / or EGMs stored on a third party cloud platform. Storage of data electronically may expose our database to external security threats such as malware attacks, hacking, espionage or cyber intrusions, as well as internal security breaches which include unauthorised access to restricted information by our employees.

Further, under the Personal Data Protection Act 2010, any service provider that collects customer information has the responsibility to adopt and implement a policy that protects the privacy of identifiable information. Failure to protect our customers' information from security breaches may result in the termination of subscriptions by our customers as well as exposure to legal action by the customers for breach of confidentiality including, but not limited to, lawsuits for damages arising from such breaches, which could adversely affect our business reputation. The Personal Data Protection Act 2010 is applicable to all our business activities, comprising development of mobile and web applications, provision of digital platform-based services and provision of subscription, hosting, technical support and maintenance services.

Our Group offers subscription and hosting services for storage of customers' information on several third party cloud computing platforms which our Group partners with, namely Microsoft Azure, AWS and Huawei Cloud. However, in the event where there are security breaches on Microsoft Azure, AWS and / or Huawei Cloud which lead to leakage of our customers' information to unauthorised parties, as a partner involving in selling their subscription and hosting services, our reputation and relationship with our customers may be adversely affected. Additionally, Our Group may be subjected to lawsuit, if the security breaches are caused by our Group's negligence. Further, it may also lead to loss of customers' confidence in our Group which will adversely affect our industry reputation.

While we have taken the necessary measures to minimise the risk of potential security breaches such as the usage of firewalls, secured coding practices, automated patching infrastructure (which enable automated process of correcting an issue without the need of amending the software programming) and security monitoring software (which enables automated monitoring and alerting to system administrators if any violation or breach to the software system is detected), there can be no assurance that there will not be cases of security breaches in the

9. RISK FACTORS (CONT'D)

future which could lead to adverse impact to our Group as described above. Since the commencement of our business and up to the LPD, there has been no occurrence of security breaches which led to leakage of customers' information.

9.1.6 Our intellectual property rights may be infringed and / or we may inadvertently infringe on third party's intellectual property rights

We retain the ownership rights of the applications and systems developed by us that relates to system and method for conducting election using blockchain technology. Our Group had on 29 May 2019 submitted a patent application with the title of "system and method for conducting election" to the MyIPO. This patent application covers any current and future invention by our Group in relation to systems and methods for conducting elections based on blockchain technology. This includes the e-voting mobile application developed in collaboration with Multimedia University which was launched in 2019.

As at the LPD, our patent application is pending approval. As such, our e-voting mobile application for Multimedia University is exposed to infringement by external party(s). Nevertheless, after we receive the relevant approvals for the patent application, there can also be no assurance that our intellectual property rights will adequately protect against any external infringement of the e-voting mobile application for Multimedia University, as well as any future applications related to conducting elections based on blockchain technology.

Further, for all other applications developed by our Group, including all on-going and future enhancements and modifications, there are also possibilities that we could inadvertently infringe intellectual property rights held by third party(s). This would result in the risk of the third party challenging our Group's intellectual property rights or taking legal action against us.

There is no assurance that any of the above incidents will be resolved in our favour. In the event that we are unsuccessful in pursuing any action against third party infringers, or a third party has successfully established that we have infringed its intellectual property, we may suffer significant loss arising from financial penalties and / or litigation costs. We may also be exposed to other risks such as adverse reputation and / or being prevented from selling any of our applications which may impact our range of offerings and financial performance. Since the launching of the e-voting mobile application for Multimedia University in 2019, our Group has not encountered any issues relating to the infringement of our intellectual property rights.

However, our Group has encountered an instance of inadvertent infringement of a third party's intellectual property rights in 2020 as a result of a development of a mobile application by Agmo Studio which inadvertently incorporated trademarks and copyrights of a third party corporation ("**Third Party**") without its consent. Third Party's lawyer wrote to Agmo Studio on 31 December 2020 and requested us to, amongst others, cease all unauthorised use of all the trademarks and copyrights works. They had also requested Agmo Studio to pay Third Party a sum of HKD30,000 as compensation. Agmo Studio had immediately taken down the mobile application from the App Store and Google Play Store upon receiving the letter from Third Party's lawyer. Agmo Studio had on 5 January 2021 replied to the said lawyer to provide explanation and undertake to cease using the trademarks and copyrights from there on. Third Party's lawyer responded on 24 August 2021 that should the mobile application remain taken down, there will be no further actions to be taken against Agmo Studio. The matter has been resolved between Agmo Studio and Third Party without the likelihood of any legal or financial implications on our Group and the payment of HKD30,000 as compensation is not required to be made to Third Party as the matter has been resolved. As at the LPD, the management is not aware of any inadvertent infringement by our Group of any third parties' intellectual property rights which remains unresolved.

9. RISK FACTORS (CONT'D)

9.1.7 Our financial performance may be impacted after the expiration of our Pioneer Status, and / or by any changes in the conditions or loss of MSC Malaysia status

In 2012, our subsidiary, Agmo Studio was awarded the MSC Malaysia status. Presently, all MSC Malaysia status companies are granted with certain financial and non-financial incentives. MDEC is the responsible body for monitoring all MSC Malaysia status companies, and MDEC has the right to revoke a company's MSC Malaysia status at any time in the event that there is non-compliance of the stipulated conditions.

Pursuant to the MSC Malaysia status, we were granted Pioneer Status which entitles us to a 100% exemption on taxable statutory income derived from approved MSC activities in the first 5 years upon the grant of MSC Malaysia status. Upon the expiry of the first 5 years, the grant of tax exemption can be renewed for a further period of 5 years. Please refer to Section 7.20 of this Prospectus for the salient conditions imposed by MDEC on our MSC Malaysia status and MITI on our Pioneer Status respectively.

Our Pioneer Status, which was effective from 11 December 2012, had expired on 10 December 2017. On 6 December 2017, we received the approval for renewal of the Pioneer Status effective from 11 December 2017 to 10 December 2022. This has allowed Agmo Studio to continue to be 100% exempted from taxation on its statutory income derived from approved MSC activities until the expiry of the Pioneer Status. However, upon the expiry of the Pioneer Status on 10 December 2022 which can no longer be renewed, Agmo Studio will be subjected to the applicable statutory tax rate going forward, which may affect the overall profitability of our Group. The table below illustrates the impact to our Group's PAT in the event that Agmo Studio did not enjoy the 100% tax exemption under the Pioneer status in the Financial Years Under Review:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
PAT				
With Pioneer Status	2,411	2,496	4,004	6,738
Without Pioneer Status	1,823	1,878	2,772	4,919
	%	%	%	%
PAT reduction				
Without Pioneer Status	24.4	24.8	30.8	27.0

Please refer to Section 12.3.2(ix) of this Prospectus for further details on our Group's taxation and effective tax rate for the Financial Years Under Review.

Further, there can be no assurance that we will continue to retain our MSC Malaysia status or to enjoy the access to incentives granted to all MSC Malaysia status companies. There can also be no assurance that the incentives will not be changed or modified in the future. All of these could have an adverse effect on our Group's financial performance.

9.1.8 We are exposed to foreign exchange transaction risks which may impact the profitability of our Group

For the Financial Years Under Review, our local sales were the largest contributor to our Group's revenue at approximately 84.2%, 76.7%, 80.8% and 87.5% respectively. Our customers are primarily based in Malaysia with an exception for a few foreign customers that are from Singapore, Hong Kong, Sri Lanka, Cambodia, People's Republic of China, Germany, United Kingdom and Vietnam based on their countries of domicile. For the Financial Years Under Review, our Group had 14 foreign customers. Revenue generated from certain customers in Cambodia, Hong Kong, Singapore and Vietnam were denominated in USD and SGD; while revenue generated from local customers and the remaining customers from overseas markets were denominated in RM.

9. RISK FACTORS (CONT'D)

For the Financial Years Under Review, our purchases for supplies and services comprise subscription and hosting services from third party cloud computing platforms and other services / charges which include outsourced development services, application charges, software licences and live streaming expenses. Some of the supplies and services purchased from overseas suppliers comprising subscription and hosting services, application charges and software licences were denominated in USD, while the remaining purchases from overseas suppliers and local suppliers were denominated in RM.

The breakdown of our revenue and purchases by currencies in the Financial Years Under Review are as follows:

Currency	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue								
RM	4,772	87.8	5,317	85.6	7,872	87.1	14,785	89.5
USD	663	12.2	897	14.4	1,002	11.1	1,416	8.5
SGD	-	-	-	-	166	1.8	324	2.0
Total	5,435	100.0	6,214	100.0	9,040	100.0	16,525	100.0
Purchases								
RM	284	81.8	308	88.8	783	86.8	1,341	88.3
USD	63	18.2	39	11.2	119	13.2	178	11.7
Total	347	100.0	347	100.0	902	100.0	1,519	100.0

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. Further, as at the LPD, we have not entered into any forward foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for our revenue and purchases denominated in foreign currencies which we transact.

A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. Overall, our foreign exchange gains and losses for the Financial Years Under Review are as follows:

Foreign exchange gain / (loss)	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Realised gain / (loss)	(6)	#	2	(19)
Unrealised gain / (loss)	-	12	(1)	3
Total	(6)	12	1	(16)

Note:

Less than RM1,000

9. RISK FACTORS (CONT'D)

Our Group has generally been able to pass on increase in cost arising from foreign exchange rates to customers by factoring the impact of foreign exchange rate in the quotation to our customers

9.1.9 The demand for our RPV services via Vote2U may be affected when the COVID-19 pandemic subsides

In May 2020, we launched a blockchain-based RPV application, namely Vote2U, which allows public listed companies to conduct AGMs and EGMs virtually, as well as events that require identity verification and audit trails such as virtual meetings for creditors and private and public associations. In view of the movement restrictions and physical distancing measures introduced by the Government to curb the spread of COVID-19, Vote2U has become a viable option for organisations to hold virtual large-scale events that involve large groups of participants. As at the LPD, we have hosted more than 90 AGMs and EGMs for public-listed companies in Malaysia through Vote2U. The launch of Vote2U has also created a new revenue stream for our Group and enabled us to venture into the digital platform-based services business. The revenue derived from the provision of our RPV services via Vote2U was approximately RM0.70 million or 7.8% of our total revenue for FYE 2021 and RM1.15 million or 7.0% of our total revenue for FYE 2022.

However, as movement restrictions and physical distancing measures are being uplifted gradually, organisations such as public listed companies and private and public associations may gradually revert to conducting AGMs, EGMs and meetings physically. As such, the demand for virtual events and meetings may be reduced when the COVID-19 pandemic subsides, and thus, the revenue generated from Vote2U may be adversely impacted, which will in turn affect our overall financial performance.

9.1.10 We are exposed to credit risk and default payment by customers

We generally grant our customers credit periods between 30 days to 90 days upon issuance of invoices. In the event that payment is not received within the credit period or there is a default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected.

Our impairment loss on trade receivables and bad debt written off for the Financial Years Under Review are as follows:

	Audited			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Impairment loss on trade receivables / (Reversal of impairment loss on trade receivables) ⁽¹⁾	11	(11)	225	(192)
Bad debts written off ⁽²⁾	44	11	45	-

Notes:

- (1) *Comprise the recognition and reversal of loss allowances on trade receivables. In accordance with MFRS 9, an impairment analysis is performed at each reporting date for expected credit losses on trade receivables with reference to historical credit loss experience on a general basis as well as for individually impaired trade receivables.*
- (2) *Bad debts written off were due to long outstanding debts that had no reasonable expectation of recovery. The bad debts written off during the Financial Years Under Review were not from our major customers, and our Group has ceased to provide services to these customers.*

9. RISK FACTORS (CONT'D)

Please refer to Section 12.8.1 of this Prospectus for further details on our trade receivables past due but not impaired as at the LPD. In the event that there is any default or delay in the collection of payment, it will lead to impairment losses on trade receivables or bad debts which may have material adverse impact on our financial performance.

9.1.11 Our project deliverables are exposed to unexpected delays, interruptions or contract termination caused by operational factors, accidents and natural disasters beyond our control

The deliverables of our projects are subject to unexpected delays, interruptions or contract termination caused by factors beyond our control. For example, our customers may delay the completion of projects due to unforeseen circumstances such as unavailability of persons-in-charge at the customers' sites to facilitate the launch of the application, or unexpected difficulties in accessing our customers' IT infrastructure due to sudden breakdowns or unscheduled system maintenance. Our customers may also terminate our contract due to various reasons such as budget constraint or change of business decision.

If there are any delays caused by our customers which result in delays in our timing of project delivery, our financial performance will be affected. Please refer to Section 9.1.1 of this Prospectus for further details on the impact of timing of project delivery on our financial performance. Hence, we are dependent on the availability and cooperation of our customers to minimise delays in our deliverables.

Any other unexpected events such as accidents and natural disasters may cause temporary disruptions to our projects. As our project deliverables are dependent on our software development team and cannot be replaced or automated with machines, any unexpected significant interruptions to our manpower which are not resolved in a timely manner may affect the timing of delivery of our projects and subsequently affect our financial performance. Please refer to Section 9.1.1 of this Prospectus for further details on the impact of timing of project delivery on our financial performance. Since the commencement of our business and up to the LPD, save for a project deferment during the COVID-19 pandemic as disclosed in Section 7.15 and Section 9.1.13 of this Prospectus, we have not encountered any delays or interruptions caused by operational factors, accidents and natural disasters beyond our control which adversely affected the financial performance and business operations of our Group.

9.1.12 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in the course of our business operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. As at the LPD, the insurance policies taken by our Group in regards to the protection against various losses and liabilities are as follows:

- (i) insurance related to 'contractors all risks', of up to RM1.00 million and 'workmen compensation', of up to RM0.10 million for projects as requested by our customer; and
- (ii) comprehensive general liability insurance related to 'manpower supply' for a project as requested by our customer of up to RM0.50 million.

However, in the event of claims, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations as a result of any unforeseen circumstances. 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 operations and financial performance.

9. RISK FACTORS (CONT'D)

9.1.13 Our business and operations are exposed to sudden disruptions caused by serious pandemic and epidemic outbreaks

On 11 March 2020, COVID-19 virus, also known as the novel coronavirus was declared a worldwide pandemic by the World Health Organisation. In light of the COVID-19 pandemic, the Government has imposed various degrees of nationwide movement restrictions (i.e. MCO, conditional MCO, recovery MCO, enhanced MCO and various phases under the NRP) to curb the spread of COVID-19 since 18 March 2020, depending on the severity of the COVID-19 infections in each state, federal territory and area.

Since the outbreak of the COVID-19 pandemic and up to the LPD, 5 of our employees were tested positive for COVID-19 and have since recovered. As these employees were working from home during the time of infection, there was no impact to our business operations arising from these positive cases. Further, while there has not been material impact to our business operations as our employees continued to work from home during the periods of office closure, there was a request for project deferment received from one customer. Please refer to Section 7.15 of this Prospectus for further details on this project deferment. Notwithstanding that our Group has not experienced any material interruptions to our business operations arising from the COVID-19 pandemic up to the LPD, there can be no assurance that there will not be any unfavourable impact or any project deferments / cancellations in the future, in the event of resurgence in COVID-19 cases and re-imposition of movement restriction measures which are beyond our control.

Any such future pandemic outbreaks, as well as epidemic outbreaks affecting a significantly large but more localised population, may result in similar interruptions to our Group's business and operations, which may subsequently have a material adverse impact on our financial performance.

9.1.14 The intellectual property rights of our Agmo Genesis framework are not formally protected by registration

The success of our Group, to a certain extent, depends on our ability to protect our technology know-how. However, the Agmo Genesis framework that we have developed over time is not registered as a patent as it is not at this juncture considered a patentable invention which is eligible for patent protection (i.e. a non-public invention involving an inventive step and which is industrially applicable), in view that functions developed using the Agmo Genesis framework are functions that can be commonly found in many applications, and such functions can be developed by other industry players using different programmed coding or their own internal framework. Our Group may therefore be unable to fully protect the intellectual property rights of our Agmo Genesis framework in the event that our Group's competitors were to develop their own version of the framework which is similar in features or functions to the Agmo Genesis framework. There can also be no assurance that our Group will be able to protect our intellectual property rights in the Agmo Genesis framework against unauthorised third party attempts to steal, use or exploit the framework. Nevertheless, it is worthwhile noting that notwithstanding the absence of patent registration, our Group as the creator is the owner of intellectual property rights in and to the Agmo Genesis framework and such rights are protected by legal principles relating to protection of trade secrets. The unauthorised acquisition, use, disclosure or exploitation of trade secrets (i.e. information which is not in the public domain and which has the quality of being confidential or which was disclosed in circumstances imposing a duty of confidence on the recipient of the information) is regarded as an unfair practice which is in violation of the trade secret protection provided by Malaysian law.

Our Group carries out continuous R&D work, enhancements and modifications on the Agmo Genesis framework to ensure that it meets our application development requirements and to ensure that our customers' expectations are met, delivered and maintained. In this regard, our management believes that as ongoing enhancements and modifications to the Agmo Genesis framework are necessary to keep up with ever-changing industry requirements and the rapid

9. RISK FACTORS (CONT'D)

development of information technology in order to ensure that it retains its utility and effectiveness, the continued development of the Agmo Genesis framework would to a certain extent require the technological know-how and expertise carried by our Group. Hence, the ability of external parties who are unfamiliar with the framework to be able to utilise the framework is limited.

Further, the management of our Group believes that the risk of unauthorised copying of our Agmo Genesis framework is relatively low due to the strict access authorisation to the framework. The back-end system of the Agmo Genesis framework including the application source code is only accessible by the back-end team while the front-end team is only able to access the front-end system (i.e. the user interface) of the framework. In order to mitigate the risk of unauthorised copying of the framework, only Tan Aik Keong, Low Kang Wen and Tham Chin Seng have access to both the front-end and back-end systems. Therefore, the risk of an unauthorised person being able to access the entire framework is relatively limited.

When there is access by any authorised person to the framework's front-end or back-end system and any attempts to make any changes to the framework, the system log will record the user identification, date, time and any changes made. The risk of leakage of information is therefore mitigated with such control and tracking system being in place. Furthermore, we also have a means of controlling and assigning user access / identification and effecting the revocation of access of employees who cease working with our Group. We also review our information access procedures from time to time to strengthen our access control and reporting mechanism.

Nevertheless, we recognise that despite such controls being in place, there is no assurance that we can completely prevent existing and / or outgoing employees from copying any of our Group's know-how which is inherent in the Agmo Genesis framework. Therefore, our Group ensures that all our employees including our executive directors and our key senior management team each sign a non-disclosure agreement with our Group, which contains prohibitions against the unauthorised copying or use of our technological know-how and trade secrets. Upon the termination of any employee's employment with our Group or upon instruction by our Group, the employee must return to our Group all confidential information received and all documents and property of our Group, including copies made or obtained by the employee during the course of the employee's employment.

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 We face competition from existing and new digital solution providers and application developers**

The mobile and web application development industry in Malaysia is competitive due to the large number and fragmented nature of industry players which are involved in the development of mobile and web applications. We face competition from existing and new digital solution providers and application developers. These include software development companies whose principal activities include the development of mobile and web applications; as well as IT services companies which may also include the development of mobile and web applications as part of their service offerings. These digital solution providers and application developers may comprise local companies in Malaysia and overseas companies that may or may not have presence in Malaysia. The fragmented and competitive nature of the mobile and web application development industry in Malaysia could also be due to low barriers of entry, particularly if a new industry player operates a small technical team and develop mobile and web applications without extensive and complex functionalities.

According to the IMR report, there are 11 industry players which have been identified as the closest competitors to our Group. For more information on the industry players that are deemed closest competitors to our Group, please refer to Section 8 of this Prospectus.

9. RISK FACTORS (CONT'D)

In addition, other digital solution providers and application developers may adapt to the latest digital technologies at a quicker pace and thus be able to secure projects which require the development of digital solutions using these latest digital technologies. As such, these digital solution providers and application developers may gain a competitive edge over our Group, should we face challenges in adapting to the latest digital technologies in a timely manner. Additionally, competition from other digital solution providers and application developers may have an impact on our financial performance by way of lower sales for our Group or added difficulty for us in securing future projects.

9.2.2 We are affected by the availability of suitable talent in the market

Successful hires for our software development team are subject to the suitability and availability of software development talent in the market that matches the requirements of our Group. We require our software developers to possess certain fundamental skillsets such as the abilities to code in certain programming languages; conduct software testing including acceptance testing; performance testing, functional testing and security testing; and debug the software if errors are discovered during software testing.

In the mobile and web application industry, these technical skillsets may be difficult to source. For example, talents that are equipped with specific technical knowledge as well as experience in various technology and software for application development such as Adobe Creative Suites, MarvelApp, Figma, C# .NET, VS Code and Visual Studio may not be available in the market at competitive salary rates at the time when we are hiring. If we are unable to source for suitable talents that meet our Group's requirements timely and in sufficient numbers, we may be unable to deliver projects that require these talents or it may limit the scope and number of projects for which our Group can secure. Thus, our financial performance may be adversely affected. Since the commencement of our business and up to the LPD, our Group has not encountered any difficulties in hiring suitable talents that have led to our inability to deliver projects secured, or in limiting our ability to secure projects from customers. Notwithstanding that there were instances whereby we faced resource constraints which led to our Group outsourcing some development works to third party developers in the Financial Years Under Review, these arrangements were due to temporary heavy workloads and were not due to our inability to source suitable talents.

9.2.3 We face risks of not adapting quickly to latest technological developments

The mobile and web application development industry undergoes continuous and rapid technological developments, with increasing levels of complexity and capabilities to digitalise business operations, as well as the development of new processes and functions that can be digitalised. The business operations and processes that our customers intend to digitalise may require the usage of the latest digital technologies for the development of their digital solutions.

Our ability to adapt to these changes and to remain technologically relevant will determine the sustainability of our business. There can be no assurance that we would have sufficient resources to successfully and accurately anticipate technological changes and market trends as well as adopting these latest digital technologies for the development of our digital solutions on a timely and cost-effective manner, which may have a negative impact on our business and financial performance.

9. RISK FACTORS (CONT'D)

9.2.4 We are exposed to risks relating to the economic, political, legal and regulatory environments in the countries in which our customers are domiciled

Our Group operates in Malaysia. In addition to our customers in Malaysia, we also have customers from countries overseas such as Hong Kong, Singapore, Sri Lanka, Cambodia, People's Republic of China, Germany, United Kingdom and Vietnam in the Financial Years Under Review. Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and / or uncertainties in the economic, political, legal and regulatory environments that are beyond our control in the countries in we operate and transact business. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls.

Any changes to the economic, political, legal and regulatory environments in the countries in which we have customers may cause disruptions in our project delivery schedules, which may consequently cause a decline in our revenue; or may cause a decline in demand for our Group's products and services. Such events may have a material adverse impact on our business and financial performance. Since the commencement of our business and up to the LPD, our Group has not experienced any disruptions in our project delivery schedules arising from adverse developments, changes and / or uncertainties in the economic, political, legal and regulatory environments in the countries in which our customers are domiciled.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 No prior market for our Shares and it is uncertain whether a sustainable market will ever develop

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

We and our Promoters have no obligation to cause our Shares to be marketable. The Issue Price was determined after taking into consideration various factors and these factors could cause our Share price to fluctuate which may adversely affect the market price of our Shares.

There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below the Issue Price.

9.3.2 Capital market risks and share price volatility

The performance of capital market is very much dependent on external factors such as the performance of the regional and global stock market and the inflow or outflow of foreign funds. Sentiment is 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 of trading volumes in the capital market, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of the capital market as the business activities of our Group have no direct correlation with the performance of securities listed in the capital market.

9. RISK FACTORS (CONT'D)

Our Shares could trade at prices lower than the Issue Price depending on various factors, including current economic, financial and fiscal condition in Malaysia, our operations and financial results and the price volatility in the markets for securities in similar or related industries in Malaysia or emerging markets. There is no assurance that any market for our Shares will not be disrupted by price volatility or other factors, which may have a material adverse effect on the market price of our Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:

- (i) variation in our results and operations;
- (ii) success or failure in our management team in implementing business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events and factors;
- (v) additions or departures of our key senior management personnel;
- (vi) fluctuations in stock market prices and volumes; or
- (vii) involvement in litigation.

In addition, many of the risks described herein could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated. Accordingly, there can be no assurance that our Shares will not trade lower than the Issue Price.

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 in aggregate 40.6% of our enlarged issued share capital 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 by way of passing or blocking ordinary and / or special resolutions and as such, 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 the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9.3.4 The sale or the possible sale of a substantial number of Shares in the public market following our IPO and 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 Directors, approximately 25.8% of our enlarged issued share capital will be publicly held by investors participating in our IPO, while approximately 71.6% of our enlarged issued share capital, will be held by our Promoters and substantial shareholders.

It is possible that our Promoters and substantial shareholders may dispose of some or all of their Shares after their respective moratorium period, pursuant to their own investment objectives. If our Promoters and substantial shareholders 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. RISK FACTORS (CONT'D)

9.3.5 Delay in or cancellation of our Listing

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

- (i) our Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations under such agreement;
- (ii) our inability to meet the minimum public spread requirement under the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 200 public shareholders holding at least 100 Shares each at the point of our Listing; or
- (iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

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

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall 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, 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 within 14 days.

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

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, 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 aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, 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 to the extent that our IPO Shares form part of our share capital. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (aa) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (bb) a solvency statement from the directors.

9. RISK FACTORS (CONT'D)

9.3.6 Payment of dividends

Our ability to declare dividends to our shareholders will depend on, amongst others, our future financial performance, distributable reserves and cash flows. This, in turn, is dependent on our operating results, capital requirements and on our ability to implement our future plans, demand for and selling prices of our products, general economic conditions, and other factors specific to our industry, many of which are beyond our control. As such, there is no assurance that we will be able to pay dividends to our shareholders.

We are a holding company and conduct substantially all of our operations through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our principal source of income. The receipt of dividends from our subsidiaries may also be affected by the passage of new laws, adoption of new regulations and other events outside our control, and our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect the ability of our subsidiaries, and consequently, our ability to pay dividends.

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. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends.

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

Further details of our dividend policy are set out in Section 12.15 of this Prospectus.

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