

## 5. RISK FACTORS

**WE ARE EXPOSED TO A NUMBER OF POSSIBLE RISKS THAT MAY ARISE FROM ECONOMIC, BUSINESS, MARKET AND FINANCIAL FACTORS AND DEVELOPMENTS, WHICH MAY HAVE AN ADVERSE IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH THE OTHER MATTERS IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.**

**THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP AND/OR OUR SHARE PRICE.**

### 5.1 Risks relating to our business and industry

**(i) Loss of our management team or key personnel would adversely impact our business and growth prospects**

Our continued success will depend a significant extent upon the abilities and continued contributions of our key Directors, senior management and key technical personnel namely, Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, Dato' Wong Shee Kai, Sabaruddin Bin Ahmad Sabri, Por Yew Guan, Liong Wei Lin, Lee Boon Fatt and Kan Wai Tung. The loss of any number of key Directors or key members of our Group's senior management and technical personnel could adversely affect our Group's continued ability to compete and perform. Furthermore, our planned expansion could place a significant strain on our key technical personnel, the services and support operations, the sales and administrative personnel and other resources. We are grooming junior members of our management team to take over from the senior management to ensure a smooth transition. They will be provided with the necessary experience and exposure in the management team should changes occur in order to maintain our ability to compete.

It is our practice to retain the services of our key Directors, senior management and technical personnel wherever possible and to also attract and retain experienced personnel by providing a conducive working environment with emphasis on positive working culture and a reward system.

**(ii) Failure to attract and maintain advertisers would negatively affect our growth and future revenue**

Our ability to generate revenue from advertising sales depends largely upon our ability to air advertisements on our Transit-TV Network System on mass transportation systems in the cities. This, in turn, requires that we develop and maintain business relationships with advertisers and mass transportation services. As of LPD, we provided infotainment programs, advertisements, community-driven messages and public service bulletins through our Transit-TV Network System on a total of 1,450 buses, with 3,293 LCD screens in Malaysia. If we fail to maintain relationships with our advertisers and they find advertising on our network unattractive and may not purchase advertising time from us, this would cause our revenue to decline and our business and prospects to deteriorate.

---

**5. RISK FACTORS (Cont'd)**

---

The actual prices we can charge advertisers for time on our Transit-TV Network System depend on the size and quality of our networks and the demand by advertisers for advertising time. Advertisers choose to advertise on our advertising network in part based on the size of the network and the desirability of the cities where we operate. If we fail to maintain or increase the number of cities, diversify advertising channels in our network, or solidify our brand name and reputation as a quality provider of advertising services, advertisers may be unwilling to purchase time on our network or to pay the advertising fees for us to remain profitable. Any significant decrease in demand could cause us to lower the prices we charge for advertising time on our network and this could negatively affect our ability to increase our revenue and growth in the future.

We have always been maintaining a good working relationship with the advertisers and advertising agencies by responding effectively and strategically to satisfy our customers' needs and demand. Meanwhile, we are also actively and constantly engaged in upgrading our creative department to provide quality and innovative end-to-end solutions from conceptualisation to broadcasting of marketing campaigns.

**(iii) Failure to maintain existing or develop new working relationships with local public transport would harm our business and prospects**

Our Transit-TV Network System on the RapidKL Buses, Causeway Link Buses, Plusliner, Nice and Nice++ are secured by our exclusive agreements with the respective companies that are medium-term in nature. However, we cannot assure you that we can maintain these relationships with the bus companies on satisfactory terms, or at all, or that the bus companies will not terminate these relationships before their expiration. If we fail to maintain these relationships, advertisers may find advertising on our network unattractive and may not purchase advertising time from us, which would cause our revenue to decline and our business and prospects to deteriorate.

We have always been maintaining a good working relationship with the bus companies. Currently, our Group is in the midst of developing value added services for RapidKL Buses to reward frequent commuters through the contribution of advertisers such as vouchers, to encourage the usage of public transport. The promotion of public transport usage will benefit the bus companies without having them to incur additional cost. All vouchers are redeemable at our kiosk set up in the RapidKL Buses major terminals.

**(iv) The process of developing a good working relationship and installing our Transit-TV Network System can be time-consuming and requires us to commit a substantial amount of resources**

Our success depends largely on our ability to establish good working relationships with the mass transportation companies. The process of establishing these relationships can be lengthy and we often need to convince counterparties about the benefits of establishing a mobile digital TV network on mass transportation systems. We may be required to commit substantial resources during this process, and counterparties may decide not to proceed with the deployment. If these counterparties do not accept mobile digital TV network as an effective medium on mass transportation vehicles, we may not be able to grow our business or our revenue.

Once a mass transportation company agrees to install our Transit-TV Network System on their vehicle, we are required to invest substantial time and resources to install the Transit-TV Network System before we receive any revenue from such efforts. Such investments typically include the purchase and the installation of digital TV displays. We may experience increased distribution and operations costs during and/or after deployment. We may also experience delays in revenue generation, if any, due to deployment delays or difficulties in selling advertising time to new or current advertisers to be aired on these mass transportation vehicles. We may be unable to generate sufficient revenue from advertising packages on these additional vehicles or on-going vehicles to offset the related costs.

---

**5. RISK FACTORS (Cont'd)**

---

Based on our successfully rolled out of the on-going Transit-TV Network System with the existing buses, our technical staffs have sufficient experiences on the installation of additional Transit-TV Network System in the event that we were to secure additional contracts from other mass transportation companies. Meanwhile, it has always been our practice to adopt a prudent cost analysis prior to undertaking any major projects, to ensure that these projects are beneficial to our Group.

- (v) **We do not have exclusive or long-term agreements with our advertising customers and we may lose their engagement if they are not satisfied with our services or for whatsoever reasons**

We do not have exclusive or long-term agreements with our advertising customers. A majority of our agreements with our advertising customers have a term of less than a year. As a result, we must rely on high-quality services, industry reputation, our network size and coverage and favourable pricing to attract and retain advertising customers. There is no assurance, however, that we will be able to maintain our relationships with current and/or future customers. If a substantial number of our advertising customers choose not to continue to purchase advertising time from us, we would be unable to generate sufficient revenue and cash flows to operate our business, and our results of operations and financial condition would be materially and adversely affected.

We have always been maintaining a good working relationship with the advertisers and advertising agencies by responding effectively and strategically to satisfy our customers' needs and demand. Meanwhile, we are also actively and constantly engaged in upgrading our creative department to provide quality and innovative end-to-end solutions from conceptualisation to broadcasting of marketing campaigns.

- (vi) **We operate in the advertising industry, which is sensitive to changes in economic conditions and advertising trends**

Demand for advertising time on our Transit-TV Network System and the resulting advertising spending by our customers, are particularly sensitive to changes in general economic conditions. For example, advertising expenditures typically decrease during periods of economic downturn as most companies will reduce their advertising spending. As such, advertisers may reduce the money they spend to advertise on our Transit-TV Network System at a cheaper alternative media platform due to their budget constraint.

A decrease in demand for advertising media in general and for our advertising services in particular, would materially and adversely affect our ability to generate revenue, and have a material and adverse effect on our financial condition and results of operations.

In view of the above, we have been providing quality and value added service by increasing our customers' publicity via a few additional channels such as via our homepage and social media network, apart from our Transit-TV Network System. This in turn will provide a more competitive package to our customers compared to other DOOH players.

---

**The rest of this page has been intentionally left blank**

---

---

**5. RISK FACTORS (Cont'd)**

---

**(vii) We are dependent on the assistance of external production houses in meeting our customers' requirements**

We provide a one-stop solution for advertisers from conceptualisation to broadcasting of market campaigns, which includes assisting our customers in producing their advertisements such as basic animation, filming and video shooting. In addition, we engage external production houses from time to time to provide technical assistance to our creative department to meet our customers' requirements. The external production houses provide us with ideas, proposals and their expertise in producing complex productions with additional technical effects.

We have not entered into any agreements with the external production houses. However, we have developed good working relationships with several production houses such as Pirana Graphics Sdn Bhd, Zesqa Media and Macro Media Tracking Services over the years in order to reduce our reliance on any one particular external production house. This is evidenced by the increase in the number of external production houses and the decrease in the contribution of the first external production house which we engaged, namely Pirana Graphics Sdn Bhd, from 100% in 2007 to 22.56% for the 6-month period ended 30 June 2010 based on our cost of sales.

Currently, we have six (6) staff in our creative department which is headed by Lee Boon Fatt, our Operations Manager. In addition, we are training our staff in the creative department to be equipped with the necessary skills to handle technical productions in order to reduce our reliance on external production houses.

**(viii) If advertisers or the viewing public do not accept or lose interest in our Transit-TV Network System, our revenue may be negatively affected**

Digital television advertising on mass transportation in Malaysia is relatively new and its potential is uncertain. We compete for advertising revenue with many forms of more established advertising media. Our success depends on the acceptance of our Transit-TV Network System by advertisers and their continuing interest in this medium as part of their advertising strategies. Our success also depends on the viewing public's continued receptiveness towards our mobile digital TV-advertising model. Advertisers may elect not to use our services if they believe that viewers are not receptive to our network or that our network does not provide sufficient value as an effective advertising medium. Likewise, if viewers find some element of our network, such as the audio feature or monitors to be disruptive or intrusive, mass transportation companies may decide not to install our digital displays and advertisers may view our network as a less attractive advertising medium as compared to other alternatives. In these events, advertisers may reduce their spending on our network. If a substantial number of advertisers lose interest in advertising on our network for these or other reasons, we will be unable to generate sufficient revenue and cash flows to operate our business, and our financial condition and results of operations would be materially and adversely affected.

We have sufficient and quality staff in our creative and technical department to ensure and to maintain high quality of our contents and element of our network, such as the audio feature. In addition, we have been constantly upgrading our staff knowledge to ensure that they are able to perform effectively and efficiently on their job.

In addition, our technical team carries out maintenance work on our network in all the buses on a daily basis to ensure the quality of the deliverable of our network.

---

**5. RISK FACTORS (Cont'd)**

---

**(ix) We are exposed to the risk of system failure**

Even though our Transit-TV Network System is linked to the buses' operating system whereby the Transit-TV Network System will be automatically switched on once the bus engine is started, some of its components, namely LCD screens and speakers, may subject to failure such as instability of power supply and vibration which will cause black screen, blinking or lost of audio. The failure will reduce our service quality to viewers and the effectiveness of our Transit-TV Network System will be badly affected. As such, our advertisers may reduce their advertising spending and our revenue will be negatively affected.

We have our technical team to carry out the maintenance work on our network in all the buses on a daily basis to ensure our system is functioning properly. In addition, we have been constantly upgrading our technical staff knowledge to ensure that they are able to perform effectively and efficiently on their job.

**(x) We are exposed to the risk of non-renewal and/or revocation of permits, approvals and business licenses**

We have obtained certain permits and licences from various governmental authorities in Malaysia. Details of our permits, approvals and business licenses are set out in Section 11.3 of this Prospectus. Some of these permits, approvals and business licenses are subject to the fulfilment of certain conditions imposed by the relevant authorities or bodies, and the standard of compliance required in relation thereto may differ from time to time subject to changes.

Revocation of our permits, approvals and business licenses may have an adverse effect on our operations, business and reputation as we may lose certain customers and/or projects and our track record may be tarnished. This may result in substantial monetary losses, which would materially and adversely impact our Group's profitability.

Thus far, we have been in compliance with the terms and conditions of the permits, approvals and business licenses and will assure continued compliance in the future.

**(xi) We are exposed to operational risks**

We cannot be assured that our Group will be profitable in the future, or that we will achieve increasing or consistent levels of profitability. Our revenue and operating results are difficult to forecast and could be adversely affected by many factors. These include, amongst others, changes in our operating expenses, the ability of our Group to develop and market new products and services to control costs, market acceptance of the new products and services and other business risks common to our Group's going concern.

Our Directors believe that we should be able to maintain our profitability record. While we have devoted substantial management and financial resources to launch our products and grow our operations in the new market, we cannot be assured that the new ventures will be successful and able to generate significant revenue. Nevertheless, we have adopted a prudent cash flow management policy, which includes, inter-alia, regular monitoring of receivables position, sustaining long-term relationships with our customers and business partners and careful consideration of any proposed capital expenditure or borrowings, which would affect our Group.

---

**5. RISK FACTORS (Cont'd)**

---

**(xii) We may face increasing competition in the future**

The advertising and media industry is competitive and changing rapidly. We may face higher competition from the existing competitors and new entrants in the future. Our Directors believe that our ability to compete depends on many factors both within and outside our control. Amongst others, the principal elements of competition include technical competence, delivery cycle, pricing, quality, scalability, conformity with industry standards, reliability, brand name and customer service.

Our competitors may vary in size, scope and breadth of the services and products offered. Although we strive to remain competitive in providing our services and products, we cannot be assured that we will be able to maintain our existing market share in the country.

Our Group focuses on providing end-to-end solutions from conceptualisation to broadcasting of marketing campaigns to ensure our competitiveness in garnering market acceptance. However, we cannot assure that our Group will be able to maintain our competitiveness against current and future competitors or that the competitive pressure will not materially and adversely affect our business, operating results and financial condition.

**(xiii) Our efforts to achieve our future growth may not succeed**

Our Group's potential expansion may strain the Group's management, financial, operational and other resources. In order to achieve our growth mission plan as set out in Section 7.15.1 of this Prospectus, our management would need to adopt the sales and business development plan. However, we cannot assure that our management would be successful in implementing the plan or that the plan would not give rise to other problems.

Our Group's proposed future plan will be dependent upon, among others, our ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms, hire and retain skilled management, financial, technical and marketing personnel, successfully manage growth which includes monitoring of operations and controlling of costs and obtaining adequate financing when needed. However, we cannot assure that our Group will be able to successfully implement our business plans or that unanticipated expenses, problems or technical difficulties will not occur which would result in material delays in the implementation of or deviation from the original plans.

**(xiv) We might not be able to retain our MSC Malaysia Status**

Our wholly-owned subsidiary, AMSB was accorded with MSC Malaysian Status on 10 October 2007 by MDeC. Presently, all MSC Malaysia Status companies are granted financial and non-financial incentives. MDeC is the body responsible for monitoring all MSC Malaysia Status designated companies. We cannot assure that we will continue to retain our MSC Malaysia Status or that we will continue to enjoy the MSC Malaysia incentives granted to all MSC Malaysia Status companies, all of which could materially affect our business, operating results and financial condition.

MDeC has the right to withdraw any company's MSC Malaysia Status at any time. Although we believe that AMSB will continue to be able to fulfil the conditions for MSC Malaysia Status and to ensure that it remains in the same line of business, there can be no assurance that we will continue to enjoy or not experience delays in enjoying the MSC Malaysia Status incentives outlined above, all of which could materially and adversely affect the Group's business, operating results and financial condition.

---

**5. RISK FACTORS (Cont'd)**

---

**(xv) We may not be able to protect our intellectual property**

We have intellectual property rights over the contents produced by our creative department such as Bus Commuter Rewards Programme, Chinese New Year Greeting and Kempen Makan Buah in which protection is accorded by copyright law and at common law, including the Copyright Act, 1987. We have also applied for the trade mark registration of "Asia Media" and "Transnet" brand name in Malaysia, which we have relied on to establish our brand name.

We cannot assure that we will be able to protect our Group's intellectual property rights under the existing laws against unauthorised third party copying, use or exploitation, any of which could have an effect on our business, operating results and financial condition.

**(xvi) We may be subject to intellectual property infringement claims, which may materially disrupt our business**

Some of the contents aired via our Transit-TV Network System are third parties contents, such as movies shown on Plusliner, Nice and Nice++ and open source contents shown on RapidKL Buses which are purchased from the relevant production houses, which provides us the rights to display for public viewing. However, we cannot assure that our advertising content, entertainment content or other aspect of our business do not or will not infringe upon patent, copyright or other intellectual property rights held by third parties. Although we are not aware of any such claims, we may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may incur substantial expenses in defending against these third party infringement claims, regardless of their merit. Successful infringement or licensing claims against us may result in substantial monetary liabilities, which may materially and adversely disrupt our business.

**(xvii) Our failure to maintain relationships with local TV stations for our DTTB live broadcasting would affect our future plan**

Our Transit-TV Network System delivers compelling contents such as entertainment, sports, technology, documentary and community messages, are currently operated using the pre-record system.

Moving forward, we will upgrade our current pre-recorded system to DTTB to deliver substantial real-time value to the targeted mobile audience. With the live broadcast ability, we will be able to deliver real-time advertising together with the real-time contents provided by the local TV stations. This, in turn, would require us to develop and maintain good business relationships with local TV stations through which we will obtain real-time contents for our Transit-TV Networks System. We cannot assure that we will be able to enter into collaboration with any existing TV stations in Malaysia to roll out our DTTB. If we fail to source for any TV stations, we will not be able to combine our advertising along with real-time contents such as news, stock quote, weather and traffic update and sport highlights. Subsequently, our advertisers may find advertising on our network unattractive and may not purchase advertising time from us, which may have a negative impact on our cash flow and revenue.

In the event that we are unable to enter into collaboration with any TV, radio and news stations, we will depend on our own live broadcast. We are able to do so as we have obtained the CASP Individual Licence from MCMC to roll out subscription broadcasting, terrestrial radio broadcasting and non-subscription based TV broadcasting.

---

**5. RISK FACTORS (Cont'd)**

---

**(xviii) Our success of DTTB live broadcasting will depend on the construction and reliability of our network infrastructure**

We plan to invest RM16.00 million from the proceeds raised from the IPO to roll out our initial stage of DTTB network infrastructure such as purchase of transmission equipment for seven (7) transmission towers, network equipment and facilities and integration of network system in Klang Valley, to deliver substantial real-time value for our advertising customers to the targeted mobile audience.

The success of our DTTB live broadcast will depend on the reliability of our integrated network infrastructure. Any failure of our integrated network infrastructure that results in major interruption in operation or provision of any services over prolonged periods could diminish the value of our brand, reduce our ability to attract and retain customers and could have a material impact on our operation and financial results.

We intend to build some degree of diversity and resiliency into our network infrastructure, through decentralisation and duplication of critical components to provide diversity of the transmission trunk network at the outset. Notwithstanding these measures, our network infrastructure will be potentially vulnerable to damage or interruptions in operation due to natural disasters, fire, power loss, telecommunication failure, network software flaws, transmission cable cuts, breaches of security and similar events.

Radio frequency interference as a result of various factors, including out-of-band emissions from other domestic wireless operators, illegal radio frequency transmitters or jammers, co-channel interference from neighbouring countries, or emissions from equipment not complying with spectrum band plan requirements may have an impact on the quality of services of our network. This may have a direct impact on our reputation for service reliability and quality, which could have a material adverse effect on our results of operations and financial condition.

In addition, we will rely on third parties for the construction of towers and there can be no assurance that the third parties will construct our towers on a timely basis or on commercially favourable terms.

**(xix) Our DTTB live broadcasting will be exposed to risks relating to our network**

Our DTTB will be operating based on a digital mobile network that utilises DVB-T or DVB-T2. Our ability to provide uninterrupted DTTB live broadcasting is dependent on our ability to expand and upgrade our network on a timely basis. One of our key strategies is to continue to focus on network investments to improve our network quality, coverage, capacity and capabilities. The continued expansion and upgrading of our network will be subject to risks and uncertainties, including the ability to procure the permission from the relevant local authorities to install a sufficient number of suitability located transmission tower.

We might experience opposition to the building of certain transmission towers including concerns about alleged health risks and environment factors. In addition, the government might impose policies and guidelines on tower site construction and leasing arrangements.

Based on the Communications and Multimedia Act 1998 ("CMA"), particularly Part X, Chapter 1 of the CMA, being conferred the requisite license and the status to own and provide network facilities, our Group will be subjected to the provisions in the CMA when installing transmission towers and other network facilities.



---

**5. RISK FACTORS (Cont'd)**

---

Amongst other sections in Part X, Chapter 1 of the CMA which regulate the installation of network facilities, Section 215 of the CMA provides that:

- "(1) A network facilities provider may, for purposes connected with the provision of network services, carry out the installation of network facilities if:
- (a) the provider is authorised to do so by a network facilities installation permit issued by the commission under section 226;
  - (b) the network facilities are low-impact network facilities;
  - (c) the network facilities are temporary network facilities for use by, or on behalf of, the Ministry of Defence for defence purposes; or
  - (d) the installation is carried out for the sole purpose of connecting a building or structure, or a line that forms part of a network facility.
- (2) The installation of the network facilities authorised by this section may require the approval of the State Authority, local authority, or other relevant authority, if necessary.
- (3) If subsection (1) authorises a network facilities provider to carry out a particular activity, the provider may, for purposes in connection with the carrying out of that activity:
- (a) enter on, and occupy, any land; and
  - (b) on, over or under the land, do anything necessary or desirable for those purposes, including:
    - (i) constructing, erecting and placing any post or network facility;
    - (ii) felling and lopping trees and clearing and removing other vegetation and undergrowth;
    - (iii) making cuttings and excavations;
    - (iv) restoring the surface of the land and, for that purpose, removing and disposing of soil, vegetation and other material;
    - (v) erecting temporary workshops and sheds and other temporary buildings; and
    - (vi) levelling the surface of the land and making roads.
- (4) For the purposes of subsection (1), the Minister for the time being charged with the responsibility for communications and multimedia may, on the recommendation of MCMC, determine that specified network facilities are low-impact network facilities."

Such policies and guidelines may provide the establishment and operation of tower sites only be carried out by certain companies approved by the relevant state authorities and that the operators will have to lease the tower sites from such companies. There can be no assurance that such policies and guidelines will not result in increasing our site operating cost.

## 5. RISK FACTORS *(Cont'd)*

### (xx) **We will rely on a limited number of principal suppliers for our DTTB infrastructure**

We will depend on imports for the majority of our network components as most of the network equipment cannot be sourced locally. We will rely on a limited number of international network equipment manufacturers, namely Nera Infocom (M) Sdn Bhd and Plisch Broadcast Asia Pacific Pte Ltd.

Nera Infocom (M) Sdn Bhd is the local representative of Nera Telecommunications Ltd and is a telecom and ICT solutions provider for microwave, satellite, wireless broadband access, ICT networking, retail payment systems, cabling and digital video broadcasting, while Plisch Broadcast Asia Pacific Pte Ltd is the Asia Pacific representative of Hans H. Plisch GmbH & Co. KG, a Germany manufacturer of analogue and digital transmitter.

There can be no assurance that the above suppliers will be able to provide us the necessary equipments and facilities on a timely basis or on commercially favourable terms or at all.

However, we have maintained good relationships and updating these suppliers constantly to ensure that they are able to meet our required timelines.

### (xxi) **We have a limited operating history and track records**

We commenced our business in October 2007. As such, we have a limited operating history. Our past financial data may not provide a meaningful basis upon which investors may evaluate us in respect of our future prospects and performance. Although our Group's profitability has been on an upward trend, there is no assurance that we can sustain profitability or avoid losses in the future.

However, we have maintained a close relationship with all the public transport providers and advertisers whom our Group is operating with to ensure continuous demand for our services.

## 5.2 Risks relating to the business environment

### (i) **Our operations and operating results could be affected by changes in the political, economic, regulatory and social conditions**

Like all other business entities, adverse developments in political, economic, regulatory and social conditions in Malaysia could materially affect our financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

Much of the above changes are beyond our control. Whilst we practice prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

### (ii) **We are subject to government regulations relating to advertising and telecasting services and business**

We are subject to laws and regulation applicable to advertising and telecasting services and business. Laws and regulations with respect to advertising and telecasting services may be modified or adopted which could affect pricing, distribution and quality of products and services. The modifications or adoption of any of these additional laws or regulations may adversely affect the expansion of advertising and telecast services, which could increase our cost of business or decrease the demand for our products and services.

## 5. RISK FACTORS (*Cont'd*)

Although we regularly monitor new development to the regulatory environment through dialogues with the relevant authorities, there can be no assurance that any such changes will not have a negative impact to the performance of our Group.

### 5.3 Financial risks

#### (i) Our plan to expand overseas will involve investment risks

As our Group plans to expand into new markets outside Malaysia, such as Indonesia, it may be subject to various risks inherent in investing in this venture where we do not have prior history. Although our Group seeks to limit the investment risks through prudent investment strategies, and thorough feasibility assessments and reviews, there can be no assurance that the investments intended to be undertaken may improve our future profitability.

Although, the exposure to the above risks can be minimised with the set-up of an experienced management in the respective countries, appropriate business plan and prudent cost control, there is no assurance that sales from these new operations may prove adequate to cover the costs of establishing and maintaining these overseas offices and their operations.

In addition to the uncertainty as to our ability to generate adequate sales from overseas operations and expand our overseas presence, there are certain risks inherent in doing business overseas, such as unexpected changes in laws and regulations or the interpretation thereof, as well as changes in foreign business ownership restrictions, currency control policies, taxation and import and export restrictions.

#### (ii) We may have future capital needs which will require additional financing and fund raising

Our Directors opined that the net proceeds from the Public Issue, together with cash flows from operations and other existing sources of liquidity will be sufficient to meet our Group's projected working capital and other cash requirements for at least twelve (12) months after the date hereof. However, subsequent to the Public Issue, we may need to raise additional capital to fund the ongoing development and expansion of our business and attain profitability, the amount of which cannot be quantified at this juncture. We are unable to provide assurance that any additional funds needed will be available to us on favourable terms, or at all. Although based on assumptions that our Group considers reasonable, there is also no assurance that our estimate of the anticipated liquidity needs is accurate or that new business developments or other unforeseen events will not occur, resulting in the need to raise additional funds.

Nevertheless, our Directors believe that, upon our Listing on the ACE Market, we would have the option of tapping the debt capital market or further raising equity capital, if required. As such, there would be the availability of further funding options upon our successful Listing on the ACE Market to meet our requirements. However, it is probable that raising additional funds via equity issues will result in a substantial dilution and reduction in returns, if any, to investors.

### 5.4 Risks relating to our Listing and investment in our IPO Shares

#### (i) Potential delay or failure of our Listing

Our Listing may potentially be delayed or aborted in the event of the following:

- (a) the Underwriters exercising its rights pursuant to the Underwriting Agreement to discharge itself from its stated obligations;

---

**5. RISK FACTORS (Cont'd)**

---

- (b) the placees identified under the private placement fail to pay for the subscription of our IPO Shares allocated to them, notwithstanding that they have furnished their irrevocable undertaking letters to subscribe for such IPO Shares;
- (c) we are unable to meet the public spread requirements of at least 25% of the enlarged issued and paid-up share capital of our Company being held by a minimum of 200 public shareholders holding not less than 100 Shares each at the point of Listing; and
- (d) any force majeure event(s), which are beyond our control before our Listing.

In such an event, subject to restrictions set out in Section 5.4 (ii) below, we will return in full without interest, all monies paid in respect of any applications accepted within fourteen (14) market days from the date of our Listing is aborted.

Nevertheless, our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

**(ii) Delay between admission and trading of our IPO Shares**

Delay in the admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the IPO Shares, following the allotment and issuance of the same to investors, the return of monies to such investors may be effected by way of either a repurchase by us of those shares at IPO Price, or by way of a reduction of our share capital.

Further, such capital reduction may not be sanctioned by the High Court if it does not have reasonable grounds in believing that we are, or after the reduction would be, able to settle our liabilities as they become due.

There can be no assurance that monies can be recovered within a short period of time. If Bursa Securities does not admit our Shares for Listing, our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a material adverse effect on the value of our Shares.

**(iii) No prior market for our Shares**

Prior to our IPO, there has been no market 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.

We, together with our Principal Adviser and Underwriters, have determined and agreed to the IPO Price, after taking into consideration several factors including, but are not limited to, our Group's financial performance, our Group's future plans and prospects, the prospects of the industry in which our Group operates and the prevailing market conditions. The prices, at which our Shares will trade on Bursa Securities at any point in time after our Listing, may vary significantly from the IPO Price.

**(iv) Volatility in our Share price and trading volume**

Shares of other companies listed on Bursa Securities have experienced considerable price volatility in the past. It is possible that our Shares will be subjected to price volatility, which may have no direct correlation with our Company's NA value, financial results or performance. Price volatility may also affect the ability of our shareholders to sell and the price at which our Shares can be sold.

---

**5. RISK FACTORS (Cont'd)**

---

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations. The market price of our Shares is also susceptible to certain new developments within the media industry, acquisition or strategic alliance by our competitors or us or gain or loss of our major customers or projects.

On the other hand, the performance of Bursa Securities, which affects the volatility of our Share price, 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 the economic and political conditions of the country as well as the growth potential of the various economic sectors. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of our Shares, which could potentially result in substantial losses for investors in acquiring our Shares.

**(v) Our Promoters will retain control over our Group upon Listing**

Following the Public Issue, our Company will be controlled by our Promoters which will control 45.61% of the enlarged issued and paid-up share capital of our Company. As a result, our Promoters will be able to effectively control the outcome of certain matters requiring the vote of our shareholders including the constitution of our Board and thus, the direction and future operations of our Group, decisions regarding acquisitions and other business opportunities, the declaration of dividends and the issuance of additional shares and other securities, unless they are required to abstain from voting by law and/or the relevant authorities.

Nonetheless, we have appointed Dato' Hussian @ Rizal Bin A. Rahman and Yeong Siew Lee as Independent Directors and an audit committee was set up as a step towards good corporate governance of our Group to ensure that any future transactions including related parties, if any, are entered into on arms-length terms.

**The rest of this page has been intentionally left blank**