3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

3.1 PARTICULARS OF OUR IPO

Our IPO comprises the Public Issue of 171,865,700 Issue Shares and Offer for Sale of up to 87,984,300 Offer for Sale Shares, where applicable, at the IPO Price, payable in full on application and is subject to the terms and conditions of this Prospectus. In summary, our IPO Shares will be allocated in the following manner:

		Scenario 1		Scenario 2	
		No. of Shares	**%(1)**	**No. of Shares**	**%(1)**
Public Issue to be allocated in the following manner:					
(i)	Malaysian Public	48,876,000	5.00	48,876,000	5.00
(ii)	Our Independent Directors	800,000	0.08	800,000	0.08
(iii)	Private placement to Bumiputera investors as approved by MITI	122,189,700	12.50	122,189,700	12.50
Offer for Sale					
(i)	Private placement to selected non-Bumiputera investors (up to)	-	-	87,984,300	9.00
TOTAL		**171,865,700**	**17.58**	**259,850,000**	**26.58**

Note:

(1) Computed based on our enlarged share capital of 977,517,100 Shares after our IPO.

Please refer to Section 4.3 of this Prospectus for further details on our IPO.

A moratorium will be imposed on the sale, transfer or assignment of our Shares held by the Specified Shareholders, as disclosed under Section 2.2 of this Prospectus.

3.2 OUR GROUP AND BUSINESS

Our Company was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 23 November 2009 under the name of CRG Incorporated Sdn Bhd and is deemed registered under the Act. On 13 August 2018, our Company was converted into a public limited company and assumed the name of CRG Incorporated Berhad to facilitate the listing of our Company on the LEAP Market on 28 November 2018. On 23 December 2022, we changed our company name to Carlo Rino Group Berhad to better reflect our corporate identity and our Group's core business and products offering.

Our Company is an investment holding company and our subsidiaries are principally involved in the business of designing, promoting, marketing, distributing and retailing of women's handbags, footwear and accessories; property development and property investment; investment holdings of securities; and provision of management services. Currently, the brands which our Group carries are Carlo Rino and C.Rino (for eyewear only) and our products are targeted at young female working adults between the age of 18 and 35 years old.

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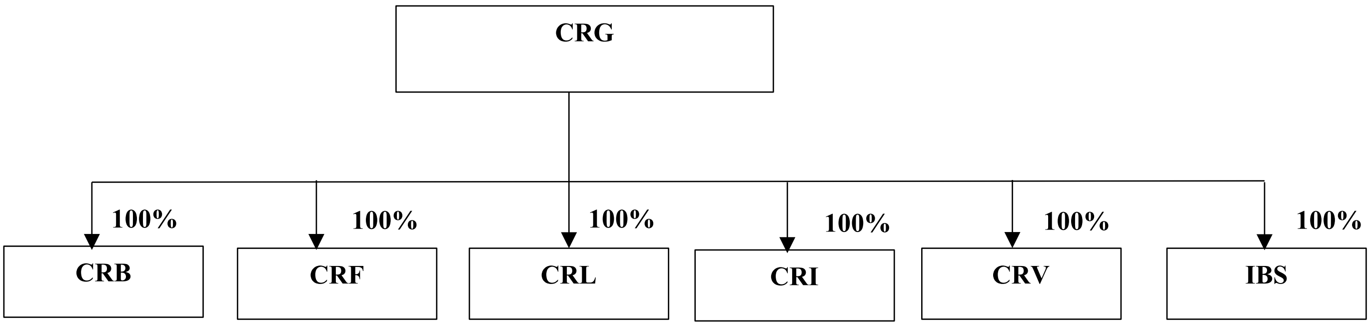
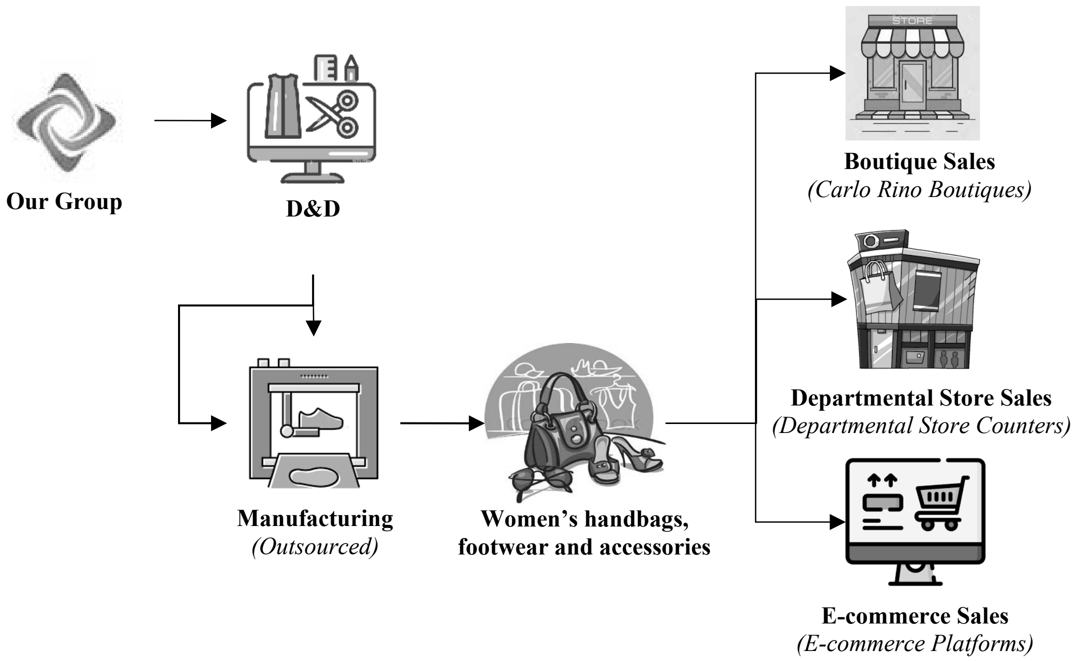
As at the LPD, our Group structure is as follows:



The business model for our principal business activities is as follows:



For the FYE Under Review, our Group generates revenue from 4 revenue channels, namely:

(i) **Boutique sales –** as at the LPD, we manage and operate 36 boutiques in shopping malls and 5 boutiques at premium outlets in Malaysia to promote and retail our products.

(ii) **Departmental store sales -** as at the LPD, we consign our Carlo Rino range of women's handbags, footwear and selected accessories (i.e., scarves, perfumes, wallets, etc.) to 82 departmental store counters in AEON, Parkson, SOGO, GAMA, Pacific Group, Isetan and The Store, across Malaysia. Sales generated from departmental store counters are invoiced on a monthly basis. We are charged with a trade margin by the departmental stores based on the sales value of our merchandises sold.

(iii) **E-commerce sales –** as at the LPD, we promote and sell our products on our Carlo Rino Online Store (www.carlorino.net), which is accessible worldwide, and various other third-party e-commerce marketplaces such as Zalora, Lazada, Shopee, and TikTok Shop in Malaysia.

(iv) **Rental income –** we earned rental income from a property located at Desa Tun Razak, Cheras (which was subsequently disposed of during FYE 2023) and the Imbi Property. However, rental income contribution is insignificant to our Group's total revenue for the FYE Under Review.

Malaysia, which contributes more than 99% of our Group's total revenue for each of the FYE Under Review, is the principal market for our Group's retailing segment for FYE Under Review.

Further details on our Group and business are set out in Sections 6 and 7 of this Prospectus.

3.3 OUR COMPETITIVE STRENGTHS

A summary of our Group's competitive strengths is set out below:

(i) We have an established brand name

We have been actively involved in the design, marketing, distribution and retailing of women's handbags, footwear and accessories for over 17 years. The Carlo Rino brand is an established brand which has been in the women's fashion market in Malaysia for over 30 years.

Since our inception, our marketing strategies and product designs have been focused on young female working adults between the ages of 18 and 35 years old. Thus, we embrace a brand image and concept for our Carlo Rino brand that is "youthful, vibrant, colourful and bold". In addition, we ensure our retail presence through boutiques and departmental store counters are strategically located in prime locations.

(ii) We have multi-channel distribution network

Our products are sold through our Carlo Rino boutiques, departmental store counters and e-commerce marketplaces. As at the LPD, we manage and operate 41 boutiques and 82 departmental store counters in Malaysia.

(iii) We undertake continuous D&D efforts to keep up with latest trends and designs

Our D&D personnel constantly monitors new design trends based on local and international consumer preferences and spending habits, and is able to design and develop over 50 SKUs of our products every month.

(iv) We have an experienced key management team

We are led by an experienced Group Managing Director and a committed team of key management personnel who possesses over 10 years of experience in the key functions of our Group including corporate management, marketing, brand management and finance.

(v) Wide range of woman fashion products

We design, market and distribute a wide range of women's footwear, handbags and accessories, with various designs, materials, colour, features and prices, to cater to the differing preferences, needs and demands of customers.

Further details on our Group's competitive strengths are set out in Section 7.17 of this Prospectus.

3.4 OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our Group's business strategies and future plans are set out below:

(i) Establish our first Carlo Rino flagship boutique

Our Management intends to construct an up to 8-storey commercial building on the Imbi Property, which shall comprise our Carlo Rino flagship boutique and other complementary ancillary services such as food and beverage outlets and lifestyle outlets. We will use the floor space of the flagship boutique to showcase our collection of women's handbags, footwear and accessories; and an area for customers to view, try and appreciate our products. We believe that providing better ambience while shopping with a spacious and strategically located prime location will enhance our Group's brand appeal to our target consumer group, build brand equity amongst customers which in turn, increase foot traffic towards our flagship boutique and improve the demand and sales of our range of products. We intend to utilise part of the proceeds from the Public Issue to fund the construction and fitting out of our new flagship boutique and other ancillary facilities.

(ii) Refurbishment of our boutiques and counters at departmental stores to attract customers and drive sales growth

Refurbishment of our boutique and departmental store counters is required from time to time which aims to improve our business via refreshing the in-store experience of our customers to drive foot traffic to our retail points and garner brand awareness of our range of products. We intend to utilise part of the proceeds from the Public Issue to fund the refurbishment of boutiques and departmental store counters.

(iii) Overseas expansion via online e-commerce platforms

We intend to expand our geographical reach to other countries in the Southeast Asia region, progressively over the next 2 to 3 years, via using search engine optimisation to increase the online visibility of our brands and products as well as leverages on third-party e-commerce platforms to market and sell our products to overseas markets.

(iv) Upgrade of our IT infrastructure

We intend to upgrade our Group's IT infrastructure to facilitate future business growth and improve operating efficiency.

The new ERP system will be integrated with mobile application and e-commerce platforms system to record and store transactional data that is connected to various functions of our Group, from procurement to supply chain management to retail management. It will also integrate with modules such as CRM for marketing strategies and planning, and member management. The integration with various departments will enable better tracking of data and analytics in real time, thus allowing for more informed and accurate decision making. The new POS system is designed specifically for the established chain-store retailers to efficiently handle multi-store operations in real-time from accepting payments, managing sales promoters, giving promotion and track inventory across locations and regions.

Further details on our business strategies and future plans are set out in Section 7.18 of this Prospectus.

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3.5 RISK FACTORS

Before investing in our IPO Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9 of this Prospectus.

Some of the key risks factors are summarised below:

(i) We rely on our Group's brands and reputation to grow our Group's business. Any events which draw negative publicity to our Group's brands and reputation may deter customers from buying our products and also discourage suppliers and OEM manufacturers from conducting business with our Group;

(ii) We rely on the efficient and reliable operation of our supply chain to ensure timely production and delivery of good quality products. Disruptions in manufacturing, such as shortage of raw materials, delays in production and delivery, or poor quality control, can lead to delays in delivery of inventory or inventory shortage, which could lead to a decrease in sales and customer confidence. If we need to seek alternative suppliers and OEM manufacturers and fail to come to commercially acceptable terms with new suppliers and OEM manufacturers, it may affect our Group's profit margins as operational costs increase, and adversely affect our Group's price competitiveness;

(iii) Our Group's business growth is dependent on our ability to secure tenancies for new boutiques in prime shopping malls and/or premium outlets as well as consignment arrangements for prime location within departmental stores, where pedestrian traffic volumes are high, and to renew our tenancies and consignment arrangements for our Group's existing boutiques and departmental store counters, respectively. If any of the tenancies or consignment arrangements are terminated or not renewed, or if we are unable to secure new alternative tenancies at acceptable rates and strategic locations, our Group's business operations would be disrupted, and our Group's financial performance may be adversely affected;

(iv) If COVID-19 outbreak become severe again or an outbreak of a contagious disease occurs that result in restrictions imposed by the Government such that we and/or our customers, suppliers and OEM manufacturers are required to suspend all or part of their business operations, we may experience a delay in supply of our inventories, delays in order fulfilments or termination of orders by our customers;

(v) We are susceptible to various operational risks which may cause significant losses or damage to our Group's products, head office, boutiques, departmental store counters and warehouse. These risks include, but are not limited to, accidents, outbreaks of fire or floods, energy crisis, outbreak of diseases, or other natural calamities. Should this occur, our Group's business operations may be disrupted and affected; and

(vi) We engage third-party logistics and courier service providers for the delivery of our Group's products from our warehouse to boutiques, departmental store counters and online customers. In the event of any disruption arising from these external logistics and courier service providers (such as unexpected breakdown of vehicle fleet or accidents) and should we be unable to arrange for other alternative delivery options in a timely manner, our ability to effectively deliver our Group's products to our boutiques, departmental store counters and online customers may be affected.

Further details on the risks faced by our business and operations, the industry we operate in and our Shares are set out in Section 9 of this Prospectus.

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3.6 OUR DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and key senior management are as follows:

Name	Designation
Directors	
Vincent Loh	Independent Non-Executive Chairman
DSCFY	Group Managing Director
Ong Boon Huat	Executive Director
Chin Peck Li	Independent Non-Executive Director
Lim Lay Ching	Independent Non-Executive Director
Kam Sin Lin	Independent Non-Executive Director
Key senior management	
DSCFY	Group Managing Director
Ong Boon Huat	Executive Director
Seh Chi Khang	Assistant General Manager, Business Development
Lee Yoke Mei	Head of Merchandising
Lee Chwee Kin	Senior Group Accountant

Further details on our Directors and key senior management are set out in Section 5 of this Prospectus.

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3.7 OUR PROMOTER AND SUBSTANTIAL SHAREHOLDERS

Details of our Promoter and substantial shareholders before and after our IPO are as follows:

Scenario 1

Name	Nationality/ Country of incorporation	As at the LPD and before our IPO[(1)]				After our IPO[(2)]			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoter and substantial shareholder									
DSCFY	Malaysian	257,000,498	31.90	-	-	257,000,498	26.29	-	-
Substantial shareholders									
CSS	Malaysian	54,029,700	6.71	358,361,904[(3)]	44.48	54,029,700	5.53	358,361,904[(3)]	36.66
BHSB	Malaysia	202,875,868	25.18	-	-	202,875,868	20.75	-	-
FTSB	Malaysia	111,041,200	13.78	-	-	111,041,200	11.36	-	-

Scenario 2

Name	Nationality/ Country of incorporation	As at the LPD and before our IPO[(1)]				After our IPO[(2)]			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoter and substantial shareholder									
DSCFY	Malaysian	257,000,498	31.90	-	-	257,000,554	26.29	-	-
Substantial shareholders									
CSS	Malaysian	54,029,700	6.71	358,361,904[(3)]	44.48	54,029,700	5.53	358,361,904[(3)]	36.66
BHSB	Malaysia	202,875,868	25.18	-	-	202,875,868	20.75	-	-
FTSB	Malaysia	111,041,200	13.78	-	-	111,041,200	11.36	-	-

Notes:

(1) Based on our issued share capital of 805,651,400 Shares before our IPO.

(2) Based on our enlarged issued share capital of 977,517,100 Shares after our IPO.

(3) Deemed interested by virtue of CSS' substantial interest in BHSB, FTSB, KKSB and AWAL pursuant to Section 8 of the Act.

Further details on our Promoter and substantial shareholders and their shareholdings in our Company are set out in Section 5 of this Prospectus.

3.8 USE OF PROCEEDS

The total gross proceeds of approximately RM[•] million to be raised by our Company from the Public Issue will be utilised by our Group in the following manner:

Use of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of our Transfer of Listing
	RM'000	%	
Construction and fitting-out of a new flagship boutique and other facilities (e.g., IT and security systems)	[•]	[•]	Within 36 months
Refurbishment of boutiques and counters at departmental stores	[•]	[•]	Within 36 months
Maintenance of IT infrastructure	[•]	[•]	Within 24 months
Working capital requirements of our Group			
- Purchase of inventory	[•]	[•]	Within 24 months
- A&P expenses	[•]	[•]	Within 24 months
- Rental of boutiques	[•]	[•]	Within 24 months
Defrayment of estimated expenses for the Corporate Exercise and our IPO	[•]	[•]	Within 3 months
TOTAL	**[•]**	**100.00**	

There is no minimum subscription to be raised from our IPO. Further details on the utilisation of proceeds are set out in Section 4.9 of this Prospectus.

3.9 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the historical consolidated financial information of our Group for the FYE Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Consolidated statements of profit or loss and other comprehensive income			
Revenue	76,460	101,787	113,534
GP	44,392	63,043	70,064
PBT	8,073	29,033	31,450
PAT attributable to owners of our Company	3,984	22,230	23,853
EBITDA (RM'000)	16,993	37,511	40,004
GP margin (%)	58.06	61.94	61.71
PBT margin (%)	10.56	28.52	27.70
PAT margin (%)	5.21	21.84	21.01
Basic / Diluted EPS (sen)	0.41	2.27	2.44
Consolidated statements of financial position			
Non-current assets	46,921	51,906	61,758
Current assets	65,857	84,201	87,275
Total assets	112,778	136,107	149,033
Non-current liabilities	24,262	25,871	31,671
Current liabilities	16,404	19,916	17,182
Total liabilities	40,666	45,787	48,853
Share capital	68,000	68,000	68,000
Retained earnings	3,562	21,764	31,519
Reserves	550	556	661
NA	72,112	90,320	100,180
Gearing ratio (times)*(1)*	0.18	0.13	0.20

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Consolidated statements of cash flow			
Net cash from operating activities	15,645	20,783	35,061
Net cash used in investing activities	(8,958)	(2,208)	(8,810)
Net cash used in financing activities	(10,687)	(10,864)	(12,724)
Net (decrease)/increase in cash and cash equivalents	(4,000)	7,711	13,527
Cash and cash equivalents at the beginning of the financial year	43,617	39,601	47,321
Cash and cash equivalents at the end of the financial year	**39,601**	**47,321**	**60,864**

Note:

(1) Computed based on total interest bearing borrowings (excluding lease liabilities arising in relation to the lease of boutiques and head office of our Group) divided by total equity as at the respective FYEs.

Further details on the historical financial information relating to our Group is set out in Sections 12 and 14 of this Prospectus.

3.10 DIVIDEND POLICY

On 29 August 2022, our Company adopted a dividend policy to distribute not less than 30% of our Company's PAT attributed to shareholders of our Company available in each financial year in the form of dividends to our shareholders annually, commenced from the FYE 2023.

The dividends declared and paid to our shareholders during the FYE Under Review and the subsequent period up to the LPD, which were funded entirely by our internally generated funds, are as follows:

	FYE 2021 (RM'000)	**FYE 2022 (RM'000)**	**FYE 2023 (RM'000)**	**1 July 2023 up to the LPD (RM'000)**
Dividend declared and paid **(A)**	4,028	4,028	14,099	4,028
PAT attributable to owners of our Company **(B)**	3,984	22,230	23,853	8,060*(1)*
Dividend payout ratio (%) **(A/B)**	101.10	18.12	59.11	49.98

Note:

(1) Being unaudited PAT attributable to owners of our Company for 6-month FPE 31 December 2023, being latest announced financial results of our Group as at the LPD.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modifications (including reduction or non-declaration thereof) at our Board's discretion.

Further details on our dividend policy are set out in Section 12.12 of this Prospectus.

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