

## 7. BUSINESS OVERVIEW

### 7.1 HISTORY AND BACKGROUND

The Carlo Rino brand was created in 1986 by CSS and the trademark was subsequently registered by CB Marketing in 1988. However, the history of our Group only began in 2006 when Bonia Corporation undertook a corporate restructuring exercise by incorporating CRB, CRF and CRL in 2006 to take over the management and operations of Carlo Rino brand for women's handbags, footwear and accessories in Malaysia. DSCFY was subsequently appointed as a Director of CRB, CRF and CRL to spearhead the growth of the business operations of our Group since 2006.

In 2007, Bonia Corporation Group assigned the entire operations of Carlo Rino boutiques to CRB, whereas CRF and CRL undertook the supply and consignment of Carlo Rino brand for women's handbags and footwear, respectively, for our boutiques as well as departmental store counters in AEON, Parkson, SOGO, Pacific Group, Isetan and The Store across Malaysia. At the time, CRB, CRL and CRF were still subsidiaries of Bonia Corporation Group until 2009.

In 2008, CB Marketing assigned the rights to use Carlo Rino trademark for women's handbags, footwear and accessories for the Malaysian market to CRB, which is still held by CRB as at the LPD.

In 2009, Bonia Corporation incorporated our Company to streamline the management and operation of Carlo Rino brand. Pursuant to an internal restructuring by Bonia Corporation Group in 2010, our Company acquired CRB, CRF and CRL from Bonia Corporation.

In 2010, BIH allowed our Group to use CR2 brand for women's footwear and handbags for the Malaysian market. Subsequently in the same year, we started to market and sell a new range of affordable women's footwear and handbags under CR2 brand to further expand our Group's customer base. In 2014, BIH officially licensed the trademarks of CR2 to our Group which allows us to sell range of affordable women's footwear and small handbags under CR2 brand to markets within and outside of Malaysia. Refer to Section 7.23.1 of this Prospectus for details on the intellectual property owned by our Group.

In 2011, we incorporated CRV to distribute our products to overseas markets such as the Middle East, Myanmar, Cambodia and Brunei, via distributorship arrangement with the local distributors.

In 2014, we expanded our distribution channel by adopting e-commerce and started to market and sell our products through Zalora online marketplace in Malaysia. In 2015, we successfully developed and launched our Carlo Rino Online Store (<https://www.carlorino.net/>) to further expand our e-commerce sales segment. Due to positive e-commerce sales performance, we expanded our online market reach to other third-party e-commerce marketplaces, such as Lazada and Shopee in 2016 and 2019, respectively. Later on, we also leveraged on Zalora online marketplaces in other overseas countries such as Hong Kong, Singapore and Taiwan in 2019 and the Philippines in 2022, to market and sell our products. In 2023, we engaged TikTok Shop in Malaysia to market and sell our products.

In 2014, CRI set up a manufacturing facility in Desa Tun Razak, Cheras to manufacture our limited-edition women's footwear and handbags. In 2018, we discontinued the manufacturing activities due to the lack of economies of scale as it was more cost effective to outsource the manufacturing activities to external suppliers and/or OEM manufacturers. Currently, we focus our resources on the D&D, marketing and retailing of our Group's products.

In 2016, we incorporated PT CRI Mitra Sejati ("PTCMS") in Indonesia and CRR Vietnam Company Limited ("CRRV") in Vietnam to undertake the supply of our products directly to dealers in Indonesia and Vietnam, respectively. PTCMS and CRRV also assisted dealers in Indonesia and Vietnam to set up and operate retail spaces in respective countries and provide marketing strategies for the promotion and marketing of our products.

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**7. BUSINESS OVERVIEW (CONT'D)**

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In May 2018, we entered into the MLA 2018 with BIH whereby we were granted the sole and exclusive rights to use the trademarks of Carlo Rino outside of Malaysia and CR2 worldwide in connection with the manufacture, distribution, marketing and sales of women's handbags, footwear and accessories. The MLA 2018, which was valid for a period of 10 years, was subsequently terminated and superseded by the MLA 2023 which will expire in 2048. Further details of the MLA 2023 are set out in Section 7.23.3 of this Prospectus.

In November 2018, our Company was listed on the LEAP Market. At that time, our Company was an investment holding company whilst our subsidiaries are principally involved in the design, marketing, promoting, distributing and retailing of Carlo Rino and CR2 products; property investment; and provision of management services. In 2020, we consolidated all of our products under a single brand, Carlo Rino, for the Malaysian and overseas markets and ceased to use CR2 brand to optimise our resources on Carlo Rino's brand building.

In 2019, we progressively reduced our retail operations in the overseas markets by terminating dealership agreement with dealers in Indonesia and Vietnam due to limited market accessibility by our then overseas subsidiaries. In 2021 and 2022, our Group filed for a member's voluntary winding-up petition for PTCMS and a voluntary dissolution application for CRRV, respectively. Despite this, our Group still generate revenue from the Vietnamese market in FYE 2021 and FYE 2022 as we were selling the remaining inventories in Vietnam via third parties online marketplaces such as Lazada Vietnam. On 14 August 2023, CRRV completed its voluntary dissolution application and it was dissolved and ceased operation in Vietnam. On 1 October 2022, we appointed Milan Luxe Trading Co. Ltd, a trading company in Vietnam, to be our authorised distributor to distribute our products in Vietnam. On 10 January 2024, PTCMS completed its member's voluntary winding-up. Despite such cessation of physical operation in Indonesia, we still have online presence in Indonesian market via our own Carlo Rino Online Store.

Since 2019, we introduced new range of accessories collection such as perfumes, timepieces, t-shirts and scarves under Carlo Rino brand to expand our product offerings to customers. In January 2020, CRB registered C.Rino trademark with MyIPO and in 2021, we launched a collection of eyewear products under the new brand name.

Under the initiative of DSCFY, we adopted a new business strategy to enhance our brand equity via a brand collaboration with Warner Bros to secure the rights to develop and sell our Carlo Rino products using Warner Bros' brand and characters. On 27 October 2021, CRL entered into Product License Agreement with Warner Bros to use, amongst others, the Warner Bros' characters, character's name, artworks and logos in connection to the sale and distribution of our Carlo Rino's women's handbags, footwear and accessories in Malaysia, Indonesia, Singapore and Vietnam. On 11 May 2022, CRL entered into a supplementary agreement with Warner Bros to include additional characters of Warner Bros. As at the LPD, we had successfully launched our products embedded with various characters from Warner Bros such as Wonder Woman, Tweety, selected characters of Looney Tunes, WB 100<sup>th</sup> Anniversary collection, Harry Potter, and The Powerpuff Girls.

As at the LPD, we are managing and operating 41 boutiques and 82 departmental store counters throughout Malaysia as well as selling through our own Carlo Rino Online Store, and various third-party e-commerce platforms (such as Zalora, Lazada, Shopee and TikTok Shop) in Malaysia.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2 KEY ACHIEVEMENTS AND MILESTONES

Our Group's key achievements and milestones are summarised in the table below:

Year	Achievements and milestones
2006	<ul style="list-style-type: none"> <li>CRB, CRF and CRL were incorporated to manage and operate Carlo Rino brand for women's handbags, footwear and accessories in Malaysia.</li> </ul>
2008	<ul style="list-style-type: none"> <li>CB Marketing assigned the rights to use Carlo Rino trademark for women's handbags, footwear and accessories for the Malaysian market to CRB.</li> </ul>
2009	<ul style="list-style-type: none"> <li>Our Company was incorporated to streamline the management and operation of Carlo Rino brand under our Group.</li> </ul>
2010	<ul style="list-style-type: none"> <li>We acquired CRB, CRF and CRL from Bonia Corporation.</li> <li>We started to market and sell affordable women's footwear and handbags under CR2 brand as allowed by BIH.</li> </ul>
2011	<ul style="list-style-type: none"> <li>CRV was incorporated to distribute our products to overseas.</li> </ul>
2014	<ul style="list-style-type: none"> <li>We adopted e-commerce distribution channel to market and sell our products.</li> <li>CRI set up a manufacturing facility in Desa Tun Razak, Cheras to manufacture limited-edition women's handbags and footwear.</li> </ul>
2015	<ul style="list-style-type: none"> <li>We launched our Carlo Rino Online Store.</li> </ul>
2016	<ul style="list-style-type: none"> <li>PTCMS and CCRV were incorporated to distribute our products in Indonesia and Vietnam, respectively.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Signed MLA 2018.</li> <li>We are listed on the LEAP Market.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Expanded product offering such as perfumes, timepieces, t-shirts and scarves under Carlo Rino brand.</li> </ul>
2020	<ul style="list-style-type: none"> <li>CRB registered C.Rino trademark with MyIPO.</li> </ul>
2021	<ul style="list-style-type: none"> <li>We entered into a brand collaboration with Warner Bros.</li> <li>We launched a collection of eyewear products under C.Rino brand.</li> </ul>
2023	<ul style="list-style-type: none"> <li>Signed MLA 2023.</li> </ul>

### 7.3 BUSINESS OVERVIEW

Our Group is principally involved in the designing, promoting, marketing, distributing and retailing of women's handbags, footwear and accessories.

We carry the following brand names for our products:

**(i) Carlo Rino brand for women's handbags, footwear and accessories**

CRB is the registered owner of Carlo Rino trademark in Malaysia for women's handbags, footwear and accessories. In May 2023, our Company had entered into the MLA 2023 with BIH whereby we were granted the sole and exclusive rights to use Carlo Rino trademark worldwide (except Malaysia) for women's handbags, footwear and accessories as well as Carlo Rino trademark worldwide (including Malaysia) for perfumes, cosmetics and timepieces, for a period of 25 years commenced from 1 April 2023. Pursuant to the MLA 2023, our Company shall pay fees to BIH based on the pre-agreed formula and rates.

**(ii) C.Rino brand for eyewear**

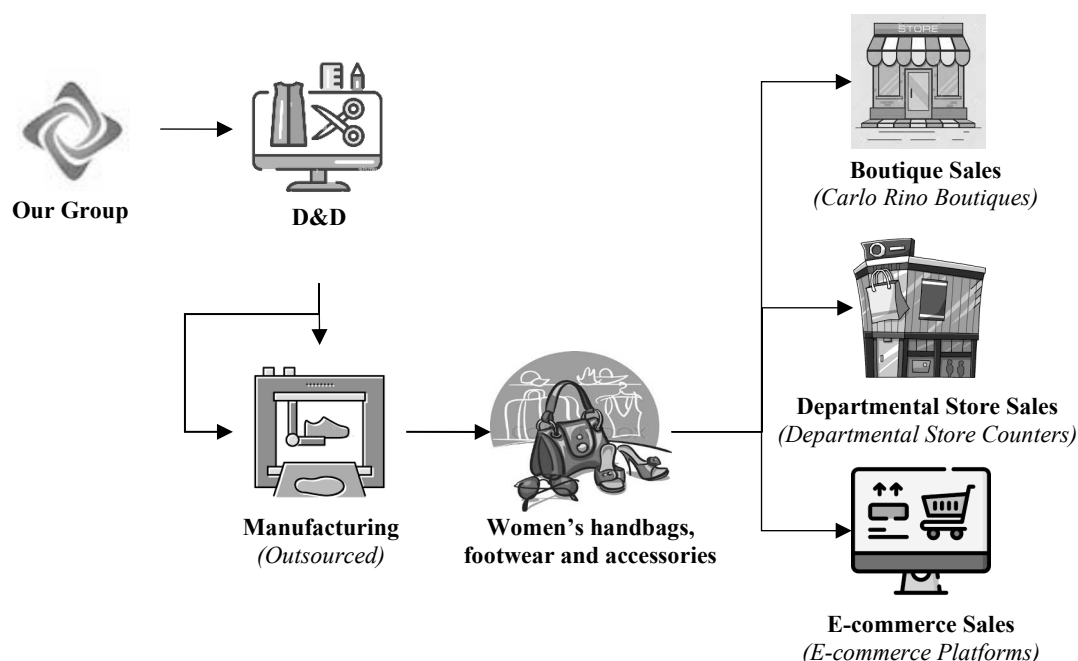
CRB is the registered owner for this brand in Malaysia and we are currently selling eyewear products under the C.Rino brand.

## 7. BUSINESS OVERVIEW (CONT'D)

Considering that the MLA 2018 will be expiring in March 2028, our Management has commenced earlier negotiation with BIH in year 2023 to extend the license period. However, due to various revisions to the licensing terms under the MLA 2018 (e.g., extending the license period, exclusion of CR2 trademark, variation to the fees and additional licensed products to be included), both parties had decided to enter into a new master licensing agreement instead of entering into a supplemental agreement to cater for such changes/amendments. Hence, the MLA 2018 was terminated and superseded by the MLA 2023.

### 7.3.1 Business model

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



Our Group has the following 2 operating segments:

- (i) **Retailing** - designing, promoting, marketing, distributing and retailing of women's handbags, footwear and accessories under the Carlo Rino and C.Rino (for eyewear only) brands. For this segment, our Group generates revenue from boutique sales, departmental store sales and e-commerce sales; and
- (ii) **Investment and management services** – investment holding of securities and properties and provision of management services. For this segment, our Group generates rental income from external parties.

For the FYE Under Review, our Group generates revenues 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 wide collection of women's handbags, footwear, and accessories under the Carlo Rino and C.Rino (eyewear only) brands.
- (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.

## 7. BUSINESS OVERVIEW (CONT'D)

- (iii) **E-commerce sales** – as at the LPD, we market and sell our collection of women’s handbags, footwear and accessories on our Carlo Rino Online Store, which is accessible worldwide, and various third-party e-commerce marketplaces such as Zalora, Lazada, Shopee, and TikTok Shop in Malaysia.
- (iv) **Rental income** - we had generated rental income from a property located at Desa Tun Razak. However, our rental income contribution is insignificant to our Group’s total revenue for the FYE Under Review.

On 14 November 2022, CRI had entered into a sales and purchase agreement with LM Textile Sdn Bhd for the disposal of this property which was completed on 20 April 2023. On 1 October 2023, IBS entered into a tenancy agreement with Wawasan Murni Jaya for the rental of our Imbi Property to operate a car park business until the construction of our flagship boutique. The monthly rental from the Imbi Property was only recognised in FYE 2024.

### 7.3.2 Principal activities

Our Group is a designer, distributor and retailer of a wide collection of women’s handbags, footwear and accessories under the Carlo Rino and C.Rino (eyewear only) brands. Our women’s handbags, footwear and accessories are generally targeting young female working adults between the ages of 18 and 35 years old.

Our Group consists of the following key departments in our operations, namely:

- (a) **D&D department** to be involved in D&D activities, including communicating with the suppliers and OEM manufacturers on the D&D and production of our products. The D&D personnel constantly keeps abreast with consumers’ preferences and the latest fashion trends of our target customers;
- (b) **Project department** to manage and handle our boutiques’ and departmental store counters’ layouts and designs;
- (c) **Business development department** to be involved in business development activities including identification of business opportunities;
- (d) **A&P department** to be involved in the planning and execution of our A&P activities for online and boutique sales (including liaising with digital agencies to prepare and execute our digital marketing activities) as well as joint marketing efforts and events with departmental store operators;
- (e) **Sales and marketing department** to be involved in the management of our boutiques and departmental store counters’ business and operations;
- (f) **Merchandising department** to focus on managing suppliers and OEM manufacturers, inventories procurement, and inventories movement between suppliers, warehouse, boutiques and departmental store counters;
- (g) **E-commerce department** to manage our online sales activities as well as providing customer services to our online customers;
- (h) **Warehouse department** to be involved in warehousing and logistic activities including incoming and outgoing of inventories and products, as well as planning and preparation of our online sales delivery;

## 7. BUSINESS OVERVIEW (CONT'D)

- (i) **IT department** to be involved in IT-related activities including electronic data processing functions as well as monitor and maintain our ERP, POS, CRM, database and servers to ensure they are operating efficiently;
- (j) **Human resource and administration department** to manage our Group's human resources matters including recruitment, payroll and human resources administration; and
- (k) **Accounting and finance department** to manage accounts and finance matters of our Group, including treasury management, sales and inventories tracking as well as sales and financial reporting.

Currently, we engage suppliers to manage all aspect of the procurement and supply of our women's handbags, footwear and selected accessories, from the sourcing of quality OEM manufacturers, procurement of raw materials, QC on all products produced, and shipment of products to our warehouse.

Our D&D personnel works closely with suppliers and OEM manufacturers for the D&D, production and supply of women's fashion products for our retail business.

As at the LPD, we market, distribute and sell our products via 3 distribution channels, namely Carlo Rino boutique, departmental store counters, and e-commerce platforms.

- **Carlo Rino boutiques** – we manage and operate 36 Carlo Rino boutiques in shopping malls and 5 Carlo Rino boutiques in premium outlets across Malaysia to promote and retail our wide range of women's handbags, footwear and accessories.

Set out below is the breakdown of our boutiques by location in Malaysia:

State in Malaysia	No. of boutiques in shopping mall	No. of boutiques in premium outlet	Total number of boutiques
Selangor	5	1	6
Kuala Lumpur	7	-	7
Johor	6	1	7
Pulau Pinang	2	1	3
Melaka	2	1	3
Perak	3	-	3
Negeri Sembilan	1	-	1
Sabah	2	-	2
Sarawak	1	-	1
Pahang	2	1	3
Kedah	1	-	1
Kelantan	2	-	2
Terengganu	2	-	2
<b>TOTAL</b>	<b>36</b>	<b>5</b>	<b>41</b>

Currently, we focus on setting up boutiques in shopping malls and premium outlets, as these retail locations have high foot traffic shoppers and variety of stores to attract wide range of customers. Having our boutiques in shopping malls and premium outlets enables us to benefit from the high foot traffic and exposure to capture the attention of the shoppers.

- **Departmental store counters** - we provide, on a consignment basis, our wide range of women's handbags, footwear and selected accessories such as scarves, perfumes and wallets to be marketed and sold at 82 departmental store counters at AEON, Parkson, SOGO, GAMA, Pacific Group, Isetan, and The Store in Malaysia.

**7. BUSINESS OVERVIEW (CONT'D)**

Set out below is the breakdown of departmental store counters by departmental store operators:

<b>Departmental Store</b>	<b>No. of departmental store counters</b>
AEON	35
Parkson	35
SOGO	6
GAMA	2
Pacific Group	2
Isetan	1
The Store	1
<b>TOTAL</b>	<b>82</b>

Set out below is the breakdown of departmental store counters by location in Malaysia:

<b>State in Malaysia</b>	<b>No. of departmental store counters</b>
Selangor	18
Kuala Lumpur	22
Johor	7
Pulau Pinang	8
Melaka	5
Perak	4
Negeri Sembilan	4
Sabah	3
Sarawak	5
Pahang	1
Kedah	3
Kelantan	1
Terengganu	1
<b>TOTAL</b>	<b>82</b>




- E-commerce platforms** – as at the LPD, we also market and sell our wide range of women’s handbags, footwear, and accessories through our Carlo Rino Online Store which is accessible worldwide, and other third-party e-commerce marketplaces, such as Zalora, Lazada, Shopee, and TikTok Shop in Malaysia. For the FYE Under Review, our online sales accounted for 16.01%, 12.17%, and 9.97% of our Group’s total revenue, respectively.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.3.3 Principal product**

Our Group's products are segmented into 3 main categories, namely women's handbags, footwear and accessories. The table below sets out the various types of our products under each category:

Product category	Type of products	No. of SKU as at the LPD
<p><b>Women's handbags</b></p> 	<ul style="list-style-type: none"> <li>• Monogram bag</li> <li>• Backpack</li> <li>• Crossbody / Sling bag</li> <li>• Top-handle bag</li> <li>• Tote bag / Shopper</li> </ul>	1,036
<p><b>Women's footwear</b></p> 	<ul style="list-style-type: none"> <li>• Wedges and platforms</li> <li>• Pumps and mules</li> <li>• Ballerinas and loafers</li> <li>• Heeled sandals</li> <li>• Sneakers and boots</li> <li>• Flat sandals</li> </ul>	612
<p><b>Women's accessories</b></p> 	<ul style="list-style-type: none"> <li>• Bracelets</li> <li>• Monogram wallet</li> <li>• Coin purse and small wallet</li> <li>• Card holder</li> <li>• Key chain</li> <li>• Crossbody wallet</li> <li>• Wallet</li> <li>• Wristlet</li> <li>• Timepieces</li> <li>• Scarves and t-shirt</li> <li>• Eyewear</li> <li>• Perfumes</li> </ul>	616



## 7. BUSINESS OVERVIEW (CONT'D)

Our Group's core product category is women's handbags, which accounted for 62.46%, 63.38% and 59.80% of our Group's total revenue for the FYE Under Review. Our women's footwear accounted for 18.23%, 16.71%, and 19.79% of our Group's total revenue for the FYE Under Review. To complement our women's handbag and footwear products, we also sell women's accessories, such as wallets, card holders, timepieces, perfumes, sunglasses, t-shirt, etc. Our women's accessories accounted for 18.95%, 19.63%, and 20.35% of our Group's total revenue for the FYE Under Review.

### 7.3.4 Principal market

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	76,212	99.68	101,730	99.94	113,534	100.00
Vietnam	248	0.32	57	0.06	-	-
<b>TOTAL</b>	<b>76,460</b>	<b>100.00</b>	<b>101,787</b>	<b>100.00</b>	<b>113,534</b>	<b>100.00</b>

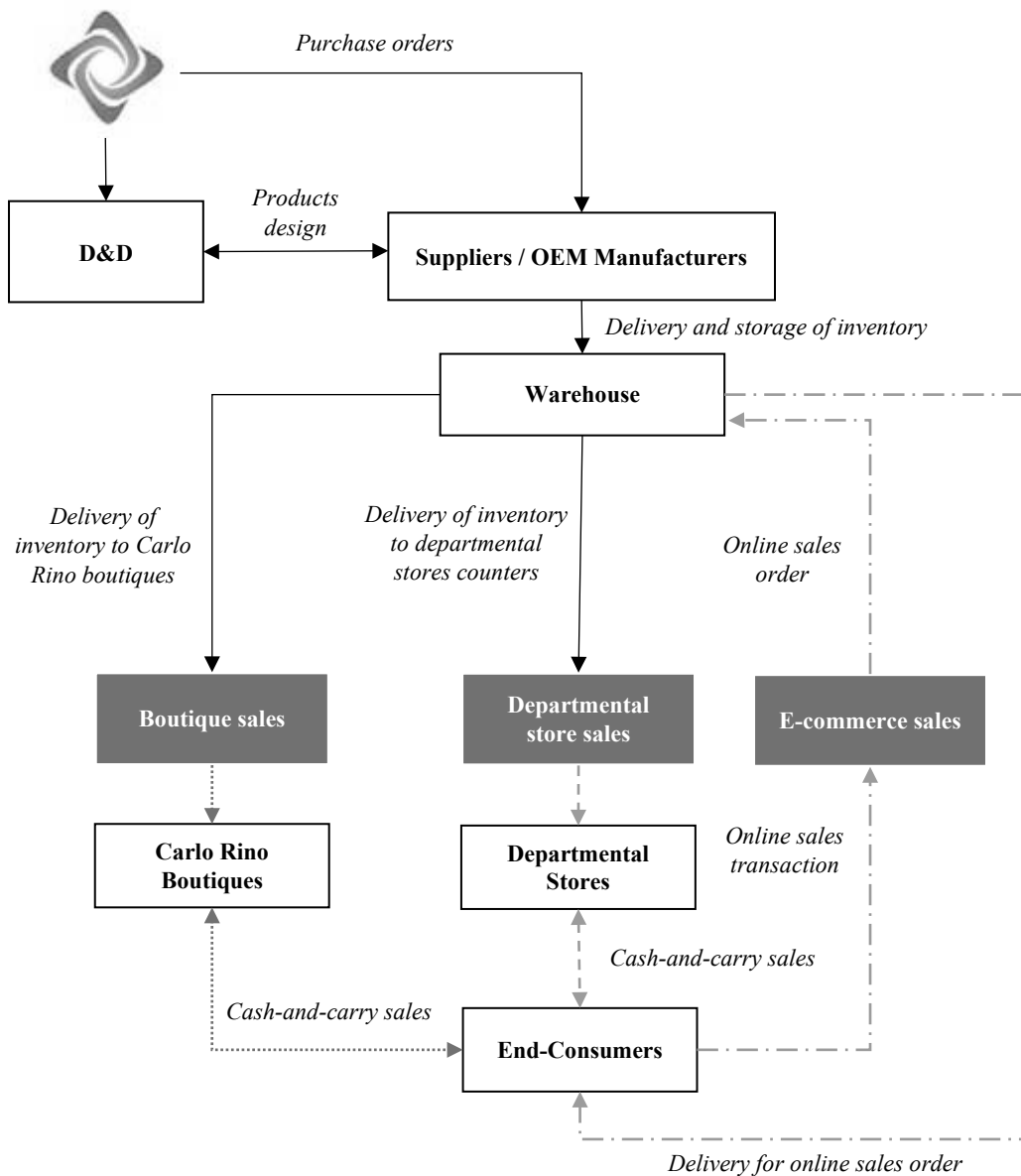
Malaysia, which contributes more than 99% of our Group's total revenue for each of the FYE Under Review, is the principal market for our Group's retailing segment for FYE Under Review. Revenue derived from overseas online sales is recognised as local revenue as the order fulfilment was performed in Malaysia.

Refer to Section 12.4.3(i) of this Prospectus for further segmental analysis of our Group's revenue for the FYE Under Review.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.4 BUSINESS OPERATIONS**



Note:

----->	:	Boutiques sales operation processes
----->	:	Departmental store sales operation processes
- - - - ->	:	E-commerce sales operation processes

**(i) D&D**

As at the LPD, our D&D department has 7 designers to carry out the design and development of our products. The roles and responsibilities of our designers include research and study on the fashion industry, keeping up with the current fashion trends, and generate new designs of our collection of handbags, footwear and accessories for our customers. Please refer to Section 7.5 of this Prospectus for more information on our D&D activities.

Our D&D personnel targets to design and develop an average of 50 SKU of our products on a monthly basis.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**(ii) Suppliers and OEM manufacturers**

Currently, we focus on the D&D of our products under our Carlo Rino and C.Rino (eyewear only) brands. We engage suppliers to manage all aspect of the procurement and supply of our women's handbags, footwear and selected accessories, from the sourcing of quality OEM manufacturers, procurement of raw materials, QC on all products produced, and shipment of products to our warehouse. We also engage directly with several OEM manufacturers for the manufacturing of selected accessories such as perfumes and clothing products.

As at the LPD, we have a pool of 8 approved suppliers for the supply of quality women's handbags, footwear and accessories for our retail business.

Our suppliers and OEM manufacturers are responsible for the manufacturing, QC and delivery of our products based on purchase orders received from our Group, which in turn is generally dependent on the demand and sales of our Group's products. We will constantly monitor our sales and inventory levels to maintain an optimum inventory to ensure that we have adequate inventory to meet the demands of our customers, as well as to minimise the risk of inventory obsolescence should there be a change in consumer tastes and demand. We have a POS system and ERP system to keep track on our inventory movement and stock level. If they detect low in inventory, the systems will prompt the merchandising personnel to replenish our inventory from our suppliers. Subsequently, we will issue purchase orders to our suppliers or OEM manufacturers to produce our products and arrange for shipment. Generally, it will take them at least 3 months from the point of placing our purchase order to the delivery of inventories to our warehouse located at Platinum Cheras in Selangor. Therefore, it is essential that we keep track of our inventory to avoid any shortage of inventory to be sold to our customers.

**(iii) Warehouse**

We have a warehouse situated at Platinum Cheras in Selangor with a built-up area of 41,873 sqft. All the inventories purchased from suppliers and OEM manufacturers are shipped and stored in our warehouse. Our warehousing personnel is responsible for the inspection of the delivered inventories, inventory management as well as arranging for delivery of our products to our boutiques, departmental store counters and online customers.

All products must be shipped to our warehouse before being distributed to our boutiques, departmental store counters and online customers accordingly.

Our sales and marketing personnel will constantly monitor the sales performance from each retail points and generate sales reports for our Management to review. Through this monitoring activity, we will be able to understand the sales cycle of our products at each retail points, and execute proper inventory planning to ensure we allocate sufficient inventories at every retail points in a timely manner.

We do not own any transport vehicles for the delivery of our products to our retail points and online customers. We outsource our logistic to third-party logistics and courier service providers to manage our delivery activities.

**(iv) A&P**

Before any new collection of products are launched to the market, our A&P personnel will prepare the necessary A&P programme to create new product awareness and build product demand.

Throughout the years, our Group incurs A&P expenditure to help strengthen our brand name, promote our products and to build brand and products awareness amongst our customers. For the FYE Under Review, our A&P expenditures were RM2.27 million, RM1.96 million and RM3.03 million, respectively. We conduct direct advertising through digital and print media marketing such as billboards, newspaper, magazine, advertising poster and display; product launches; social media marketing namely Instagram and Facebook; and mailer programmes, as well as other indirect A&P through the influencers and event sponsorships. To attract more customers, we also offer discount and sales promotions to our customers.

7. BUSINESS OVERVIEW (CONT'D)

(v) Distribution and retailing

We utilise 3 distribution channels to market, sell and distribute our products to our customers, namely the Carlo Rino boutiques, departmental store counters, and e-commerce platforms.

- (a) **Carlo Rino boutiques** – As at the LPD, we operate and manage 41 Carlo Rino boutiques in shopping malls and premium outlets across Malaysia to promote and retail our wide collection of products to cash and carry customers. For the FYE Under Review, our boutique sales accounted for 46.30%, 50.80%, and 55.33% of our Group's total revenue, respectively. Each Carlo Rino boutique will have between 2 and 6 sales promoters (depending on the boutique location and traffic flow) who are responsible for the promotion and marketing of our products to our customers.



We have a product display guideline for our sales promoters at the boutiques to follow, which includes placing the products in a manner that they are accessible to customers, arranging the products neatly and keeping the aisles and store clutter-free, and ensure all categories of products are placed in their distinctive sections, etc. We also provide staff training and briefing periodically to our sales promoters to update them on, amongst others, new products launching, new product features and upcoming promotional events. From time to time, we also refurbish the boutique layout with new theme and colour to enhance shopping experience and stay relevant to the fashion industry in Malaysia.

CRB has entered into tenancy agreements with shopping mall operators and/or landlords for the leasing of the boutiques. Generally, the average tenancy tenure is 3 years.

- (b) **Departmental store counters** – we distribute our products to departmental stores on a consignment basis. As at the LPD, we operate and manage 82 departmental stores counters across Malaysia. For the FYE Under Review, our departmental store sales accounted for 37.06%, 36.68%, and 34.54% of our Group's total revenue, respectively.



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**7. BUSINESS OVERVIEW (CONT'D)**

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Our Group enters into consignment arrangements with respective departmental store operators to consign our products to be displayed, marketed and sold at the departmental stores counters. Pursuant to these arrangements, the departmental store operators will assign floor spaces in the departmental stores for our Group to display and retail our products; sales generated from the counters are invoiced on a monthly basis; and our Group is charged with a trade margin by these departmental stores based on the sales value of products sold at the counters. The departmental store operators will propose a sales target, wherein these operators will continuously engage with our business development as well as sales and marketing personnel in reviewing our Group's marketing and promotional strategies to achieve the sales target on a best effort basis and to increase the product sales at the counters.

We conduct stock update for our departmental store counters on a daily basis. Our sales promoters will record inventories received and sales generated at the departmental stores and report them to our head office. Through this daily update, we are able to track our sales, and replenish our inventory to the departmental stores in a timely manner. The information gathered also allow us to match our sales records with the departmental stores' POS system to minimise sales discrepancy at the departmental stores.

As and when required, we will carry out renovation and refurbishment of the layout designs, fixtures and fittings and display poster at the departmental store counters to create a new fresh look to attract customers and maximise floor space usage. Our project department will carry out the design work on the layouts of the counters. The layout designs and schedule of renovation will be presented to the respective departmental store operators for confirmation and approval before we begin renovation/refurbishment. The renovation and refurbishment costs will be borne by our Group.

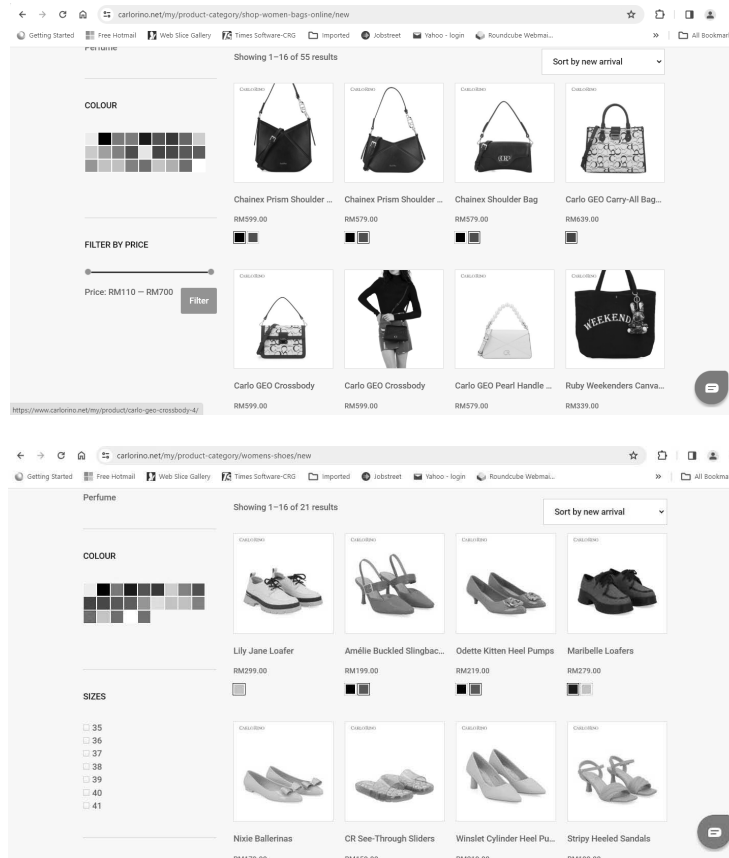
We assign sales promoters to market our products and serve customers who visit our boutiques and counters at the departmental stores. Our operations rely on our ability to hire, train, manage and retain sales promoters with good product knowledge and provide attentive customer service to our customers. Generally, we have our own full time and part time sales promoters for our boutiques and departmental store counters. We also entered into non-exclusive dealership agreements with several dealers in Malaysia to supply sales promoters to our Group when there is a shortage of sales promoters for our Group's operations. As at the LPD, we have a total of 282 sales promoters to manage and operate our boutiques and departmental store counters.

- (c) **E-commerce platforms** – we promote and sell our products through our Carlo Rino Online Store (which is accessible worldwide), as well as various third-party e-commerce marketplaces such as Zalora, Lazada, Shopee and TikTok Shop. For the FYE Under Review, our online sales accounted for 16.01%, 12.17%, and 9.97% of our Group's total revenue, respectively.

When an online customer makes an online purchase, our e-commerce personnel will generate a delivery order to the warehouse personnel to arrange for the purchased merchandises to be delivered to our online customer's delivery address. All logistic and delivery for our e-commerce sales will be processed by our e-commerce and warehouse personnel in Malaysia.

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**7. BUSINESS OVERVIEW (CONT'D)**



**(vi) Product return and exchange**

We accept product return and exchange on merchandise purchased from our Carlo Rino boutiques and e-commerce sales channels due to valid product defect claim and change of mind of customers. Customers purchased our products from departmental stores counters can claim for product return and exchange through the departmental stores' return and exchange department.

We only accept product return and exchange on normal price merchandises with sales receipt and in their original condition which is unworn, unwashed, unsoiled and unaltered and in their original packaging attached with the price tag and label.

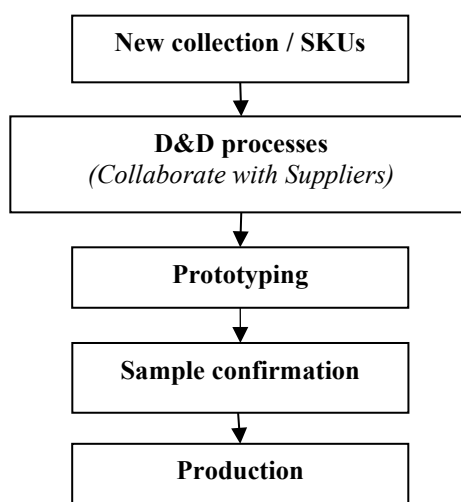
Customers are given 7 days (from the date of purchase) to return and exchange their products purchased from our boutiques. All product return and exchange will be given in the original form of payment or exchange for another item (identical or different). If the customer wishes to exchange the merchandise, we will exchange for them. If the value of the exchange item exceeds the value of the return item, the customer is required to pay the excess value.

Online customers are also given 7 days period upon receiving their products to claim for product return and exchange. The e-commerce product refund will be in the original form of payment or cash voucher (which can only be used on Carlo Rino Online Store) or exchange of another item (identical or different).

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**7. BUSINESS OVERVIEW (CONT'D)**


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**7.5 DESIGN AND DEVELOPMENT**

Given the increasingly competitive retail environment, major fashion companies involved in the retail and distribution of women's fashion products must keep up with the latest market and fashion trends, including expediting improvement in their product design and development capabilities in the efforts to keep up with the competition. Our Management recognises the importance of producing seasonal, creative, and fashionable products, as well as trendy in terms of product design and latest fashion trend products in order to stay competitive within the women's fashion market. As such, our D&D personnel constantly carries out D&D activities, covering all aspects of product design and development, materials selection and enhancement of product quality.

Majority of our Group's products are developed jointly with our suppliers, whereby we mainly handle the design stage of our Group's products, while the OEM manufacturers are appointed by our suppliers to manufacture the products using their equipment in accordance with our Group's designs, specifications and requirements.

As at the LPD, our D&D department has 7 designers. The roles and responsibilities of our D&D personnel include designing, developing, material selection, and QC on our product prototypes.

**New collection / SKU**

Women's handbags, footwear and accessories are subject to constant changes in fashion trends. We continually keep abreast with the latest fashion trends for our products. We gather the latest fashion information from the women's fashion industry locally and internationally to ensure we design our products in accordance with the current demand of our customers.

We generally develop and launch an average of 50 SKUs of our products monthly. For each collection, we will have multiple products, i.e., multiple designs for each handbag, footwear, and accessory categories.

**D&D processes**

Prior to the D&D for our new product collections, our designers will collect information on the latest fashion and season trends, choice of materials, as well as consumer preferences and spending habits. Our designers also follow fashion designers and influencers on their social media platforms and study the latest trends in printed fashion publications.

Our designers and other departments will brainstorm ideas for new products design. Before designing a new product, our Group takes into consideration factors such as pricing, appearance, functionality, material use, and the presence of competing products. Based on the information gathered, our designers will design and develop new products which are perceived to have market potential and demand from our target customers.

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## 7. BUSINESS OVERVIEW (CONT'D)

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We also work closely with our suppliers and OEM manufacturers in the continuous process of designing and development of new handbags, footwear and accessories, as well as formulation of new perfumes. Occasionally, our suppliers and OEM manufacturers will also provide their new design of handbags, footwear and accessories, and/or formulations and scents of the perfumes for our review and consideration. Our designers will study and review their new products design to determine whether they suit our customers' taste, preferences and fashion styles. We will provide our feedback and changes made to their products design, in terms of shapes, sizes, colours, features, materials use, scents etc., to our suppliers and OEM manufacturers for alteration. If we decide to accept the new design or formulations, we will request for a prototype development, which are then subject to product review and quality checks by our D&D personnel, prior to commencing mass production. Once this prototype is approved and accepted by D&D personnel, our suppliers and OEM manufacturers will not be allowed to sell the same product design to their customers.

### **Prototyping**

We collaborate with our suppliers in the D&D of our new products. Our D&D personnel provides the product design, opinion, and feedback to our suppliers, i.e., suggesting ways to improve product designs to make the products more appealing and comfortable.

Our D&D personnel constantly communicates with our suppliers during the prototyping process. Our suppliers are responsible for producing a prototype of the new product and to carry out appropriate QC. During the prototyping process, our D&D personnel reviews the product sample, verifies it with the product's specifications, and compares it with similar products that have recently been introduced in the market. If the product does not meet our requirements, the product will be modified accordingly.

### **Sample confirmation**

Our suppliers will provide a prototype incorporating the design, features, and materials used for our D&D personnel for review. Every aspect on the new product will be examined and once the new product sample meets our Group's requirements, our Management will provide its approval to suppliers to begin manufacturing the new product.

### **Production**

Upon approval from our Management, suppliers will start the manufacturing of our new products. The final products are then packaged and shipped to our Group's warehouse in Malaysia. Our merchandising personnel will place stock orders to suppliers periodically to ensure there is sufficient stock in our warehouse to meet the demand from our customers.

### **Post D&D**

Our D&D personnel is also responsible for identifying whether there is any imitation of products as well as any infringement on our trademarks. If we identify our products being sold by any unauthorised third parties, or not within our official store, we will take the necessary actions (such as reporting to relevant regulatory authority or the third party marketplaces) to protect our brand value and intellectual properties.

## 7.6 SALES AND MARKETING

Our Group's sales and marketing activities are managed by business development, sales and marketing, A&P and e-commerce personnel, with a total workforce of 22 (excluding sales promoters) as at the LPD. They are responsible for (i) brand building and management, (ii) developing marketing and promotional programmes, and (iii) expanding the distribution of our Group's products and services. As at the LPD, we also have 282 sales promoters, who are assigned to our boutiques and departmental stores to market and promote our products to our customers.



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## 7. BUSINESS OVERVIEW (*CONT'D*)

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In order to reach and serve our customers effectively, our Group has executed the following sales and marketing activities as below:

**(i) Effective branding**

We execute our branding exercises periodically to create brand awareness and promote brand equity. Our goal is to ensure our customers remember our brands and have positive associations with our brands to help them make purchase decisions easier, as well as to enhance both the value and satisfaction they get from buying our products.

Good branding is essential to distinguish our products from competitors. We will need to carefully manage our branding so that our brand equity does not depreciate over time. Therefore, we participate in sponsorships, marketing campaigns, and digital marketing to maintain or even improve brand awareness and brand perceived quality, as well as brand associations. In this modern period, digital marketing has proven to be effective in creating brand awareness and customer conversion. Therefore, we advertise our Carlo Rino products in various online publication portals such as Sin Chew Jit Poh, China Press, Nanyang Siang Pau and Oriental Daily; lifestyle online platform such as <https://www.girlstyle.com> and <http://hype.my>; and advertisement through social media to enhance public awareness of our brands and products and to reach our target customers.

We also engage social media influencers to promote new product launches and create brand awareness. Our targeted engagements will be influencers with positive and strong reputations in the relevant fields to market our products to their targeted followers. We work with social media agencies and utilising search engine optimisation technology to allow our existing and potential customers to discover our existing and new products online and ranking us higher in search engines which can increase traffic to our Carlo Rino Online Store.

**(ii) Adoption of e-commerce**

Our Group has a Carlo Rino Online Store (<https://www.carlorino.net/>), where information on our Group's latest range of products is displayed and is accessible worldwide by our customers.

We also place a selected range of our products (i.e., existing and new) with third-party online marketplaces, such as Zalora, Lazada, Shopee and TikTok Shop. Through these third-party e-commerce marketplaces, we are able to leverage on their platforms to market and promote our products to larger group of targeted customers.

All sales generated from our Carlo Rino Online Store, whether it is locally or internationally, will be managed and handled by our e-commerce and warehouse personnel in Malaysia to arrange product delivery from our warehouse in Malaysia to our online customers.

**(iii) Loyalty programme**

We offer a loyalty membership program to customers at our boutiques. Our members are entitled to in-store discounts, promotions, birthday privileges, special promotions on members' days and receive the latest updates on Carlo Rino's new launches and activities.

**(iv) Strategic locations of boutiques**

It is important to select and establish boutiques in strategic business locations to ensure that they are readily accessible and have the ability to attract a high number of customers. As at the LPD, we manage and operate 41 boutiques and 82 departmental stores counters at various locations, such as shopping malls and premium outlets. Boutiques in prime locations and major shopping areas generally bring high foot traffic flow and is likely to generate more sales.

For the FYE Under Review, our A&P expenses were RM2.27 million, RM1.96 million and RM3.03 million, respectively.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**7.7 QUALITY CONTROL MANAGEMENT**

We carry out QC in various business operation processes such as checking on the product design carried out by our D&D personnel, selecting reliable suppliers to produce and supply our products to us, conducting final inspection of our products before distributing to our boutiques, departmental store counters and online customers as well as monitoring the customer services provided by our sales promoters.

**Product design**

We take pride in the quality of our products that are sold to our customers. Our Group strives to keep track of the quality of our products through utilising quality materials in the development and production of our products. We also receive customer feedback and assess customer complaints to identify any dissatisfaction in order for us to improve product quality. Customer feedback is used as a guide for future design, development and production of our Group's products.

**Selection of suppliers and OEM manufacturers**

We outsource the entire manufacturing activities to our suppliers and OEM manufacturers. We have a selection criterion when choosing the right suppliers for the procurement of raw materials and manufacturing of our products. We engage quality suppliers and OEM manufacturers based on recommendation and with positive track records, as we rely on them to carry out all aspects of the manufacturing activities. Prior to selecting a supplier or manufacturer, we will first assess its reputation and track record, manufacturing processes and procedures, technology used, and QC procedures adopted.

**Inspection of shipment received at our warehouse, boutiques and departmental store counters**

We conduct a sample inspection on every shipment delivers to our warehouse to ensure that the products meet our requirements, before onward delivery to our boutiques, departmental stores counters and online customers. Any defective products identified will be returned to our suppliers and OEM manufacturers for repair, rectification, replacement and/or refund.

***(i) QC at boutiques and departmental stores***

Our sales promoters and customers will jointly examine the products prior to completing the sales transactions. Post sales, any defective item can be returned and exchanged per procedures set out in Section 7.4 (vi) of this Prospectus.

***(ii) QC for e-commerce sales***

Upon receiving an order through our e-commerce platform, we generate sales and delivery orders. Our warehouse personnel will carefully select and visually inspect each item before packaging them into boxes for shipment.

**Service quality assurance**

Our Group is mainly in the retailing business of women's handbags, footwear and accessories, therefore, we always endeavour to instil in our sales promoters a dedication to provide good customer service via regular in-house training to educate our sales promoters to attend to customers' needs and the latest product knowledge.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**7.8 CASH MANAGEMENT POLICY**

Sales from boutiques are transacted in cash, credit cards, debit cards and/or via cashless payments from customers. For the FYE Under Review, our total cash sales contributed 36.53%, 30.58% and 30.37% of our Group's total revenue, respectively.

To prevent any cash mismanagement, burglary and theft, we have implemented the following control measures in our boutiques such as:

- only authorised personnel are allowed to handle cash at our boutiques;
- implement strict cash bank in or cash collection procedures; and
- carry out weekly reconciliation and cross-checking processes by the accounting and finance personnel.

For the FYE Under Review, we have not encountered any major cash mismanagement or theft.

**7.9 SECURITY AND LOSS PREVENTION**

We have strict security procedures for our retail and warehouse operations. In order to deter pilferage, shoplifting, theft and robbery, we installed closed-circuit television ("CCTVs") at all of our boutiques and warehouse. We also have security guards positioned outside our warehouse to patrol the warehouse building area regularly. We also carry out scheduled internal audit on inventory to ensure it matches against the system records. At all of our boutiques, we attached anti-theft sensor on our products to prevent shoplifting.

The security in the departmental store counters is the responsibility of the department store operators. They have their own security procedure to monitor and safeguard the products consigned in their departmental stores. Our sales promoters will do their duties according to the procedures, rules and regulations set by the department store operators.

When inventories are delivered to our boutiques, our sales promoter will conduct a stock count to ensure that all delivered products match with the corresponding delivery orders. The sales promoter will also conduct periodical audit on inventory cycle count to track and record sales and inventory movements and to detect any variance. This allows us to investigate, trace and resolve incidences of pilferage, shoplifting and theft in a timely manner.

For the FYE Under Review, we have not encountered any major loss of products from our security issues.

**7.10 INSURANCE POLICY**

We maintain insurance policies which, include amongst others, to protect our employees, assets and inventories from fire, burglary and theft, loss of money, public liability, product liability, accident and medical claims arising from our business and retail operations.

These insurance policies have specifications and insured limits that we believe are appropriate, taking into consideration our risk level and exposure to such loss, the cost of such insurance, and applicable regulatory requirements in Malaysia. We will also conduct periodical review of our insurance coverage to ensure we have adequate insurance coverage.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.11 TECHNOLOGY USED AND TO BE USED**

Our IT personnel oversees the maintenance and enhancement of our Group’s IT infrastructure. Currently, we utilise the following software for our operations and back-up processes, as follows:

<b>Software</b>	<b>Description</b>
Veeam backup solution	It is a disaster recovery backup software to back up and restore when our systems encounter any system failure and/or interruption from operations. The disaster recovery backup software will store all of our Group’s retail and financial data, customers’ data for backup and recovery purposes.
Adobe creative cloud	It is mainly used by our designers for graphic design work purposes such as logos, product pictures, promotion posters and advertisements. Currently, we have 9 Adobe subscriptions which are being used by our A&P and D&D personnel.
AutoCAD	It is a type of computer-aided design software that can render three dimensional drawings which we use to design our retail outlets and floor plans. Currently, we have 2 AutoCAD subscriptions which are utilised by our project personnel.
Goldsoft	It is an ERP software used in our retail operations which include enterprise retail management module and POS module. This software stores all of our Group’s transactional data that can be accessed locally, which include amongst other, finance information, inventory information, purchase and sales information, POS transactions, and our members information.
Data protection software	We use Bitdefender, an antivirus software, to provide real-time protection against malwares and data viruses.

We are not dependent on any of the abovementioned technologies used for our retail operations as there are other replacements that are readily available in the market. In addition to the above, we are also in the midst of upgrading our existing ERP system and POS using the latest Java Cloud Technology, as well as e-commerce website and Carlo Rino mobile application. Please refer to Sections 4.9 and 7.18 of this Prospectus for information on our IT infrastructure upgrades.

**7.12 RESEARCH AND DEVELOPMENT**

We are principally a retailer and as such, are not involved in any research and development activities. However, our Group undertakes D&D for our products as set out in Section 7.5 of this Prospectus.

**7.13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES OF OUR GROUP**

We are committed to environmental, social and governance (“ESG”) responsibilities by integrating the principles of ESG into our day-to-day business and operations. We believe by fulfilling our corporate responsibility and sustainable growth are instrumental to the continuing growth of our industry and business.

Our Board assumes the overall responsibility of overseeing the implementation of our ESG policy, which includes the identification, assessment and management of the importance of ESG matters, and setting goals in respect of ESG-related matters.

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**7. BUSINESS OVERVIEW (CONT'D)**

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The current focus of our ESG practices is as follows:

**(a) Environment**

In managing environmental matters, we have adopted the 3R (i.e., Reduce, Reuse and Recycle) principles to minimise resources wastage and ensure sustainable consumption at our head office, warehouse, boutique and departmental store counters. For example:

- (i) **Waste management** – we practise proper waste management, such as the separation of wastes before disposal, as our support to protect the environment. Any recyclable wastes will be recycled accordingly.
- (ii) **Energy conservation** - we encourage our employees to adopt to energy-saving practice. We use energy-efficient equipment (i.e., LED light bulbs, energy-star labelled electronics, etc.) and switching off the lights and electronic appliances (i.e., air conditioners, computers, etc.) or put them in sleep mode when not in use in our head office, warehouse and boutiques.
- (iii) **Water conservation** - we encourage our employees to practice water conservation habits. We also monitor our Group's water consumption via carry out routine maintenance and check for water leaks in our head office and warehouse.
- (iv) **Office supplies** - we utilise digital data storage (e.g., cloud storage servers) to promote the idea of a paperless workplace, and we encourage double-sided printing of documents in our head office. We also encourage our employees to reuse and recycle printed materials.
- (v) **Usage of recyclable materials for packaging** - We have been on a constant lookout for the latest development in the industry for environmentally friendly packaging materials for our merchandises. Presently, we promote the use of recyclable and biodegradable packaging materials.

**(b) Social**

In managing social matters, we consider corporate social responsibility as a fundamental part of our corporate culture. We offer equal opportunities to our employees for career development and advancement regardless of their gender, age, race or religion to attract and retain employees. We celebrate diversity and desire to provide an inclusive workspace for all our employees and strive to provide a fair and balanced compensation scheme. We also provide training courses for our employees to further develop their skill sets. We also offer internships to students to give them practical work experience in our field of business.

We have staff welfare programme such as snack bar counter in our head office for our employees to enjoy, a nursery home care room for female employees, and implement monthly birthday celebration for our employees who are having birthdays in the respective months.

To ensure the health, safety and well-being of our employees at our premises, we offer various benefits such as employees' insurance policies for eligible employees. We have also established an emergency safety and evacuation practices in our head office and warehouse.

We also have purchased third party public liability insurance policies amongst others, to protect our customers who shop in our boutiques.

We are also committed to promote corporate social responsibility through providing donations. For the FYE Under Review, we had participated in scholarship program of Universiti Malaya, and donations to AEON Foundation and charity organisation.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### (c) Governance

In managing governance matters, sound corporate governance forms the foundation of our Group's business and operations. We believe that establishing and implementing sound corporate governance will help enhance the investment value of an enterprise and provide long-term sustainable returns to our shareholders. We practise standards of corporate governance by conducting business ethically as well as practise corporate accountability, transparency and sustainability.

We strive to achieve and maintain board diversity to improve our Board's effectiveness, bring unique perspectives to the boardroom and enhance our Board's performance. We also adopted the steps taken to achieve the principles and practices of the MCCG, where more than half of our Board comprises independent directors. As at the LPD, 4 out of 6 of our board members are independent directors and 3 of them are female.

We have zero tolerance towards any form of bribery and corruption in our business operations. As such, we have established various policies and procedures to promote and maintain compliance to the Malaysian Anti-Corruption Commission Act 2009, the Whistleblower Protection Act 2010 to provide contact details for the stakeholders to raise their concern or grievances, and the Personal Data Protection Act 2010 to protect the personal data of our customers.

In addition, we have established proper code of ethics and conduct for our Directors, key senior management and employees to follow when they perform their duties and responsibilities in ethical manner.

### 7.14 AVAILABILITY OF SUPPLIES AND INVENTORIES

Our Group does not carry out any manufacturing activities. Our Group's entire product range is manufactured by suppliers and OEM manufacturers appointed by our suppliers or ourselves. As a result, our Group's purchases are made based on purchase orders issued to respective suppliers and the OEM manufacturers appointed by us.

The principal materials used in the manufacture of our products are faux leather, jacquard and polyvinyl chloride, which are mainly sourced from local and overseas suppliers. As such, we are subject to supplier risk where the suppliers may fail or delay in delivering their commitments to us and any significant fluctuation in the material cost may also affect our Group's business, financial conditions and results of operations.

In mitigation of the abovementioned risks, our Group assesses, and screens potential suppliers and OEM manufacturers to ensure that they have the capability to supply such products timely and at a reasonable cost. Further, our Group is also not dependent on any particular supplier or particular product.

### 7.15 SEASONALITY AND BUSINESS INTERRUPTIONS

#### 7.15.1 Seasonality

The women's fashion industry is seasonal in nature. During major festivals or peak sales periods, we will usually experience higher sales as compared to other periods of the year. This seasonality in sales presents a stock forecasting challenge. To manage our inventory level, our merchandising personnel will continue to monitor the sales performance of our products and determine appropriate strategies to either capitalise or counter any increase or decrease in demand.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**7.15.2 Business interruptions**

In 2021, we temporary closed our boutiques for a period between 1 week and up to 3 months during the various MCO stages of the COVID-19 outbreak. Other than that, our boutiques were operating at the permissible capacity set by the relevant regulatory authorities in Malaysia and we were still carrying out our business from our e-commerce segment. In the same year, although we faced some restrictions on the supply of our product, we still have sufficient inventories in our warehouse to fulfill our sales demand. As such, we did not experience any major impact on our supply chain. In terms of impact to our Group's financial performance, we did not experience any material impact to our Group's financial performance arising from the various disruptions on our retail operations due to the COVID-19 pandemic, as demonstrated by an increase in our Group's total revenue from RM76.46 million in FYE 2021 to RM101.79 million in FYE 2022, and RM113.53 million for FYE 2023.

Save as disclosed above, we have not experienced any interruptions to our businesses which affected our Group's operations.

**7.16 DEPENDENCY ON CONTRACTS, PRODUCTION OR BUSINESS PROCESS, MAJOR APPROVALS, LICENCES, PERMITS AND TRADEMARKS**

As at the LPD, save as disclosed in Sections 7.22 and 7.23.1 of this Prospectus, our Group is not materially dependent on any commercial contracts, intellectual properties, licenses and permits, and production or business processes.

**7.17 COMPETITIVE STRENGTHS**

The sustainability of our Group's business depends on the deployment of marketing initiatives, experiences of directors and key senior personnel in managing our Group's business, highly trained business development and retail sales teams, and strong business ties with our suppliers. The strengths and competitive advantages possessed by our Group are to enable us to compete in and to remain at the forefront of the women's fashion industry.

Our Group aims to sustain the following competitive advantages to improve our competitive position in the market and to strengthen our future business.

**(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.

We carry out various A&P activities to create and promote awareness of our brand name and products in the women's fashion market in the Southeast Asia region. Through our commitment in product design, quality assurance and brand building, Carlo Rino brand has emerged as one of the established Malaysian brands in the local women's fashion market. Our track record of revenue growth is testament to the encouraging market acceptance of our Carlo Rino brand for women's footwear, handbags and accessories.

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 that are strategically located in prime locations such as The Exchange TRX, Genting Highlands Premium Outlets, Johor Premium Outlets, Mahkota Parade, Mid Valley Megamall, Mitsui Outlet Park KLIA Sepang, Pavilion Bukit Bintang, Freeport A'Famosa, etc.

We believe that this has been the foundation for building our reputation as a fashion house for women's handbags, footwear and accessories in Malaysia.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**(ii) We have multi-channel distribution network**

Our products are sold through our Carlo Rino boutiques, departmental store counters and e-commerce marketplaces.

We have teams of experienced business development, retail sales and e-commerce sales personnel which are involved directly in, amongst others, sales channel management. We maintain close rapport with various shopping malls and departmental stores operators to identify upcoming retail space, conduct surveys to assess foot traffic in these shopping malls and department stores, scout promising retail space as well as negotiate tenancy and consignment arrangement terms with counterparties for our Group's operations.

We operate and manage our Carlo Rino boutiques as well as consign our products to various departmental stores in Malaysia. As at the LPD, we manage and operate 41 boutiques and 82 departmental store counters in Malaysia. Majority of our Group's revenues is contributed from sales generated from our boutiques and departmental store counters. Our good business relationship with respective shopping malls and departmental store operators allows us to scout for strategically located retail space at competitive rates which in turn, expands our Group's retail coverage in Malaysia.

Since 2014, we expanded our distribution channel digitally by setting up our Carlo Rino Online Store and utilising third-party e-commerce marketplaces such as Zalora, Lazada, Shopee and TikTok Shop to market and promote our products online. For the FYE Under Review, we generated revenues of 16.01%, 12.17% and 9.97% respectively from our online sales. Moving forward, we intend to continue to increase our e-commerce business to certain countries in the Southeast Asia regions. Please refer to Section 7.18 of this Prospectus for further details on our Group's business strategies and future plans.

We believe the said multi-channel sales network has assisted in the growth of our business and will continue to provide the platform for our Group's future growth.

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

The fashion trends for women's handbags, footwear and accessories is subject to continuous changes. We believe one of our key strengths lie in the capabilities and components of our D&D personnel to design and develop over 50 SKUs of our products every month. Our D&D activities and efforts are crucial in ensuring our Group's competitiveness.

As at the LPD, our Group's D&D department has 7 designers and is led by our Group Managing Director. Our D&D personnel is tasked to create new designs and collections that are in line with the latest fashion trends. In doing so, our D&D personnel constantly monitors new design trends based on local and international consumer preferences and spending habits. Please refer to Section 7.5 of this Prospectus for further information on our Group's D&D activities.

**(vi) We have an experienced key management team**

We are led by an experienced and committed team of key management personnel headed by our Group Managing Director and an Executive Director. Our key management team possesses extensive experience in the key functions of our Group including corporate management, marketing, brand management and finance. All of our key management personnel have over 10 years of experience in their respective fields. Please refer to Section 5 of this Prospectus for profiles of our key senior management. Their experiences in the business have been instrumental to our Group's vision and growth strategies.



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## 7. BUSINESS OVERVIEW (*CONT'D*)

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### (vii) **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. In addition, our Group's product strategy is to offer quality fashion products at affordable prices in order to attract a wide pool of customers.

## 7.18 BUSINESS STRATEGIES AND FUTURE PLANS

To strengthen market presence and brand visibility, our Group intends to carry out the following initiatives:

### 7.18.1 Establish our first Carlo Rino flagship boutique

We plan to establish our first Carlo Rino flagship boutique in Malaysia. 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 utilise the 1<sup>st</sup> and 2<sup>nd</sup> floors of the commercial building for our Carlo Rino flagship boutique. The estimated built-up area for our Carlo Rino flagship boutique will be approximately 4,000 sqft. 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. The flagship boutique will have a constantly evolving design and theme to keep in line with new fashion seasons and products. Furthermore, the flagship boutique will portray a trendy décor and vibrant atmosphere, reflecting our brand's language and approach for the viewing pleasure of our customers. 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. Please refer to Section 4.9 of this Prospectus for further details on the use of proceeds for this purpose.

### 7.18.2 Refurbishment of our boutiques and counters at departmental stores to attract customers and drive sales growth

The fashion industry is subject to fast changing consumer preferences. Hence, refurbishment of our boutique and departmental store counters is required from time to time; changing the atmosphere, layout and appearance of a boutique and departmental store counter which aim 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. Furthermore, boutique renovation is an avenue to make our boutiques energy and operationally efficient by installing energy saving devices and refurbish fittings to enhance effective usage of retail space.

We plan to carry out refurbishment of our boutiques store and departmental store counters on progressive manner to refresh our retail locations with new themes, colours, designs and display setup to provide new in-store experience for our customers. We intend to utilise part of the proceeds from the Public Issue to fund the refurbishment of boutiques and departmental store counters. Please refer to Section 4.9 of this Prospectus for further details on the use of proceeds for this purpose.

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**7. BUSINESS OVERVIEW (CONT'D)**


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**7.18.3 Overseas expansion via online e-commerce platforms**

We have already established a strong market presence in the Malaysia women fashion market over the last 17 years. As at the LPD, our Group has an online market presence in Indonesia and has appointed a distributor in Vietnam to market and sell our products. Further, our Carlo Rino Online Store (<https://www.carlorino.net>) is accessible worldwide since September 2016. Our Management believes to further increase our Group's sales and market reach, we will need to expand our markets geographically. E-commerce revenue in Southeast Asia expanded from RM135.8 billion in 2018 to RM451.3 billion in 2022, yielding a CAGR of 35.0%. It is expected to further increase to RM748.2 billion in 2027, charting a CAGR of 10.6% (*source: IMR report*).

Therefore, we plan to adopt a marketing strategy to expand overseas markets via online e-commerce platforms. We intend to expand our geographical reach to other countries in the Southeast Asia region such as Indonesia and Thailand, via the following approaches, progressively over the next 2 to 3 years via our Group's internally generated funds:

**(a) Search engine optimisation**

We will use search engine optimisation technology to attract customers to our global e-commerce platform. Currently, we have appointed an external service provider to increase the online visibility and potentially yield higher traffic of our global ecommerce platform.

**(b) Leverages on third-party e-commerce platforms for international exposure**

Currently, we sell our products on various third-party e-commerce platforms. We intend to use third-party international marketplaces and leverage on their established e-commerce presence in other countries and huge database to market and sell our products on to further expand our overseas markets.

**7.18.4 Upgrade of our IT infrastructure**

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

**Upgrading our ERP and POS system**

To support future growth, since September 2023, we have commenced the upgrading of our existing ERP system to a new enhanced ERP system which is web-based, and an enhanced POS system to become cloud-based.

We are currently utilising an ERP system, namely Goldsoft, to manage and store data and information which include amongst others, finance, inventory, purchase and sales, POS transactions as well as members' data. The enhanced ERP system is a web-based client application which provides users with easy access to information via web browsers on computers and mobile devices.

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.

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**7. BUSINESS OVERVIEW (CONT'D)**

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As at the LPD, we have completed the implementation stage (coding, setup and configuration) and will proceed to the testing stages. This enhanced ERP system is expected to go live by December 2024, whereas the enhanced POS system is expected to go live by June 2025.

**Upgrading our CRM system and adoption of mobile-based e-commerce platform**

Our current CRM system can only allow us to add and store members information in our database. Since we are shifting our IT infrastructure toward using cloud-based technology, therefore, we have also started to upgrade and migrate our members database to a new CRM system. We have appointed an external software developer to design and build a cloud-based CRM system to improve our customers management activities. Upon completion of our new CRM system, we will migrate all our existing customers database to the new CRM system.

The new CRM system will provide many other functions including membership registration, activation and renewal, membership points redemption, and promote members engagement activities through digital marketing (i.e., to perform customers analytics, and deploy relevant push marketing of our products to the target customers). The new CRM system will enable us to better manage and interact with our customers.

We also intend to develop a mobile-based ecommerce application to market our products. The Carlo Rino mobile application will be built on the backbone of our new CRM system. By integrating the CRM system with the Carlo Rino mobile application, we are able to effectively market our products to our target customers/members and they are also able to make purchases of our products on a single application.

Currently, we are working on the design stage of the user interface of our Carlo Rino mobile application and integrating other payment and technology modules to allow our customers/members to browse and purchase our products, perform orders management (i.e., view and track order status, manage order fulfilment, etc.), members account and member rewards management.

The new CRM system together with our Carlo Rino mobile application are expected to go live by June 2025.

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**7. BUSINESS OVERVIEW (CONT'D)**

The details and status of our Group's business future plans as disclosed in the Information Memorandum is as set out below:

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
Section 5.18	<p><b><i>Increasing geographical footprint in South East Asia and the Middle East</i></b></p> <p><i>At present, we have online presence through our own online platform (<a href="https://shop.carlorino.net">https://shop.carlorino.net</a>) and third-party e-commerce marketplaces such as Zalora and Lazada.</i></p> <p><i>According to the IMR Report (as defined in the Information Memorandum), the e-commerce market in South East Asia, as measured by e-commerce sales, increased almost 2-fold from approximately USD5.5 billion in 2015 to an estimated USD10.9 billion in 2017. Moving forward, the e-commerce market in South East Asia is forecast to continue growing to USD29.4 billion in sales by 2020, at a CAGR of 39.1% between 2018 and 2020.</i></p> <p><i>Recognising the potential of the e-commerce market, we plan to develop a strong online presence for our Carlo Rino brand in South East Asia over the next 5 years. In order to do so, we plan to utilise digital media marketing such as search engine optimisation (SEO) to attract consumers to our online marketplace. We also intend to increase our exposure through digital marketing platforms to garner more traffic to our online marketplace.</i></p> <p><i>In addition, we have granted Kafak International Company (“Kafak”) the exclusive rights to use Carlo Rino brand as well as operate and manage boutiques carrying the Carlo Rino range of products in the Middle East for a period of 5 years, with a 5-year renewable period. Through this distributorship arrangement, we intend to expand our retail presence to other</i></p>	<p>Over the time, the business model for our Group's overseas sales evolved wherein we progressively ceased our physical retail presence in Indonesia and Vietnam due to limited market accessibility by these then overseas subsidiaries. As at the LPD, we have ceased all of our overseas subsidiaries, but we have 1 authorised distributor for the Vietnamese market. This distributor currently operates a counter in a departmental store in Vietnam for Carlo Rino products.</p> <p>As an alternate business strategy, we expanded the reach of Carlo Rino brand in Southeast Asia by developing an online presence for our brand which at the time was through CRG Group's own online platform (<a href="https://www.carlorino.net">https://www.carlorino.net</a>, which is accessible worldwide since September 2016) and third-party e-commerce marketplaces such as Zalora (in April 2014), Lazada (in April 2016), Shopee (March 2019) and TikTok Shop (August 2023). Over the time, we recorded customer visits to our own global online platform from various Southeast Asia countries such as Thailand, Singapore, Cambodia, Vietnam, Indonesia and Brunei.</p> <p>With the widespread acceptance of online shopping, we decided to venture into the online sector of the Indonesian market to capture potential market expansion opportunities. As at the LPD, Indonesian shoppers can browse and purchase CRG Group's range of products via <a href="https://id.carlorino.net/">https://id.carlorino.net/</a> (a localised e-commerce website in Indonesia) or <a href="https://www.carlorino.net">https://www.carlorino.net</a>. All online sales generated from such e-commerce platforms will be channelled back to CRG Group's online sales department in Malaysia, so as to arrange for delivery to the customers in Indonesia. We intend to replicate this approach to penetrate into other countries in Southeast Asia, progressively over the next 2 to 3 years, via internally generated funds for a cost to be determined later. Such approach also involves using search engine optimisation to attract customers to our Group's global e-commerce site.</p>

7. BUSINESS OVERVIEW (CONT'D)

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
	<p><i>countries in the Middle East, including the United Arab Emirates, Qatar and Bahrain.</i></p>	<p>In 2019, both our Group and Kafak have mutually agreed to cease the distribution activities in Saudi Arabia due to the lack of sales and ended the exclusive distributorship in 2019. Over the time, we also recorded customer visits to our own global online platform from Dubai and Kuwait. While we continuously explore viable business opportunities for expansion into the Middle East, we have not commenced any negotiation with any parties for such plan at this juncture.</p>
	<p><b><i>Expanding our Carlo Rino product range</i></b></p> <p><i>We intend to extend our Carlo Rino range of products to include accessories and fashion related collections such as watches and fragrances to complement the existing range of products. At present, we have a limited range of accessories which include wallets and handbag accessories such as tassles and chains.</i></p> <p><i>We are in the midst of undertaking research on the market for accessories and fashion related collections. We intend to launch various accessory product ranges over the next 5 years.</i></p> <p><i>The on-going development of new products is necessary for our Group to expand our market presence and remain competitive.</i></p>	<p>We undertake research on the market for accessories and fashion related collections to expand its product range. Since 2019, we progressively introduced new range of accessories which include perfumes, watches, t-shirts and scarves under the Carlo Rino brand to expand our product offerings to customers. In 2021, we launched a collection of eyewear products under a new brand name called C.Rino.</p> <p>We had on 27 October 2021 entered into a non-exclusive product license agreement with Warner Bros and a supplementary agreement dated 11 May 2022 for a period of 3 years commenced from 1 January 2022, for the rights to use Warner Bros' characters, character names, costumes, environmental settings, plot elements, artwork, logos and copyrights and trademarks in connection with the sale and distribution of women handbags, footwear and accessories in Malaysia, Indonesia, Singapore and Vietnam only. With this collaboration with Warner Bros, we had launched, amongst others, Looney Tunes collection and Harry Potter collection whereby elements of the iconic characters are featured on Carlo Rino's women's handbags, shoes, wallets, scarves, watches, wristlets and t-shirts.</p>

**7. BUSINESS OVERVIEW (CONT'D)**

**7.19 MAJOR CUSTOMERS**

As a retailer of women's handbags, footwear and accessories, our customers are primarily cash and carry customers at boutiques, departmental store counters and e-commerce platforms. The sales contribution from each customer as a percentage of our Group's revenue is negligible.

However, there are amounts due from financial institutions for debit and credit card transactions, as well as amount due from departmental stores and third-party e-commerce platforms in relation to sales generated from these distribution channels.

**7.20 MAJOR SUPPLIERS**

Set out below is our Group's top 5 major suppliers for finished goods for the FYE Under Review:

No.	Name of suppliers	Place of incorporation	Types of products / services purchased	Length of business relationship (years) <sup>(1)</sup>	Total purchases	
					RM'000	%
<b>FYE 2021</b>						
1.	Asiatic Straits Sdn Bhd	Malaysia	Management of procurement and manufacturing of women's handbags, accessories and footwear	16	22,172	88.96
2.	Heeltop Enterprise Sdn Bhd	Malaysia	Women's footwear	7	1,549	6.22
3.	LMY Heritage Sdn Bhd	Malaysia	Women's footwear	5	815	3.27
4.	Guangzhou Xuelei Cosmetic Co., Ltd	People's Republic of China	Perfume	1	142	0.57
5.	Siang Poh Knitting Sdn Bhd	Malaysia	T-shirt	1	41	0.16
<b>Total for top 5 major suppliers for finished goods</b>					<b>24,719</b>	<b>99.18</b>
<b>Total purchases for finished goods for FYE 2021 (RM'000)</b>					<b>24,923</b>	

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**7. BUSINESS OVERVIEW (CONT'D)**

No.	Name of suppliers	Place of incorporation	Types of products / services purchased	Length of business relationship (years) <sup>(1)</sup>	Total purchases	
					RM'000	%
<b>FYE 2022</b>						
1.	Asiatic Straits Sdn Bhd	Malaysia	Management of procurement and manufacturing of women's handbags, accessories and footwear	16	23,652	77.46
2.	Min Zhong Global Trading & Services Sdn Bhd	Malaysia	Women's handbags and accessories	2	3,244	10.62
3.	Heeltop Enterprise Sdn Bhd	Malaysia	Women's footwear	7	1,872	6.13
4.	Product Feature Sdn Bhd	Malaysia	Women's footwear	10	850	2.78
5.	LMY Heritage Sdn Bhd	Malaysia	Women's footwear	5	838	2.74
<b>Total for top 5 major suppliers for finished goods</b>					<b>30,456</b>	<b>99.73</b>
<b>Total purchases for finished goods for FYE 2022 (RM'000)</b>					<b>30,536</b>	
<b>FYE 2023</b>						
1.	Asiatic Straits Sdn Bhd	Malaysia	Management of procurement and manufacturing of women's handbags, accessories and footwear	16	17,619	48.23
2.	Min Zhong Global Trading & Services Sdn Bhd	Malaysia	Women's handbags and accessories	2	5,091	13.93
3.	Galaxy Wholesale Sdn Bhd	Malaysia	Women's handbags, accessories and footwear	1	4,470	12.24
4.	Heeltop Enterprise Sdn Bhd	Malaysia	Women's footwear	7	4,251	11.64
5.	LMY Heritage Sdn Bhd	Malaysia	Women's footwear	5	1,853	5.07
<b>Total for top 5 major suppliers for finished goods</b>					<b>33,284</b>	<b>91.11</b>
<b>Total purchases for finished goods for FYE 2023</b>					<b>36,534</b>	

Note:

(1) Being the length of business relationship as at the LPD.

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**7. BUSINESS OVERVIEW (CONT'D)**

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Our Group outsources the procurement of materials, manufacturing and supply of products, as well as QC activities to external suppliers and OEM manufacturers. These suppliers and OEM manufacturers are carefully selected based on their track record, experience and pricing in order to ensure the product quality. Our Group does not enter into long term agreements or arrangements with suppliers as purchases are confirmed on a purchase order basis. This allows our Group to have the flexibility to source products of different designs and services at competitive prices.

For the FYE Under Review, Asiatic Straits Sdn Bhd (“**ASSB**”) accounted for 88.96%, 77.46% and 48.23% of our Group’s total purchases for finished goods, respectively. Our Group has built a positive and long-term working relationship with ASSB spanning over 16 years. As at the LPD, our Group has not encountered any material interruptions to the manufacturing and supply of products from ASSB. Although ASSB is a major supplier of finished goods, our Management is of the view that our Group does not materially dependent on ASSB and/or any of the above major suppliers, as there are various other suppliers in the market that can offer similar quality products and services at competitive rates and can serve as replacements to current list of suppliers.

As set out above, we have diversified our purchases from other suppliers which have proven their ability to offer our Group with quality and uninterrupted supply of products throughout the FYE Under Review. Consequently, the total purchases from ASSB have reduced from 88.96% in FYE 2021 to 48.23% in FYE 2023.

None of the Directors, Promoter, substantial shareholders and key senior management of our Company have any interest, direct and/or indirect, in any of the above major suppliers.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.21 PROPERTIES AND LOCATION OF BUSINESS**

**7.21.1 Properties owned by our Group**

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Tenure	Date of CF / CCC	Category of land use / Express condition / Restriction in interest	Encumbrances	Land area / Built-up area (approximate)	Audited NBV as at 30 June 2023 (RM'000)
1.	CRG	<p><u>Title Details</u> Geran 320522</p> <ul style="list-style-type: none"> <li>• M1/B1/2</li> <li>• M1-C/1/17</li> <li>• M1-C/2/18</li> <li>• M1-C/3/19</li> <li>• M1-C/4/20</li> <li>• M1-C/5/21</li> <li>• M1-C/6/22</li> </ul> <p>All in Lot 34554, Pekan Cheras, District of Ulu Langat, State of Selangor</p> <p><u>Postal Address</u></p> <ul style="list-style-type: none"> <li>• Level Aras 1 &amp; Aras 1 Atas</li> <li>• Level Aras 1 Rendah Atas</li> <li>• Levels 2, 3, 4, 5 and 6; and</li> <li>• 92 units of parking bays, all located at Block C, Platinum Cheras, Jalan Cheras Zen 1A, Taman Platinum Cheras, 43200 Cheras, Selangor</li> </ul>	<p><u>Description:</u> 6-storey office building together with 92 units of parking bays.</p> <p><u>Existing use:</u> Warehouse</p>	Freehold	28 January 2015	<p><u>Category of land use</u> Commercial</p> <p><u>Express condition</u> Commercial building</p> <p><u>Restriction in interest</u> None</p>	Charged to Public Bank Berhad on 14 December 2023	<p><u>Master land area:</u> 65,294 sqft</p> <p><u>Built-up area (for 6-storey office building):</u> 41,873 sqft</p>	19,230

**7. BUSINESS OVERVIEW (CONT'D)**

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Tenure	Date of CF / CCC	Category of land use / Express condition / Restriction in interest	Encumbrances	Land area / Built-up area (approximate)	Audited NBV as at 30 June 2023 (RM'000)
2.	IBS	Geran 34048, Lot 620 Seksyen 67, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur  <u>Postal Address</u> No. 217, Jalan Imbi, 55100 Kuala Lumpur	<u>Description:</u> Vacant land  <u>Existing use:</u> Temporary carpark lots <sup>(1)</sup>	Freehold	Not applicable <sup>(2)</sup>	<u>Category of land use</u> None  <u>Express condition</u> None  <u>Restriction in interest</u> None	Charged to Public Bank Berhad on 28 March 2023	<u>Land area:</u> 9,175 sqft  <u>Built-up area:</u> N/A <sup>(2)</sup>	17,370

Notes:

- (1) The property is currently rented to Wawasan Murni Jaya, a non-related business entity, based on the tenancy agreement dated 1 October 2023 at the monthly rental of RM7,000.00 for a tenure of 3 months (with option for renewal of 3 months periodically).
- (2) The property is a vacant land. The land is proposed to be developed as a commercial building, details as set out in Section 4.9 of this Prospectus.

The properties owned by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/ by-laws, which will have material adverse impact on our operations as at the LPD.

We intend to construct our flagship store on the Imbi Property. Refer to Section 4.9 of this Prospectus for further details on this planning.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.21.2 Properties rented by our Group

#### (i) Head office

No.	Postal Address	Landlord/ Tenant	Description / Existing Use	Date of CF / CCC or equivalent	Built up area (approximate)	Period of tenancy / Rental per month
1.	Level 2, Lot L2-01 to L2-16, Level 2, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, Kuala Lumpur	PASB <sup>(1)</sup> / CRV	<p><u>Description of building:</u> 4-storey office building with 4-storey retail space with 2-storey carparks known as Ikon Connaught in Cheras, Kuala Lumpur.</p> <p><u>Existing use:</u> As our Head office.</p>	29 July 2022	18,879 sqft	1 August 2022 to 31 July 2026 / RM52,106.04

Note:

(1) PASB is the main tenant for Level 2 of Ikon Connaught and rented the property from PSSB (who is the owner and the landlord of the property). PSSB is a related party to our substantial shareholder, CSS. Refer to Section 10.1 of this Prospectus for further details on this related party transaction.

#### (ii) Boutiques

As at the LPD, we manage and operate 41 boutiques throughout Malaysia, of which all are rented by our Group from third parties, as set out below:

State in Malaysia	Total no. of boutiques	Range of tenancy period	Total built-up area (approximately, sqft)
Selangor	6	2 to 3 years	7,991
Kuala Lumpur	7	1 to 3 years	9,219
Johor	7	<1 <sup>(1)</sup> to 3 years	8,263
Pulau Pinang	3	3 years	3,776
Melaka	3	3 years	3,895
Perak	3	2 to 3 years	2,871
Negeri Sembilan	1	3 years	1,009
Sabah	2	2 to 3 years	2,530
Sarawak	1	3 years	1,067
Pahang	3	1 to 3 years	3,678
Kedah	1	3 years	1,367
Kelantan	2	3 years	1,793
Terengganu	2	3 years	2,505
<b>TOTAL</b>	<b>41</b>		<b>49,964</b>

## 7. BUSINESS OVERVIEW (CONT'D)

*Note:*

- (1) *Being tenancy for boutiques located at Plaza Angsana and Komtar JBCC which are renewable on monthly and quarterly basis, respectively. Subsequent to the LPD, CRB had ceased operation for boutique at Komtar JBCC.*

The properties rented by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at the LPD.

### 7.22 MAJOR APPROVALS, LICENCES AND PERMITS

#### 7.22.1 Head office and warehouse

Our Group holds valid business licenses for our head office and warehouse:

No.	Name of licensee	Approving / Issuing Authority	Types of license / permit / approval	Validity period	Major conditions imposed	Status of compliance
1.	CRG	Kajang Municipal Council	Account No.: LBUS06558 Business premise license and signage license  Storage / warehouse for women's accessories and bags in and lighted advertisement signage in Block C Aras 1 Rendah, Aras 1, Aras 2, Aras 3, Aras 4, Aras 5 & Aras 6, Jalan Cheras Zen 1A, Taman Platinum Cheras, 43200 Cheras, Selangor Darul Ehsan.	31 July 2023 to 30 July 2024 <sup>(i)</sup>	None.	N/A.
2.	CRV	Kuala Lumpur City Hall (Department of Licensing and Business Development)	Account No.: - File No.: DBKL.JPPP/00503/09/2018/KM01 Composite License  Management office and advertisement signage for Lot No. L2-05, 2 <sup>nd</sup> Floor, Ikon Connaught, No. 160, Jalan Cerdas, Taman Connaught, 56000 Kuala Lumpur, Wilayah Persekutuan.	13 November 2023 to 12 November 2024 <sup>(ii)</sup>	Employees in the premises shall be 50% Malaysian and 50% foreign workers with valid working permit	Complied.  As at the LPD, all employees of CRV are Malaysians with 1 permanent resident.

*Notes:*

- (i) *Renewal of the license shall be made within 3 months before expiry of the license.*  
(ii) *Renewal of the license shall be made within 60 days before expiry of the license.*

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## 7. BUSINESS OVERVIEW (CONT'D)

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### 7.22.2 Boutiques

As at the LPD:

- (i) CRB manages and operates 41 boutiques in Malaysia and it holds 39 valid business licenses (issued by various municipal city and city councils), with the following details:
- (a) 39 boutiques are issued with valid business licenses expiring between March 2024 to March 2025, i.e., the remaining validity period is less than 12 months. Generally, these business licenses are renewable annually and application for renewal will be submitted within 1 month to 3 months before the expiry date of the licenses. Subsequent to the LPD, CRB:
- had ceased operations for 2 boutiques located in Imago Shopping Mall, Sabah and Komtar JBCC, Johor, respectively; and
  - newly opened 1 premium outlet at Silverlakes Village Outlet, Perak, with a business license expiring in March 2025; and
- (b) 2 boutiques are pending the renewal or new application for business license as the management of CRB is waiting for the return of duly signed and stamped copy of new tenancy agreements from the respective landlords for CRB to proceed with business license application. These 2 boutiques are:
- boutique located at Central I-City, Selangor. New tenancy agreement between CRB and Central Plaza i-City Real Estate Sdn Bhd was renewed for the tenancy to commence on 1 January 2024 to 31 December 2026. The existing business license for this boutique had expired on 31 December 2023; and
  - boutique located at Aeon Mall Kuching Central, Sarawak. New tenancy agreement between CRB and Aeon Co. (M) Bhd was entered into for the tenancy to commence on 1 September 2023 to 31 August 2026.

As at the LPD, both boutiques have commenced respective business activities while pending the renewal or new application for the business licenses. The total sales generated from these 2 boutiques is less than 1.5% of our Group's total revenue for the FYE Under Review. Further, the management of CRB does not expect these 2 boutiques to be major revenue contributor to our Group for FYE 2024. The management of CRB expects the renewal or new application for business licenses to be submitted by 2<sup>nd</sup> quarter of calendar year 2024 and the licenses to be issued by 3<sup>rd</sup> quarter of calendar year 2024.

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**7. BUSINESS OVERVIEW (CONT'D)**

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As at the LPD, no fine, penalty or compound had been issued to CRB. If such fine, penalty or compound had been imposed, it will not have any material impact on the business and profitability of our Group as the fine, penalty or compound will be in the range of:

- (i) under Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007, a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both; and
- (ii) under Businesses, Professions and Trades Licensing Ordinance (Chapter 33), Sarawak, a fine of RM1,000.

After the assessment, our Board does not foresee any material impact on the business and profitability of the Group arising from the pending renewal or new application of the business licenses as such renewal or new application can only be submitted upon the receipt of the duly signed and stamped copy of the tenancy agreements, which is one of the administrative requirements for application for business license imposed by the relevant authorities.

Our Board does not foresee any issues in renewing the abovementioned business licenses as and when they become due and the Group has not encountered any issues in renewing these permits, licenses and certificates in the past for its head office, warehouse and boutiques.




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**7. BUSINESS OVERVIEW (CONT'D)**


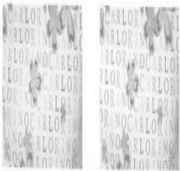
**7.23 INTELLECTUAL PROPERTIES**

**7.23.1 Major intellectual property owned or held by our Group**

As at the LPD, CRB and our Company are the registered owners of the following major trademarks, industrial designs and copyright in Malaysia, all of which are registered with MyIPO:

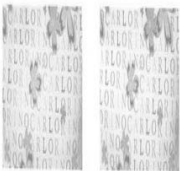


No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
1.	 <ul style="list-style-type: none"> <li>Stylized Word Mark</li> </ul>	CRB	TM05011947	<u>Date registered:</u> 20 July 2005  <u>Expiry date:</u> 20 July 2025	<u>Class 25:</u> Articles of clothing, footwear and headgear; knitwear and ready-made clothing, jerseys and sports jerseys, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing; scarves and belts (clothing); all included in class 25.
2.	 <ul style="list-style-type: none"> <li>Stylized Word Mark</li> </ul>	CRB	TM05011946	<u>Date registered:</u> 20 July 2005  <u>Expiry date:</u> 20 July 2025	<u>Class 18:</u> Leather and imitations of leather and goods made of these materials; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts, cultural bags, duffel bags, suitcases, briefcases, luggage, dressing cases with and without contents, trunks and small leather goods; key chains, key cases, keyholders, coin pouch, card holders, lipstick holders, passport holders, pager holders, handphone holders, pen holders, tag holders and organisers holder strip; all included in class 18.
3.	 <ul style="list-style-type: none"> <li>Stylized Word Mark</li> </ul>	CRB	TM05007849	<u>Date Registered:</u> 18 May 2005  <u>Expiry Date:</u> 18 May 2025	<u>Class 18:</u> Leather and imitations of leather and goods made of these materials; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts, cultural bags, duffel bags, suitcases, briefcases, luggage, dressing cases with and without contents, trunks and small leather goods; key chains, key cases, keyholders, coin pouch, card holders, lipstick holders, passport holders, pager holders, handphone holders, pen holders, tag holders, organisers holder strip and cigarette case; all included in class 18.

7. BUSINESS OVERVIEW (CONT'D)



No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
4.	 <ul style="list-style-type: none"> <li>Stylized Word Mark</li> </ul>	CRB	TM05007850	<u>Date registered:</u> 18 May 2005  <u>Expiry date:</u> 18 May 2025	<u>Class 35:</u> Advertising and promotional services; dissemination of advertising and promotional materials; direct mail advertising; market research; marketing services; services relating to the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof) enabling others to conveniently view and purchase those goods; distribution of samples; shop window dressing; organisation, operation and supervision of sales and promotional incentive schemes; information, advice and assistance relating to all the aforementioned services; compilation of information into computer databases; document reproduction and photocopying; business management and administration services relating to printed matter; organisation of exhibitions for commercial or advertising purposes; management and all services related thereto; word processing and all services related thereto; professional consultations relating to franchising and retailing; consultancy services relating to branding of goods; retail services; all included in class 35.
5.	<p>CARLORINO</p> <ul style="list-style-type: none"> <li>Word</li> </ul>	CRB	TM01000402	<u>Date registered:</u> 11 January 2001  <u>Expiry date:</u> 11 January 2031	<u>Class 25:</u> Articles of clothing, footwear and headgear; belts (clothing), knitwear and ready-made clothing, jerseys and sports jerseys, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing; all included in class 25.
6.	 <ul style="list-style-type: none"> <li>Word and Figurative</li> </ul>	CRB	TM08002265	<u>Date registered:</u> 5 February 2008  <u>Expiry date:</u> 5 February 2028	<u>Class 25:</u> Articles of clothing, footwear and headgear; belts (clothing), knitwear and ready-made clothing, jerseys and sports jerseys, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing; all included in class 25.






7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
7.	 <ul style="list-style-type: none"> <li>• Word and Figurative</li> </ul>	CRB	TM08002266	<u>Date registered:</u> 5 February 2008  <u>Expiry date:</u> 5 February 2028	<u>Class 18:</u> Leather and imitations of leather and goods made of these materials and not included in other class; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts (shoulder), cultural bags, duffel bags, suitcases, briefcases, luggage, cases of leather or leatherboard, trunks, key cases, key holders, coin pouch; all included in class 18.
8.	<b>CARLO RINO</b> <ul style="list-style-type: none"> <li>• Word and Figurative</li> </ul>	CRB	TM90002163	<u>Date registered:</u> 31 March 1990  <u>Expiry date:</u> 31 March 2027	<u>Class 25:</u> Articles of clothing, footwear, headgear; all included in class 25.
9.	<b>CARLO RINO</b> <ul style="list-style-type: none"> <li>• Word</li> </ul>	CRB	TM90002164	<u>Date registered:</u> 31 March 1990  <u>Expiry date:</u> 31 March 2027	<u>Class 18:</u> Leather and imitations of leather, and goods made of these materials; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, cultural bags, duffel bags, purses, wallets, suitcases, briefcases, luggage, key cases, keyholders, dressing cases with and without contents and trunks and small leather goods; all included in class 18.
10.	 <ul style="list-style-type: none"> <li>• Stylized Word Mark</li> </ul>	CRB	TM2010011741	<u>Date registered:</u> 30 June 2010  <u>Expiry date:</u> 30 June 2030	<u>Class 18:</u> Leather and imitations of leather and goods made of these materials and not included in other class; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts (shoulder), cultural bags, duffel bags, suitcases, briefcases, luggage, cases, of leather or leatherboard, trunks, key cases, key holders, coin pouch; all included in class 18.
11.	 <ul style="list-style-type: none"> <li>• Stylized Word Mark</li> </ul>	CRB	TM2010011742	<u>Date registered:</u> 30 June 2010  <u>Expiry date:</u> 30 June 2030	<u>Class 25:</u> Articles of clothing, footwear and headgear; belts (clothing), knitwear and ready-made clothing, jerseys and sports jerseys, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing; all included in class 25.

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
12.	 <ul style="list-style-type: none"> <li>Figurative</li> </ul>	CRG	TM2018062862	<u>Date registered:</u> 6 July 2018  <u>Expiry date:</u> 6 July 2028	<u>Class 25:</u> Articles of clothing for men, women and children, footwear, headgear and headwear; knitwear and jackets, shirts, skirts, T-shirts, pants, trousers, bermudas, scarves, neckties, dresses, jumpers, sweaters, jerseys and sports jersey, shoes and sports shoes; boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing, belts; all included in class 25.
13.	 <ul style="list-style-type: none"> <li>Figurative</li> </ul>	CRG	TM2018062855	<u>Date registered:</u> 6 July 2018  <u>Expiry date:</u> 6 July 2028	<u>Class 16:</u> Paper, cardboard and goods made from these materials, not included in other classes; printed publications and promotional materials; printed matters; signage; photographs; stationery; writing instruments; writing materials; office requisites (except furniture); adhesives for stationery or household purposes; plastic materials for packaging (not included in other classes); printers' type; printing blocks; all included in class 16.
14.	<p><b>C.Rino</b> <b>C.RINO</b></p> <ul style="list-style-type: none"> <li>Stylized Word Mark</li> </ul>	CRB	TM2020000969	<u>Date registered:</u> 16 January 2020  <u>Expiry date:</u> 16 January 2030	<u>Class 9:</u> Eyewear; eyewear cases; eyewear pouches; prescription eyewear; protective eyewear; sports eyewear; nose pads for eyewear; cases for sunglasses and protective eyewear; sunglasses; cases for sunglasses; chains for sunglasses; cords for sunglasses; frames for sunglasses; lenses for sunglasses; prescription sunglasses; straps for sunglasses; sunglass cases; sunglass cords; sunglasses for animals; sunglasses for dogs; sunglasses for pets; sunglass lenses; sunglass temples; temples for sunglasses; cases adapted for sunglasses; cases for eyeglasses and sunglasses; cases for spectacles and sunglasses; chains and cords for sunglasses; chains for eyeglasses and sunglasses; chains for spectacles and sunglasses; cords for eyeglasses and sunglasses; cords for spectacles and sunglasses; frames for eyeglasses and sunglasses; frames for spectacles and sunglasses; nose pads for sunglasses; optical lenses for sunglasses; optical lenses for use with sunglasses; sunglass chains and cords; sunglass nose pads; all included in class 9.

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
15.	 <ul style="list-style-type: none"> <li>Article name: Sheet material</li> </ul>	CRB	MY07-01624-0101	<u>Date registered:</u> 31 October 2007  <u>Expiry date:</u> 31 October 2027	<u>Class 05-06:</u> Artificial or natural sheet material.
16.	 <ul style="list-style-type: none"> <li>Article name: Sheet material</li> </ul>	CRB	MY09-01262-0101	<u>Date registered:</u> 20 November 2009  <u>Expiry date:</u> 20 November 2029	<u>Class 05-06:</u> Artificial or natural sheet material.
17.	 <ul style="list-style-type: none"> <li>Article name: Sheet material</li> </ul>	CRB	MY09-01263-0101	<u>Date registered:</u> 20 November 2009  <u>Expiry date:</u> 20 November 2029	<u>Class 05-06:</u> Artificial or natural sheet material.
18.	<b>BUN BUN</b>	CRB	<u>Application Number:</u> AR2023W06225	<u>Date registered/ Legal Status:</u> 2 January 2024  <u>Creation date:</u> 12 April 2023  <u>Expiry date<sup>(1)</sup>:</u> -	<u>Category of work:</u> Artistic

Note:

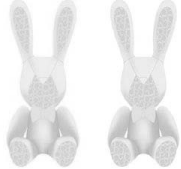

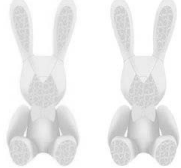
(1) Section 17 of the Copyright Act 1987 provides that the duration of copyright in artistic work shall subsist during the life of the author and shall continue to subsist until the expiry of a period of 50 years after such author's death.

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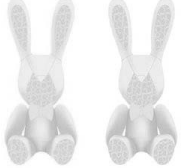
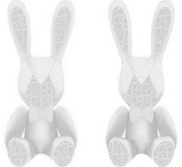
**7. BUSINESS OVERVIEW (CONT'D)**

**7.23.2 Intellectual property in the process of registration by our Group**

As at the date of this Prospectus, there are 5 additional trademarks which is pending to be approved and registered by MYIPO, details as follows:

No.	Trademark / Industrial Design / Copyright	Registered owner	Application No.	Validity period	Class / Category of work	Status
1.	 <ul style="list-style-type: none"> <li>Figurative</li> </ul>	CRB	TM2023036270	<u>Date of application:</u> 30 November 2023	<u>Class 3:</u> Incense; perfumes; cosmetics; essential oils; make-up preparations; hair lotion; soaps; 3-in-1 hair shampoos; baby shampoos; dandruff shampoos; dry shampoo; hair shampoos; hair shampoos and conditioners.	Legal status obtained on 27 December 2023  Under substantive examination <sup>(1)</sup>
2.	 <ul style="list-style-type: none"> <li>Figurative</li> </ul>	CRB	TM2023036271	<u>Date of application:</u> 30 November 2023	<u>Class 9:</u> Spectacles; sunglasses; spectacle frames; spectacle cases; parts and accessories for eyeglasses; parts and accessories for spectacles; parts for eyeglasses; parts for spectacles; optical lens sights; optical lenses; optical lenses for sunglasses.	Legal status obtained on 27 December 2023  Under substantive examination <sup>(1)</sup>
3.	 <ul style="list-style-type: none"> <li>Figurative</li> </ul>	CRB	TM2023036285	<u>Date of application:</u> 30 November 2023	<u>Class 18:</u> Leather and imitations of leather; leather attaché cases; leather bags and wallets; key cases of leather or imitation leather; leather and imitation leather bags; leather bags for merchandise packaging [envelopes, pouches]; leather bags for packaging; leather bags, suitcases and wallets; leather briefcases; imitation leather bags; imitation leather cases; imitation leather handbags; imitation leather purses [handbags]; handbags for ladies; handbags for men; handbags of imitation leather; handbags of leather; pocket wallets; fitted belts for luggage; leather shoulder belts; saddle belts; shoulder belts of leather; wallets for attachment to belts; game bags; key bags; kit bags; luggage and carrying bags; travelling bags; purses; wallets; bags; duffle bags; suitcases; briefcases; briefcases [leatherware]; luggage; cases of imitation leather; cases of leather or leatherboard; trunks; trunks [luggage]; trunks and suitcases; trunks and traveling bags; key cases; coin holders in the nature of wallets; card holders [wallets]; credit card holders of leather; leather credit card holders; wallets incorporating card holders; compartmentalized cosmetic cases for lipsticks and creams sold empty.	Legal status obtained on 27 December 2023  Under substantive examination <sup>(1)</sup>

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark / Industrial Design / Copyright	Registered owner	Application No.	Validity period	Class / Category of work	Status
4.	 <ul style="list-style-type: none"> <li>Figurative</li> </ul>	CRB	TM2023036291	<u>Date of application:</u> 30 November 2023	<u>Class 25:</u> Articles of clothing, footwear and headgear; knitwear; knitwear [clothing]; ready-made clothing; jerseys; sports jerseys; shoes for adults; shoes for babies; shoes for children; shoes for men; shoes for women; boots for babies; boots for children; boots for infants; boots for men; boots for women; sandals; slippers; socks; stockings; caps being headwear; hats; swimsuits; beach clothing; scarves; belts [clothing]; belts made of fabric; belts made of imitation leather; belts made of leather; belts made of textile.	Legal status obtained on 27 December 2023  Under substantive examination <sup>(1)</sup>
5.	 <ul style="list-style-type: none"> <li>Figurative</li> </ul>	CRB	TM2023036302	<u>Date of application:</u> 30 November 2023	<u>Class 35:</u> Advertising and promotional services; dissemination of advertising and promotional materials; direct mail advertising; market research; marketing services; the bringing together, for the benefit of others, of a variety of goods, excluding the transport thereof, enabling customers to conveniently view and purchase those goods; distribution of samples; retail shop window display arrangement services; shop window dressing; organisation, operation and supervision of sales and promotional incentive schemes; collection, systematization, compilation and analysis of business data, statistics, information and indexes of information for commercial or advertising purposes; compilation of information into computer databases; document reproduction; document reproduction [photocopying services]; document reproduction being photocopying services; document reproduction services; retail or wholesale services for bags; retail or wholesale services for bags and pouches; retail or wholesale services for printed matter; organisation of exhibitions for commercial or advertising purposes; computerized word processing; word processing; word processing services; business advice and consultancy relating to franchising; business management consulting with relation to strategy, marketing, production, personnel and retail sale matters; corporate branding services; retail services for bags; retail services for clothing; retail services for footwear; retail services for luggage; retail services for sporting articles.	Legal status obtained on 27 December 2023  Under substantive examination <sup>(1)</sup>

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**7. BUSINESS OVERVIEW (CONT'D)**

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*Note:*

(1) *“Under Substantive Examination” refers to the trademark that is currently under application and being examined and verified by the Registrar of Intellectual Property Corporation of Malaysia (“MyIPO Registrar”) to ensure that the trademark application complies with all the legal requirements for registration prior to acceptance by MyIPO Registrar for publication and opposition (“Publication”). The trademark will be registered if there is no opposition made by anyone within 2 months from the date of the advertisement/Publication of the trademark in the Government Gazette. Assuming there is no opposition from any third party to the registration of the trademark within the prescribed period, the trademark is expected to be registered with a 10-years validity period from the date of the application for registration of the trademark. Our Management of CRG expects the trademarks to be published by 3<sup>rd</sup> quarter of calendar year 2024, subject to substantive examination of the trademark is accepted by the MyIPO Registrar.*

If the above applications for registration of trademark is not approved, our Management does not foresee any material impact to our Group’s business and profitability as it does not materially dependent on these new trademarks for product sales.

As such, there are no concerns on the non-approval of the above trademarks as there are other major trademarks which have been registered under our Company and CRB and subsisting and valid (as set out in Section 7.23.1 of this Prospectus), and non-approval of these new application of trademarks will not materially affect the business and operations of our Group.

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7. BUSINESS OVERVIEW (CONT'D)

7.23.3 Intellectual property licensed to our Group

Our Company (as licensee) and BIH (as licensor and being a related company of a substantial shareholder of our Company) had entered into the MLA 2023 whereby BIH has granted our Company with the sole and exclusive rights to use trademark known as Carlo Rino for a period of 25 years from 1 April 2023 to 31 March 2048. The salient terms of the MLA 2023 is as set out below:

<b>Licensor</b>	BIH																		
<b>Licensee</b>	CRG																		
<b>Purpose</b>	<ul style="list-style-type: none"> <li><b>Grant of licensing right</b> BIH grants the sole and exclusive rights to use the trademark known as Carlo Rino (“<b>Licensed Trademark</b>”) to CRG, for the purpose of manufacture, distribution, marketing and sale of the product under the Licensed Trademark within the Licensed Territory (as defined below) during the Licensed Period (as defined below).</li> <li><b>Sub-licensing</b> BIH also grants CRG the right to sublicense the use of Licensed Trademark in connection with the Licensed Products subject to the terms and conditions of the MLA 2023. Prior written consent from BIH is required if CRG proposes to sublicense the use of Licensed Trademark in connection with the Licensed Products to a non-related company/corporation of BIH and/or CRG.</li> </ul> <p><i>Note:</i> As at the date of the MLA 2023, CRG has sub-licensed the trademark of Carlo Rino to its wholly-owned subsidiaries:</p> <table border="1"> <thead> <tr> <th><i>Sub-licensee</i></th> <th><i>Date of Sub-licensing Agreement</i></th> <th><i>Period licensing</i></th> <th><i>Description of the sub-licensing trademark</i></th> </tr> </thead> <tbody> <tr> <td><i>CRB</i></td> <td><i>23 May 2023</i></td> <td><i>1 April 2023 to 31 March 2048</i></td> <td><i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for handbags and accessories, shoes, accessories and apparel</i></li> <li><i>Worldwide (including Malaysia) for cosmetics and timepiece</i></li> </ul> </td> </tr> <tr> <td><i>CRF</i></td> <td><i>23 May 2023</i></td> <td><i>1 April 2023 to 31 March 2048</i></td> <td><i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for shoes, accessories and apparel</i></li> <li><i>Worldwide (including Malaysia) for cosmetics and timepiece</i></li> </ul> </td> </tr> <tr> <td><i>CRL</i></td> <td><i>23 May 2023</i></td> <td><i>1 April 2023 to 31 March 2048</i></td> <td><i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for handbags and apparel</i></li> </ul> </td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The MLA 2023 shall supersede the MLA 2018 executed between the parties where BIH previously licensed the Carlo Rino and CR2 trademarks to CRG.</li> </ul>			<i>Sub-licensee</i>	<i>Date of Sub-licensing Agreement</i>	<i>Period licensing</i>	<i>Description of the sub-licensing trademark</i>	<i>CRB</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for handbags and accessories, shoes, accessories and apparel</i></li> <li><i>Worldwide (including Malaysia) for cosmetics and timepiece</i></li> </ul>	<i>CRF</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for shoes, accessories and apparel</i></li> <li><i>Worldwide (including Malaysia) for cosmetics and timepiece</i></li> </ul>	<i>CRL</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for handbags and apparel</i></li> </ul>
<i>Sub-licensee</i>	<i>Date of Sub-licensing Agreement</i>	<i>Period licensing</i>	<i>Description of the sub-licensing trademark</i>																
<i>CRB</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for handbags and accessories, shoes, accessories and apparel</i></li> <li><i>Worldwide (including Malaysia) for cosmetics and timepiece</i></li> </ul>																
<i>CRF</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for shoes, accessories and apparel</i></li> <li><i>Worldwide (including Malaysia) for cosmetics and timepiece</i></li> </ul>																
<i>CRL</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <li><i>Worldwide (excluding Malaysia) for handbags and apparel</i></li> </ul>																

7. BUSINESS OVERVIEW (CONT'D)

<b>Licensed Period</b>	<p>25 years from 1 April 2023 to 31 March 2048, or such other date as may be agreed by the parties (“<b>Licensed Period</b>”).</p> <p><u>Renewal period</u> Subject to the discussion between the parties of no later than 6 months prior to the expiry of the MLA 2023.</p>									
<b>Other salient terms of the MLA 2023</b>	<p>1. <u>Licensed Territory and Licensed Products under the Licensed Trademark:</u></p> <table border="1" data-bbox="633 432 1832 571"> <thead> <tr> <th data-bbox="633 432 712 472">No.</th> <th data-bbox="712 432 1435 472">Licensed Products</th> <th data-bbox="1435 432 1832 472">Licensed Territory</th> </tr> </thead> <tbody> <tr> <td data-bbox="633 472 712 536">(i)</td> <td data-bbox="712 472 1435 536">Handbags and small leather accessories, luggage and travelling accessories shoes, apparel and eyewear</td> <td data-bbox="1435 472 1832 536">Worldwide excluding Malaysia</td> </tr> <tr> <td data-bbox="633 536 712 571">(ii)</td> <td data-bbox="712 536 1435 571">Perfumes and cosmetics, timepieces and potato chips</td> <td data-bbox="1435 536 1832 571">Worldwide including Malaysia</td> </tr> </tbody> </table> <p>2. <u>Payment of fees</u> CRG to pay BIH a minimum amount or a fee based on the total revenue derived from sale generated, whichever is higher, in each financial year throughout the Licensed Period. The minimum amount is subject to a fixed increment amount for every 3 years during the Licensed Period.</p> <p>3. <u>Termination</u> BIH may terminate the MLA 2023 by giving written notice to CRG, in the event that:</p> <ul style="list-style-type: none"> <li>(a) CRG commits a breach or fails to perform any of the terms or conditions under the MLA 2023 (e.g. usage of the Licensed Trademark; payment of the fees when due; consent for assignment of Licensed Trademark; and ensuring that the Licensed Products consistent with the quality control as may be imposed by BIH with the Licensed Trademark) and such breach or failure is not corrected by CRG to the satisfaction of BIH, within 30 days from the date of written notice served to CRG;</li> <li>(b) CRG is or presumed or deemed to be unable to pay its debts as they fall due, or enters into an arrangement to the benefit of its creditors, or is dissolved or liquidated or discontinues its business;</li> <li>(c) any corporate action, legal proceeding or other procedure or step (including any analogous procedure or step in any jurisdiction) is taken in relation to the suspension of payments, the appointment of a liquidator, the enforcement of security against or the winding up of CRG or any composition or arrangement with the creditors of CRG (other than a winding up application which is frivolous or vexatious and is discharged, stayed or dismissed within 21 days of commencement);</li> <li>(d) CRG defaults in payment of any obligation or debts owing to BIH and such default is continuing for more than 30 days after notice thereof; or</li> <li>(e) any representation of CRG contained in the MLA 2023 or in any financial statement, certificate or addendum submitted by or on behalf of CRG is untrue or misleading in any material aspects on the date as of which it is made.</li> </ul> <p>Upon termination, any and all rights granted to CRG for the use of the Licensed Trademark shall immediately cease and CRG shall immediately terminate all of its sublicensees.</p> <p>4. <u>Assignment</u> No assignment or transfer by CRG under the MLA 2023 without the express written consent of BIH.</p>	No.	Licensed Products	Licensed Territory	(i)	Handbags and small leather accessories, luggage and travelling accessories shoes, apparel and eyewear	Worldwide excluding Malaysia	(ii)	Perfumes and cosmetics, timepieces and potato chips	Worldwide including Malaysia
No.	Licensed Products	Licensed Territory								
(i)	Handbags and small leather accessories, luggage and travelling accessories shoes, apparel and eyewear	Worldwide excluding Malaysia								
(ii)	Perfumes and cosmetics, timepieces and potato chips	Worldwide including Malaysia								



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**7. BUSINESS OVERVIEW (CONT'D)**

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<b>Governing laws</b>	The MLA 2023 and any dispute or claim arising out of or in connection with the MLA 2023 shall be governed by and construed in accordance with the laws of Singapore.
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The MLA 2023 is important to our Group as it allows us to take an active role in the design, marketing, promotion and distribution of products to address new market opportunity in Malaysia and oversea markets and convey the distinctive images and characters associated with Carlo Rino brand. However, our Group is not highly dependent on the MLA 2023 as its revenue which is subject to payment under the MLA 2023 only contributed less than 1.5% of our Group's total general and administrative expenses and less than 1.5% of our Group's total revenue for the FYE Under Review. Premised on this, our Company is of the view that our Group's existing business and profitability do not materially dependent on the MLA 2023.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**7.24 GOVERNING LAWS AND REGULATIONS**

The following is an overview of regulatory requirements governing our Group which are material to our Group's business:

**(a) Local Government Act 1976 ("LGA 1976")**

The LGA 1976 and the by-laws of the respective local councils and authorities set out the requirements to obtain business and signage licences. Every licence or permit granted by the local authority may be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason.

As we operate our boutiques and department stores in various states of Malaysia, our Group is subject to by-laws of the respective states in Malaysia.

Any person who operates any trade, business and industry without a valid licence as required under the LGA 1976 or any by-law, rule or regulation, if convicted, will be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both.

Save as disclosed in Section 7.22 of this Prospectus, as at the LPD, our Group holds and maintains valid licences for our head office, warehouse and boutiques for all our business premises as well as for the signboard displayed at our premises.

As at the LPD, there is no breach of any by-laws, rules or regulations in relation to our business premises/advertisement licence which will materially affect our business operation.

**(b) Trademark Act 2019 ("TMA 2019")**

Trademark matters in Malaysia are governed by the TMA 2019 and Trademarks Regulations 2019 as well as other subsidiary legislation under the TMA 2019.

Registration of a trademark will give the registered owner of such trademark, the exclusive rights and protection for its registered trademarks such as to secure the rights to use the trademark. Once a trademark is successfully registered, the TMA 2019 grants the registered owner of the trademark the exclusive rights to use the trademark and to authorize other persons to use the trademark in relation to the goods or services for which the trademark is registered in his name. With such registration of the trademark, the registered owner has the right to obtain relief for infringement of his trademark.

A successfully registered trademark is valid for a period of 10 years from the date of its application and may be renewed for every 10 years upon its expiry. A renewal for the registered trademark may be made on or before the date of expiry of the registration (within 6 months before the end of the registration date) but in no event, later than 6-month after the date of expiry of the registration.

We hold various trademarks which are registered under our Group and our Group's business is dependent on our trademarks. We have duly registered and put in applications for registration for all our trademarks as set out in Sections 7.23.1 and 7.23.2 of this Prospectus.

As at the LPD, there is no infringement by our Group of any third-party trademarks which will materially affect our business operation.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**(c) Industrial Designs Act 1996 (“IDA 1996”)**

Industrial design matters in Malaysia are governed by the IDA 1996 and Industrial Designs Regulations 1999 as well as other subsidiary legislation under the IDA 1996, to provide legal protection to the original owner of the designs as well as used in industry.

Section 25 of the IDA 1996 provides that a successfully registered industrial design is given an initial protection period of 5 years and the period of registration of an industrial design may be extended for 4 consecutive terms of 5 years each (being the maximum protection period of 25 years).

Section 26 of the IDA 1996 further provides for a restoration of lapsed registration of industrial design, where within 1 year from the date on which the notice of lapse of the registration of an industrial design was published in the Intellectual Property Official Journal, the registered owner of the said industrial design may apply for the restoration of the registration of the industrial design by filing a request for restoration. Where there is no notice of opposition is given within the period of 3 months from the date of publication, the MyIPO Registrar shall restore the registration of the industrial design, which shall have effect as if that registration had not lapsed, and publication will be made in Intellectual Property Official Journal that the registration has been so restored.

As at the LPD, our Group currently holds 3 industrial designs registered under the IDA 1996. Please refer to Sections 7.23.1 and 7.23.2 of this Prospectus for our Group’s registered industrial designs.

As at the LPD, there is no infringement by our Group of any third-party industrial design which will materially affect our business operation.

**(d) Personal Data Protection Act 2010 (“PDPA 2010”)**

The PDPA 2010 governs the laws on processing personal data in commercial transactions and to protect individuals' personal data information. The PDPA 2010 applies to (i) any person who processes and (ii) any person who has control over or authorises the processing of any personal data in respect of commercial transactions (“**Data User**”).

A person or body corporate involved in the processing of personal data by a data user must comply with the Personal Data Protection Principles as set out in the PDPA 2010.

A Data User who contravenes the Personal Data Protection Principles commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

In the course of our Group’s business, we collect the personal data of our members who signed up for our Group’s membership programme. Our Group does not fall within the classes of data users identified under the Personal Data Protection (Class of Data Users) Order 2013 which required to be registered as Data User under the PDPA 2010.

Based on the above, our Group is considered to be a Data User within PDPA 2010. However, we do not fall within the class of data users which requires to be registered and to obtain a certificate of registration under PDPA 2010.

As at the LPD, our Group has adopted a privacy policy which complies with PDPA 2010.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**(e) Sale of Goods Act 1957 (“SOGA 1957”) and Civil Law Act 1956 (“CLA 1956”)**

The SOGA 1957 regulates the sales of goods that are sold and bought in Peninsular Malaysia and the Federal Territory. Any sales of goods in Sabah and Sarawak will be governed under Section 5(2) of the CLA 1956.

These legislations set out the terms and conditions relating to the sale of goods, among others, the description of the goods, the implied conditions and warranties, and delivery. A breach of these terms may give rise for the customer to seek for remedy or claim for damages for a breach of warranty.

We have continuously ensured that the products sold to our customers comply with the standards as set out in the SOGA 1957.

As at the LPD, we have not received any claims seeking any remedy or damages from our end customers save and except for replacement of products.

**(f) Consumer Protection Act 1999 (“CPA 1999”) and Consumer Protection (Electronic Trade Transactions) Regulations 2012**

The CPA 1999 provides the protection of consumers, the establishment of the National Consumer Advisory Council and the tribunal for consumer claims and connected matters.

The Consumer Protection (Electronic Trade Transactions) Regulations 2012 is enacted under the CPA 1999, which provides that any person operating a business through a website or marketplace shall make certain minimum disclosures as to the details of the goods.

Any contravention of the misleading and deceptive conduct, false representation and unfair practice as set out in the CPA 1999 by the body corporate, commits an offence and is liable to a fine not exceeding RM250,000 and for a second or subsequent offence, to a fine not exceeding RM500,000.

Our Group operates our business through boutiques, departmental stores and online marketplaces. Our Group ensures that there are no false or misleading representations or advertisements made to our customers on the goods and services available on the marketplaces.

**(g) Street, Drainage and Building Act 1974 (“SDBA”) and Uniform Building By-Laws 1984 (“UBBL”), Sabah Uniform Building By-laws 2022 (under Local Government Ordinance 1961) (“Sabah UBBL 2022”) and Sarawak Building By-laws (under Building Ordinance 1994) (“Sarawak Building By-laws”)**

SDBA

The SDBA governs matters relating to streets, drainage and buildings in Peninsular Malaysia and it provides a requirement to have a CCC (under UBBL) to ensure that the building is safe and fit for occupation.

Section 70(27)(f) of SDBA provides that any person who occupies or permits to occupy any building or any part thereof without CCC shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.

Further, pursuant to Section 70(11) of SDBA, any person who makes any alteration to any building not in accordance with the SDBA or by-laws or without the prior written permission of the local authority shall be liable on conviction to a fine not exceeding RM25,000 and a magistrate’s court shall on the application of the local authority, issue a mandatory order to alter the building in any way or to demolish it.

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**7. BUSINESS OVERVIEW (CONT'D)**

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Sabah UBBL 2022

The Sabah UBBL 2022 governs the issuance of a certificate of completion and compliance. The Sabah UBBL 2022 provides that any person who occupies or permits to be occupied any building or any part thereof without a certificate of completion and compliance, commits an offence.

Any person who occupies a premise without a certificate of completion and compliance shall be guilty of an offence and on conviction, be liable to a fine not exceeding RM100,000 or imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence, to a further fine not exceeding RM5,000 for every day during which the offence continues after conviction.

Sarawak Building By-laws

Under the Sarawak Building By-laws it provides that no person shall occupy or permit to be occupied any building or any part thereof unless an occupation permit has been issued under the Sarawak Building By-laws for such building. Any person who occupies a premise without an occupation certificate shall be liable for a fine of RM10,000 and in the case of a continuing offence to a further fine of RM300 per day during which the offence is continued after notice to cease occupying the building has been issued on such person.

As at the LPD, our Group has complied with the provisions as stipulated in the SDBA, Sabah UBBL 2022 and Sarawak Building By-laws.

**(h) Fire Services Act 1988 (“FSA”)**

The FSA prescribes the effective and efficient functioning of the Fire and Rescue Department, for the protection of persons and property from fire risks or emergencies. The FSA provides that a fire certificate will be issued to designated premises after Bomba has carried out an inspection and is satisfied that there is adequate firefighting equipment and fire safety installation in relation to the use of the premises. A fire certificate shall be renewable annually.

If there is no fire certificate obtained in respect of any premises the use, size, or location, of which has been designated by the Director General of Fire and Rescue for the purpose of issuance of a fire certificate (“**designated premises**”), the owner of such premises may, upon conviction, be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or both.

As at the LPD, our Group hold a valid fire certificate for our head office and warehouse. In respect of our boutiques, the fire certificate is not required as our boutiques do not fall under the designated premises as defined in the Fire Services (Designated Premises) Order 1998 which is 3,000 sqm (equivalent to 32,292 sqft) and over for total floor area.

**7.25 EXCHANGE CONTROL / REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT**

As at the LPD, we do not have any foreign subsidiary, associate company or branch office outside of Malaysia and to the best knowledge of our Directors, there are no governmental laws, decrees, regulations and/or other requirements which may affect repatriation of capital and remittance of profits by or to our Group.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.26 EMPLOYEES

As at the LPD, our Group has a total of 348 employees. The detailed breakdown of our Group's employee structure is set out below:

Department	As at 30 June 2021	As at 30 June 2022	As at 30 June 2023	As at the LPD
Director and key management personnel	9	9	9	10
Business Development and E-commerce	4	2	3	4
Finance, Accounts, Human Resources and Administration	13	14	15	16
Warehouse	25	24	19	19
D&D and Merchandising	20	21	16	17
Sales and Marketing and A&P	152	243	253	274
Project	2	2	2	2
IT	8	6	4	6
<b>TOTAL</b>	<b>233</b>	<b>321</b>	<b>321</b>	<b>348</b>

As at the LPD, all of our Group's employees are Malaysians and 1 permanent resident.

Our employees are not represented by any union and the management enjoys a good working relationship with its employees. There is no material dispute between our management and our employees. Over the FYE Under Review, there has not been any incident of labour dispute that materially affected our operations.

### 7.27 PROSPECTS OF OUR GROUP

We believe our Group's prospects in the women fashion industry to be encouraging, after considering the following:

- (i) the projected revenue of selected fashion categories of the fashion industry in Malaysia between 2022 and 2027 are as follows:
  - accessories – RM16.09 billion to RM23.49 billion, recording a CAGR of 7.9%;
  - women's footwear – RM3.91 billion to RM6.00 billion, recording a CAGR of 9.0%; and
  - women's handbags – RM3.09 billion to RM4.34 billion, registering a CAGR of 7.1%;
- (ii) e-commerce revenue in Southeast Asia expanded from RM135.8 billion in 2018 to RM451.3 billion in 2022, yielding a CAGR of 35.0% during the period. It is expected to further increase to RM748.2 billion in 2027, charting a CAGR of 10.6%;
- (iii) The projected revenue of selected fashion categories in Indonesia between 2022 and 2027 are as follows:
  - accessories – RM17.89 billion to RM25.96 billion, recording a CAGR of 7.7%;
  - women's footwear – RM5.43 billion to RM8.81 billion, recording a CAGR of 10.2%; and
  - women's handbags – RM2.31 billion to RM3.17 billion, registering a CAGR of 6.6%;

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**7. BUSINESS OVERVIEW (CONT'D)**

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(iv) The projected revenue of selected fashion categories in Thailand between 2022 and 2027 are as follows:

- accessories – RM20.87 billion to RM27.99 billion, recording a CAGR of 6.0%;
- women's footwear – RM6.61 billion to RM10.82 billion, recording a CAGR of 10.4%; and
- women's handbags – RM3.07 billion to RM4.24 billion, registering a CAGR of 6.7%;

*(Source: IMR Report)*

We intend to leverage on our Group's competitive strengths (as set out in Section 7.17 of this Prospectus) to ride on the growth of the women's fashion industry in Malaysia and to penetrate into new markets in the Southeast Asia region.

*(Source: Our Management)*

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