This document has not been registered by Bursa Malaysia Securities Berhad ("Bursa Securities"). The information in this document may be subject to further amendments before being registered by Bursa Securities. Under no circumstances shall this document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities.

PROSPECTUS

CARLO RINO GROUP BERHAD

(Registration No. 200901037127 (880257-A))

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUCTION WITH OUR TRANSFER OF LISTING FROM THE LEAP MARKET OF BURSA SECURITIES TO THE ACE MARKET OF BURSA SECURITIES COMPRISING:

(I) PUBLIC ISSUE OF 171,865,700 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") ("ISSUE SHARES") IN THE FOLLOWING MANNER:

(A) 48,876,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

(B) 800,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY INDEPENDENT DIRECTORS OF OUR COMPANY; AND

(C) 122,189,700 ISSUE SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS AS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND

(II) OFFER FOR SALE OF UP TO 87,984,300 EXISTING SHARES ("OFFER FOR SALE SHARES") BY WAY OF PRIVATE PLACEMENT TO SELECTED NON-BUMIPUTERA INVESTORS

AT AN IPO PRICE OF RM[•] PER ISSUE SHARE / OFFER FOR SALE SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent

TA SECURITIES

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD

(Registration No.: 197301001467 (14948-M))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" SET OUT IN SECTION 9 OF THIS PROSPECTUS, COMMENCING ON PAGE 138.

[•This Prospectus has been registered by Bursa Securities. The approval for the admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and the registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment.]

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

THIS PROSPECTUS IS DATED [•] 2024

All defined terms used in this Prospectus are defined under "Definitions" commencing on page [•x].

RESPONSIBILITY STATEMENTS

Our Directors, Promoter and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

TA Securities Holdings Berhad, being the Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

[•Approval has been granted by Bursa Securities for the listing of and quotation for our Shares. The admission to the Official List of ACE Market is not to be taken as an indication of the merits of our IPO, our Company or our Shares.]

Bursa Securities is not liable for any non-disclosure of the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

[•This Prospectus, together with the Application Form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.]

OTHER STATEMENTS

You should note that you may seek recourse under sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in section 236 of the CMSA, is responsible.

[•Our Shares are classified as Shariah compliant by the SAC (based on the list of Shariah-compliant securities as at 24 November 2023 issued by the SC). This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.]

Our Shares are offered in Malaysia solely based on the contents of this Prospectus. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection with it. It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of the country or jurisdiction which you may be subject to.

We will further assume that you have accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

This Prospectus is prepared and published solely for our IPO under the laws of Malaysia. Our Directors and Promoter, Selling Shareholder, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors and Promoter, Selling Shareholder, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Directors and Promoter, Selling Shareholder, Principal Adviser, Sponsor, Underwriter and Placement Agent, any of their respective directors, or any other persons involved in our IPO. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium. Your Internet Share Application may be subject to risks of data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us, our Principal Adviser or the Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, will prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files, information or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files, information or other material provided on the Third Party Internet Sites; and

(iii) any data, files, information or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, files, information or other materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, i.e., to the extent that the content of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions may be viewed via web browser or other relevant software. The Internet Participating Financial Institutions are not responsible for the integrity of the contents of the Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties;

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium; and

(iii) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the websites of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

An indicative timing of our IPO is set out below:

Events	Indicative time/date
Issuance of this Prospectus / Opening of Application	10.00 a.m. / [•] 2024
Closing of Application	5.00 p.m. / [•] 2024
Balloting of Application	[•] 2024
Allotment / Transfer of our IPO Shares to successful applicants	[•] 2024
De-listing from the LEAP Market	[•] 2024
Listing on the ACE Market	[•] 2024

In the event there is any change to the indicative timetable above, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia, and make an announcement on Bursa Securities' website.

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TABLE OF CONTENTS *(CONT'D)*

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PRESENTATION OF INFORMATION

All references to “our Company” or “CRG” in this Prospectus are to Carlo Rino Group Berhad. All references to “CRG Group” or “our Group” in this Prospectus are to our Company and our subsidiaries taken as a whole. All references to “we”, “us”, “our” or “ourselves” are to our Company and where the context otherwise requires, our Group. Unless the context otherwise requires, references to “Management” are to our Executive Directors and key senior management as disclosed in this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “you” are to our existing and prospective investors.

In this Prospectus, references to “Government” are to the government of Malaysia and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding adjustments.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

References to persons, where applicable, include natural persons, firms, companies, bodies corporate and corporations.

References to any provisions of the statutes, rules, regulations, enactments, guidelines or rules of stock exchange in this Prospectus shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments, guidelines or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments, guidelines or rules of stock exchange for the time being in force.

References to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

This Prospectus includes statistical data provided by our Management and various third parties and cites third-party projections regarding growth and performance of the market and industry in which our Group operates or to which our Group is exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originated from our Management.

We have appointed Infobusiness Research & Consulting Sdn Bhd (“**Infobusiness Research**”) to provide an independent market and industry review of the industry in which our Group operates in. In compiling its data for the review, Infobusiness Research relied on its research methodology, industry sources, published materials, its in-house databases, internet research and online databases. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projections will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on such information for the purposes of your decision whether or not to invest in our Shares.

If there is any discrepancy between the contents of the English and Bahasa Malaysia versions of this Prospectus, the English version of this Prospectus shall prevail.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including without limitation, those regarding our Group's financial position, business strategies, future plans and prospects, and objectives for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our Group's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminologies including words such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would" and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our Group's business strategies, trends and competitive position;
(ii) demand for our Group's products;
(iii) our Group's plans and objectives for future operations;
(iv) our Group's potential growth opportunities;
(v) our Group's future financial position, earnings, cash flows and liquidity;
(vi) our ability to pay future dividends; and
(vii) the regulatory environment and the effects of future regulation.

Our Group's actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) general economic, business, social, political and investment environment in Malaysia and globally;
(ii) Government's policy, legislation and regulation;
(iii) interest rates, tax rates and foreign exchange rates;
(iv) the competitive environment in the industry in which our Group operates;
(v) availability and fluctuations in prices of materials; and
(vi) fixed and contingent obligations and commitments.

Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 of this Prospectus on "Risk Factors" and Section 12.4 of this Prospectus on "Management's discussion and analysis of financial condition and results of operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus with Bursa Securities but before the date of allotment/transfer of our IPO Shares, we shall issue a supplementary or replacement prospectus, as the case may be, in accordance with the provisions of subsection 238(1) of the CMSA, Rule 3.12D of the ACE LR and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.

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DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the terms are defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

CRB	:	CR Boutique Sdn Bhd
CRF	:	CRF Marketing Sdn Bhd
CRG or Company	:	Carlo Rino Group Berhad
CRG Group or Group	:	Our Company and our subsidiaries, collectively
CRI	:	CRI Sdn Bhd
CRL	:	CRL Marketing Sdn Bhd
CRV	:	CRV Sdn Bhd
IBS	:	Imbi Strada Sdn Bhd

GENERAL:

%	:	Per centum
A&P	:	Advertising and promotion
ACE LR	:	ACE Market Listing Requirements of Bursa Securities
ACE Market	:	ACE Market of Bursa Securities
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
AGM	:	Annual General Meeting of our Company
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Printed application form for the application of our IPO Shares accompanying this Prospectus
ATM	:	Automated teller machine
Auditors or Reporting Accountants	:	BDO PLT
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
AWAL	:	Able Wealth Assets Ltd
BHSB	:	Bonia Holdings Sdn Bhd
BIH	:	Bonia International Holdings Pte. Ltd.
Board	:	Board of Directors of our Company
Bonia Corporation	:	Bonia Corporation Berhad
Bonia Corporation Group	:	Bonia Corporation and its group of companies, collectively
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CAGR	:	Compounded annual growth rate
Carzo Holdings	:	Carzo Holdings Berhad
CB Marketing	:	CB Marketing Sdn Bhd
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
Central Depositories Act or SICDA	:	Securities Industry (Central Depositories) Act 1991
CF or CCC	:	Certificate of fitness for occupation or certificate of completion and compliance or its equivalent issued by the local authorities or principal submitting person (whichever is applicable)
Closing Date	:	The date adopted in this Prospectus as the last date for acceptance and receipt of the Application
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of our Company
COVID-19	:	An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Corporate Exercise	:	Transfer of Listing and Withdrawal of Listing, collectively

CRG Share or Share	:	Ordinary share in our Company
CRM	:	Customer relationship management
CSS	:	Chiang Sang Sem
D&D	:	Design and development
Director	:	Director (executive and non-executive) of our Company and shall have the meaning given in section 2(1) of the CMSA
DSCFY or Selling Shareholder or Promoter	:	Dato' Sri Chiang Fong Yee
e-commerce	:	Electronic commerce
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EGM	:	Extraordinary general meeting of our Company
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
Electronic Share Application	:	Application for our IPO Shares under the Public Issue through a Participating Financial Institution's ATM
EPS	:	Earnings per Share
ERP	:	Enterprise resource planning
Exit Offer	:	Pre-conditional voluntary general offer by the Joint Offerors to acquire the remaining Shares not held by them at a cash exit offer price of RM[•0.220] per Share, which was completed on [•] 2024
FPE	:	Financial period ended/ending [•], as the case may be
FTSB	:	Freeway Team Sdn Bhd
FYE	:	Financial year ended/ending 30 June, as the case may be
FYE Under Review	:	FYE 2021 to FYE 2023, collectively
Government	:	Government of Malaysia
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards, as issued by the International Accounting Standards Board
Imbi Property	:	A piece of freehold land held under Geran 34048, Lot 620 Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, measuring approximately 9,174.5 sqft and bearing postal address of No. 217, Jalan Imbi, 55100 Kuala Lumpur
IMR or Infobusiness Research	:	Infobusiness Research & Consulting Sdn Bhd
IMR Report	:	Independent market research titled "Independent Market Research Report on the Fashion Industry in Malaysia", as prepared by Infobusiness Research
Information Memorandum	:	Information memorandum dated 28 September 2018 pursuant to our listing on the LEAP Market
Internet Participating Financial Institution	:	Participating financial institution for the Internet Share Application
Internet Share Application	:	Application for our IPO Shares under the Public Issue through an Internet Participating Financial Institution
IPO	:	Our initial public offering comprising the Public Issue and the Offer for Sale, where applicable
IPO Price	:	Issue/offer price of RM[•] per IPO Share
IPO Share	:	Issue Share and Offer for Sale Share, collectively
Issue Share	:	New Share to be issued under the Public Issue
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd
IT	:	Information technology
Joint Offerors	:	DSCFY, CSS and FTSB, collectively (being the joint offerors for the Exit Offer)
KKSB	:	Kontrak Kosmomaz Sdn Bhd
LEAP LR	:	LEAP Market Listing Requirements of Bursa Securities
LEAP Market	:	LEAP Market of Bursa Securities
LPD	:	[•8 March 2024], being the latest practicable date prior to the registration of this Prospectus with Bursa Securities

Malaysian Public	:	Malaysian citizens as well as companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Management	:	Our Executive Directors and key senior management, collectively
Market Day	:	Any day between Monday and Friday (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCCG	:	Malaysian Code on Corporate Governance issued by the SC as at 28 April 2021
MCO	:	Movement control order, a series of national quarantine measures imposed by the Government in response to the COVID-19 pandemic
MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MIA	:	Malaysian Institute of Accountants
MITI	:	Ministry of Investment, Trade and Industry
MLA 2018	:	Master Licence Agreement dated 4 May 2018 entered into between BIH and our Company, which was terminated and superseded by the MLA 2023
MLA 2023	:	Master Licence Agreement dated 25 May 2023 entered into between BIH and our Company, which was effective on 1 April 2023
MyIPO	:	Intellectual Property Corporation of Malaysia
N/A	:	Not applicable or not available
NA	:	Net assets
NBV	:	Net book value
OEM	:	Original equipment manufacturer
Offer for Sale	:	Offer for sale of up to 87,984,300 Offer for Sale Shares by Selling Shareholder at the IPO Price
Offer for Sale Share	:	Existing Share to be offered under the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
Participating Financial Institution	:	Participating financial institution for the Electronic Share Application
PASB	:	Pasti Anggun Sdn Bhd
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
POS	:	Point of sales, a technology system that combines the use of software (such as inventory management, processing of payment, generate sales report modules) and hardware (monitor, cash register, barcode scanner) to facilitate transactions between a business and customers
Prospectus	:	This prospectus dated [•] 2024 in relation to our IPO in conjunction with our Transfer of Listing
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
PSSB	:	Purnama Sejati Sdn Bhd
Public Issue	:	The public issue of 171,865,700 Issue Shares at the IPO Price to the Malaysian Public, our Independent Directors and Bumiputera investors as approved by MITI
QC	:	Quality control
Rules	:	The Rules on Take-overs, Mergers and Compulsory Acquisitions, as issued by the SC
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
Scenario 1	:	Assuming none of our entitled shareholders accept the Exit Offer and therefore, there is no Offer for Sale under our IPO. Our IPO shall only comprise the Public Issue

Scenario 2	:	Assuming all of our entitled shareholders (excluding the persons acting in concert with the Joint Offerors who have provided irrevocable and unconditional undertakings that they will not accept the Exit Offer) accept the Exit Offer and all Shares received pursuant to valid acceptances under the Exit Offer are offered for sale (in board lots) pursuant to the Offer for Sale. Our IPO shall comprise the Public Issue and Offer for Sale
Share Registrar	:	Bina Management (M) Sdn Bhd
SKU	:	Stock keeping unit, a unique code that a seller assigns to every type of item it sells
Specified Shareholder	:	Our shareholder as defined under the ACE LR and as set out in Section 2.2 of this Prospectus, collectively
sqft	:	Square feet
sqm	:	Square metre
SSSG	:	Same store sale growth
SST	:	Sales and services tax
Underwriting Agreement	:	Underwriting agreement dated [•] 2024 entered into between our Company and TA Securities for the purpose of our IPO
TA Securities or Principal Adviser or Sponsor or Placement Agent or Underwriter	:	TA Securities Holdings Berhad
Transfer of Listing	:	Transfer of the listing of and quotation for our enlarged share capital from the LEAP Market to the ACE Market
Withdrawal of Listing	:	Withdrawal of our listing from the Official List of the LEAP Market pursuant to Rules 8.05 and 8.06 of the LEAP LR

CURRENCIES:

RM and sen	:	Ringgit Malaysia and sen

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Gender)	Nationality	Designation	Address
Vincent Loh (Male)	Malaysian	Independent Non-Executive Chairman	30-16-3, Jamnah View Condo Jalan Buluh Perindu Taman SA 59000 Kuala Lumpur Malaysia
Dato' Sri Chiang Fong Yee (Male)	Malaysian	Group Managing Director	Lot 121, Jalan Timah 3 The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan Malaysia
Ong Boon Huat (Male)	Malaysian	Executive Director	1, Jalan Vista 6 Taman Cheras Vista 43200 Cheras Selangor Darul Ehsan Malaysia
Chin Peck Li (Female)	Malaysian	Independent Non-Executive Director	No. 5, Jalan PJ 28 Taman Pertam Jaya Padang Temu 75050 Melaka Malaysia
Lim Lay Ching (Female)	Malaysian	Independent Non-Executive Director	27, Jalan PE 11 Taman Paya Emas Paya Rumput 76450 Melaka Malaysia
Kam Sin Lin (Female)	Malaysian	Independent Non-Executive Director	No. 1, Lorong Seri Setali 102 Off Jalan Air Putih 25300 Kuantan Pahang Darul Makmur Malaysia

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1. CORPORATE DIRECTORY *(CONT'D)*

AUDIT & RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chin Peck Li	Chairperson	Independent Non-Executive Director
Lim Lay Ching	Member	Independent Non-Executive Director
Kam Sin Lin	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Lim Lay Ching	Chairperson	Independent Non-Executive Director
Chin Peck Li	Member	Independent Non-Executive Director
Kam Sin Lin	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Kam Sin Lin	Chairperson	Independent Non-Executive Director
Chin Peck Li	Member	Independent Non-Executive Director
Lim Lay Ching	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY *(CONT'D)*

COMPANY SECRETARY	:	Wong Yen Lee (SSM PC No. 202008001170) (MAICSA 7046106) Professional Qualification : Chartered Secretary and Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators; and Professional Member of the Institute of Internal Auditors Malaysia C/o CORESec Advisory Sdn Bhd No. 5-1, Jalan Radin Bagus 9 Bandar Baru Sri Petaling 57000 Kuala Lumpur Tel no.: (603) - 9054 1498
REGISTERED OFFICE	:	No. 5-1, Jalan Radin Bagus 9 Bandar Baru Sri Petaling 57000 Kuala Lumpur Tel no.: (603) - 9054 1498
HEAD / MANAGEMENT OFFICE	:	L2-05, 2nd Floor Ikon Connaught Lot 160, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur Wilayah Persekutuan, Malaysia Website: www.carlorino.net Email address: ir@carlorino.net Tel no.: (603) – 9108 9600
AUDITORS AND REPORTING ACCOUNTANTS	:	BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206) Chartered Accountants Level 8, BDO @ Menara CenTARa 360, Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur Tel no.: (603) – 2616 2888 Partner-in-charge : Law Kian Huat Approval No. 02855/06/2024 J Professional Qualification : Chartered Accountant Member of MIA (MIA Membership No.: 14633) Fellow Member of the Association of Chartered Certified Accountants ("**ACCA**") (ACCA Membership No: 2548371)
PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel no.: (603) – 2072 1277

1. CORPORATE DIRECTORY *(CONT'D)*

DUE DILIGENCE SOLICITORS FOR OUR IPO	:	Olivia Lim & Co. 41-3 Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Tel no.: (603) – 2011 1386
INDEPENDENT MARKET RESEARCHER	:	Infobusiness Research & Consulting Sdn Bhd C4-3A-3, Solaris Dutamas No.1 Jalan Dutamas 1 50480 Kuala Lumpur Tel no.: (603) – 6205 3930 Person-in-charge : Leow Hock Bee Qualification : Bachelor of Science (Hons) Geology from the University of Western Ontario and Masters of Business Administration from Massey University *(Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner)*
SHARE REGISTRAR	:	Bina Management (M) Sdn Bhd Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor, Malaysia Tel no.: (603) – 7784 3922
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13 46200 Petaling Jaya Selangor, Malaysia Tel no.: (603) – 7890 4700
LISTING SOUGHT	:	ACE Market
SHARIAH STATUS	:	[•Approved by the SAC (based on the list of Shariah-compliant securities as at 24 November 2023 issued by the SC)]

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, via its letter dated [•] 2024, approved our Withdrawal of Listing, Transfer of Listing and the listing of and quotation for our entire enlarged issued share capital on the ACE Market, subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	[•]	[•]
2.	[•]	[•]

2.1.2 SC

Our IPO is an exempt transaction under section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, via its letter dated [•] 2024, approved the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Transfer of Listing, subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	[•]	[•]
2.	[•]	[•]

The SC had noted the effects of our Transfer of Listing on the equity structure of our Company are as follows:

<u>**Scenario 1**</u>

	As at the LPD		After Exit Offer, IPO and Transfer of Listing	
Category of shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Bumiputera				
- Bumiputera investors as approved by MITI	-	-	122,189,700$^{(1)}$	12.50
- Bumiputera public investors via balloting	-	-	24,438,000$^{(1)}$	2.50
- Others	17,860,144$^{(2)}$	2.22	17,860,144	1.83
Total Bumiputera	**17,860,144**	**2.22**	**164,487,844**	**16.83**
Non-Bumiputera	758,759,768	94.18	783,997,768	80.20
Total Malaysian	**776,619,912**	**96.40**	**948,485,612**	**97.03**
Foreigner	29,031,488	3.60	29,031,488	2.97
TOTAL	**805,651,400**	**100.00**	**977,517,100**	**100.00**

Notes:

(1) Assuming all Shares allocated to Bumiputera investors as approved by MITI and Malaysian Bumiputera public investors via balloting are fully subscribed.

(2) Being existing Bumiputera shareholders of our Company (Source: Record of Depositors of Shares as at the LPD).

Scenario 2

Category of shareholders	As at the LPD		After Exit Offer, IPO and Transfer of Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera investors as approved by MITI	-	-	122,189,700*(1)*	12.50
- Bumiputera public investors via balloting	-	-	24,438,000*(1)*	2.50
- Others	17,860,144*(2)*	2.22	-	-
Total Bumiputera	**17,860,144**	**2.22**	**146,627,700**	**15.00**
Non-Bumiputera	758,759,768	94.18	830,889,400	85.00
Total Malaysian	**776,619,912**	**96.40**	**977,517,100**	**100.00**
Foreigner	29,031,488	3.60	-	-
TOTAL	**805,651,400**	**100.00**	**977,517,100**	**100.00**

Notes:

(1) Assuming all Shares allocated to Bumiputera investors as approved by MITI and Malaysian Bumiputera public investors via balloting are fully subscribed.

(2) Being existing Bumiputera shareholders of our Company (Source: Record of Depositors of Shares as at the LPD).

[•The SAC had, via its list of Shariah-compliant securities as at 24 November 2023, classified our Shares as shariah-compliant.]

2.1.3 MITI

MITI had, via its letter dated [•] 2024, taken note and has no objection to our Transfer of Listing.

2.2 MORATORIUM ON OUR SHARES

2.2.1 Specified Shareholders' Moratorium

2.2.1.1 As at the date of submission of our listing application to Bursa Securities, our Group has met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, pursuant to Rule 3.19(1A)(b) of the ACE LR, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by the Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**Moratorium Period**") ("**Specified Shareholders' Moratorium**"), as set out below:

Specified Shareholders	Nature of relationship	Under Moratorium Period	
		No. of Shares	%*(1)*
DSCFY	Our Group Managing Director / Substantial shareholder	257,000,554*(2)*	26.29
CSS	Our controlling shareholder	54,029,700	5.53
Chong See Moi	Spouse of CSS	3,950,600	0.40
Dato' Sri Chiang Fong Tat	Child of CSS	2,069,400	0.21
Datin Sri Tan Loo Yin	Spouse of Dato' Sri Chiang Fong Tat / Daughter-in-law of CSS	100,000	0.01
Dato' Sri Chiang Fong Seng	Child of CSS	3,827,800	0.39
Chiang May Ling	Child of CSS	700,000	0.07
Chiang Sang Bon	Sibling of CSS	1,550,000	0.16
Lau Yun Hwa	Spouse of Chiang Sang Bon / Sister-in-law of CSS	1,000,000	0.10

2. APPROVALS AND CONDITIONS *(CONT'D)*

Specified Shareholders	Nature of relationship	Under Moratorium Period	
		No. of Shares	%(1)
Chiang Heng Pang	Sibling of CSS	5,501,600	0.56
Datin Lim Teng Hong	Spouse of Datuk Chiang Heng Kiang (sibling of CSS) / Sister-in-law of CSS	176,000	0.02
Chiang Boon Tian	Sibling of CSS	4,078,000	0.42
Chiang Sang Ling	Sibling of CSS	36,000	Neg
BHSB FTSB KKSB AWAL	Companies controlled by CSS	202,875,868 111,041,200 22,333,736 22,111,100	20.75 11.36 2.28 2.26
TOTAL		**692,381,558**	**70.83**

Notes:
Neg Negligible.
(1) Computed based on our enlarged share capital of 977,517,100 Shares after our IPO.
(2) After Offer for Sale.

The moratorium has been fully accepted by the Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under the moratorium during the abovementioned moratorium period.

2.2.1.2 Pursuant to Rule 3.19(2) of the ACE LR, where the specified shareholder is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their shares in the unlisted corporation for the period stipulated in Rule 3.19(1) of the ACE LR.

Accordingly, in compliance with Rule 3.19(2) of the ACE LR, all the shareholders of BHSB, FTSB, KKSB and AWAL(1) undertake that they will not sell, transfer or assign their shares in the respective companies during the Moratorium Period as set out in Section 2.2.1.1 of this Prospectus.

Note:
(1) The shareholders of BHSB, FTSB, KKSB and AWAL (all Malaysians) and their shareholdings in respective companies as at the LPD are as follows:

Name of shareholders	*Direct*		*Indirect*	
	No. of shares	*%*	*No. of shares*	*%*
BHSB				
- CSS	*3,649,174*	*59.63*	*-*	*-*
- Chiang Sang Bon	*732,687*	*11.97*	*-*	*-*
- Datuk Chiang Heng Kieng	*702,453*	*11.48*	*-*	*-*
- Chiang Heng Pang	*637,459*	*10.42*	*-*	*-*
- Chiang Boon Tian	*398,229*	*6.50*	*-*	*-*
FTSB				
- CSS	*250,000*	*100.00*	*-*	*-*
KKSB				
- CSS	*29,813*	*59.63*	*-*	*-*
- Chiang Sang Bon	*5,986*	*11.97*	*-*	*-*
- Datuk Chiang Heng Kieng	*5,739*	*11.48*	*-*	*-*
- Chiang Heng Pang	*5,208*	*10.42*	*-*	*-*
- Chiang Boon Tian	*3,254*	*6.50*	*-*	*-*
AWAL				
- CSS	*1*	*100.00*	*-*	*-*

2.2.2 Voluntary Shareholder's Moratorium

In addition to the above, one of our shareholders who is a family member of DSCFY and CSS and holds Shares prior to our IPO, has voluntarily undertaken not to sell, transfer or assign his shareholdings in our Company during the Moratorium Period as set out in Section 2.2.1.1 of this Prospectus ("**Voluntary Shareholder's Moratorium**"), as follows:

Shareholder	Nature of relationship	No. of Shares	%[(1)]
Chiang Sing Ho	Child of DSCFY / Grand-child of CSS	24,169,542	2.47

Note:

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

The moratorium restrictions are specifically endorsed on our share certificates representing those Shares under Specified Shareholders' Moratorium and Voluntary Shareholder's Moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes the moratorium restrictions.

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3. PROSPECTUS SUMMARY

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

3.1 PARTICULARS OF OUR IPO

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

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

Note:

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

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

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

3.2 OUR GROUP AND BUSINESS

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

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

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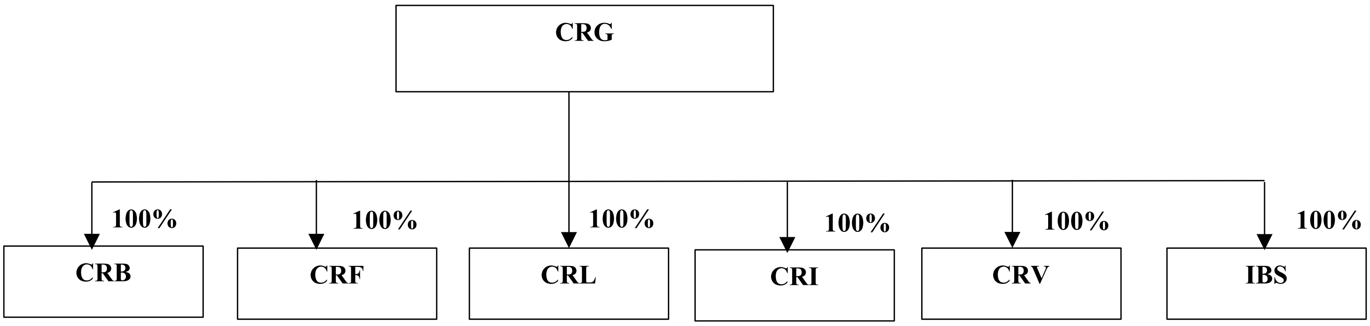
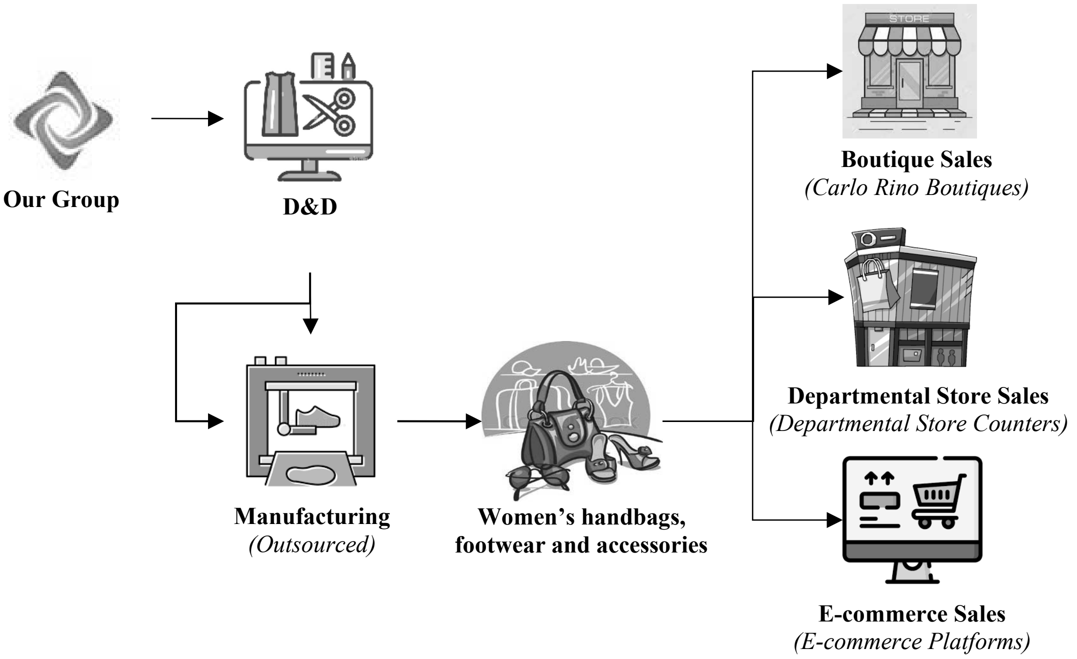
3. PROSPECTUS SUMMARY *(CONT'D)*

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



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



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

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

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

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

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

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

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

3.3 OUR COMPETITIVE STRENGTHS

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

(i) We have an established brand name

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

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

(ii) We have multi-channel distribution network

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

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

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

(iv) We have an experienced key management team

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

(v) Wide range of woman fashion products

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

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

3.4 OUR BUSINESS STRATEGIES AND FUTURE PLANS

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

(i) Establish our first Carlo Rino flagship boutique

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

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

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

(iii) Overseas expansion via online e-commerce platforms

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

(iv) Upgrade of our IT infrastructure

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

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

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

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3.5 RISK FACTORS

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

Some of the key risks factors are summarised below:

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

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

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

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

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

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

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

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3.6 OUR DIRECTORS AND KEY SENIOR MANAGEMENT

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

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

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

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3.7 OUR PROMOTER AND SUBSTANTIAL SHAREHOLDERS

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

Scenario 1

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

Scenario 2

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

Notes:

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

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

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

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

3.8 USE OF PROCEEDS

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

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

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

3.9 FINANCIAL HIGHLIGHTS

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

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

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

Note:

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

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

3.10 DIVIDEND POLICY

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

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

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

Note:

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

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

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

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on [•] 2024 and will remain open until 5.00 p.m. on [•] 2024. **LATE APPLICATION WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative time/date
Issuance of this Prospectus / Opening of Application	10.00 a.m. / [•] 2024
Closing of Application	5.00 p.m. / [•] 2024
Balloting of Application	[•] 2024
Allotment / Transfer of our IPO Shares to successful applicants	[•] 2024
De-listing from the LEAP Market	[•] 2024
Listing on the ACE Market	[•] 2024

In the event there is any change to the indicative timetable above, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia, and make an announcement on Bursa Securities' website.

4.3 PARTICULARS OF THE CORPORATE EXERCISE AND OUR IPO

(i) Corporate Exercise

Our shareholders had, via our EGM held on 28 December 2023, voted in favour of the Withdrawal of Listing and Transfer of Listing. Subsequently, pursuant to Rule 8.06(1)(c) of the LEAP LR and paragraph 2.1 of Guidance Note 15A of the ACE LR, the Joint Offerors undertook the Exit Offer to facilitate the Corporate Exercise. The Exit Offer was completed on [•] 2024.

Our Transfer of Listing is subject to, amongst others, the following requirements under Rule 3A.02(1) of the ACE LR:

No.	Requirements	Status of compliance
(a)	A transfer applicant must have been listed for at least 2 years on the LEAP Market at the time of application for transfer of listing;	Met. As at the date of this Prospectus, our Company has been listed on the LEAP Market for more than 2 years since 28 November 2018.
(b)	A transfer applicant must be considered as suitable for listing after the assessment by a Sponsor (as defined in the ACE LR) or both the Sponsor and Recognised Approved Adviser (as defined in the ACE LR) as Joint Transfer Sponsor (as defined in the ACE LR) pursuant to Rule 4.07 of the ACE LR;	Met. Our Company is suitable to be listed on the ACE Market after TA Securities (as the Sponsor) had assessed, amongst others, our Group's business prospects; systems, procedures, policies, controls and resources to comply with the ACE LR as well as governance, internal control and risk management systems; and that our Company's admission to the Official List of ACE Market is not detrimental to the interest of investors or does not undermine public interest.

No.	Requirements	Status of compliance
(c)	A transfer applicant must comply with Chapters 3 and 3A of the ACE LR, as the case may be, subject to the additional requirements, modifications or exceptions set out in Chapter 3A of the ACE LR;	Noted and to be complied with.
(d)	A transfer applicant must undertake an issue of shares to the general public as part of its transfer of listing; and	To be complied. Our IPO comprises Public Issue and Offer for Sale, where applicable.
(e)	A transfer applicant must comply with the relevant admission procedures and requirements as may be prescribed by Bursa Securities.	Noted and to be complied with.

(ii) IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares will be allocated in the manner described below:

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

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

Our IPO comprises Public Issue and Offer for Sale (if applicable).

Pursuant to Scenario 2, the Offer for Sale will be undertaken by the Selling Shareholder only in the event the Selling Shareholder receives valid acceptance for 1,000,000 or more Shares not already held by the Joint Offerors under the Exit Offer, which entails up to 87,984,300 Shares (representing up to 9.00% of our enlarged share capital) whereby the Joint Offerors have not received any irrevocable and unconditional undertakings from our shareholders that they will not accept the Exit Offer. The Selling Shareholder will offer for sale all such Shares received by him under the Exit Offer, in board lots, to identified non-Bumiputera investors by way of private placement under the Offer for Sale.

The basis of allocation of our IPO Shares shall take into account our Board's intention to distribute our IPO Shares to a reasonable number of applicants to broaden our Company's shareholder base to meet the public shareholding spread requirements and to establish a liquid market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board.

As at the LPD, save as disclosed in Section 4.3 of this Prospectus, to the extent known to our Company, there are no persons who have indicated to us that they intend to subscribe for more than 5% of our IPO Shares.

4.3.1 Public Issue

A total of 171,865,700 Issue Shares, representing 17.58% of our enlarged share capital, are offered at the IPO Price. The Issue Shares will be allocated in the following manner:

(i) Malaysian Public

48,876,000 Issue Shares, representing 5.00% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via a balloting process as follows:

(a) 24,438,000 Issue Shares, representing 2.50% of our enlarged share capital, made available to Malaysian public investors; and

(b) 24,438,000 Issue Shares, representing 2.50% of our enlarged share capital, made available to Malaysian Bumiputera public investors.

(ii) Our Independent Directors

800,000 Issue Shares, representing 0.08% of our enlarged share capital, will be made available for application by our Independent Directors.

We have obtained approval from our shareholders via an EGM held on [•] 2024 for the proposed allocation of Issue Shares to our Independent Directors, based on amongst others, their respective roles and responsibilities in our Company. A summary of the proposed allocation of the Issue Shares to our Independent Directors is set out below:

Name	Designation	No. of Issue Shares to be allocated
Vincent Loh	Independent Non-Executive Chairman	200,000
Chin Peck Li	Independent Non- Executive Director	200,000
Lim Lay Ching	Independent Non-Executive Director	200,000
Kam Sin Lin	Independent Non-Executive Director	200,000
TOTAL		**800,000**

Save for the above, our Board is not aware of any substantial shareholders, Directors and key senior management of our Group who have the intention to apply for the Issue Shares made available under Section 4.3.1(i) of this Prospectus for the Malaysian Public via balloting.

(iii) Private placement to Bumiputera investors as approved by MITI

122,189,700 Issue Shares, representing 12.50% of our enlarged share capital, will be made available by way of private placement to Bumiputera investors as approved by MITI.

Upon completion of the Public Issue, our total number of issued Shares will increase from 805,651,400 Shares to 977,517,100 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

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4.3.2 Offer for Sale

Pursuant to the Scenario 2 as illustrated in Section 4.3(ii) of this Prospectus, a total of up to 87,984,300 Offer for Sale Shares, representing up to 9.00% of our enlarged share capital, are offered by the Selling Shareholder to selected non-Bumiputera investors by way private placement at the IPO Price. The Offer for Sale is subject to the terms and conditions of this Prospectus. The details of the Selling Shareholder and his relationship with our Group are as follows:

Name / *Residential address*	**Relationship with our Group**	**Shareholdings before our IPO and as at the LPD**		**Offer for Sale(4)**			**Shareholdings after our IPO**	
		No. of Shares	**%(1)(3)**	**No. of Shares**	**%(1)**	**%(2)**	**No. of Shares**	**%(2)(3)**
DSCFY *Lot 121, Jalan Timah 3* *The Mines Resort City* *43300 Seri Kembangan* *Selangor*	Promoter, substantial shareholder, Group Managing Director and Specified Shareholder	257,000,498	31.90	87,984,300	10.92	9.00	257,000,554	26.29

Notes:

(1) Based on our share capital of 805,651,400 Shares as at the LPD.

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

(3) Being the Selling Shareholder's direct equity interest in our Company.

(4) Subject to the acceptance of the Exit Offer by our shareholders.

The Offer for Sale is expected to raise gross proceeds of approximately RM[•] million based on the IPO Price, which will accrue entirely to the Selling Shareholder and we will not receive any of the proceeds. The Selling Shareholder shall bear all expenses in relation to the Offer for Sale.

Further details on the Selling Shareholder, who is also our Promoter, substantial shareholder and Director, are set out in Sections 5.1.2 and 5.2.2 of this Prospectus.

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4.3.3 Underwriting arrangement and re-allocation provision

(i) Issue Shares for the Malaysian Public via balloting

The 48,876,000 Issue Shares made available for application by the Malaysian Public via balloting are fully underwritten by our Underwriter.

If any Issue Shares allocated for application by the Malaysian Public via balloting are not fully subscribed, the balance portion will be re-allocated in the following order:

(a) firstly, to selected non-Bumiputera investors via private placement under Section 4.3.2 of this Prospectus, if applicable; and

(b) finally, any remaining Issue Shares thereafter will be subscribed by our Underwriter, in accordance with the terms and conditions of the Underwriting Agreement.

(ii) Issue Shares for our Independent Directors

The 800,000 Issue Shares made available to our Independent Directors are fully underwritten by our Underwriter.

If any Issue Shares allocated to our Independent Directors are not fully subscribed, the balance portion will be re-allocated in the following order:

(a) firstly, to the Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus;

(b) secondly, any remaining portion will be made available to selected non-Bumiputera investors via private placement under Section 4.3.2 of this Prospectus, if applicable; and

(c) finally, any remaining Issue Shares thereafter will be subscribed by our Underwriter, in accordance with the terms and conditions of the Underwriting Agreement.

(iii) Issue Shares by way of private placement to Bumiputera investors as approved by MITI

The 122,189,700 Issue Shares made available for application by Bumiputera investors as approved by MITI are not underwritten as irrevocable undertakings from the relevant investors to subscribe for the aforementioned Issue Shares will be / have been obtained.

If any Issue Shares allocated to Bumiputera investors as approved by MITI are not fully subscribed, the balance portion will be re-allocated in the following order:

(a) firstly, to Malaysian Bumiputera Public via balloting under Section 4.3.1(i) of this Prospectus;

(b) secondly, any remaining portion thereafter will be made available to selected non-Bumiputera investors by way of private placement under Section 4.3.2 of this Prospectus, if applicable;

(c) thirdly, any remaining portion thereafter will be made available to other investors to be identified; and

(d) finally, any remaining portion will be made available for application by other Malaysian Public via the balloting under Section 4.3.1(i) of this Prospectus.

(iv) Offer for Sale Shares by way of private placement to selected non-Bumiputera investors

Up to 87,984,300 Offer for Sale Shares made available for private placement to selected non-Bumiputera investors are not underwritten as irrevocable undertakings from the relevant investors to subscribe for the aforementioned Offer for Sale Shares will be / have been obtained.

If any Offer for Sale Shares allocated to selected investors are not fully subscribed, the balance portion will be re-allocated in the following order:

(a) firstly, to Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus; and

(b) finally, any remaining portion thereafter will be made available to other investors to be identified.

The salient terms of the underwriting arrangement is set out in Section 4.11 of this Prospectus.

4.3.4 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism that may be employed in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008 to our IPO.

4.3.5 Minimum subscription

There is no minimum level of proceeds to be raised by us under our IPO. However, in order to comply with the public shareholding spread requirement of the ACE LR or as approved by Bursa Securities, the minimum subscription level will be the number of Shares required to be held by public shareholders of our Company to comply with the minimum public shareholding spread requirement under the ACE LR.

Under the ACE LR, we are required to have at least 25.00% of our enlarged issued share capital held by a minimum number of 200 public shareholders, each holding not less than 100 Shares at the point of our Transfer of Listing. We expect to meet the public shareholding spread requirements through a combination of the balloting process and private placement exercise.

If the above requirement is not met, we may not be able to proceed with our Transfer of Listing. Please refer to Section 9.3.4 of this Prospectus for details in the event our Transfer of Listing is delayed or aborted.

4.3.6 Transfer of Listing

We undertake our IPO in conjunction with our Transfer of Listing. We have obtained approvals from our shareholders and Bursa Securities for the Corporate Exercise via EGM held on 28 December 2023 and Bursa Securities' letter dated [•] 2024, respectively.

You should take note that upon allotment/transfer of our IPO Shares to successful applicants, trading of our Shares on the LEAP Market will be suspended for a time period to be prescribed by Bursa Securities to facilitate the Withdrawal of Listing and Transfer of Listing. Thereafter, our Shares will be listed and quoted on the ACE Market.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our enlarged share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	805,651,400	68,000,000
To be issued pursuant to the Public Issue	171,865,700	51,559,710
Enlarged share capital upon our Transfer of Listing	**977,517,100**	**119,559,710**
IPO Price		[●]
Pro forma consolidated NA per Share as at 30 June 2023 (based on the enlarged issued share capital of 977,517,100 Shares after the Public Issue and the use of proceeds)		[●]
Market capitalisation upon our Transfer of Listing (based on our IPO Price and our enlarged share capital of 977,517,100 Shares after our IPO)		[●]

The Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally with each other. The Issue Shares will, upon allotment and issuance, rank equally in all respects with our then existing Shares including voting rights and will be entitled to all rights, dividends and other distributions that may be declared, the entitlement date of which is subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer for Sale Shares rank equally in all respects with our existing Shares in issue, including voting rights and will be entitled to all rights, dividends and other distributions that may be declared, the entitlement date of which is subsequent to the transfer date of our Offer for Sale Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid up to the Shares held by them, be entitled to share in whole of the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of our liabilities.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or other duly authorised representative shall have 1 vote for each Share held on a poll.

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4.5 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

(i) to enable us to raise funds for the purposes specified in Section 4.9 of this Prospectus;

(ii) to access to a wide pool of investors in the ACE Market, as compared to LEAP Market, which offers a more robust listing environment with relatively greater vibrancy, more liquidity and better price discovery;

(iii) to enable us to access a liquid equity capital market for future fund raising and to provide us with the financial flexibility to pursue growth opportunities as and when they arise;

(iv) to further enhance our Group's credibility, corporate reputation and brand name which in turn, further enhance the confidence of our Group's existing and new customers, suppliers, business associates and employees through our transfer listing from the LEAP Market to ACE Market; and

(v) to provide an opportunity for wider pool of Malaysian Public to participate in our equity and continuing growth.

4.6 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined and agreed upon by us and our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

(i) our pro forma consolidated NA per Share of approximately RM[•] as at 30 June 2023, based on our enlarged share capital of 977,517,100 Shares as well as after our IPO and use of proceeds from the Public Issue as set out in Section 12.2 of this Prospectus;

(ii) PE Multiple of approximately [•] times, based on our Group's EPS of 2.44 sen for FYE 2023 and after taking into account our enlarged share capital of 977,517,100 Shares and PAT attributable to owners of our Company of RM23.85 million.

To further justify the IPO Price, peer analysis has been carried out to benchmark the PE Multiple implied by the IPO Price against (a) the PE Multiples of comparable companies with similar business or sector as our Group and listed on the Main Market of Bursa Securities and ACE Market; and (b) the sector PE Multiple valuation based on all component stocks within Bursa Malaysia Consumer Product Index (KLCSU Index). In view that we operate in the retail industry, it is more likely for our Company's underlying value to be derived from our business operations instead of our assets and hence, PE Multiple is an appropriate trading multiple to be used for the peer analysis.

The comparable companies were selected based on the following criteria:

(a) profitable comparable public listed companies categorised under the 'personal goods' or 'retailers' subsector of the 'consumer products and services' sector on the Main Market of Bursa Securities and/or the ACE Market, which operate in a similar industry with similar products type/business model to our Group; and

(b) prevailing sector PE Multiple valuation of all component stocks within KLCSU Index, being a capitalisation-weighted index of all stocks in the EMAS Index involved in the consumer sector.

However, there are no public listed companies in Malaysia which is identical to our Company in respect of, amongst others, the scale of business operations and financial position. As such, it should be noted that this comparable valuation statistics is carried out on a best effort basis, purely to provide a benchmark valuation for the IPO Price.

The trading PE Multiples of our Company and selected comparable companies to our Group as at the LPD are as follows:

Companies / *(Board)*	**Principal activities**	**As at the LPD**		**Basic earnings per share**(2)	**PE Multiple**
		Closing price	**Market capitalisation**(1)		
		(RM)	**(RM'000)**	**(RM)**	**(times)**
		(A)		**(B)**	**(A/B)**(3)
Selected comparable companies					
Bonia *(Main Market of Bursa Securities)*	Designing, manufacturing, marketing, retailing, wholesaling and franchising of fashionable leather goods, accessories and apparel for the local and overseas markets, property development and investment holding	1.690	339,682	0.200	8.45
MESB Berhad *(Main Market of Bursa Securities)*	Trading and retailing of leather products, apparel and accessories, investment holding and waste recycling business	0.435	62,768	0.076	5.70
Padini Holdings Berhad *(Main Market of Bursa Securities)*	Promoting and marketing fashionable apparels, footwear and accessories, provision of management services and investment holding	3.355	2,207,286	0.274	12.23
				High	**12.23**
				Low	**5.70**
				Simple average	**8.79**
				Our Company	**[•]**(4)

Notes:
(1) Computed based on the number of ordinary shares in issue (excluding any treasury shares) multiplied by the closing price as at the LPD.
(2) Being the rolling 12-month unaudited PAT attributable to owners of the comparable companies, respectively, divided by the number of ordinary shares in issue as at the LPD (Source: Quarterly reports of the respective selected comparable companies).
(3) Subject to rounding adjustment.
(4) Computed based rolling 12-month unaudited PAT attributable to owners of our Company of RM21.18 million with an EPS of RM0.0263 and closing price as at the LPD of RM0.215 each.

Based on the pro forma EPS of our Group of approximately 2.44 sen, the illustrative PE Multiple of our Company of approximately [•] times is:

- about [•]% discount from the sector PE Multiple valuation of all component stocks within KLCSU Index of [•] times as at LPD; and
- slightly [●] PE Multiple of the selected comparable companies of [•] times, which have recorded the range of PE Multiples of between [•] times to [•] times.

(iii) our Group's historical financial track record as summarised below:

	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Revenue	76,460	101,787	113,534
GP	44,392	63,043	70,064
PAT attributable to owners of our Company	3,984	22,230	23,853

(iv) our Group's competitive strengths and advantages as set out in Section 7.17 of this Prospectus;

(v) our Group's business strategies and future plans as set out in Section 7.18 of this Prospectus;

(vi) the overview and outlook of the industry in which our Group operates, as well as the prevailing market conditions as set out in Section 8 of this Prospectus; and

(vii) the market performance of Bursa Securities and anticipated demand for our IPO Shares.

You should note that the market price of our Shares upon and subsequent to our Transfer of Listing is subject to the vagaries of market forces and other uncertainties which may affect the trading price of our Shares. You should form your own views on the valuation of our Shares and reasonableness of the bases used before deciding to invest in our Shares. You are also reminded to consider carefully the risk factors as set out in Section 9 of this Prospectus before deciding to invest in our Shares.

4.7 DILUTION

Dilution is the amount by which the IPO Price exceeds our pro forma consolidated NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price **(A)**	[•]
Audited consolidated NA per Share as at 30 June 2023 before the Public Issue **(B)**	0.12
Pro forma consolidated NA per Share as at 30 June 2023 after the Public Issue and the use of proceeds from the Public Issue **(C)**	[•]
Increase in the pro forma consolidated NA per Share attributable to our existing shareholders **(C-B)**	[•]
Dilution in the pro forma consolidated NA per Share to new investors **(D=A-C)**	[•]
Dilution in the pro forma consolidated NA per Share to new investors as a percentage of our IPO Price **(D/A)**	[•]%

Please refer to Sections 12.2 and 13 of this Prospectus for further details of our Group's pro forma consolidated NA per Share as at 30 June 2023.

Save as disclosed below, there has been no acquisition of our Shares by our substantial shareholders, Directors, key senior management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares during the past 3 years since [•8 March 2021] up to the date of this Prospectus:

(i) DSCFY had acquired 39,883,000 Shares at an average cost of approximately RM0.1758 (excluding stamp duty and commission);

(ii) 49,469,858 Shares were transferred from DSCFY's spouse to DSCFY without any consideration;

(iii) 24,169,542 Shares were transferred from DSCFY's spouse to her child without any consideration;

(iv) [•DSCFY acquired [•] Shares at the cash exit offer price of RM[•] each pursuant to the Exit Offer]; and

(v) [•Our Independent Directors subscribe for the Issue Shares at the IPO Price, in the manner as set out in Section 4.3.1(ii) of this Prospectus].

4.8 HISTORICAL SHARE PRICE

Our Shares are currently traded on the LEAP Market. Our Shares have not been subject to any trading suspension in the past 3 years up to the LPD.

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4.9 USE OF PROCEEDS

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

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

Notes:

(i) Construction and the fitting out of a new flagship boutique and other facilities (e.g. IT and security systems)

*IBS had, on 15 March 2023, completed the acquisition of the Imbi Property and currently rents the vacant land to Wawasan Murni Jaya for a car park business for a tenure of 3 months (commenced from 1 October 2023, with option for renewal of 3 months periodically). We earmark RM[•] million (or approximately [•]% of our Public Issue proceeds), for the construction and fitting-out of a commercial building to be erected thereon ("**Proposed Building**") and the renovation cost for the flagship boutique in the Proposed Building.*

The details of the Proposed Building is as follows:

Details of the Proposed Building		
Description and intended usage	:	*A up to 8-storey commercial building comprises:* • *flagship boutique for our Group to display our range of products; and* • *other complementary ancillary services such as food and beverage outlets and lifestyle outlets for own usage and rental purpose.*
Estimated construction cost and incidental cost	:	*RM[•] million (based on preliminary cost estimation as at the LPD and estimated incidental costs in relation to the land)*
Estimated fit-out cost for the Proposed Building	:	*RM[•] million (based on indicative cost estimation by our Group for the fit-out works on the Proposed Building which may subject to revisions upon completion of the construction of the Proposed Building)*
Estimated renovation cost for the flagship boutique	:	*RM[•] million (based on cost estimation by our Group)*

The tentative timeline for the construction and fitting-out works is as follows:

*Timeline**	*Events*
3rd quarter of calendar year 2024	• *Commence preparation of conceptual development, cost estimation and schematic design* • *Finalise design development of building plan by our Group* • *Submission of Planning Permit Plan to Dewan Bandaraya Kuala Lumpur*
4th quarter of calendar year 2024	• *Obtain approval on the Planning Permit Plan (assuming a processing time of 3 months from date of submission)* • *Submission to land registry for change of land use category to commercial category* • *Submission of building plan and development order to Dewan Bandaraya Kuala Lumpur*
1st quarter of calendar year 2025	• *Obtain approval for the change of land use category, building plan and development order (assuming a processing time of 3 months from date of submission)*
2nd quarter of calendar year 2025	• *Finalise tender and negotiation with main contractor on the construction works*
3rd quarter of calendar year 2025	• *Commencement of the construction of the Proposed Building*
3rd quarter of calendar year 2026	• *Completion of construction of the Proposed Building (assuming 12 months from the date of commencement of construction works)*
1st quarter of calendar year 2027	• *Commence fitting-out (this shall only commence after receipt of CCC for the Proposed Building)*

Note:

* *Any unexpected prolonged processing time by the relevant authorities may cause a delay to the above tentative timeline.*

At this juncture, the Proposed Building is proposed to be an up to 8-storey building with an estimated total built-up area of 19,000 sqft which is subject to approval from authorities. In view of the above tentative timeline, final details on the Proposed Building (e.g., number of storeys and built-up area of the flagship boutique) will only be available upon submission of the Planning Permit Plan. Other details such as types of complementary ancillary services or number of units of complementary ancillary services to be set up in the Proposed Building will be finalised upon the completion of the Proposed Building in the future.

The construction cost of the Proposed Building include, amongst others, building works (such as structural works, sanitary and plumbing works); external works (such as earthworks, road and drainage, fencing and turfing) as well as mechanical and electrical work (such as electrical, air-conditioning and fire-fighting protection installation); and to fit-out the flagship boutique whereas the fit-out costs involve, amongst others the purchase and installation of new fixtures, fittings, lighting, flooring, merchandise and display tools, IT hardware and security system.

As part of the brand building exercise, our Board recognises the importance of physical retail premise to create and enhance the brand presence and to provide a cosy in-store experience to the customers to view, try and appreciate our range of products. The Imbi Property is strategically located within Kuala Lumpur city centre with good accessibility to public transport infrastructures, shopping malls, international hotels and serviced suites. Further, the flagship boutique is spacious with an estimated total built-up area of 4,000 sqft and our Management plans to design it with the spirit of "Carlo Rino" in mind, which instils a youthful, vibrant, colourful and bold vibe. Our Management believes better ambience while shopping at spacious and strategically located boutique enhances the brand appeal to the targeted consumer group, builds brand equity amongst the customers which in turn, shall drive footfall to the flagship boutique and improve sales of our range of products.

If the above capital expenditure is due and payable prior to our Transfer of Listing, we will use a combination of internally generated funds and/or borrowings (if required) to settle such payment while pending the receipt of the proceeds from the Public Issue. Upon receiving the proceeds from the Public Issue, we will use the proceeds to replenish internal funds used and/or to repay borrowing obtained to fund the construction works (if any) and pay the remaining capital expenditure. If there is a surplus of proceeds, the amount will be re-allocated for our Group's working capital purposes, wherein the breakdown of re-allocation amongst the category of working capital of our Group will be determined later. If there is a deficit of proceeds, we will use a combination of internally generated funds and borrowings to fund such capital expenditure.

(ii) Refurbishment of boutiques and counters at departmental stores

As at the LPD, our Group operates and manages 41 boutiques and 82 departmental store counters in Malaysia.

Refurbishment of boutiques and counters at departmental stores, from time to time, changes the layout and appearance of such retail space which aims to improve the business via refreshing shopping experience for the customers to drive footfall to the boutiques and departmental stores as well as to garner greater brand awareness of our range of products. Hence, our Company earmarks RM[•] million (or approximately [•]% of the total proceeds from the Public Issue), to refurbish boutiques and departmental store counters. As refurbishment of boutiques and counters at departmental stores is an on-going initiative, the number of boutiques and counters at departmental stores to be refurbished, their locations and costs cannot be determined at this juncture as it will be dependent on the prevailing quotation as well as the refurbishment requirements at the time of utilisation and such costs may differ for each type and location of retail space. Based on our Group's historical data, the refurbishment cost is expected to be approximately RM100 to RM350 per sqft. Should there be any material variances in the future with regards to refurbishment costs as a result of, amongst others, inflation, the shortfall will be funded via our Group's internally generated funds.

The estimated refurbishment cost covers, amongst others, the following:

- *purchasing and installing new fixtures, fittings, lighting and flooring;*
- *interior design fees;*
- *new merchandising and display tools; and*
- *IT and security equipment and related hardware.*

(iii) Maintenance of IT infrastructure

Our Group has, on September 2023, commenced the upgrading of the ERP system to become web-based and POS system to become cloud-based, which is still on-going at this juncture and is expected to go live by December 2024 and June 2025, respectively. Thereafter, our Management intends to integrate the above said systems with the CRM application, mobile application and e-commerce platforms. Such integration allows up-to-date information to be made available for the business decision of our Management. Our Company intends to allocate RM[•] million (or approximately [•]% of the total proceeds from the Public Issue), for subsequent maintenance of such upgraded IT infrastructure which include subscription fees for the cloud-based applications, as well as office productivity software and product design tools and applications. Our Company estimates the monthly IT maintenance cost after such upgrading to be RM20,000 to RM50,000.

(iv) Working capital requirements of our Group

Our Group's working capital requirements will increase in tandem with future plans as set out in Section 7.18 of this Prospectus. Hence, our Company intends to allocate RM[•] million (or approximately [•]% of the total proceeds from the Public Issue), for the following working capital requirement of our Group:

(a) Purchase of inventory

For the FYE Under Review, our Group had incurred RM25.0 million to RM37.00 million annually to purchase inventory to ensure we have sufficient inventory to meet demand from our customers. The inventories mainly consist of finished goods of women's handbags, footwear and accessories. Our Company plans to use RM[•] million of the proceeds from Public Issue to finance the purchase of inventory.

(b) A&P expenses

We undertake various A&P activities to promote brand awareness and garner customer loyalty over our products.

Our Company plans to use RM[•] million of the total proceeds from the Public Issue to undertake various A&P activities, such as billboard advertisement; digital marketing across various online channels; engagements of social media key opinion leader and influencer who have positive and strong reputations in the fashion line to market our Group's products to their followers; and organise campaigns or events to drive new product awareness and customer engagements.

(c) Rental of boutiques

As at the LPD, our Group operates and manages 41 boutiques in Malaysia. For the FYE Under Review, rental of boutique expenses is approximately 10.37%, 14.41%, and 14.00%, respectively, of our Group's total selling and distribution expenses. Based on existing tenancy agreements, the monthly boutique rental expense is approximately RM0.70 million. Hence, our Company plans to use RM[•] million of the total proceeds from the Public Issue to fund the boutique rental expenses.

Our Group had in the past and currently been funding our working capital via internally generated funds. Therefore, the above working capital allocation from our Public Issue proceeds is expected to enhance our Group's liquidity and cash flow position to support the future growth of our Group's business.

(v) Defrayment of estimated expenses for the Corporate Exercise and our IPO

The breakdown of the estimated expenses for the Corporate Exercise and our IPO is as follows:

	RM'000
Professional fees (includes advisory fees for, amongst others, Adviser, Solicitors, Reporting Accountants, Internal Control Reviewer, IMR, Issuing House and independent adviser for the Exit Offer)	*[•]*
Fee to authorities	*[•]*
Underwriting, placement and brokerage fees	*[•]*
Printing, advertisement and other incidental charges, including contingencies relating to the Corporate Exercise and our IPO	*[•]*
TOTAL	***[•]***

If the actual expenses are higher than estimated amount, the shortfall will be funded from our internally generated funds. Conversely, if the actual expenses are lower than estimated amount, the surplus will be utilised for our Group's working capital purposes.

Pending the receipt of Public Issue proceeds, we may utilise our internally generated funds to settle the aforementioned expenses. When the Public Issue proceeds which have been allocated to defray the estimated expenses for the Corporate Exercise and our IPO is received, we will use such proceeds to replenish our Group's working capital (such as purchase of inventory, expenses for A&P activities and rental payment for boutiques).

Pending utilisation, the proceeds from the Public Issue will be placed in deposits with licensed financial institution(s) or short term money market instruments as our Board deems fit. The interest derived or gain arising therefrom will be used for our Group's working capital requirements (such as purchase of inventory, expenses for A&P activities and rental payment for boutiques), of which the breakdown for the utilisation cannot be determined by our Company at this juncture.

4.10 UNDERWRITING COMMISSION, BROKERAGE FEES AND PLACEMENT FEES

4.10.1 Underwriting commission

We have entered into the Underwriting Agreement with our Underwriter for the underwriting of 49,676,000 Issue Shares made available for application by the Malaysian Public via balloting and our Independent Directors ("**Underwritten Shares**"). We will pay an underwriting commission of [•]% of the total value of the Underwritten Shares based on the IPO Price. The underwriting commission is subject to SST.

4.10.2 Brokerage fee

We will pay the brokerage fee in respect of our 49,676,000 Issue Shares made available for application by the Malaysian Public via balloting and our Independent Directors, at the rate of 1.00% of the IPO Price in respect of all successful applications which bear the stamp of TA Securities, the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House. The brokerage fee is subject to SST.

4.10.3 Placement fee

TA Securities, our Placement Agent, has agreed to place out 122,189,700 Issue Shares to Bumiputera investors as approved by MITI. We will pay a placement fee at the rate of [•]% of the total value of Issue Shares successfully placed out by our Placement Agent. The placement fee is subject to SST.

Our Placement Agent has also agreed to place out 87,984,300 Offer for Sale Shares made available to selected non-Bumiputera investors by way of private placement at the same placement fee rate. The placement fee to be incurred on the Offer for Sale will be fully borne by the Selling Shareholder.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite 49,676,000 Underwritten Shares for an underwriting commission of [•]% of the total value of the Underwritten Shares based on the IPO Price and on the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms of the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

(i) [•]; and

(ii) [•].

5.1 OUR PROMOTER AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of Promoter and substantial shareholders

Details of our Promoter's and substantial shareholders' shareholdings in our Company before and after our IPO, under Scenario 1 and Scenario 2, are as follows:

Scenario 1

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

Scenario 2

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

Notes:

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

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

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

5.1.2 Profiles of Promoter and substantial shareholders

The profiles of our Promoter and substantial shareholders are as follows:

(i) DSCFY (Male, Malaysian, aged 47)
Promoter, Group Managing Director, substantial shareholder and key senior management

He is our Group Managing Director. He was appointed on our Board on 23 November 2009, designated as Managing Director of our Company on 16 August 2018 and Group Managing Director on 15 January 2024.

He graduated with a Bachelor of Arts in Marketing with Statistics from Middlesex University, United Kingdom in February 2001.

He brings to our Group over 20 years of experience in the fashion industry. He started his career with CB Marketing as a Marketing Executive in February 2000 and was designated to hold Business Development Executive position in April 2001 and subsequently to Assistant Business Development Manager in October 2002. He was also appointed as a director of CB Marketing from December 2001 to July 2009. During his tenure with CB Marketing, he was primarily responsible for the marketing functions of Bonia Corporation Group (then including our Group).

In February 2004, he was appointed as an Alternate Director to CSS in Bonia Corporation, where he assisted CSS in various executive director's duties and responsibilities until September 2018. In July 2006, he was appointed as a Director of CRL and since then, he has been responsible for managing our Group's businesses and operations and led us to our successful listing on the LEAP Market in November 2018. He spearheads our Group's business direction and overall strategies and policies to drive the growth and innovation of Carlo Rino and C.Rino products. He plays an integral role in developing our Group's business strategy with the management team and focuses on our Group's expansion and growth, market entry, sustainability, profitability and operational efficiency.

As at the date of this Prospectus, he is also a Director in all of our subsidiaries and save for our Company, he does not sit in any board of directors of public listed companies in Malaysia.

He is a son of CSS. Save as disclosed in Section 5.6 of this Prospectus, he has no other family relationships with Directors, substantial shareholders and key senior management of our Company.

(ii) CSS (Male, Malaysian, aged 71)
Substantial shareholder

CSS was our Company's Director from November 2009 to August 2018.

He is the Founder cum Group Executive Chairman of Bonia Corporation as well as director of certain Bonia Corporation's subsidiaries. His involvement in the leatherwear industry spans a period of over 50 years. He possesses in-depth knowledge, skills and expertise in all aspects of the leatherwear industry. He is responsible for the overall business development and formulating Bonia Corporation Group's strategic plans and policies. He travels regularly around Europe and Asia to get the latest updates on fashion trends and technological changes in the leatherwear and fashion accessories industry.

He is the father of DSCFY and a director and shareholder of BHSB and FTSB, both are our substantial shareholders. Save as disclosed in Section 5.6 of this Prospectus, he has no other family relationships with Directors, substantial shareholders and/or key senior management of our Company.

(iii) BHSB
Substantial shareholder

BHSB, an investment holding company, was incorporated in Malaysia as a private limited company on 15 June 1990, under the Companies Act 1965 and is deemed registered under the Act, under the name of Game Master Sdn Bhd. It subsequently adopted its present name on 28 June 1991.

As at the LPD, BHSB has an issued share capital of RM6,120,002 comprising 6,120,002 ordinary shares and no other convertible securities. The directors and shareholders of BHSB (all of whom are Malaysians) as at the LPD are as follows:

		Direct		**Indirect**	
Name	**Designation**	**No. of shares**	**%**	**No. of shares**	**%**
CSS	Director/ Shareholder	3,649,174	59.63	-	-
Chiang Sang Bon	Director/ Shareholder	732,687	11.97	-	-
Datuk Chiang Heng Kieng	Director/ Shareholder	702,453	11.48	-	-
Chiang Heng Pang	Shareholder	637,459	10.42	-	-
Chiang Boon Tian	Shareholder	398,229	6.50	-	-

As at the LPD, the subsidiaries and associate companies of BHSB are as follows:

Company name	**Equity interest (%)**	**Principal activities**
Subsidiaries		
Future Diversity Sdn Bhd	100	Property investment
Pelita Kreatif Sdn Bhd	100	Dormant (currently under members' voluntary winding-up process)
Associate companies		
Bonia Corporation	27.25	Investment holding and management company
CRG	25.18	Investment holding

(iv) FTSB
Substantial shareholder

FTSB, an investment holding company, was incorporated in Malaysia as a private limited company on 6 July 2012, under the Companies Act 1965 and is deemed registered under the Act, under its present name.

As at the LPD, FTSB has an issued share capital of RM250,000 comprising 250,000 ordinary shares. The directors and shareholder of FTSB (all of whom are Malaysians) as at the LPD are as follows:

		Direct		Indirect	
Name	**Designation**	**No. of shares**	**%**	**No. of shares**	**%**
CSS	Director/ Shareholder	250,000	100.00	-	-
Chiang May Ling	Director	-	-	-	-

As at the LPD, FTSB does not have any subsidiary or associate company.

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5.1.3 Changes in shareholdings of Promoter and substantial shareholders for the past 3 years

The changes in the shareholdings of our Promoter and substantial shareholders in our Company for the past 3 years and up to the LPD are as follows:

Name	As at 23 November 2020[(1)]				As at 23 November 2021[(1)]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoter and substantial shareholder								
DSCFY	153,847,940	19.10	-	-	175,935,040	21.84	-	-
Substantial shareholder								
CSS	54,029,700	6.71	358,361,904[(2)]	44.48	54,029,700	6.71	358,361,904[(2)]	44.48
BHSB	202,875,868	25.18	-	-	202,875,868	25.18	-	-
FTSB	111,041,200	13.78	-	-	111,041,200	13.78	-	-

Name	As at 23 November 2022[(1)]				As at 23 November 2023[(1)]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoter and substantial shareholder								
DSCFY	252,988,398	31.40	-	-	257,000,498	31.90	-	-
Substantial shareholder								
CSS	54,029,700	6.71	358,361,904[(2)]	44.48	54,029,700	6.71	358,361,904[(2)]	44.48
BHSB	202,875,868	25.18	-	-	202,875,868	25.18	-	-
FTSB	111,041,200	13.78	-	-	111,041,200	13.78	-	-

Name	As at the LPD / Before our IPO[(1)]			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Promoter and substantial shareholder				
DSCFY	257,000,498	31.90	-	-
Substantial shareholder				
CSS	54,029,700	6.71	358,361,904[(2)]	44.48
BHSB	202,875,868	25.18	-	-
FTSB	111,041,200	13.78	-	-

Notes:
(1) Based on our issued share capital of 805,651,400 Shares before our IPO.
(2) Deemed interested by virtue of CSS' substantial interest in BHSB, FTSB, KKSB and AWAL pursuant to Section 8 of the Act.

5.1.4 Amounts or benefits paid or to be paid or given to our Promoter and/or substantial shareholders

Save for dividends paid or payable to our Promoter and substantial shareholders as set out in Section 12.12 of this Prospectus, the aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities (as disclosed in Section 5.2.4 of this Prospectus) and the amount paid and payable to related party (as disclosed in Section 10 of this Prospectus), there are no other amounts or benefits that have been paid or intended to be paid or given to our Promoter and substantial shareholders within the 2 years preceding the date of this Prospectus.

5.1.5 Persons exercising control over the corporation

Save for our Promoter and substantial shareholders as set out in Section 5.1.1 of this Prospectus, as well as KKSB and AWAL (both being companies controlled by CSS), there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

As at the LPD, our Promoter has the same voting rights as our other shareholders and there is no arrangement between our Company and our shareholders with any third party, the operation of which may, at a subsequent date, result in the change in control of our Company.

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5.2 OUR BOARD

5.2.1 Shareholdings of our Directors

The shareholdings of our Directors in our Company before and after our IPO and assuming they will fully subscribe for their respective allocations under the Public Issue is as set out below:

Director	As at the LPD and before our IPO(1)				Scenario 1 After our IPO(2)(3)				Scenario 2 After our IPO(2)(3)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
DSCFY	257,000,498	31.90	24,169,542(4)	3.00	257,000,498	26.29	24,169,542(4)	2.47	257,000,554	26.29	24,169,542(4)	2.47
Ong Boon Huat	-	-	-	-	-	-	-	-	-	-	-	-
Vincent Loh	-	-	-	-	200,000	Neg	-	-	200,000	Neg	-	-
Chin Peck Li	-	-	-	-	200,000	Neg	-	-	200,000	Neg	-	-
Lim Lay Ching	-	-	-	-	200,000	Neg	-	-	200,000	Neg	-	-
Kam Sin Lin	-	-	-	-	200,000	Neg	-	-	200,000	Neg	-	-

Notes:

Neg Negligible

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

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

(3) Assuming our Independent Directors will fully subscribe for their respective allocations under the Public Issue.

(4) By virtue of his child's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

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5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(i) DSCFY (Male, Malaysian, aged 47)

The profile of DSCFY is set out in Section 5.1.2(i) of this Prospectus.

(ii) Ong Boon Huat (Male, Malaysian, aged 55)

He was appointed as our Executive Director on 16 August 2018. He oversees the Accounting and Finance as well as the IT departments of our Group.

He completed his Sijil Tinggi Persekolahan Malaysia from St Xavier's Institution, Pulau Pinang, in year 1989. He is an Associate of the Association of International Accountants, United Kingdom since November 1997 and subsequently admitted as a Fellow Member in July 2016. He is also a Certified Financial Planner with the Financial Planning Association of Malaysia since February 2003.

He began his career in May 1990 as a Bank Clerk cum Teller with Development & Commercial Bank Berhad (now known as RHB Bank Berhad) where he was tasked with processing of bills and trade financing, which he resigned in October 1992. In April 1993, he joined Pan Malaysian Pools Sdn Bhd (a subsidiary of Tanjong Public Limited Company ("**Tanjong PLC**")) as an Accounts Clerk and he was later promoted to Accounts Supervisor in January 1995 where he was responsible for the preparation of full set of accounts and performed management reporting, budgeting and forecasting for the Tanjong PLC group of companies until May 1995.

In May 1995, he joined Arab-Malaysian Management Services Sdn Bhd as an Accounts Executive, where he was responsible for the consolidation of accounts as well as corporate finance and administrative functions, until his resignation in November 1995. In December 1995, he joined CB Marketing as Finance Executive where he assisted in the treasury, corporate affairs and internal audit functions of Bonia Corporation Group, until his departure in June 1998. After taking a short career break, he resumed his career and joined Airtime Management & Programming Sdn Bhd in April 1999 as Finance & Administrative Executive. During his tenure there, he was responsible for the day-to-day office administration of the terrestrial radio division.

Subsequently, he re-joined Bonia Corporation Group in December 2000 as Accounting Manager where he was responsible for Bonia Corporation Group's account consolidation and management reporting. He was later promoted to Senior Corporate Finance Manager in January 2007, where he managed Bonia Corporation Group's finance department and was involved in Bonia Corporation Group's corporate finance and planning. During his employment with Bonia Corporation Group, he also served as a director of CB Holdings (Malaysia) Sdn Bhd from January 2008 to July 2018.

In January 2017, he was re-designated as Senior Manager, Corporate Finance of Bonia Corporation Group and transferred to CRV in August 2018.

As at the date of this Prospectus, save for our Company, he does not sit in any board of directors of public listed companies in Malaysia.

(iii) Vincent Loh (Male, Malaysian, aged 74)

He was appointed to our Board as an Independent Non-Executive Chairman on 15 January 2024.

He is a graduate from Royal Military College in year 1969. He was a Member of the Institute of Chartered Accountants in England & Wales, London, United Kingdom ("**UK**") ("**ICAEW**") in April 1975 and became a Fellow of ICAEW in January 1981. He is also a MIM Certified Professional Trainer by the Malaysian Institute of Management, Kuala Lumpur, since November 2006; and a Fellowship of the Institute of Corporate Directors of Malaysia ("**ICDM**"), since November 2021.

He has over 50 years of knowledge, exposure and management experience in auditing, consulting, financial and business management, board leadership and corporate governance. His experiences cover numerous business segments, ranging from auditing and consultancy to the technology, manufacturing and retail sectors while working for international organisations, listed companies and local multinationals. He has also worked and lived in several countries including the UK, Singapore, Malaysia, Indonesia, Hong Kong and Cambodia, providing him with deep understanding of the various cultural environments and business regimes, dealing with all levels from corporate leadership to the shop-floor.

He started his career in June 1970 when he joined Dearden Farrow & Co, in London, UK as an articled clerk while studying for his ICAEW qualifications. Upon obtaining his ICAEW qualification, he was promoted to Audit Senior in May 1975 and later onto Audit Supervisor in March 1977 until his departure from the company in May 1981. During his tenure, he was involved in audit work for public-listed and private clients for the company.

In June 1981, he joined PA Consulting Group Ltd in Singapore (a UK-based international management consultants) as a Regional Financial Controller to handle financial, human resources and administrative management activities. In July 1986, he was posted to PA Consulting Group Ltd in London, UK as Chief Financial Officer ("**CFO**") to continue his work overseeing a different country. In April 1988, he joined PA Technology Ltd in Cambridge, UK, which provides research and development consulting in engineering, electronics, applied sciences and biotechnology, as its Commercial Director tasked with financial management, commercial negotiations and intellectual properties rights matters, in addition to managing the laboratory, until his resignation in June 1994.

In July 1994, he returned to Malaysia and joined FACB Bhd (now known as Karambunai Corp Bhd), an investment holding company previously listed on the Main Market of Bursa Securities with its subsidiary companies being involved in the business of leisure and tourism comprising travel and tours agency as well as golf and country club, resort hotel, property development and construction, as a CFO where he handled financial management and regulatory compliance matters of the company until his resignation in April 1996. In May 1996, he joined Royal Selangor International Sdn Bhd, a company involved in the manufacturing and retailing of pewter and silver products and jewellery, as its General Manager, Corporate Services and later promoted to Group General Manager responsible for managing the non-pewter business as well as providing financial and corporate management services until his resignation in January 2001.

Since February 2001, he has been providing management consultancy services to his clients on his personal capacity. He subsequently founded Core Management Resources in December 2012, a sole proprietorship which is still existing till present, to continue providing business management and consultancy services to his clients including board effectiveness evaluations and financial oversight training for directors.

In November 2006, he was admitted as a MIM Certified Professional Trainer by the Malaysian Institute of Management, Kuala Lumpur to provide management training to public and private sectors. He is also a member of the ICDM since December 2018, dedicating much of his time in assisting ICDM to undertake board and directors' evaluations of public listed companies and development financial institutions, in addition to conducting public and in-house training programmes for board directors. Subsequently in November 2021, his membership was upgraded to Fellowship to acknowledge his professional competence and knowledge and upholding of exemplary corporate governance practice.

Between April 2010 to March 2015, he was appointed as an Independent Non-Executive Director of Visdynamics Holdings Berhad, which is listed in the ACE Market. In March 2015 he was designated to as an Independent Non-Executive Chairman of Visdynamics Holdings Berhad, a position he held until September 2022 when he stepped down, after having served the company for more than 12 years in accordance with the MCCG and the ACE LR.

As at the date of this Prospectus, save for our Company, he does not sit on any board of directors of public listed companies in Malaysia

(iv) Chin Peck Li (Female, Malaysian, aged 53)

She was appointed to our Board as an Independent Non-Executive Director on 15 January 2024.

She obtained a Degree in Bachelor of Business (Accountancy) and a Master of Finance from Royal Melbourne Institute of Technology Australia ("**RMIT**") in August 1993 and November 1998, respectively. She is a Fellow of Certified Practising Accountant, Australia ("**CPA Australia**") since January 2020 (from a Member in July 1993); a Member and Chartered Accountant for the MIA since June 2001; an Associate member of Chartered Tax Institute of Malaysia and a Chartered Tax Practitioner since March 2006; and an Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators since April 2019.

She has 30 years' working experience in the accounting and finance field. She is the Managing Director and founder of CPL Secretarial Services Sdn Bhd, CPL Taxation Services Sdn Bhd and CPL Consultancy Services Sdn Bhd.

She began her career by joining PriceWaterhouse (now known as Pricewaterhouse Coopers) in August 1993, as a Tax Associate, where she was involved in tax planning, accountancy research and supervision of junior tax assistant. In January 1995, she was promoted to Associate Consultant and involved in tax advisory work. She was responsible for a portfolio of local and foreign clients in which she was tasked with reviewing financial statements, capital expenditure budgets and advising companies' strategic and long-term plans regarding tax matters. She resigned in December 1996 and took on a sabbatical leave to focus on her academics.

In August 1997, she was admitted as a member of Chartered Accountant by the MIA and in January 2003, she was issued with Practising Certificate from the MIA.

In May 1998, she joined Multimedia University, Melaka ("**MMU**") as a lecturer under the Faculty of Business and Law where she taught accountancy until November 2001. While lecturing in MMU, she founded BS Secretarial Services and CPL Management and Consultancy Services (both sole proprietorship) in September 1999, to provide accounting, secretarial, business management and consultancy services to her clients. Both businesses were terminated in September 2003 upon her setting up of a new firm known as CPL & Co in June 2003, to provide bookkeeping and payroll services and general accounting advisory.

Upon her resignation as a lecturer in MMU, she joined Huat Lai Resources Berhad, a company which was previously listed on the Main Market of Bursa Securities, as an Independent Non-Executive Director in November 2001 until her resignation in January 2017. Between January 2010 to March 2015, she set up secretarial and taxation companies known as CPL Secretarial Services Sdn Bhd, CPL Taxation Services Sdn Bhd and CPL Consultancy Services Sdn Bhd, which these companies provide company secretarial services, tax advisory services and accounting services and business consulting. Whilst managing her businesses, she was also appointed as an Independent Non-Executive Director of TPC Plus Berhad from March 2012 to November 2015.

In March 2019, she was registered as an ASEAN Chartered Professional Accountant from ASEAN Chartered Professional Accountants Coordinating Committee. In April 2019, she became an affiliate of The Malaysia Institute of Chartered Secretaries and Administrators Malaysia. In January 2020, she was awarded with a fellow membership of CPA Australia and entitled to use the designation of "FCPA".

As at the date of this Prospectus, other than our Company, she also sits as an Independent Non-Executive Director of Visdynamics Holdings Berhad (appointed on 1 June 2022) and MYMBN Berhad (appointed on 7 July 2022), both listed on the ACE Market.

(v) Lim Lay Ching (Female, Malaysian, aged 57)

She was appointed to our Board as an Independent Non-Executive Director on 15 January 2024.

She graduated with a Degree in Bachelor of Laws from Universiti Malaya in August 1992, and was admitted as Advocates & Solicitors by the High Court of Malaya and has been a member of the Bar Council Malaysia since March 1993.

She has over 30 years of experience in the legal profession. Her specialisation includes advising public listed and private companies on various banking, corporate and conveyancing cases. She started her legal career in April 1993 when she joined Mohd Ali & Co as a Legal Assistant to handle litigation and conveyancing matters. After she left Mohd Ali & Co in October 1993, she joined Koh Kim Leng & Co. as a Legal Assistant in the same area of practice until March 2003.

Upon leaving her legal practice in March 2003, she immediately joined Kimble Furniture Corporation (M) Sdn Bhd in the same month, a furniture manufacturing company, as its Internal Audit Manager to handle the company's legal and corporate matters until her departure in March 2008. In April 2008, she joined Cubic Electronics Sdn Bhd, an electronics manufacturing company, as a Manager for a short period of 3 months to assist them with legal and corporate affairs. She subsequently re-joined Koh Kim Leng & Co. in July 2008 as a Partner of the firm to manage banking, corporate and conveyancing portfolios, a position she holds until present. She currently also heads the firm's corporate division.

As at the date of this Prospectus, other than our Company, she also sits as an Independent Non-Executive Director of CSC Steel Holdings Berhad (a company listed on the Main Market of Bursa Securities) since March 2015.

(vi) Kam Sin Lin (Female, Malaysian, aged 49)

She was appointed to our Board as an Independent Non-Executive Director on 15 January 2024.

She was a graduate from The Association of Chartered Certified Accountants ("**ACCA**") in 1997. She was a Member of the ACCA since August 2000 and ceased as a Member in June 2011. She is also a Chartered Accountant with the MIA since 2002.

She has over 20 years of experience in corporate finance field. After graduating from ACCA and before commencing her professional career, she took a break between June 1997 and July 1999, to assist in her family's restaurant business in food and beverage business, known as Sin Heng Restaurant where she was tasked with bookkeeping and managing finance related matters.

She commenced her career in August 1999 with Moores Rowland, an accounting firm, as an Audit Assistant. Throughout her tenure, she was promoted to Audit Semi-Senior in June 2000, Audit-Senior in August 2000 and Audit Supervisor in August 2002, where later she resigned in March 2003. During her tenure with Moores Rowland, she was involved in reviewing audit files of public and private companies as well as assisting in advising on taxation and corporate secretarial matters. She then joined Meda Development Sdn Bhd (now known as Bounty Dynamics Sdn Bhd), a property development company in March 2003 as an Accountant where she is responsible for all accounting assignments until March 2004.

In April 2004, she joined CIMB Investment Bank Berhad's Corporate Finance department as an Executive and throughout her employment, she was promoted to Assistant Manager in July 2005, Manager in January 2007, Senior Manager in July 2008, Associate Director in January 2010, and finally as a Director of the Corporate Finance Department in April 2012, a position she held until her resignation in July 2014. During her tenure there, she focused in equity market involving the origination, conceptualisation and implementation of corporate proposals such as initial public offerings, and mergers and acquisitions.

Between July 2014 and April 2016, she took a career break. She then resumed her career in May 2016 by joining ZJ Advisory Sdn Bhd as a Director in the Corporate Finance department where she primarily involved in corporate exercises such as initial public offerings and mergers and acquisitions until her resignation in August 2020.

In September 2020, she joined reNIKOLA Solar Sdn Bhd, a company specialising in the provision of operations and maintenance, treasury and management services for solar power plants, as a Head of Strategy. She was tasked with the roles of evaluating new projects and implementing corporate proposals including acquisition. She resigned from reNIKOLA Solar Sdn Bhd in January 2023. She is currently taking a career break.

As at the date of this Prospectus, save for our Company, she does not sit on any board of directors of public listed companies in Malaysia.

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5.2.3 Principal directorships and business activities outside our Group for the past 5 years

Save as disclosed below, none of our Directors has any other principal directorships and/or principal business activities performed outside our Group for the past 5 years up to the LPD:

(i) DSCFY

Company	Place of incorporation	Position held	Principal activities	Date of appointment	Date of resignation	% of shareholdings held	
						Direct	Indirect
Present involvement							
A&S Distribution Sdn Bhd	Malaysia	Shareholder	Marketing of electrical and electronic appliance and household project	-	-	10.00	-
Carzo Holdings	Malaysia	Indirect shareholder	Wholesale of fruits, other management consultancy activities; and activities of investment holdings companies	-	-	-	16.65[(1)]
Pirana Consulting Sdn Bhd	Malaysia	Director and shareholder	Other management consultancy activities; business management consultancy services	16 August 2019	-	100.00	-
Potensi Maju Sdn Bhd	Malaysia	Director and shareholder	Investment holding of properties	10 May 2004	-	5.00	-
Swee Holdings Sdn Bhd	Malaysia	Director and shareholder	Rubber tree cultivation, sales of natural rubber latex, land management and properties investment	9 October 2008	-	12.50	-
Past involvement							
Bonia Corporation	Malaysia	Director	Investment holding and its subsidiaries are involved in product design, manufacturing, marketing, distribution and retail of luxury leather goods, footwear, apparel, accessories and lifestyle products of house brands and licensed brands, real estate investment and provision of management services.	1 September 2018	3 April 2023	-	-

Company	Place of incorporation	Position held	Principal activities	Date of appointment	Date of resignation	% of shareholdings held	
						Direct	Indirect
Carzo Holdings	Malaysia	Director	Wholesale of fruits, other management consultancy activities; and activities of investment holdings companies	29 January 2021	30 November 2022	-	-
CB Ventures Sdn Bhd	Malaysia	Director	Investment holding of properties	1 December 2000	10 January 2023	-	-
FTSB	Malaysia	Director	Investment holding of securities	9 July 2012	2 October 2023	-	-
Hot Gadgets Distribution Sdn Bhd	Malaysia	Shareholder	Winding-up[(2)]	-	-	10.00	-

Notes:
(1) Deemed interest pursuant to Section 8 of the Act.
(2) Via winding order dated 11 November 2022.

(ii) Ong Boon Huat

He does not have any principal directorship and/or principal business activities performed outside our Group for the past 5 years up to the LPD.

(iii) Vincent Loh

Company	Place of incorporation	Position held	Principal activities	Date of appointment	Date of resignation	% of shareholdings held	
						Direct	Indirect
Present involvement							
Core Management Resources	Malaysia	Sole proprietorship	Business management consultancy services	31 December 2012	-	-	-
Past involvement							
Visdynamics Holdings Berhad	Malaysia	Independent Non-Executive Chairman	Investment holding and provision of management services and its subsidiary is involved in manufacture of automated test equipment	23 April 2010	22 September 2022	-	-

(iv) Chin Peck Li

Company	Place of incorporation	Position held	Principal activities	Date of appointment	Date of resignation	% of shareholdings held	
						Direct	Indirect
Present involvement							
CNY Bioscience Sdn Bhd	Malaysia	Shareholder	Processing and retailing agricultural chemicals and fertilizers and sale of sand	-	-	10.00[(2)]	-
CNY Plantations Sdn Bhd	Malaysia	Shareholder	Cultivation of oil palm	-	-	10.00[(2)]	-
CPL & Co	Malaysia	Sole proprietorship	Accounting services	20 June 2003	-	-	-
CPL Consultancy Services Sdn Bhd	Malaysia	Director and shareholder	Accounting services and business consulting	2 March 2015	-	50.00	50.00[(1)]
CPL Secretarial Services Sdn Bhd	Malaysia	Director and shareholder	Provision of corporate secretarial services	1 February 2010	-	70.00	30.00[(1)]
CPL Taxation Services Sdn Bhd	Malaysia	Director and shareholder	Provision of tax advisory and consultancy services	7 January 2010	-	70.00	30.00[(1)]
MYMBN Berhad	Malaysia	Independent Non-Executive Director and shareholder	Investment holding company and its subsidiaries are involved in processing and sale of edible birdnest	7 July 2022	-	0.05	-
Visdynamics Holdings Berhad	Malaysia	Independent Non-Executive Director	Investment holding and provision of management services and its subsidiary is involved in manufacture of automated test equipment	1 June 2022	-	-	-
Past involvement							
Windfall Enterprise Sdn Bhd	Malaysia	Director and shareholder	Property investment company[(3)]	12 August 2013	-	50.00	50.00[(1)]

Notes:

(1) Deemed interested by virtue of her spouse's shareholding pursuant to Section 8(4) of the Act.

(2) Shares held in trust for non-related third party.

(3) Notice of strike off company was issued on 14 March 2024 under Section 551(1) of the Act.

(v) Lim Lay Ching

Company	Place of incorporation	Position held	Principal activities	Date of appointment	Date of resignation	% of shareholdings held	
						Direct	Indirect
Present involvement							
Kok Kim Leng & Co.	Malaysia	Partner	Law firm	28 July 2008	-	-	-
CSC Steel Holdings Berhad	Malaysia	Independent Non-Executive Director	Investment holding company and its subsidiaries are involved in manufacturing and marketing of pickled and oiled steel, cold rolled steel, hot dipped galvanized steel and pre-painted galvanized steel, and investment holding in real property	2 March 2015	-	-	-
Coffeeconcept Icon Sdn Bhd	Malaysia	Shareholder	Coffee shops, retails sale of tea, coffee, soft drinks, mineral water and other beverages	-	-	9.99	-
Past involvement							
-	-	-	-	-	-	-	-

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(vi) Kam Sin Lin

Company	Place of incorporation	Position held	Principal activities	Date of appointment	Date of resignation	% of shareholdings held	
						Direct	Indirect
Present involvement							
-	-		-	-	-	-	-
Past involvement							
Edia Capital Sdn Bhd	Malaysia	Director and shareholder	Dissolved (on 19 November 2019)	20 April 2015	-	50.00	-

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our Group's business.

The involvement of our Group Managing Director in other directorships and business activities outside our Group does not require a significant amount of time and hence, does not affect his ability to perform his executive roles and responsibilities to our Group.

Further, the involvement of our Independent Non-Executive Directors in other directorships or businesses outside our Group will not and would not be expected to affect their commitment and responsibilities to our Group as their involvement in our Group are to the extent of attending meetings and discharging their roles and responsibilities as our Independent Directors.

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5.2.4 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for their services rendered in all capacities within our Group for FYE 2023 and FYE 2024 are set out below:

FYE 2023 (Paid and payable)	**Salaries**	**Directors' fees**	**Bonus**	**Statutory contribution[(1)]**	**Allowances and benefits-in-kind**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Executive Directors						
DSCFY	689	18	57	118	204	1,086
Ong Boon Huat	213	6	18	31	10	278
Non-Executive Directors						
Vincent Loh	-	-	-	-	-	-
Chin Peck Li	-	-	-	-	-	-
Lim Lay Ching	-	-	-	-	-	-
Kam Sin Lin	-	-	-	-	-	-

FYE 2024 (Proposed)	**Salaries**	**Directors' fees**	**Bonus**	**Statutory contribution[(1)]**	**Allowances and benefits-in-kind**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Executive Directors						
DSCFY	731	18	61	123	204	1,137
Ong Boon Huat	223	6	19	32	10	290
Non-Executive Directors						
Vincent Loh	-	6	-	-	3[(2)]	9
Chin Peck Li	-	5	-	-	3[(2)]	8
Lim Lay Ching	-	5	-	-	3[(2)]	8
Kam Sin Lin	-	5	-	-	3[(2)]	8

Notes:

(1) Being contribution to Employees Provident Fund, Social Security Organisation and Employment Insurance System.

(2) Being meeting allowance of RM500 per day of meeting based on the number of scheduled and unscheduled meeting to be held in FYE 2024.

5.3 BOARD PRACTICES

5.3.1 Our Board

Our Board assumes the responsibility for the overall direction, strategy, performance and management of our Group. Our Board has adopted the following responsibilities for effective discharge of its functions:

(a) together with the management team, promotes good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;

(b) reviews, challenges and decides on management's proposals for our Company and our Group, and monitors its implementation by management;

(c) ensures that the strategic plans of our Company support long-term value creation and include strategies on economic, environmental and social considerations underpinning sustainability;

(d) supervises and assesses management performance to determine whether our Group's businesses are being properly managed;

(e) ensures there is a sound framework for internal controls and risk management;

(f) understands the principal risks of our Group's business and recognises that business decisions involve the taking of appropriate risks;

(g) sets the risk appetite within which our Board expects management to operate and ensures that there is an appropriate risk management framework to identify, evaluate, manage and monitor significant financial and non-financial risks;

(h) ensures that management team has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and C-Suite category executives (if any);

(i) ensures that our Company has in place procedures to enable effective communication with stakeholders;

(j) ensures that all of our Directors are able to understand financial statements and form a view on the information presented;

(k) ensures the integrity of our Company's and our Group's financial and non-financial reporting. Our Board shall ensure that our Company's financial statements and other financial reports are prepared in accordance with the relevant laws and regulations as well as the applicable financial reporting standards, so as to give a true and fair view of the state of affairs of our Company and our Group;

(l) delegates the above-mentioned matters to the relevant committee or personnel where appropriate;

(m) undertakes formal and objective annual assessments to review and evaluate the performance of our Board as a whole, the committees of our Board, each of the individual Board member, and the independence of our Independent Directors with a view to maximise Board performance;

(n) continues to update their knowledge and enhances their skills through appropriate continuing education programmes and life-long learning;

(o) assigns adequate resources to implement a sustainable anti-bribery and anti-corruption compliance policy and programme, to deal with improper solicitation, bribery and other corrupt activities and related issues that may arise in our Group's course of business; and

(p) together with management, our Board takes responsibility for the governance of sustainability in our Group including setting our Group's sustainability strategies, priorities and targets.

According to our Constitution, an election of Directors shall take place each year at our AGM, where one-third of our Directors for the time being, or, if the number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office are as follows:

Directors	**Age**	**Nationality**	**Designation**	**Date of appointment**	**Date of expiration of current term of office**	**No. of year(s) in office**
DSCFY	47	Malaysian	Group Managing Director	23 November 2009	Subject to retirement at our AGM in 2025	14 years and 4 months
Ong Boon Huat	55	Malaysian	Executive Director	16 August 2018	Subject to retirement at our AGM in 2024	5 years and 7 months
Vincent Loh	74	Malaysian	Independent Non-Executive Chairman	15 January 2024	Subject to retirement at our AGM in 2024	Less than1 year
Chin Peck Li	53	Malaysian	Independent Non-Executive Director	15 January 2024	Subject to retirement at our AGM in 2024	Less than 1 year
Lim Lay Ching	57	Malaysian	Independent Non-Executive Director	15 January 2024	Subject to retirement at our AGM in 2024	Less than 1 year
Kam Sin Lin	49	Malaysian	Independent Non-Executive Director	15 January 2024	Subject to retirement at our AGM in 2024	Less than 1 year

5.3.2 Audit & Risk Management Committee

Our Audit & Risk Management Committee was established by our Board on [•date] and comprises the following members:

Name	Designation	Directorship
Chin Peck Li	Chairperson	Independent Non-Executive Director
Lim Lay Ching	Member	Independent Non-Executive Director
Kam Sin Lin	Member	Independent Non-Executive Director

The terms of reference of our Audit & Risk Management Committee include, among others, the following:

(i) Financial reporting

(a) reviews in depth the quarterly results and year-end financial statements of our Group before submission to our Board for consideration, focusing particularly on:

- the going-concern assumption;
- any changes in or implementation of major accounting policies and practices;
- significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
- compliance with applicable accounting standards, regulatory and other legal requirements for financial reporting; and

(b) considers any legal matters of our Group that may have a significant impact on our Group's financial statements.

(ii) External auditing

(a) reviews the following matters with the external auditors:

- the audit plan, its nature and scope;
- the audit report;
- there being no conflict of interests situation that could affect the independence of the external auditors;
- the external auditors' evaluation of system of internal control and significant suggestions for improvements and management's response thereto;
- the external auditors' management letter and the management's response thereto;
- the problems and reservations arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss (in the absence of our Management, where necessary); and
- the assistance given by employees of our Group to the external auditors;

(b) establishes appropriate policies and procedures to assess the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of the audited financial statements. If the assessment result is satisfactory, recommends the nomination of the suitable audit firm as external auditors of our Company;

(c) reviews and ensures the non-audit services provided by the external auditors do not impair, or appear to impair, the external auditor's independence or objectivity;

(d) reviews and reports to our Board any significant audit findings, difficulties encountered or material weaknesses reported by the external auditors; and

(e) considers the appointment, removal, any letter of resignation or dismissal of the external auditors, including whether there is reason (supported by grounds) to believe that our Company's external auditors are not suitable for reappointment.

(iii) Internal auditing

(a) reviews the following in respect of internal audit:

- the adequacy of the audit scope and coverage, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions;

- the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action has been taken on the recommendations of the internal audit functions;

- the performance of the internal audit function; and

- there being no conflict of interests situation that could affect the independence and objectivity of the internal audit personnel

(b) considers the appointment, removal, termination, dismissal or resignation of the internal auditors and provide the resigning internal auditors an opportunity to submit his reason for resignation.

(iv) Risk management and internal control

(a) reviews and assesses the following in respect of our Group's overall risk management and internal control:

- the relevant policies, processes and procedures for the oversight and management of risks;

- the risk profile, risk appetite and levels of tolerance (including subsequent review and adjustment, where necessary) and the effective communication of the same throughout our Group;

- the management's efforts to embed a risk management in all aspect of our Group's activities and promoting a risk awareness culture within our Group;

- the adequacy, effectiveness and integrity of the internal control to manage the selected areas representing significant risks;

- the implementation of management action plans in mitigating significant risks identified; and

- the efficiency and effectiveness of the review mechanism and the accountability at an executive level for risk management and internal control;

(b) considers the appropriate disclosures on the risk management and internal control in our Company's annual reports.

(v) Related party transactions and conflict of interest

(a) reviews any related party transactions and situations where a conflict of interest may arise, persist or arose within our Company/Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to consider the appropriateness of such transactions before recommending them to our Board for approval; and

(b) in respect of the recurrent related party transactions of a revenue or trading nature which are subject to shareholders' mandate, the committee shall consider the prescribed guidelines and review procedures to monitor and ascertain that such transactions are in compliance with the terms of our shareholders' mandate.

(vi) Others

(a) reviews the Audit & Risk Management Committee report and other relevant reports that our Board may require it to review (e.g., statement of risk management and internal control, integrated report and etc) prepared at the end of each financial year that complies with the provisions of the applicable listing requirements of Bursa Securities; and

(b) considers other matters as may be directed by our Board from time to time.

5.3.3 Remuneration Committee

Our Remuneration Committee was established by our Board on [•date] and comprises the following members:

Name	Designation	Directorship
Lim Lay Ching	Chairperson	Independent Non-Executive Director
Chin Peck Li	Member	Independent Non-Executive Director
Kam Sin Lin	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee include, among others, the following:

(a) researches, formulates and recommends to our Board the broad policy for the remuneration of our Directors and top senior management, drawing from outside advice as necessary, with the objective of attracting, retaining and motivating the right talents in our Board and top senior management to drive our Group's long-term objectives;

(b) reviews annually the remuneration structure (cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, other emoluments and benefit-in-kind) of our Directors and top senior management;

(c) in respect of Executive Directors and the top senior management, the committee shall ensure that remuneration packages of Executive Directors and the top senior management are reflective of our Group's demands, complexities and performance as a whole as well as skills, experience and level of responsibility required in line with the strategic objectives of our Group;

(d) in respect of Non-Executive Directors, the committee shall ensure that remuneration payable reflects the experience, expertise and time required of our Non-Executive Directors to discharge their duties and responsibilities undertaken;

(e) in respect of Independent Directors, the committee shall ensure that the remuneration and incentives for our Independent Directors do not conflict with their obligation in bringing objectivity and independent judgment on matters discussed;

(f) reviews and recommends to our Board the compensation for the loss of employment of our Director, and the benefits or token of appreciation for former Directors before presenting to our shareholders for approval;

(g) reviews the committee report to be included in the annual report of our Company for each financial year that complies with the provisions of the applicable listing requirements of Bursa Securities; and

(h) considers other matters as may be directed by our Board from time to time.

5.3.4 Nomination Committee

Our Nomination Committee was established by our Board on [•date] and comprises the following members:

Name	Designation	Directorship
Kam Sin Lin	Chairperson	Independent Non-Executive Director
Chin Peck Li	Member	Independent Non-Executive Director
Lim Lay Ching	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee include, among others, the following:

(i) New appointment of Directors

(a) considers candidates for any directorships proposed by our shareholders, our Board or other sources such as independent recruitment firms based on pre-determined criteria. If the assessment result is satisfactory, the committee makes a recommendation to our Board for the new appointment.

(ii) Re-election of retiring Directors and retention of Independent Directors

(a) considers the performance, competency, commitment, and contribution of the retiring Directors;

(b) if the retiring Director is an Independent Director, the committee shall further assess the independence of the director concerned to check if he fulfilled the definition of "independent director" as set out in the applicable listing requirements of Bursa Securities;

(c) if our Board intends to retain an Independent Director beyond 9 years, the committee shall also assess the suitability of such retention by taking into consideration if he can continue to bring independence and objective judgment to our Board's decision, and his long tenure has not impaired his independence in executing his duties and responsibilities; and

(d) if the assessment result is satisfactory, the committee makes a recommendation to our Board for the re-election to be approved by our shareholders in the AGM pursuant to our Constitution.

(iii) Performance assessment

(a) reviews annually the structure, size, balance and composition of our Board, including the requisite skill, knowledge, experience, competency, integrity and diversity of our Board members to function effectively and efficiently;

(b) assesses annually the effectiveness and performance of our Board as a whole and each Director individually, as well as the effectiveness and performance of our Board committees;

(c) assesses annually the independence of each of our Independent Directors to ensure they are continually fit and maintain independence all the time in order to provide scrutiny, objectivity and impartial judgement to our Board's decision-making;

(d) reviews the terms of office and performances of the Audit & Risk Management Committee and Remuneration Committee and each of its members annually to determine whether these committees and their members have carried out their duties in accordance with respective terms of references; and

(e) develops and implements appropriate processes for evaluating our Board as a whole and each Director individually, the effectiveness and performance of our committees as well as the independence of Independent Directors.

(iv) Succession planning

(a) leads the succession planning and appointment of Directors, and to oversee the development of a diverse pipeline for our Board and management succession.

(v) Others

(a) reviews the committee report to be included in the annual report of our Company for each financial year that complies with the provisions of the applicable listing requirements of Bursa Securities; and

(b) considers other matters as may be directed by our Board from time to time.

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5.4 KEY SENIOR MANAGEMENT

5.4.1 Our key senior management is set out below:

Name	Age	Designation
DSCFY	47	Group Managing Director
Ong Boon Huat	55	Executive Director
Seh Chi Khang	45	Assistant General Manager, Business Development
Lee Yoke Mei	48	Head of Merchandising
Lee Chwee Kin	49	Senior Group Accountant

The direct and indirect shareholdings of our key senior management in our Company before and after our IPO as follows:

	As at the LPD and before our IPO(1)				Scenario 1 After our IPO(2)				Scenario 2 After our IPO(2)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
DSCFY	257,000,498	31.90	-	-	257,000,498	26.29	-	-	257,000,554	26.29	-	-
Ong Boon Huat	-	-	-	-	-	-	-	-	-	-	-	-
Seh Chi Khang	-	-	-	-	-	-	-	-	-	-	-	-
Lee Yoke Mei	-	-	-	-	-	-	-	-	-	-	-	-
Lee Chwee Kin	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

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

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

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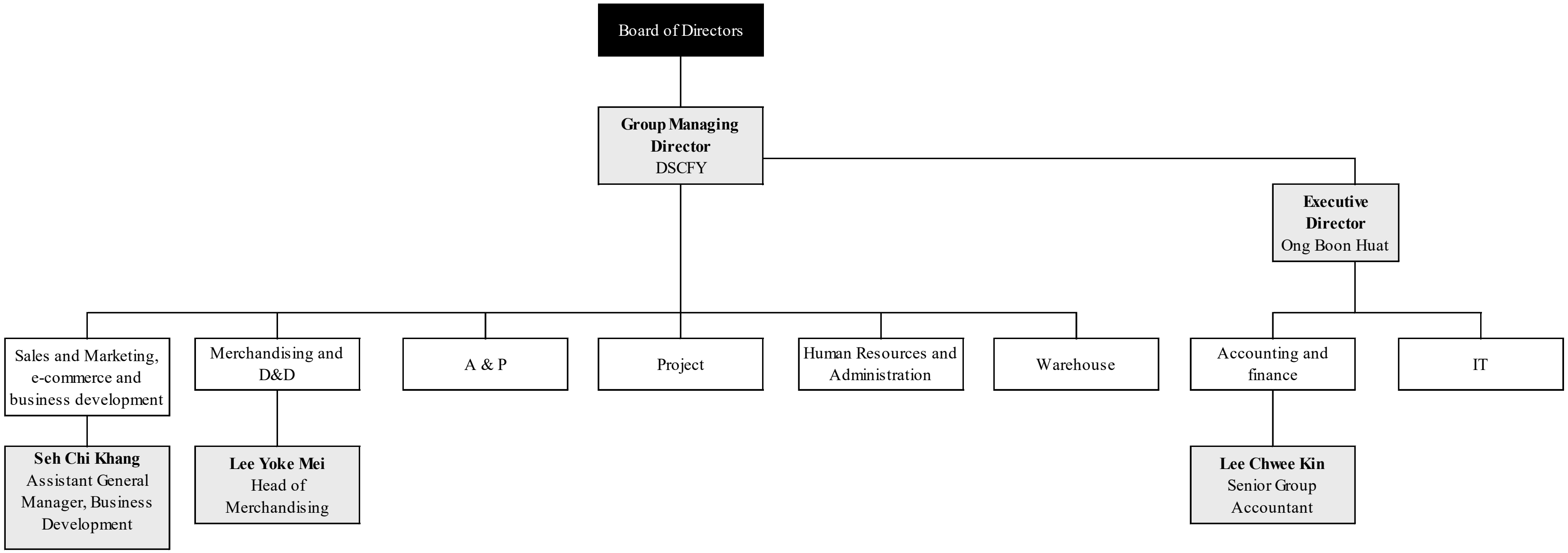
5.4.2 Management reporting structure

The management reporting structure of our Group is as follows:



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5.4.3 Profiles of our key senior management

The profiles of our key senior management are as follows:

(i) DSCFY

His profile is set out in Section 5.1.2(i) of this Prospectus.

(ii) Ong Boon Huat

His profile is set out in Section 5.2.2(ii) of this Prospectus.

(iii) Seh Chi Khang (Male, Malaysian, aged 45)

He is our Group's Assistant General Manager, Business Development since January 2019. He plays a pivotal role in overseeing the sales, marketing, business development, boutique and counter management and operations, customer relationship, and marketing and promotion initiatives and activities. He is also tasked with overseeing the export and e-commerce divisions of our Group, development and implementation of marketing strategies as well as the branding for our Group's products.

He began his career in June 2002 with Citibank Berhad as a Sales Executive where he was assigned to handle mortgage sales until his resignation in April 2004. In May 2004, he left Citibank Berhad and joined KSH Electrical Sdn Bhd as a Sales and Purchase Manager where he headed the company's sales and purchasing functions until his resignation in June 2007.

From July 2007 until August 2014, he was with Viss Franchise Sdn Bhd, a company that carries on the business of merchandising in shoes and bags; manufacturing and supplying of shoes and fashion apparels; management of boutique, as a Manager and subsequently promoted to Assistant General Manager in September 2012, where he was primarily responsible for franchise for ladies' handbag and shoes, overseeing the company's overall operation structure until his departure therefrom.

In September 2014, he joined CRB as an Export Manager and later promoted to Senior Manager, Business Development in January 2017 and was promoted to his current position, as our Group's Assistant General Manager, Business Development in January 2019, a position that he holds till present.

As at the date of this Prospectus, he does not sit on any board of directors of public listed companies in Malaysia.

(iv) Lee Yoke Mei (Female, Malaysian, aged 48)

She is our Group's Head of Merchandising since July 2022 and is responsible for overseeing the merchandising division as well as the branding management and supplier relationship for our Group. She also assist our Group Managing Director in warehousing matters.

She graduated with a Advance Certificate in Marketing from Stamford College in August 1996.

Upon graduation, she started her career with To-Day Telecommunication Sdn Bhd in November 1996 as an Administrative Assistant until March 1998, where she was responsible for managing stock inventory and distribution. In June 1998, she joined Friday Communication Sdn Bhd as a Sales Coordinator where she was tasked to handle administration of sales compiled by sales division until her resignation in December 1999.

After a short break, she joined CB Marketing in February 2000 as Marketing Support Assistant and was later promoted to Marketing Support Coordinator in January 2004 and to Marketing Support Executive in January 2006. In September 2006, she was transferred from CB Marketing to CRL and was redesignated to hold a position as Merchandising Executive, and subsequently promoted to Senior Merchandising Executive in January 2008, Assistant Merchandising Manager in July 2009, and Merchandising Manager in January 2011. During her tenure with our Group, she was primarily in charge of planning and developing merchandising strategies. In January 2016, she was further promoted to Senior Merchandising Manager of our Group where she focused on the D&D planning, as well as product distribution for brands carried by our Group. In July 2022, she was promoted as Head of Merchandising of our Group, a position she holds until present.

As at the date of this Prospectus, she does not sit on any board of directors of public listed companies in Malaysia.

(v) Lee Chwee Kin (Female, Malaysian, 49)

She is our Senior Group Accountant since January 2016 where she manages the Accounting and Finance division of our Group with the main role to ensure our Group's financial health by monitoring all financial planning, analysis activities and reporting.

She graduated with a Bachelor of Business (majoring in Accounting and Finance) from University of Technology, Sydney in June 1999. She has been a Chartered Accountant of the MIA since September 2003.

Soon after her graduation, she worked as an audit trainee for Robert Teo, Kuan & Co., an audit and accounting firm in August 1999 until her resignation as an Audit Semi-Senior 2 in July 2001, where she was involved in performing statutory audits and preparation of financial statements for companies. Thereafter, she joined Lim Hoon Nam & Co., a firm that involves in auditing and tax consultancy in October 2001 as an Audit Semi-Senior and was later promoted to Audit Senior Associate where she was directly responsible for the statutory audits of companies in various industries until her resignation in July 2004.

After her resignation, she then co-founded Lee & Lee Allied Associates Sdn Bhd, a company that was involved in consultancy services, in June 2004 where she spearheaded a team in carrying out accounting and consultancy services until August 2008. The company was dissolved in September 2010. In August 2008, she joined CB Holdings (Malaysia) Sdn Bhd (a company within of Bonia Corporation Group) as an Assistant Accountant where she primarily responsible for the financial reporting and budgeting of the company. In June 2010, she was transferred to our Company as an Accountant. Subsequently, she was promoted to Group Accountant in July 2014 and further promoted to Senior Group Accountant in January 2016.

As at the date of this Prospectus, she does not sit on any board of directors of public listed companies in Malaysia.

5.4.4 Involvement of our key senior management in other businesses/ corporations outside our Group

Save for the involvement of DSCFY in other business/corporations outside our Group which are detailed in Section 5.2.3 of this Prospectus, none of our other key senior management has any principal directorships and involvement in principal business activities outside our Group in the past 5 years up to the LPD.

5.4.5 Key senior management's remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to DSCFY and Ong Boon Huat are set out in Section 5.2.4 of this Prospectus.

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our other key senior management for their services rendered in all capacities within our Group for FYE 2023 and FYE 2024 are as follows:

	Remuneration band[(1)]	
	FYE 2023 (paid and payable)	**FYE 2024 (Proposed)**[(1)]
	(RM'000)	**(RM'000)**
Seh Chi Khang	250 – 300	250 – 300
Lee Yoke Mei	200 - 250	200 - 250
Lee Chwee Kin	200 - 250	200 - 250

Note:

(1) The remuneration for our Group's key senior management includes salaries, bonuses, allowances and other emoluments.

5.5 DECLARATION FROM OUR PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoter, Directors and key senior management is or has been involved in any of the following events (whether in or outside Malaysia):

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him/her or any partnership in which he/she was a partner or any corporation of which he/she was a director or key senior management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgement was entered against him/her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, being the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;

(vi) being the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;

(vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) any unsatisfied judgement against him/her.

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Saved as disclosed below, there is no other family relationship and/or association between any of the Directors, Promoter, substantial shareholders and/or key senior management of our Company as at the LPD:

(i) CSS, our substantial shareholder, is the father of DSCFY (our Promoter, substantial shareholder and Group Managing Director); and

(ii) CSS is a Director and shareholder of BHSB and FTSB, both being substantial shareholders of our Company.

5.7 EXISTING OR PROPOSED SERVICE AGREEMENT

As at the LPD, there are no existing or proposed service agreement(s) between the companies within our Group and our Directors or our key senior management that provide for benefits upon termination of employment.

5.8 SUCCESSION PLAN

We recognise the importance of succession plan for business continuity and sustainability. As such, we have initiated the following steps to groom our staff as well as attract new personnel:

(i) career development, where our key senior management, supported by immediate managerial and supervisory level officers, will conduct coaching and mentoring to groom our lower and middle management staff to be equipped with the required skill set and knowledge and to gradually assume more responsibilities and eventually the roles of our senior management as and when opportunities arise;

(ii) selection and identification, where we identify key capabilities, competencies and requirements for each position for succession planning and identify potential successors to facilitate skill transfer to ensure smooth running and continuity of the operations of our Group;

(iii) continuous training and skills development, where our staff are required to continuously enhance their functional knowledge to improve their business acumen and understanding of our business and operations as part of our succession planning; and

(iv) if the need arises, we will recruit qualified and competent personnel with knowledge and expertise of our business to enhance our operations. By enhancing our corporate profile as a listed corporation on the ACE Market, we expect to be able to attract more qualified personnel to play an active role in the growth and success of our Group.

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6. INFORMATION ON OUR GROUP

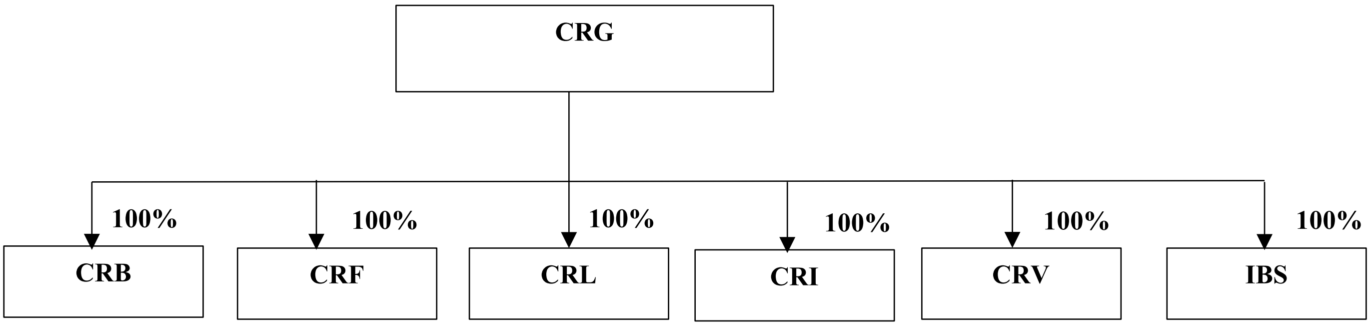
6.1 OUR COMPANY

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

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

6.2 OUR GROUP

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



6.3 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

Upon our listing on the LEAP Market on 28 November 2018 and as at the LPD, our issued share capital is RM68,000,000 comprising 805,651,400 Shares. There were no changes to our issued share capital throughout the FYE Under Review.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

Upon our Listing, our issued share capital will increase from RM68,000,000 comprising 805,651,400 Shares to RM[•] comprising 977,517,100 Shares.

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6.4 DETAILS OF OUR SUBSIDIARIES

Our subsidiaries as at the LPD are as follows:

Name of company / ***Registration no.***	**Principal activities**	**Share capital**	**Date of commencement of operation**	**Date and place of incorporation**	**Effective equity interest (%)**
CRB *(200601022662 (742416-H))*	Retailing of women's footwear, handbags and accessories	RM2,500,002	1 February 2007	27 July 2006, Malaysia	100%
CRF *(200601022724 (742478-H))*	Designing, promoting and marketing of women's footwear	RM7,500,000	1 September 2006	28 July 2006, Malaysia	100%
CRL *(200601022722 (742476-P))*	Designing, promoting and marketing of women's handbags and accessories	RM18,500,000	1 September 2006	28 July 2006, Malaysia	100%
CRI *(201101041747 (969870-W))*	Investment holding of securities	RM13,500,000	1 December 2013	29 November 2011, Malaysia	100%
CRV *(201101030684 (958819-W))*	Marketing and distribution of fashionable goods and accessories, and provision of management services	RM6,000,000	1 September 2011	26 August 2011, Malaysia	100%
IBS *(202201043528 (1489225-W))*	Property development and property investment	RM18,000,000	16 December 2022	23 November 2022, Malaysia	100%

As at the LPD, we do not have any associate company.

6.4.1 CRB

(i) History and business

CRB was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 27 July 2006 and is deemed registered under the Act. CRB is principally involved in the retailing of women's footwear, handbags and accessories. It commenced its business operations on 1 February 2007. The principal place of business is in Malaysia.

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(ii) Share capital

As at the LPD, the issued share capital of CRB is RM2,500,002 comprising 2,500,002 ordinary shares. The changes in the issued share capital of CRB since the date of incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Nature of transaction	Cumulative share capital	
				RM	No. of shares
27 July 2006	2	Cash	Subscribers' shares	2	2
6 June 2007	99,998	Cash	Allotment of shares	100,000	100,000
30 July 2007	400,000	Cash	Allotment of shares	500,000	500,000
26 September 2009	500,000	Cash	Allotment of shares	1,000,000	1,000,000
29 June 2012	1,500,002	Cash	Allotment of shares	2,500,002	2,500,002

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment. As at the LPD, CRB does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Shareholder

CRB is a wholly-owned subsidiary of our Company.

(iv) Directors

The Directors of CRB are DSCFY and Datin Sri Lo Kin Yee.

(v) Subsidiary and associate company

As at the LPD, CRB does not have any subsidiary or associate company.

6.4.2 CRF

(i) History and business

CRF was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 28 July 2006 and is deemed registered under the Act. It is principally involved in the designing, promoting and marketing of women's footwear. It commenced its business operations on 1 September 2006. The principal place of business is in Malaysia.

(ii) Share capital

As at the LPD, the issued share capital of CRF is RM7,500,000 comprising 1,200,000 ordinary shares. The changes in the issued share capital of CRF since the date of incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Nature of transaction	Cumulative share capital	
				RM	No. of shares
28 July 2006	2	Cash	Subscribers' shares	2	2
6 June 2007	99,998	Cash	Allotment of shares	100,000	100,000
8 May 2008	400,000	Cash	Allotment of shares	500,000	500,000
18 June 2018	700,000	Otherwise than cash	Allotment of shares	7,500,000	1,200,000

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment. As at the LPD, CRF does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Shareholder

CRF is a wholly-owned subsidiary of our Company.

(iv) Directors

The Directors of CRF are DSCFY and Datin Sri Lo Kin Yee.

(v) Subsidiary and associate company

As at the LPD, CRF does not have any subsidiary or associate company.

6.4.3 CRL

(i) History and business

CRL was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 28 July 2006 and is deemed registered under the Act. It is principally involved in the designing, promoting and marketing of women's handbags and accessories. It commenced its business operations on 1 September 2006. The principal place of business is in Malaysia.

(ii) Share capital

As at the LPD, the issued share capital of CRL is RM18,500,000 comprising 1,500,000 ordinary shares. The changes in the issued share capital of CRL since the date of incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Nature of transaction	Cumulative share capital	
				RM	No. of shares
28 July 2006	2	Cash	Subscribers' shares	2	2
6 June 2007	99,998	Cash	Allotment of shares	100,000	100,000
8 May 2008	400,000	Cash	Allotment of shares	500,000	500,000
18 June 2018	1,000,000	Otherwise than cash	Allotment of shares	18,500,000	1,500,000

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment. As at the LPD, CRL does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Shareholder

CRL is a wholly-owned subsidiary of our Company.

(iv) Directors

The Directors of CRL are DSCFY and Datin Sri Lo Kin Yee.

(v) Subsidiary and associate company

As at the LPD, CRL does not have any subsidiary or associate company.

6.4.4 CRI

(i) History and business

CRI was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 29 November 2011 and is deemed registered under the Act. It is principally involved in investment holding of securities. It commenced its business operations on 1 December 2013. The principal place of business is in Malaysia.

(ii) Share capital

As at the LPD, the issued share capital of CRI is RM13,500,000 comprising 13,500,000 ordinary shares. The changes in the issued share capital of CRI since the date of incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Nature of transaction	Cumulative share capital	
				RM	No. of shares
29 November 2011	2	Cash	Subscribers' shares	2	2
4 June 2013	499,998	Cash	Allotment of shares	500,000	500,000
8 November 2013	2,000,002	Cash	Allotment of shares	2,500,002	2,500,002
11 March 2020	2,499,998	Cash	Allotment of shares	5,000,000	5,000,000
11 September 2020	3,600,000	Cash	Allotment of shares	8,600,000	8,600,000
11 November 2020	3,900,000	Cash	Allotment of shares	12,500,000	12,500,000
4 February 2021	1,000,000	Cash	Allotment of shares	13,500,000	13,500,000

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment. As at the LPD, CRI does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Shareholder

CRI is a wholly-owned subsidiary of our Company.

(iv) Directors

The Directors of CRI are DSCFY and Datin Sri Lo Kin Yee.

(v) Subsidiary and associate company

As at the LPD, CRI does not have any subsidiary or associate company.

6.4.5 CRV

(i) History and business

CRV was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 26 August 2011 and is deemed registered under the Act. It is principally involved in the marketing and distribution of fashionable goods and accessories, and provision of management services. It commenced its business operations on 1 September 2011. The principal place of business is in Malaysia.

(ii) Share capital

As at the LPD, the issued share capital of CRV is RM6,000,000 comprising 6,000,000 ordinary shares. The changes in the issued share capital of CRV since the date of incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Nature of transaction	Cumulative share capital	
				RM	No. of shares
26 August 2011	2	Cash	Subscribers' shares	2	2
16 November 2011	499,998	Cash	Allotment of Shares	500,000	500,000
29 June 2012	2,000,002	Cash	Allotment of Shares	2,500,002	2,500,002
18 June 2018	1,899,998	Otherwise than cash	Allotment of Shares	4,400,000	4,400,000
29 April 2019	1,600,000	Cash	Allotment of Shares	6,000,000	6,000,000

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment. As at the LPD, CRV does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Shareholder

CRV is a wholly-owned subsidiary of our Company.

(iv) Directors

The Directors of CRV are DSCFY and Datin Sri Lo Kin Yee.

(v) Subsidiary and associate company

As at the LPD, CRV does not have any subsidiary or associate company.

6.4.6 IBS

(i) History and business

IBS was incorporated in Malaysia as a private limited company under the Act on 23 November 2022. It is principally involved in property development and property investment. It commenced its business operations on 16 December 2022. The principal place of business is in Malaysia.

(ii) Share capital

As at the LPD, the issued share capital of IBS is RM18,000,000 comprising 18,000,000 ordinary shares. The changes in the issued share capital of IBS since the date of incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Nature of transaction	Cumulative share capital	
				RM	No. of shares
23 November 2022	100	Cash	Subscriber's shares	100	100
9 December 2022	9,999,900	Cash	Allotment of Shares	10,000,000	10,000,000
9 March 2023	8,000,000	Cash	Allotment of Shares	18,000,000	18,000,000

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment. As at the LPD, IBS does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Shareholder

IBS is a wholly-owned subsidiary of our Company.

(iv) Directors

The Directors of IBS are DSCFY and Datin Sri Lo Kin Yee.

(v) Subsidiary and associate company

As at the LPD, IBS does not have any subsidiary or associate company.

6.5 LOCATIONS OF OPERATIONS

As at the LPD, our Group operates from the following premises:

Name of company	Main functions	Location of facilities (Address)
CRG Group	Head office	L2-05, 2nd Floor, Ikon Connaught Lot 160, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur
CRG Group	Warehouse	Block C, Platinum Cheras Jalan Cheras Zen 1A Taman Platinum, Cheras 43200 Cheras Selangor Darul Ehsan

Please refer to Section 7.21 of this Prospectus for further details of properties owned and rented by our Group.

6.6 PUBLIC TAKE-OVER

Save for the Exit Offer, during FYE 2023 up to the LPD, there was no public take-over offers by third parties in respect of our Shares; and public take-over offers by our Company in respect of shares in other companies. Please refer to Section 4.7 of this Prospectus for the exit offer price and the outcome of the Exit Offer.

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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.

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 100th 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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7.2 KEY ACHIEVEMENTS AND MILESTONES

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

Year	Achievements and milestones
2006	• CRB, CRF and CRL were incorporated to manage and operate Carlo Rino brand for women's handbags, footwear and accessories in Malaysia.
2008	• CB Marketing assigned the rights to use Carlo Rino trademark for women's handbags, footwear and accessories for the Malaysian market to CRB.
2009	• Our Company was incorporated to streamline the management and operation of Carlo Rino brand under our Group.
2010	• We acquired CRB, CRF and CRL from Bonia Corporation. • We started to market and sell affordable women's footwear and handbags under CR2 brand as allowed by BIH.
2011	• CRV was incorporated to distribute our products to overseas.
2014	• We adopted e-commerce distribution channel to market and sell our products. • CRI set up a manufacturing facility in Desa Tun Razak, Cheras to manufacture limited-edition women's handbags and footwear.
2015	• We launched our Carlo Rino Online Store.
2016	• PTCMS and CCRV were incorporated to distribute our products in Indonesia and Vietnam, respectively.
2018	• Signed MLA 2018. • We are listed on the LEAP Market.
2019	• Expanded product offering such as perfumes, timepieces, t-shirts and scarves under Carlo Rino brand.
2020	• CRB registered C.Rino trademark with MyIPO.
2021	• We entered into a brand collaboration with Warner Bros. • We launched a collection of eyewear products under C.Rino brand.
2023	• Signed MLA 2023.

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.

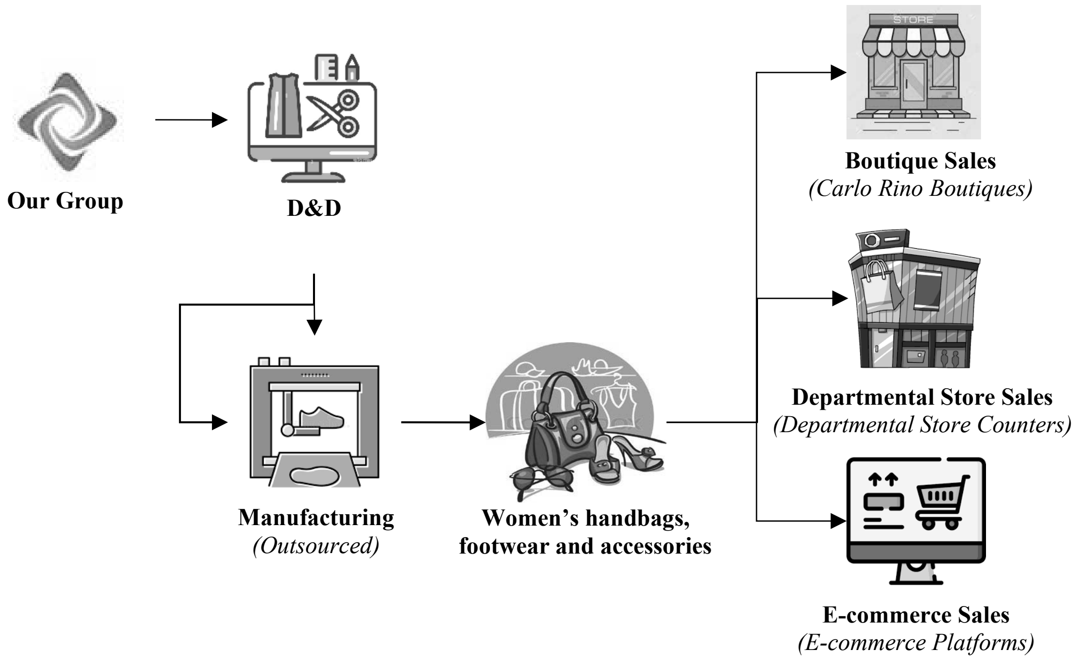
(ii) C.Rino brand for eyewear

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

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.

(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;

(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
TOTAL	**36**	**5**	**41**

  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.

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

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

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

State in Malaysia	No. of departmental store counters
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
TOTAL	**82**

- **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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7.3.3 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
Women's handbags 	• Monogram bag • Backpack • Crossbody / Sling bag • Top-handle bag • Tote bag / Shopper	1,036
Women's footwear 	• Wedges and platforms • Pumps and mules • Ballerinas and loafers • Heeled sandals • Sneakers and boots • Flat sandals	612
Women's accessories 	• Bracelets • Monogram wallet • Coin purse and small wallet • Card holder • Key chain • Crossbody wallet • Wallet • Wristlet • Timepieces • Scarves and t-shirt • Eyewear • Perfumes	616

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	-	-
TOTAL	**76,460**	**100.00**	**101,787**	**100.00**	**113,534**	**100.00**

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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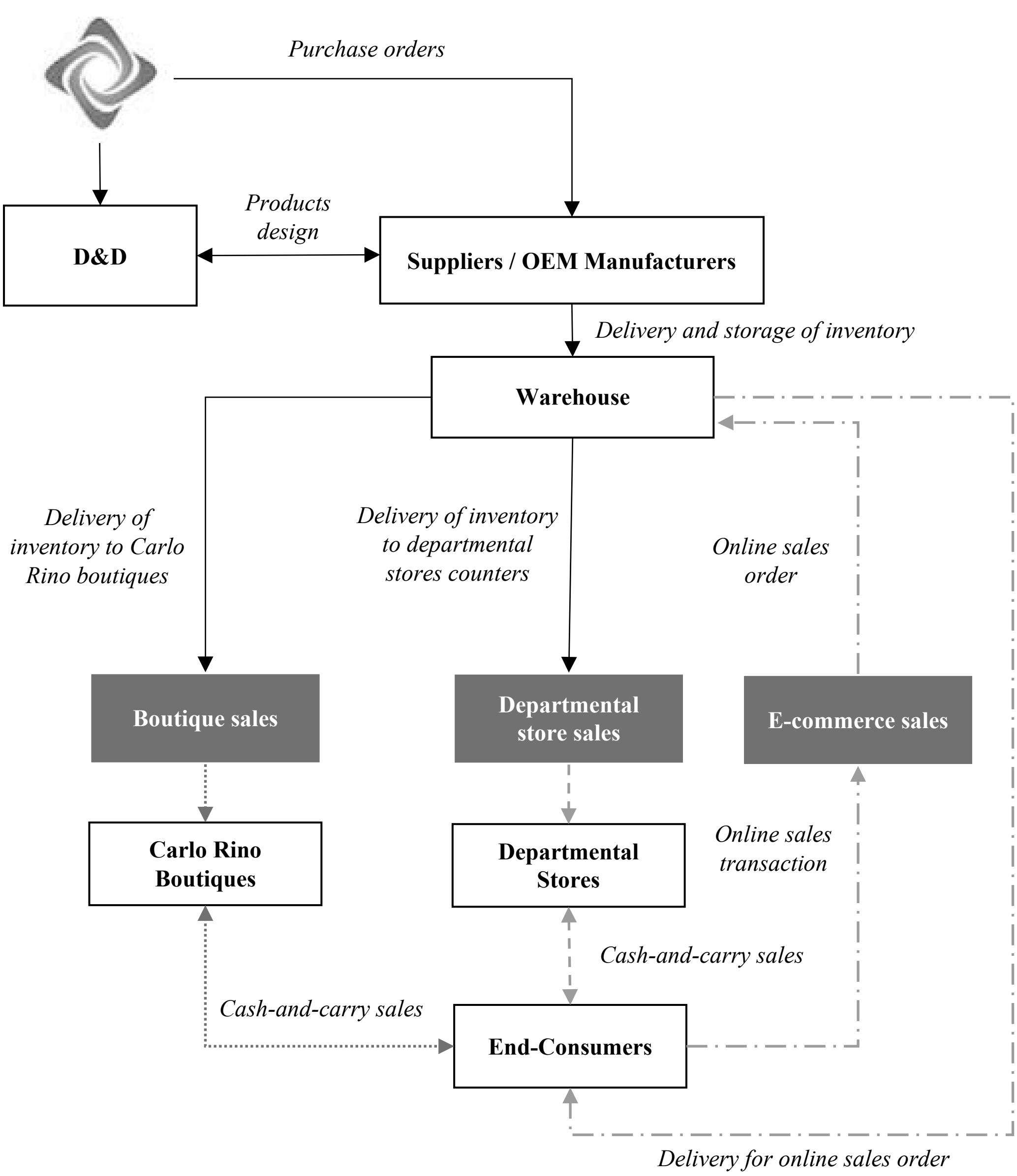
7.4 BUSINESS OPERATIONS



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.

(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.

(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.

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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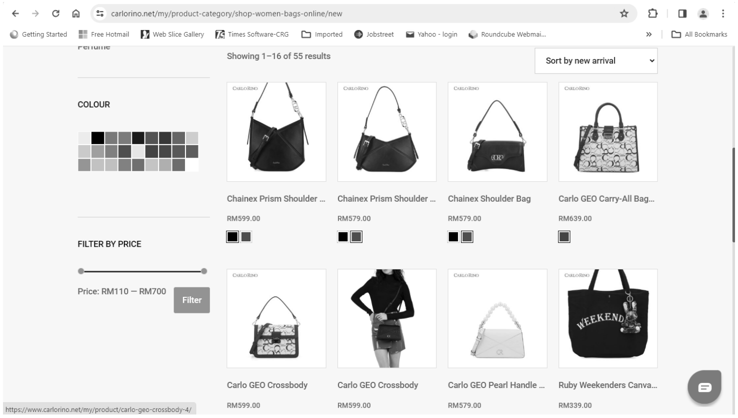
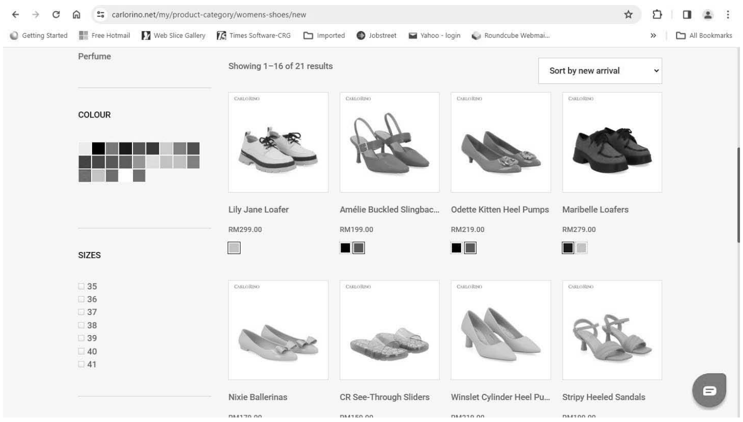




(vi) Product return and exchange

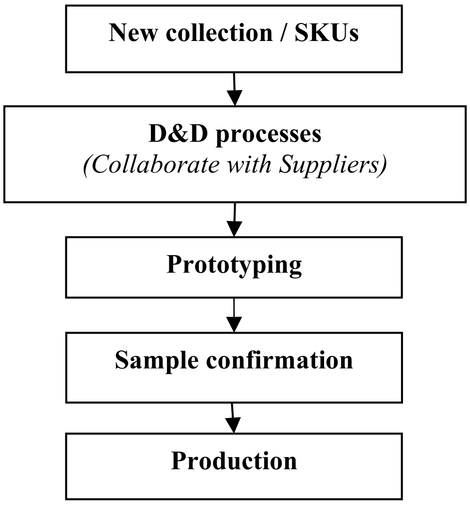
We accept product return and exchange on merchandise purchased from our Carlo Rino boutiques and e-commerce sales channels due to valid product defect claim and change of mind of customers. Customers purchased our products from departmental stores counters can claim for product return and exchange through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

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.

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.

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.

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.

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.

7.11 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:

Software	Description
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.

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.

(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.

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 permittable 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 sufficent inventories in our warehouse to fulfill our sales demand. As such, we did not experience any major impact on our suppply 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.

(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.

(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^{st} and 2^{nd} 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.

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.

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	***Increasing geographical footprint in South East Asia and the Middle East*** *At present, we have online presence through our own online platform (https://shop.carlorino.net) and third-party e-commerce marketplaces such as Zalora and Lazada.* *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.* *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.* *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*	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. 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 (https://www.carlorino.net, 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. 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 https://id.carlorino.net/ (a localised e-commerce website in Indonesia) or https://www.carlorino.net. 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.

7. BUSINESS OVERVIEW *(CONT'D)*

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
	countries in the Middle East, including the United Arab Emirates, Qatar and Bahrain.	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.
	Expanding our Carlo Rino product range *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.* *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.* *The on-going development of new products is necessary for our Group to expand our market presence and remain competitive.*	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. 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.

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)[(1)]	Total purchases	
					RM'000	%
FYE 2021						
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
Total for top 5 major suppliers for finished goods					**24,719**	**99.18**
Total purchases for finished goods for FYE 2021 (RM'000)					**24,923**	

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No.	Name of suppliers	Place of incorporation	Types of products / services purchased	Length of business relationship (years)[(1)]	Total purchases	
					RM'000	%
FYE 2022						
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
Total for top 5 major suppliers for finished goods					**30,456**	**99.73**
Total purchases for finished goods for FYE 2022 (RM'000)					**30,536**	
FYE 2023						
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
Total for top 5 major suppliers for finished goods					**33,284**	**91.11**
Total purchases for finished goods for FYE 2023					**36,534**	

Note:

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

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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7.21 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	Title Details Geran 320522 • M1/B1/2 • M1-C/1/17 • M1-C/2/18 • M1-C/3/19 • M1-C/4/20 • M1-C/5/21 • M1-C/6/22 All in Lot 34554, Pekan Cheras, District of Ulu Langat, State of Selangor Postal Address • Level Aras 1 & Aras 1 Atas • Level Aras 1 Rendah Atas • Levels 2, 3, 4, 5 and 6; and • 92 units of parking bays, all located at Block C, Platinum Cheras, Jalan Cheras Zen 1A, Taman Platinum Cheras, 43200 Cheras, Selangor	Description: 6-storey office building together with 92 units of parking bays. Existing use: Warehouse	Freehold	28 January 2015	Category of land use Commercial Express condition Commercial building Restriction in interest None	Charged to Public Bank Berhad on 14 December 2023	Master land area: 65,294 sqft Built-up area (for 6-storey office building): 41,873 sqft	19,230

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 Postal Address No. 217, Jalan Imbi, 55100 Kuala Lumpur	Description: Vacant land Existing use: Temporary carpark lots*(1)*	Freehold	Not applicable*(2)*	Category of land use None Express condition None Restriction in interest None	Charged to Public Bank Berhad on 28 March 2023	Land area: 9,175 sqft Built-up area: N/A*(2)*	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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7.21.2 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[(1)] / CRV	Description of building: 4-storey office building with 4-storey retail space with 2-storey carparks known as Ikon Connaught in Cheras, Kuala Lumpur. Existing use: As our Head office.	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[(1)] 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
TOTAL	**41**		**49,964**

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[(i)]	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, 2nd Floor, Ikon Connaught, No. 160, Jalan Cerdas, Taman Connaught, 56000 Kuala Lumpur, Wilayah Persekutuan.	13 November 2023 to 12 November 2024[(ii)]	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.

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 2nd quarter of calendar year 2024 and the licenses to be issued by 3rd quarter of calendar year 2024.

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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7.23 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.	CR CARLO RINO • Stylized Word Mark	CRB	TM05011947	Date registered: 20 July 2005 Expiry date: 20 July 2025	Class 25: 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.	CR CARLO RINO • Stylized Word Mark	CRB	TM05011946	Date registered: 20 July 2005 Expiry date: 20 July 2025	Class 18: 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.	CARLO RINO • Stylized Word Mark	CRB	TM05007849	Date Registered: 18 May 2005 Expiry Date: 18 May 2025	Class 18: 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.	CARLO RINO • Stylized Word Mark	CRB	TM05007850	Date registered: 18 May 2005 Expiry date: 18 May 2025	Class 35: 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.	CARLORINO • Word	CRB	TM01000402	Date registered: 11 January 2001 Expiry date: 11 January 2031	Class 25: 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.	 • Word and Figurative	CRB	TM08002265	Date registered: 5 February 2008 Expiry date: 5 February 2028	Class 25: 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.

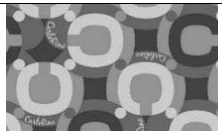
7. BUSINESS OVERVIEW *(CONT'D)*

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
7.	• Word and Figurative	CRB	TM08002266	Date registered: 5 February 2008 Expiry date: 5 February 2028	Class 18: 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.	CARLO RINO • Word and Figurative	CRB	TM90002163	Date registered: 31 March 1990 Expiry date: 31 March 2027	Class 25: Articles of clothing, footwear, headgear; all included in class 25.
9.	CARLO RINO • Word	CRB	TM90002164	Date registered: 31 March 1990 Expiry date: 31 March 2027	Class 18: 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.	CR • Stylized Word Mark	CRB	TM2010011741	Date registered: 30 June 2010 Expiry date: 30 June 2030	Class 18: 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.	CR • Stylized Word Mark	CRB	TM2010011742	Date registered: 30 June 2010 Expiry date: 30 June 2030	Class 25: 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.	• Figurative	CRG	TM2018062862	Date registered: 6 July 2018 Expiry date: 6 July 2028	Class 25: 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.	• Figurative	CRG	TM2018062855	Date registered: 6 July 2018 Expiry date: 6 July 2028	Class 16: 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.	**C.Rino** **C.RINO** • Stylized Word Mark	CRB	TM2020000969	Date registered: 16 January 2020 Expiry date: 16 January 2030	Class 9: Eyewear; eyewear eases; eyewear pouches; prescription eyewear; protective eyewear; sports eyewear; nose pads for eyewear; eases for sunglasses and protective eyewear; sunglasses; eases 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.	 • Article name: Sheet material	CRB	MY07-01624-0101	Date registered: 31 October 2007 Expiry date: 31 October 2027	Class 05-06: Artificial or natural sheet material.
16.	 • Article name: Sheet material	CRB	MY09-01262-0101	Date registered: 20 November 2009 Expiry date: 20 November 2029	Class 05-06: Artificial or natural sheet material.
17.	 • Article name: Sheet material	CRB	MY09-01263-0101	Date registered: 20 November 2009 Expiry date: 20 November 2029	Class 05-06: Artificial or natural sheet material.
18.	**BUN BUN**	CRB	Application Number: AR2023W06225	Date registered/ Legal Status: 2 January 2024 Creation date: 12 April 2023 Expiry date[(1)]: -	Category of work: 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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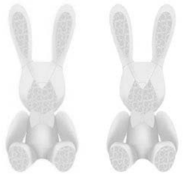
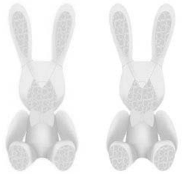
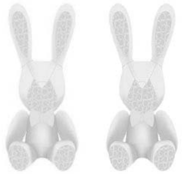
7.23.2 Intellectual property in the process of registration by our Group

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.	 • Figurative	CRB	TM2023036270	Date of application: 30 November 2023	Class 3: 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(1)
2.	 • Figurative	CRB	TM2023036271	Date of application: 30 November 2023	Class 9: 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(1)
3.	 • Figurative	CRB	TM2023036285	Date of application: 30 November 2023	Class 18: 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(1)

7. BUSINESS OVERVIEW *(CONT'D)*

No.	Trademark / Industrial Design / Copyright	Registered owner	Application No.	Validity period	Class / Category of work	Status
4.	 • Figurative	CRB	TM2023036291	Date of application: 30 November 2023	Class 25: 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[1]
5.	 • Figurative	CRB	TM2023036302	Date of application: 30 November 2023	Class 35: 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[1]

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 3rd 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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7.23.3 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:

<table>
<tr><td>Licensor</td><td>BIH</td></tr>
<tr><td>Licensee</td><td>CRG</td></tr>
<tr><td>Purpose</td><td>

<u>Grant of licensing right</u>
BIH grants the sole and exclusive rights to use the trademark known as Carlo Rino ("Licensed Trademark") 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).
<u>Sub-licensing</u>
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.

<u>Note:</u>
As at the date of the MLA 2023, CRG has sub-licensed the trademark of Carlo Rino to its wholly-owned subsidiaries:
<table>
<tr><th>Sub-licensee</th><th>Date of Sub-licensing Agreement</th><th>Period licensing</th><th>Description of the sub-licensing trademark</th></tr>
<tr><td>CRB</td><td>23 May 2023</td><td>1 April 2023 to 31 March 2048</td><td>Carlo Rino trademark for:
Worldwide (excluding Malaysia) for handbags and accessories, shoes, accessories and apparel
Worldwide (including Malaysia) for cosmetics and timepiece</td></tr>
<tr><td>CRF</td><td>23 May 2023</td><td>1 April 2023 to 31 March 2048</td><td>Carlo Rino trademark for:
Worldwide (excluding Malaysia) for shoes, accessories and apparel
Worldwide (including Malaysia) for cosmetics and timepiece</td></tr>
<tr><td>CRL</td><td>23 May 2023</td><td>1 April 2023 to 31 March 2048</td><td>Carlo Rino trademark for:
Worldwide (excluding Malaysia) for handbags and apparel</td></tr>
</table>
The MLA 2023 shall supersede the MLA 2018 executed between the parties where BIH previously licensed the Carlo Rino and CR2 trademarks to CRG.

</td></tr>
</table>

<table>
<tr><td>Licensed Period</td><td>25 years from 1 April 2023 to 31 March 2048, or such other date as may be agreed by the parties ("Licensed Period").

<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.</td></tr>
<tr><td>Other salient terms of the MLA 2023</td><td>1. <u>Licensed Territory and Licensed Products under the Licensed Trademark</u>:
<table>
<tr><th>No.</th><th>Licensed Products</th><th>Licensed Territory</th></tr>
<tr><td>(i)</td><td>Handbags and small leather accessories, luggage and travelling accessories shoes, apparel and eyewear</td><td>Worldwide excluding Malaysia</td></tr>
<tr><td>(ii)</td><td>Perfumes and cosmetics, timepieces and potato chips</td><td>Worldwide including Malaysia</td></tr>
</table>
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.

3. <u>Termination</u>
BIH may terminate the MLA 2023 by giving written notice to CRG, in the event that:
(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;
(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;
(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);
(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
(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.

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.

4. <u>Assignment</u>
No assignment or transfer by CRG under the MLA 2023 without the express written consent of BIH.</td></tr>
</table>

Governing laws	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.

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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7.24 GOVERNING LAWS AND REGULATIONS

The following is on 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.

(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.

(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")

<u>SDBA</u>

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.

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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7.26 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
TOTAL	**233**	**321**	**321**	**348**

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%;

(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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26 MAR 2024

The Board of Directors
Carlo Rino Group Berhad
No. L2-05, 2nd Floor, Ikon Connaught
Lot 160, Jalan Cerdas
Taman Connaught
56000 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Dear Sir/Madam,

INDEPENDENT MARKET RESEARCH REPORT ON THE FASHION INDUSTRY IN MALAYSIA ("IMR REPORT") FOR CARLO RINO GROUP BERHAD

This IMR Report has been prepared for inclusion in the Prospectus of Carlo Rino Group Berhad ("**CRG**" or "**Company**") in conjunction with the transfer listing of the CRG from the LEAP Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") to the ACE Market of Bursa Securities.

Mr. Leow Hock Bee is the Research Director of Infobusiness Research & Consulting Sdn Bhd ("Infobusiness Research"). He has a Bachelor of Science (Honours) Geology from the University of Western Ontario, Canada and a Masters of Business Administration from Massey University, New Zealand. For more than 15 years, Infobusiness Research has been providing independent market research reports on corporate exercises, including initial public offerings and reverse takeovers. He has more than 30 years of experience in market research, starting his career at Ban Hin Lee Bank Berhad where he spent 10 years. He has been involved in the research of a wide range of industries such as electronics, engineering supporting, furniture, rubber gloves, retreaded tyres, plastics packaging, oil and gas, oil-palm based, construction and property development, predominantly in corporate exercises for public listed companies.

This research is undertaken with the purpose of providing a strategic and competitive analysis of the fashion industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, internet research and online databases.

This IMR Report contains information supplied by and analysis based on public and private sources. To the extent such sources have been cited herein, we hereby confirm that we are allowed to make reference to such sources. We believe that they are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

Infobusiness Research has prepared this IMR Report in an independent and objective manner and has taken all reasonable consideration and care to ensure its accuracy and completeness. This IMR Report should not be taken as recommendation to buy or not to buy the shares of any company.

For and on behalf of
INFOBUSINESS RESEARCH & CONSULTING SDN BHD

Leow Hock Bee
Research Director

IMR REPORT ON THE FASHION INDUSTRY IN MALAYSIA

1.0 Introduction to the Fashion Industry

A fashion is the style or styles of clothing and accessories worn at any given time by groups of people. The fashion industry in Malaysia is a multi-billion RM industry devoted to the business of design, manufacturing, distribution and selling apparels, footwear, handbags and accessories. It has fashion and design organisations, as well as many creative talents such as models, hair stylists, make-up artists, model agents, photographers, etc. that all make up a larger fashion ecosystem that has become more vibrant.

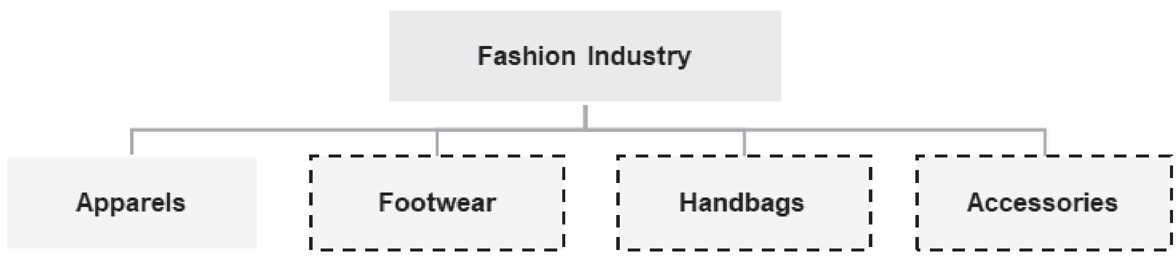
The fashion industry reaches out to customers via an extensive network of outlets, as well as constant marketing and advertising activities. The wide product range available in the shopping malls allow customers to compare between brands, designs and prices. Also, fashion retailers organise sales and promotional events to boost sales on a periodical basis. Social media channels have not just become important to the selling of fashion but also as part of forecasting and determining future trends. Fashion retailers can showcase new arrivals through frequent updates of pictures and descriptions on social media, as well as the sponsorships of celebrities to showcase their products.

The fashion market in footwear, handbags and accessories encompasses a wide range of products with marked differences in product quality and prices. At the top end, in the premium and luxury market, are products that bear prestigious brand names and higher prices, usually of high quality. Below this premium and luxury market is a broad middle market in which products are differentiated by features, brand names and prices. Product differentiation decreases while the breadth of distribution increases at lower price levels. At the lower end, unbranded or private brand products with few differentiating features are sold in significant volumes and at low margins, competing primarily on price.

2.0 Segmentation of the Fashion Industry

The fashion industry can be segmented into four major segments as illustrated figure 1 below.

Figure 1: Main Segmentations of the Fashion Industry



Note: Currently, Carlo Rino Group Berhad and its subsidiaries ("CRG Group") are mainly involved in the footwear, handbags and accessories segments of the fashion industry, as indicated by the dotted boxes.

Source: Infobusiness Research

3.0 Distribution Channels

Fashion retailers in Malaysia generally operate in vertical markets, which refer to retailers offering products that are related to fashion. Vertical markets are more focussed and targeted at a specific group of consumers. The distribution channels for the fashion industry can be in the form of physical retail stores (also known as brick-and-mortar stores) and/or online stores (figure 2).

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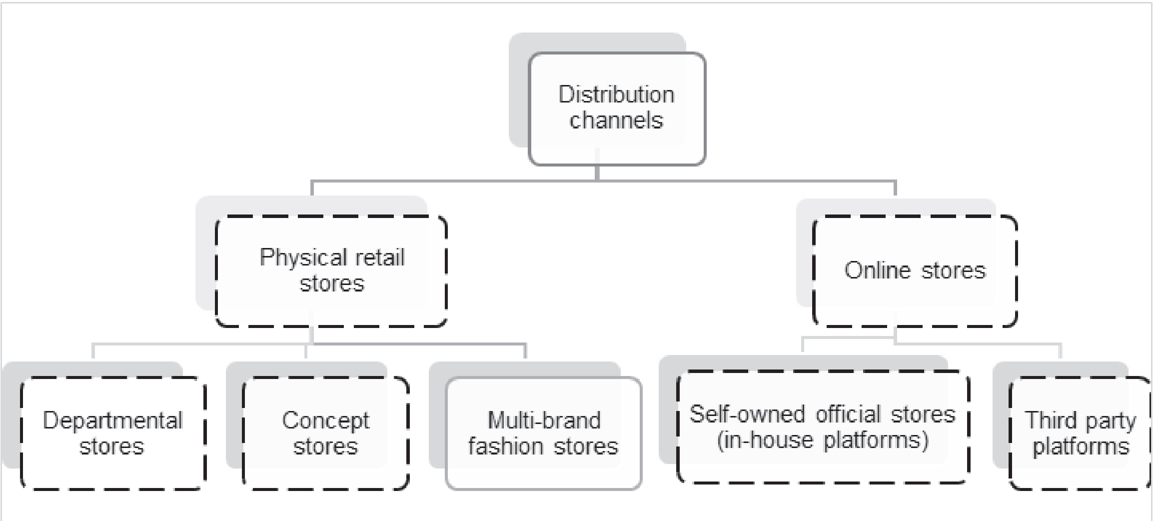
Figure 2: Distribution Channels in the Fashion Industry



Note:
Currently, CRG Group is involved in selected segments of the distribution channels in the fashion industry, as indicated by the dotted boxes. Boutique stores, which are highly personalised stores, exist in both the concept stores and multi-brand stores segments. Usually, a customer-centric and one-to-one customer service experience is provided to give customers the best value and experience possible.

Source: Infobusiness Research

3.1 Physical Retail Stores

For the physical retail stores, the distribution channels for fashion products encompass departmental stores, concept stores and multi-brand fashion stores.

Departmental stores

The advantages of fashion retailers selling through departmental stores are that the fashion retailers can expect higher volumes of foot traffic, leading to potentially higher sales turnover, as well as more visibility for their brands and products. However, the key downside of departmental stores is that there may be limited space available to display and store the products.

Concept stores

Concept stores sell well-curated products matching the stores' themes. They often evoke a lifestyle appealing to a specific target audience. The concept stores have the following attributes:

- innovative and original;
- a wide variety of stylish products;
- from a brand built around a concept; and
- from suppliers with proven quality control.

Multi-brand fashion stores

Multi-brand fashion stores are retailers that offer a variety of fashion brands, including their own brands. As such, customers can walk in, look for options, compare prices, features and specifications offered by the different brands and choose the one that they prefer the most.

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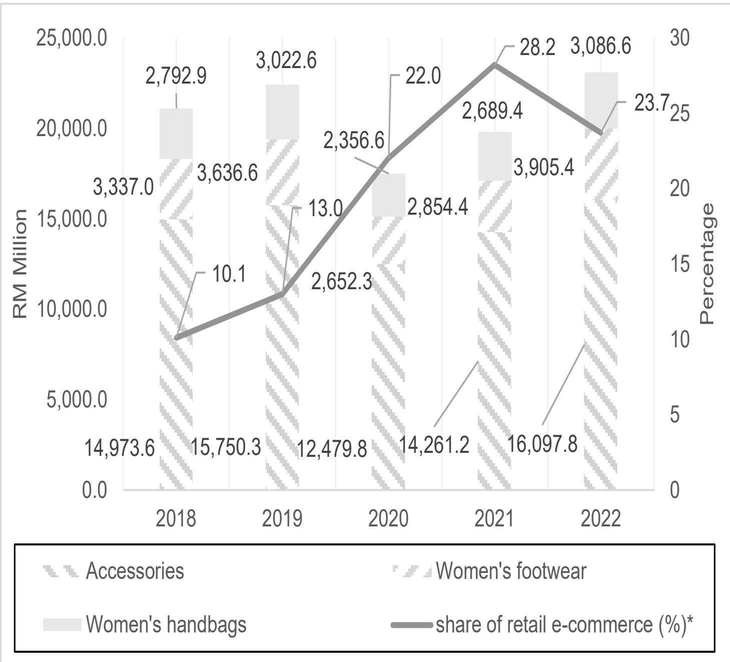
3.2 Online Stores

While e-commerce is developing rapidly in Malaysia, it is unlikely to replace shopping at physical stores but will complement it. Fashion retailers must be able to sell to their customers not only through physical stores, but also online via self-owned official stores (in-house platforms) or third party platforms. Brick-and-mortar retail stores will remain relevant as they can complement online sales, as the former can assist to build greater brand awareness and to showcase products and to have direct face-to-face interactions with customers. The usage of data analytics in e-commerce platforms can assist the fashion retailers/sellers to profile their consumers through customer behaviours and preferences. The identified consumers receive personalised recommendations based on their purchase histories, and new consumers by their age and gender.

4.0 Past Performance

Traditionally, fashion products were sold in brick-and-mortar stores and departmental stores. The late 20th century saw the rise of the internet as a major player in the retailing of fashion. Although many fashion retailers create websites to sell items online and leverage on social media platforms to market and promote their products, physical retail stores are still important within the retail landscape.

Figure 3: Revenue of Selected Segments of the Fashion Industry in Malaysia (RM Million)



Notes:
Some accessories are used by both genders, such as jewellery, watches and writing instruments.
** Refers to fashion industry as a whole.*
Source: Infobusiness Research

The revenue of selected segments of the fashion industry in Malaysia between 2018 and 2022 are as follows (figure 3):

accessories – RM14.97 billion to RM16.09 billion, recording a CAGR of 1.8 %;

women's footwear – RM3.34 billion to RM3.91 billion, recording a CAGR of 4.0%; and

women's handbags – RM2.79 billion to RM3.09 billion, registering a CAGR of 2.5%.

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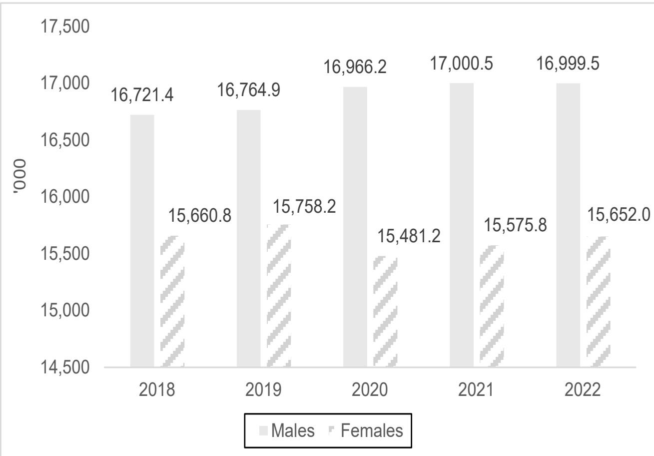
As most Malaysians stayed at home during the MCO and its various iterations, the demand for fashion products decreased due to the non-essential need to dress up while at the comfort of their own homes. However, that did not mean that Malaysians had completely stopped buying fashion products. The share of e-commerce sales in the fashion industry as a whole in Malaysia had progressively increased from 10.1% in 2018 to 23.7% in 2022. With the re-opening of all economic sectors in Malaysia since April 2022, the fashion industry appears to be on the way to recovery.

5.0 Demand Conditions

5.1 AN EXPANDING POPULATION

An expanding population has a direct impact on the demand for fashion products, including female fashion products (figure 4). They formed a base for the consumption of fashion products.

Figure 4: Population of Malaysia



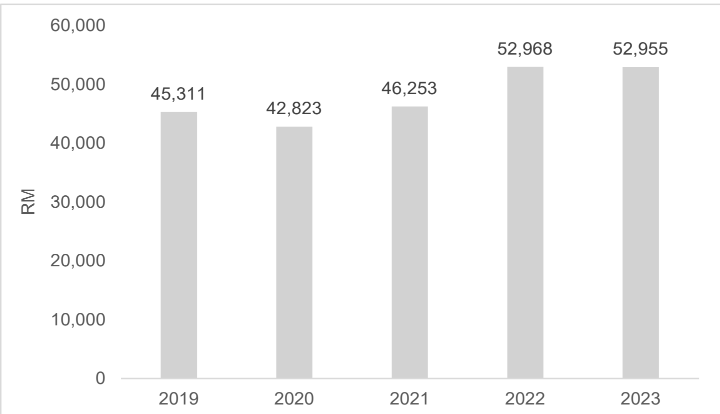
Source: Department of Statistics Malaysia

The number of males in the population increased by a CAGR of 0.4% between 2018 and 2022 (16.7 million to 16.9 million), while the number of females remained relatively constant (15.7 million). As most Malaysian women are benefitting from rising empowerment and financial independence, they use modern fashion to express themselves and to feel good about themselves and are very keen on branded fashion products.

5.2 RISING PER CAPITA INCOME

A rising per capita income reflects higher spending power which will have a positive spill over effect on the demand for fashion products.

Figure 5: Per Capita Income in Malaysia (RM)



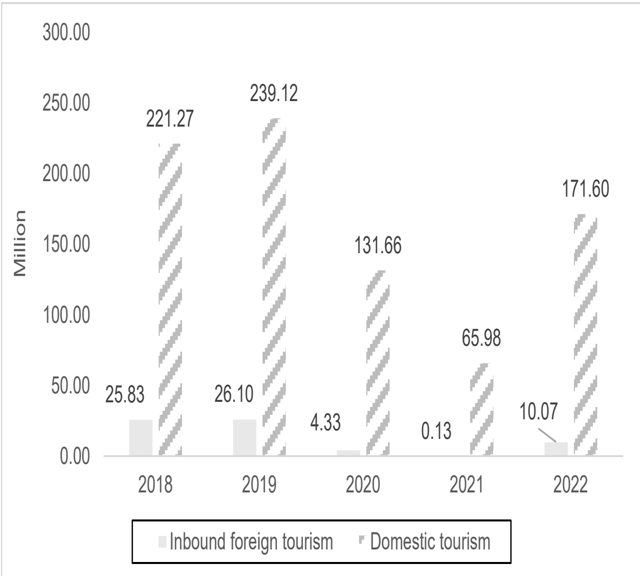
Source: Bank Negara Malaysia

The per capita income in Malaysia registered a CAGR growth of 4.0% between 2019 and 2023, from RM45,311 to RM52,955. Due to the outbreak of the COVID-19 pandemic and subsequent lockdowns in economic and social activities, the per capita income was affected in 2020, before rebounding in the following years (figure 5).

5.3 IMPACT OF INBOUND FOREIGN TOURISM AND DOMESTIC TOURISM

The fashion industry is also dependent on the tourism industry. Shopping has become a favourite past time for many foreign tourists, partly due to the relatively weak RM against major foreign currencies.

Figure 6: Inbound Foreign Tourism and Domestic Tourism in Malaysia



Source: Tourism Malaysia and Department of Statistics Malaysia

Many popular fashion brands, both international and domestic, have a physical presence in the shopping malls in Malaysia.

However, due to the closure of international borders as a result of the restrictions imposed by the Government following the outbreak of the COVID-19 pandemic, the tourism industry took a heavy blow in 2020 and 2021, before recovering in 2022. The number of inbound foreign tourists declined by a negative CAGR of 21.0% between 2018 and 2022, from 25.83 million to 10.07 million (figure 6).

Domestic tourists refer to residents (citizens and non-citizens) living in Malaysia who make a trip outside his/her usual environment for less than a year for the purpose of business, leisure or personal. They comprise both tourists (who travel for at least 24 hours) and excursionists (who travel for less than 24 hours). Shopping was the most prevalent purpose. Domestic tourism was expanding during the pre-pandemic years of 2018 and 2019, before the series of lockdowns associated with the COVID-19 pandemic caused domestic tourism to plunge in 2020 and 2021. It recovered subsequently in 2022. Between 2018 and 2022 the number of domestic tourists declined by a negative CAGR of 6.2%, from 221.27 million to 171.60 million.

5.4 INCREASING URBANISATION

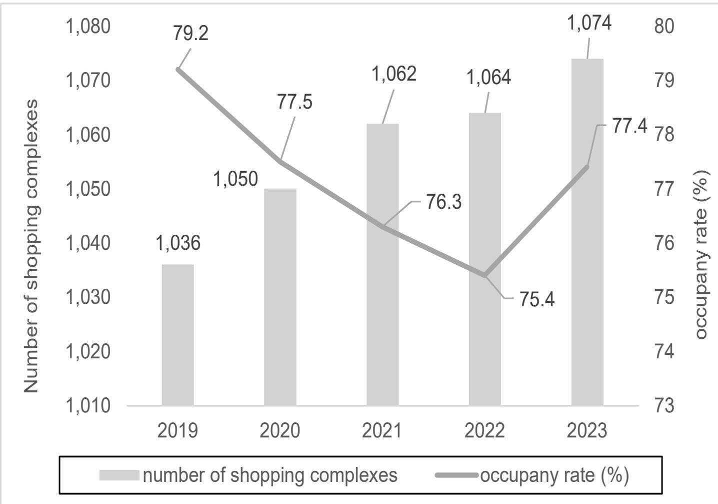
Increasing urbanisation is anticipated to be another major source of demand for fashion in the coming years as more people populate urban areas for better education and job opportunities. The urbanisation rate in Malaysia increased from 74.3% in 2015 to 78.2% in 2022 (source: Twelfth Malaysia Plan 2021-2025; Infobusiness Research). This is anticipated to further increase to 79.8% in 2025 (source: Ministry of Housing and Local Government). City residents are more fashion-conscious and aware of the latest fashions and wanting to wear fashionable footwear, handbags and accessories.

6.0 Supply Conditions

6.1 DEVELOPMENTS IN THE RETAIL INDUSTRY IN MALAYSIA

The rapid growth and expansion of more shopping complexes in Malaysia have provided shoppers with a wider selection of products and more excitement, as well as more access to physical fashion stores in various locations. The stock of shopping complexes increased by a CAGR of 0.9% between 2019 and 2023, from 1,036 to 1,074.

Figure 7: Stock of Shopping Complexes in Malaysia



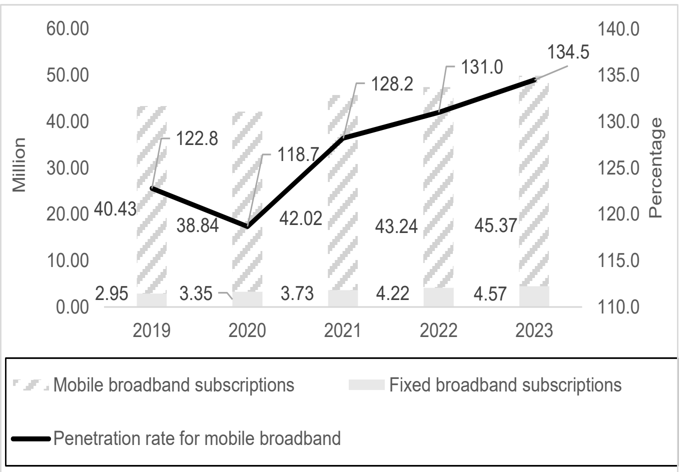
Source: Valuation and Property Services Department

Meanwhile, the occupancy rate of shopping complexes (computed based on sq. m. and not on the stock of shopping complexes) decreased from 79.2% to 77.4% during the corresponding period, primarily due to an excess of shopping complexes constructed in unfavourable locations (figure 7). The outbreak of the COVID-19 pandemic led to further declines in the occupancy rates in 2020, 2021 and 2022, before recovering in 2023.

6.2 DEVELOPMENTS IN BROADBAND INFRASTRUCTURE

A well-developed internet infrastructure such as broadband plays a key role in e-commerce, including the online fashion market.

Figure 8: Broadband Subscriptions (Million) and Mobile Broadband Penetration Rate (%)



Source: Malaysian Communications and Multimedia Commission.

The number of subscriptions in fixed broadband increased from 2.95 million in 2019 to 4.57 million in 2023, yielding a CAGR of 11.6% during the period (figure 8). The number of subscriptions in mobile broadband reached 45.37 million in 2023 from 40.43 million in 2019, generating a CAGR of 2.9%, while the penetration rate for mobile broadband rose to 134.5% from 122.8%, correspondingly. The penetration rate for mobile broadband is calculated based on the number of subscriptions per 100 inhabitants. A penetration rate of 100% can occur due to multiple subscriptions.

6.3 SUPPLY CHAIN DISRUPTIONS

The disruption in the supply chain in the fashion industry due to the COVID-19 pandemic has been compounded by the geopolitical tension arising from the Russian-Ukraine conflict. Russia is one of the largest exporters of crude oil in the world. The rising prices of petroleum resulting from the conflict could also mean higher raw material prices for downstream petroleum-derived synthetic fabrics such as polyurethane, polyester and nylon, resulting in potentially higher retail prices for fashion products.

7.0 Substitutes

There are no substitutes in the fashion industry for products such as women's footwear, women's handbags and accessories.

8.0 Overview and Prospects of the E-Commerce Industry In Southeast Asia

Southeast Asia is home to over 650 million people comprising a multitude of diverse ethnicities, cultures and religions, as well as online shopping habits. The COVID-19 pandemic has driven a dramatic uptake of digital adoption across the region, accelerating the shift towards online retail channels that was already underway. The shift to online shopping is expected to stay post-pandemic as it is increasingly recognised as an essential business strategy. 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 RM 748.2 billion in 2027, charting a CAGR of 10.6%.

9.0 Overview and Prospects of the Fashion Industry in Indonesia

Indonesia, the world's fourth most populous country, has a population of about 264 million. Competition in the Indonesian fashion industry is intense due to the large number of players, both local and foreign. The fashion industry either source imported products from importers and distributors or source directly from local manufacturers. The revenue of selected fashion segments of the fashion industry in Indonesia between 2018 and 2022, and projected between 2022 and 2027 are as follows.

- accessories – RM15.08 billion in 2018 to RM17.89 billion in 2022, recording a CAGR of 4.4%. It is anticipated to increase by a CAGR of 7.7% to attain RM25.96 billion in 2027;

- women's footwear – RM5.19 billion in 2018 to RM5.43 billion in 2022, recording a CAGR of 1.1%. It is expected to record a CAGR of 10.2% to reach RM8.81 billion in 2027; and

- women's handbags – RM2.15 billion in 2018 to RM2.31 billion in 2022, registering a CAGR of 1.8%. It is projected to register a CAGR of 6.6% to arrive at RM3.17 billion in 2027.

10.0 Overview and Prospects of the Fashion Industry in Thailand

The emergence of low-cost airlines in Southeast Asia has made tourism more affordable for inbound tourists into Thailand, while domestic tourism has also become a popular pastime in Thailand, which has a population of around 72 million. The outbreak of the COVID-19 pandemic had an impact on the revenue of the fashion industry. The revenue of selected fashion segments of the fashion industry in Thailand between 2018 and 2022, and forecasted between 2022 and 2027 are as follows.

- accessories – RM21.40 billion in 2018 to RM20.87 billion in 2022, recording a CAGR of -0.6%. It is anticipated to increase by a CAGR of 6.0% to attain RM27.99 billion in 2027;

- women's footwear – RM6.72 billion in 2018 to RM6.61 billion in 2022, recording a CAGR of -0.4%. It is expected to record a CAGR of 10.4% to reach RM10.82 billion in 2027; and

- women's handbags – RM3.10 billion in 2018 to RM3.07 billion in 2022, registering a CAGR of -0.2%. It is projected to register a CAGR of 6.7% to arrive at RM4.24 billion in 2027.

11.0 Positioning & Prospects of Carlo Rino Group Berhad

11.1 Comparable Companies

Carlo Rino Group Berhad is a designer, distributor and retailer of a wide collection of women's handbags, footwear, and accessories, generally targeting young female working adults between the ages of 18 and 35. The comparable companies are selected based on the following criteria (table 1):

- must be involved in the retailing of women's handbags, footwear, and accessories, with a chain of physical retail stores in Malaysia. Fashion companies that are involved mainly in retailing apparels in Malaysia are excluded; and
- in addition, in order to be selected as a comparable company, the latest financial statements must be available with the Companies Commission of Malaysia.

The fashion industry in Malaysia is a very fragmented one, given the inherent nature of the industry, as there are numerous stores in each shopping complex. There were 1,074 shopping complexes in Malaysia in 2023 (source: Valuation and Property Services Department),

Table 1: Business Activities of Comparable Companies to Carlo Rino Group Berhad

Company	Business Activities	Major Brand Names
Carlo Rino Group Berhad	It is a designer, distributor and retailer of a wide collection of women's handbags, footwear, and accessories, generally targeting young female working adults between the ages of 18 and 35.	Carlo Rino and C.Rino
Vincci Ladies' Specialties Centre Sdn Bhd	It is a subsidiary of Padini Holdings Berhad, a company listed on the Main Market of Bursa Securities and is involved in the retailing of women's footwear and accessories.	Vincci, Vincci Mini and Vincci Accessories.
Miroza Leather (M) Sdn Bhd	It is a subsidiary of MESB Berhad, a company listed on the Main Market of Bursa Securities and is involved in the trading and retailing of women's handbags and men's apparels and accessories.	Pierre Cardin, Feraud, Giamax, Alain Delon, Giossardi, Tocco Toscano, Crocodile, and Ducati.
F J Benjamin (M) Sdn Bhd	It is involved in the retailing and distribution of apparels, handbags, footwear and accessories for both men and women and its parent company is listed on the Singapore Exchange.	GUESS, Cole Hann, Lancel, Petunia Pickle Bottom, Pretty Ballerinas, and Rebecca Minkoff.
H & M Retail Sdn Bhd	It is involved in the retailing of apparels, handbags and accessories for both men and women, and its parent company is listed on the Stockholm Stock Exchange.	H&M.
Nose International Sdn Bhd	It is involved in the retailing of women's footwear and handbags.	Nose.
Opera Marketing Sdn Bhd	It is involved in the trading of women's footwear and handbags.	Opera.

Company	Business Activities	Major Brand Names
Shellys Marketing Sdn Bhd	It is involved in the retailing of men's footwear and women's footwear and handbags.	XES, EGURLS and PedaHeel.
Shiranoe Sdn Bhd	It is involved in the retailing of men's footwear and women's footwear and handbags, as well as accessories.	Amori, Santa Barbara, Everbest and Mi Mancci.
Transmarco Concepts Sdn Bhd	It is involved in the retailing of handbags, footwear and accessories for both men and women.	Caterpillar, LeSportSac, Hush Puppies, and Obermain.

Note:
The brands carried by the above comparable companies comprise a mixture of in-house brands and licenced brands.
Source: Companies Commission of Malaysia, companies' websites, and Infobusiness Research

Selected financial information of the above comparable companies to Carlo Rino Group Berhad is presented in table 2 below.

Table 2: Financial Information of Comparable Companies to Carlo Rino Group Berhad (RM '000)

Company	Latest FYE	Revenue	GP	GP margin (%)	PAT/LAT	PAT / LAT margin (%)
Carlo Rino Group Berhad	30/06/23	113,534	70,064	61.7	23,853	21.0
Vincci Ladies' Specialties Centre Sdn Bhd	30/06/23	208,764	102,250	48.9	38,063	18.2
Miroza Leather (M) Sdn Bhd	30/06/23	150,744	95,951	63.7	13,166	8.7
F J Benjamin (M) Sdn Bhd	30/06/23	171,454	92,052	53.7	12,327	7.2
H & M Retail Sdn Bhd	30/11/22	688,837	381,122	55.3	23,403	3.4
Nose International Sdn Bhd	31/12/22	8,178	4,893	59.8	575	7.0
Opera Marketing Sdn Bhd	30/11/22	2,201	1,166	52.9	435	19.8
Shellys Marketing Sdn Bhd	31/03/22	51,080	24,385	47.7	249	0.5
Shiranoe Sdn Bhd	31/12/22	15,103	7,421	49.1	1,710	11.3
Transmarco Concepts Sdn Bhd	31/12/22	81,351	42,725	52.5	8,116	9.9

Notes:
N. A. = Not Applicable / Not Available
Shellys Marketing Sdn Bhd was granted an exempt private company status by the Companies Commission of Malaysia on 31 March 2023.
Source: Companies Commission of Malaysia, companies' websites and Infobusiness Research

11.2 Market Size and Market Share

The market share of Carlo Rino Group Berhad in selected segments of the fashion industry in Malaysia in 2022 are shown in table 3 below.

Table 3: Market Share of Carlo Rino Group Berhad in 2022 (%)

Categories	Revenue of Carlo Rino Group Berhad (RM '000)	Industry Revenue (RM million)	Market Share (%)
Women's handbags	77,292	3,086.6	2.5
Women's accessories	23,266	16,097.8	0.2
Women's footwear	21,232	3,905.4	0.5

Notes:
Revenue for Carlo Rino Group Berhad is based on January 2022 to December 2022.
Industry revenue for accessories refer to products utilised by both males and females, as some accessories are used by both genders, such as jewellery, watches and writing instruments.
Source: Infobusiness Research

12.0 Outlook and Prospects of the Industry

The fashion industry in Malaysia has been substantially influenced by the penetration of premium and luxury fashion brands from around the world and this is anticipated to continue into the future. Fashion retailers are increasingly positioning shopping as an intrinsic part of a desired customer lifestyle and as such, have been aligning their businesses to match customers' expectations. Spending a weekend at a popular shopping mall is a popular choice for families not looking to travel too far from home. To capitalise on this trend, fashion retailers have increased their presence in the retail market, particularly in shopping malls.

Malaysia is a multiracial country with several cultural and religious holidays and festivals throughout the year. Occasions such as the Chinese New Year, Hari Raya Aidilfitri, Deepavali and Christmas are when many Malaysians go on holidays to visit and spend time with friends and family. Sales of fashion products in Malaysia, including footwear, handbags and accessories, experience a significant sales boost prior to such festive seasons, as well as occasional celebrations such as Valentine's Day and Mother's Day and this is expected to continue into the future.

The fashion market will continue to grow, along with an increase in the population. Companies that prove themselves in the areas of global brand management, shopping experience and multichannel strategy will have the best outlook for success. Following the natural progression of e-commerce in other consumer products, fashion is anticipated to start becoming a more popular category for online shoppers, especially with the rise of more affluent female customers. As the internet becomes increasingly accessible to more and more people, and online shopping becomes a major part of customer's lifestyles, the online fashion market is expected to flourish in the coming years.

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%.

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

9.1 RISKS RELATING TO OUR GROUP'S BUSINESS AND OPERATIONS

9.1.1 We rely on our Group's brands and reputation to grow our Group's business

Our Group's products are marketed under Carlo Rino brand and C.Rino brand for eyewear only. The Carlo Rino brand is a well-established brand with a long history for over 35 years in the women fashion market in Malaysia and it has contributed significantly to the growth and success of our Group's business. Our brands are essential for our Group's continued ability to attract customers to visit and shop at our boutiques and departmental stores counters, purchase our Group's products through e-commerce platforms, as well as to maintain relationships with suppliers and OEM manufacturers. Therefore, we rely on our Group's brands and reputation to continue to grow our Group's business.

If there are occurrences of any events which draw negative publicity to our Group's brands and reputation, it may deter customers from buying our products and also discourage suppliers and OEM manufacturers from conducting business with our Group. Some examples of such events include incidents relating to poor product quality and business practices, negative comments from the general public and customers and liabilities resulting from actions by our employees, which are beyond our control. In addition, the use of social media to market our Group's products to customers has increased the potential risk of negative publicity triggered by adverse events that may spread rapidly to broad audiences. Examples of such negative events include our failure to meet expectations relating to the quality of our Group's products and services, timely delivery, customer services, or other matters which could have a negative impact on our Group's reputation if not managed properly.

As at the LPD, we have not experienced any negative events that have negatively impacted our Group's brand and reputation. However, if there is any occurrence of negative events pertaining to our Group's brands, products and services, it could lead to decreased trust and confidence in our Group's products, reduced demand for our Group's products and adversely affect our Group's business, financial performance and prospects.

9.1.2 We may encounter supply chain interruption from suppliers of our Group's products

We outsource all manufacturing activities to suppliers and OEM manufacturers. In view of the outsourcing of all manufacturing activities to third parties, our Group's success is dependent on the efficient and reliable operation of our supply chain, underpinned by our Group's relationships with suppliers and OEM manufacturers.

As our business expands, the supply chain can become more complex and we may subject to risks associated with suppliers including those related to their manufacturers, and our OEM manufacturers. Disruptions in manufacturing, such as shortage of raw materials, delays in production and delivery, or poor quality control, can lead to supply chain challenges for our Group. If these disruptions occur and prolong, or if our suppliers and OEM manufacturers fail to deliver on their commitments, we could experience delays in delivery of inventory or inventory shortage, which could lead to a decrease in sales and customer confidence, which may adversely affect our Group's business, operations, and financial performance.

In the event that we need to seek alternative suppliers and OEM manufacturers, it may involve substantial time, cost and resources. It may also be challenging to negotiate commercially acceptable terms with new suppliers and OEM manufacturers. If we fail to come to commercially acceptable terms with new suppliers and OEM manufacturers, it may affect our Group's profit margins as operational costs increase, and adversely affect our Group's price competitiveness. Our inability to remain price competitive may adversely affect our Group's competitiveness, financial performance and eventually weaken our Group's market position.

We source majority of our products from local suppliers who may in turn source them from their network of overseas suppliers. As a result, we indirectly rely on marine transportation for the delivery of our Group's products from overseas to our warehouse in Malaysia. In the event there is any shipping disruption from overseas, it will prolong our Group's order fulfilment, which in turn may affect our Group's sales. Hence, we are susceptible to shipping disruptions that may arise due to unforeseen and uncontrollable events, which include amongst others, adverse weather conditions, political turmoil, social unrest, port strikes and/or congestions, oil spills, delayed or lost shipments.

9.1.3 We face challenges in securing retail outlets at prime locations and renewal of the terms of tenancies and consignment arrangements

For the FYE Under Review, our Group's main mode of distribution is through our network of physical retail points such as our Carlo Rino boutiques and departmental store counters, which are primarily located at prime locations with high traffic flow. As at the LPD, we manage and operate 41 boutiques in shopping malls and premium outlets, and 82 department store counters across Malaysia. Therefore, our Group's overall business growth is dependent on our ability to secure tenancies for new boutiques in prime shopping malls and/or premium outlets as well as consignment arrangements for prime location within departmental stores, where pedestrian traffic volumes are high, and to renew the tenancies and consignment arrangements for our Group's existing boutiques and departmental store counters, respectively.

We may face difficulties in identifying the suitable retail locations or if identified, it may involve high rental cost. In addition, upon expiry of any of our tenancies, the landlord has the right to review and amend the terms and conditions of the renewed tenancies, including rental rates. Boutique rental expense, being one of our Group's major operating expenses, will affect our Group's profit margins adversely if our Group is unable to improve our revenue when there is any substantial increase in rental rate. Therefore, our ability to secure new tenancies, and/or renew existing tenancies and consignment arrangements on commercially acceptable terms is crucial to our Group's operations and profitability.

If any of the tenancies or consignment arrangements are terminated or not renewed, or if we are unable to secure new alternative tenancies at acceptable rates and strategic locations, our Group's business operations would be disrupted, and our Group's financial performance may be adversely affected. However, there can be no assurance that our Group will be able to successfully identify and/or continue to lease these prime locations with no significant increase in rental cost.

9.1.4 Our Group's business and operations may be affected by a recurrent outbreak of the COVID-19 disease or an outbreak from other contagious diseases

Our Group's business and operations were affected from the COVID-19 outbreak, when the Government imposed various movement restriction orders to curb the spread of COVID-19 virus during year 2020 to 2022. During the COVID-19 pandemic period, there were several occasions when our Group was unable to operate from our head office, warehouse, boutiques and departmental store counters as our Group's business and operations were not classified as essential services. Other than that, our boutiques were operating at the permittable capacity set by relevant authorities.

Should the COVID-19 outbreak become severe again or an outbreak of a contagious disease occurs that results in restrictions imposed by the Government such that we and/or our customers, suppliers and OEM manufacturers are required to suspend all or part of their business operations, we may experience a delay in supply of our inventories, delays in order fulfilments or termination of orders by our customers. In such an event, our Group's business, financial condition and results of operations may be materially and adversely affected. Our Group's revenue and profitability may also be materially affected if any infectious disease outbreak affect Malaysia's overall economic and market conditions resulting in an economic slowdown and/or negative business sentiments.

While the impact of the COVID-19 pandemic on our Group's business has not been material to-date, there is no assurance that the risks associated with the recurrent outbreak of COVID-19 disease or from the outbreak of any other contagious diseases will not have a material and adverse effect on our Group's business operations in the future.

9.1.5 We are exposed to unexpected operational disruptions in our warehouse, boutiques and departmental store counters which may lead to interruptions in our business operations

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

As at the LPD, we manage and operate 41 boutiques and 82 departmental stores counters across Malaysia which are located at shopping malls and premium outlets in Malaysia to serve our customers, and a warehouse located at Platinum Cheras, Malaysia to store our inventories. Therefore, any material unexpected disruptions in our boutiques, departmental store counters and warehouse that include amongst others, fire, flood, prolonged power outages, IT system failures, break-ins or outbreak of diseases may affect our Group's retail operations and distribution of inventories to our boutiques, departmental store counters and customers. There are also other risks such as natural disasters, riots, general strikes, acts of terrorism and other risks that cannot be reasonably insured against.

Save for the various movement restriction orders imposed by the Government previously to curb the spread of COVID-19 virus, our Group has not encountered any material operational disruption in our warehouse, boutiques, and departmental store counters which has led to interruptions in our business operations for the FYE Under Review.

9.1.6 We rely on external third-party logistics and courier service providers for the delivery of our products from our warehouse to our boutiques, departmental store counters and online customers

We engage third-party logistics and courier service providers for the delivery of our Group's products from our warehouse to our boutiques, departmental store counters and online customers. In the event of any disruption arising from these external logistics and courier service providers (such as unexpected breakdown of vehicle fleet or accidents) and should we be unable to arrange for other alternative delivery options in a timely manner, our ability to effectively deliver our Group's products to our boutiques, departmental store counters and online customers may be affected. Consequently, we may receive complaints from our customers and departmental mall operators as a result of such delays which will adversely affect our Group's market reputation and business performance in the future.

As at the LPD, we have not experienced any material disruption for the delivery of our Group's products to our boutiques, departmental store counters and online customers. Although there are many external logistics and courier service providers in the market to offer their transportation and delivery services to us, however, there can be no assurance that when such incidents happen, it will not have an adverse effect on our operations and reputation.

9.1.7 We face counterfeit products risk

Most of our Group's products are designed and developed in-house. However, we also work closely with suppliers and OEM manufacturers in the continuous process of designing and developing of our Group's new products. For example, suppliers and OEM manufacturers can provide their product design of women's handbags, footwear and accessories for our review and consideration. If we accept their product design, we will request for product prototype for our assessment. Once the product prototype is accepted by us, we will issue purchase orders to suppliers and OEM manufacturers and the suppliers and OEM manufacturers are prohibited from reselling the same product design to their other customers.

To avoid any imitation and infringement, our Group also take precautionary steps and actions to safeguard our product designs and trademark rights. If we fail to take legal action on a timely basis, there is a possibility that the imitations of our Group's products may be widely distributed and sold in the markets. This may consequently reduce demand for our Group's products, which will in turn adversely affect our Group's business and performance and undermine our marketing efforts in building our brand recognition. In addition, customers who inadvertently purchase these counterfeit products from third parties may be disgruntled by the inferior quality of such products, and may tarnish the reputation of our Group and our brand image.

Nonetheless, there can be no guarantee that third parties will not copy, produce and sell an inferior replica of our Group's products via counterfeit products and sell them through other third distribution channels.

9.1.8 We are dependent on our ability to hire, train, manage and retain sales promoters

We operate in the women fashion industry for handbags, footwear and accessories. The pre-requisite skills and product knowledge of our sales promoters to provide personal and attentive customer service is crucial to our Group's retail operations. Our sales promoters are the first point of contact with our cash and carry customers. Therefore, they play an important role, as our customers' first impression on our Group's products and brands should start from them. In this challenging retail environment, customers are expecting convenience and personalised retail experience from sales promoters. As online shopping continues to grow, sales promoters at physical retail points will play a key role in fostering an offline connection with our customers. Therefore, our sales promoters are not only responsible for processing transactions and providing good customer service, but also crucial to form connections and building relationships with our customers to encourage them to return for more purchases in the future. Currently, we manage and operate 123 physical retail points and we require large number of sales promoters to serve our customers at these retail points.

Our ability to hire, train, manage and/or retain sufficient sales promoters with good customer service experience is crucial to our Group's retail operations. As at the LPD, we have employed 282 sales promoters and they are trained to be equipped with good product knowledge and provide good customer service experience to serve our customers at our Group's retail points. If we fail to hire, train, manage and/or retain sufficient sales promoters, it will affect our Group's retail operations and have a negative impact on our Group's reputation, operation, and financial performance.

9.1.9 We are dependent on our Executive Directors and key senior management for continual growth of our Group's business

Our Group's continual success will depend, to a significant extent, upon the abilities and continued efforts of our Group Managing Director, Executive Director as well as our Group's key senior management (as set out Section 5.4 of this Prospectus), each of them has more than 10 years of experience with extensive and in-depth knowledge and insights of our Group's operations and the industry in which our Group operates. Therefore, the loss of any of our Executive Directors or member(s) of key senior management may adversely affect our Group's continued ability to compete and grow in the industry.

If we are unable to recruit suitable experienced personnel to replace the loss of any of our Executive Directors and/or member of key senior management, on a timely manner, may have adverse effect on our Group's business, financial performance and prospects. There is no guarantee that we will be able to retain or recruit talents who possess the requisite expertise and experience within a reasonable period of time. In the event that we fail to retain these experienced individuals or encounter issues in recruitment, our Group's business operations, financial health, and overall performance could be materially and adversely affected.

9.1.10 We are subject to IT systems malfunctions and cyber-attack which may affect our Group's business and operations

We utilise various IT systems comprising designing software, ERP, CRM, POS systems, database and servers to manage our Group's operations processes, from product design, inventory control, stock movement and management, CRM and loyalty programme, delivery management, retail and online point of sales, to financial management. We also rely on our IT systems to be connected and continuously communicating with each other to ensure smooth operations across all departments. Any malfunctions of our IT systems, whether from computer software, hardware, or network connections may cause interruption in our Group's operations. Therefore, the ability of our IT systems to operate efficiently and uninterrupted is crucial for our operations.

As part of our Group's retail business, we also collect, maintain, transmit and store customers' data, including their personal identification and confidential information (including credit card information). Therefore, we may face cyber security attacks or unauthorised personnel to gain access to sensitive and confidential information or monetary funds from and/or through our systems. As such, we have adopted IT security measures by installing antivirus and malware software throughout our IT systems to safeguard customers' personal and confidential information.

For the FYE Under Review and up to LPD, we did not experience any material disruption to our IT infrastructure or online website that has a material adverse impact on our Group's operations. Although we have implemented IT security measures to ensure our IT systems are operating efficiently and uninterrupted, cyber-attacks from external parties may violate application privacy, data security, and subsequently expose us to litigation risk and other possible liability, adverse publicity, and customers' loss of confidence in our products and services. There can be no assurance that when this occurs, it will not have a material and adverse effect on our business, operations, financial conditions, and reputation.

9.1.11 Our insurance coverage may not adequately protect us against unforeseeable and uncontrollable events

We maintain insurance policies to mitigate a variety of risks that are relevant to our Group's business and operational needs which, include amongst others, to protect our employees, assets and inventories from fire, burglary and theft, loss of money, public liability, product liability, accident, medical claims, etc. While we maintain several insurance policies, there can be no assurance that any insurance proceeds we receive would be sufficient to cover expenses relating to insured losses or liabilities. In addition, our insurance premiums and deductibles may increase or experience reduced coverage and additional or expanded exclusions in relation to our existing insurance policies.

For the FYE Under Review, our Group has not encountered any incidents where we have submitted major insurance claims that has affected our business operations.

9.1.12 We are exposed to certain security risks in connection with the cash management in our boutiques operations and inventory theft

Due to the nature of our Group's business, 36.53%, 30.58% and 30.37% of the retail transactions at our boutiques were transacted in the form of cash for the FYE Under Review. As some of our cash and carry customers' purchases are settled via cash, we are exposed to the risk of security issues which may include amongst others, cash mismanagement, robbery, theft or pilferage. Separately, our products are also stored or displayed at our warehouse and boutiques and thus, we are also vulnerable to inventory theft.

There is no assurance that our cash management policy or insurance coverage will be sufficient to protect us from such risks which, if substantial in the aggregate, could have an adverse effect on our Group's business, financial condition and results of operations. Further, incidents involving a breach of the security at our boutiques and departmental store counters could result in financial loss to our Group.

For the FYE Under Review and up to LPD, we have not experienced any material cash mismanagement, pilferage, theft or inventory theft which has a material adverse impact on our Group's financial performance. However, there can be no assurance that such risks will not happen in the future, which may have an impact on our Group's business and financial performance and conditions.

9.1.13 We may not be able to successfully implement our business strategies and future plans

As set out in Section 4.9 of this Prospectus, we intend to construct a new flagship boutique as well as undertake continual refurbishment of boutiques and departmental store counters and maintenance of IT infrastructure of our Group. The implementation of these future plans is subject to additional expenditure including construction, refurbishment and upkeep expenses, which are expected to be funded via the proceeds from our IPO. Such additional expenditures will increase our Group's operating costs and may adversely affect our Group's financial performance if we are unable to generate sufficient revenue following the implementation of these future plans.

While our Group may rely on the experience and expertise of our Group Managing Director, Executive Director and key senior management, there is no assurance that we will be able to successfully implement our expansion plans in the future; that the execution of our Group's future plans will increase our Group's profitability in the future, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these future plans, which may adversely affect our Group's earnings growth, future results of operations and prospects.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Changes in consumers preferences and trends

We are a retailer of women's handbags, footwear and accessories under the Carlo Rino and C.Rino (eyewear only) brands. Our Group's future growth is dependent on our ability to continue attracting existing and new customers to shop at our boutiques, departmental store counters and e-commerce platforms. Sales of our Group's products are subject to certain risks associated with, amongst others, changes in fashion trends and consumers' preferences, rising competition and new entrants, threat of substitutes, rising operational costs, and decrease in brand loyalty.

As a retailer of women's handbags, footwear and accessories, we adopt global trends in fashion industry to provide customers with products that are in-tuned with current trends. While we stay abreast with the latest trends in the women fashion industry via following famous fashion designers and influencers on their social media platforms to get ideas on what is trendy, observing celebrities on their fashion styles at important events, read fashion magazines to get updates on latest trends, and check out on current runway collections and fashion shows to understand what new fashions are upcoming into the markets, however, there can be no assurance that we will be able to identify and/or respond to any changes in trends and preferences of our customers in a timely manner, which may have an adverse impact to our Group's business, financial performance and prospects.

Consumers demands and preferences are everchanging and our Group's growth is greatly dependent on our D&D personnel's ability to come up with new designs frequently to cater for the fast-changing changes in the fashion industry (i.e., design, develop and produce a variety of new products for our targeted customers). The inability of our D&D personnel to identify the latest fashion trends as well as consumer preferences, needs and expectations may result in our Group losing out on sales opportunities to compete with other fashion brands in the market.

9.2.2 We face competition

Our Group faces competition from other fashion retailers of women's handbags, footwear and accessories, be it our existing competitors or new entrants seeking to penetrate into markets that our Group operates in. Our competitors may possess more experience, wider network of suppliers and customers, greater financial capability and other resources and better marketing efforts which enable them to capture a larger market share than us. Some of our competitors may also be more aggressive in their product pricing to attract and capture their market share or may have lower operational cost, which would enable them to pass on the cost savings to their customers. This may lead to an increased pressure on our Group to maintain competitiveness by lowering the prices of our products which eventually will erode our profit margins. There can be no assurance that our Group's performance will not be affected by competition and that we will be able to compete successfully against existing or new competitors in the future. Increased competition may result in lower profits as well as reduced profit margins, loss of market share and/or increased difficulty in market penetration. All of these could adversely affect our Group's operations and financial results.

While we continuously leverage on our Group's competitive strengths and marketing strategies and promptly adapt to market conditions to enable us to remain competitive in the future, there is no assurance that we are able to compete effectively with our competitors.

9.2.3 We are subject to changes on political, economic and government policies risks which may impact on our business prospects and operations

Like all other business entities, adverse developments in political, economic and government policies in Malaysia, may materially and adversely affect the results and business prospects of our Group. Amongst the political, economic and government policies are changes in inflation rates, taxation rates and policies, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' initiatives and policies such as licencing and environmental regulations.

We strive to continue to take measures such as cost control and operating procedures, expanding customer and market base and prudent financial management to mitigate such risk. However, there can be no assurance that adverse political, economic and government policies will not materially affect our Group's business in the future.

We have not in the past experienced any severe restrictions on our conduct of business. However, there is no assurance that any adverse political, economic and regulatory changes in Malaysia, which are beyond our control, would not have an adverse impact on our ability to conduct business and future financial performance.

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9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares on the ACE Market and it is uncertain whether a sustainable market for our Shares on the ACE Market will ever develop

Prior to the Corporate Exercise and our IPO, there is no prior public market for our Shares on the ACE Market. Accordingly, there is no assurance that upon completion of the Corporate Exercise and our IPO, an active market for our Shares on the ACE Market will develop or if developed, that such a market will be sustainable. In addition, there is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

9.3.2 The trading price and trading volume of our Shares following our Listing may be volatile

The market price of our Shares upon completion of the Corporate Exercise and our IPO, like all listed securities on Bursa Securities, may be subject to significant price fluctuations and frequent volatility that have not been experienced by our shareholders while we are listed on the LEAP Market.

The market prices of our Shares may fluctuate and be influenced by, amongst others, the prevailing market sentiments; the volatility of the stock markets; movements in interest rates; outlook of the macroeconomic condition of the country and industry in which our Group operates in; our Group's financial performance; vagaries of market forces and other uncertainties; some of which are not within our control and may be unrelated or disproportionate to our Group's financial results. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.3 Potential immediate paper loss of holding our Shares upon completion of the Corporate Exercise and our IPO

The IPO Price is determined after taking into consideration of various factors disclosed in Section 4.6 of this Prospectus and these factors could cause our share price to fluctuate which may adversely affect the market prices of our Shares. In view of this, there can be no assurance on the following:

(i) the IPO price will be the same or higher than our share price as traded on the LEAP Market;

(ii) our Shares will trade at or above the IPO Price upon our listing on the ACE Market; and/or

(iii) that our Shares, upon listing on the ACE Market, will trade at a price above our share price on the LEAP Market.

If the IPO Price is below our share price traded on the LEAP Market or our Shares, upon or after the completion of the Corporate Exercise and our IPO, are traded at a price below our share price on the LEAP Market or the IPO Price, our existing shareholders will face an immediate paper loss and may not be able to recover their investment cost in our Shares immediately.

9.3.4 Our Transfer of Listing is exposed to the risk that it may be aborted or delayed

Our Transfer of Listing may be aborted or delayed should any of the following occurs:

(a) the selected investors fail to subscribe for their portion of our IPO Shares;

(b) the Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and

(c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Transfer of Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of section 243(2) of the CMSA will apply.

If our Transfer of Listing is aborted and/or terminated and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules. Such cancellation requires the approval of our shareholders by special resolution in a general meeting, with the sanction of the High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and Registrar of Companies within 7 days of the date of the special resolution and our Company meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.4 OTHER RISKS

9.4.1 Our Promoter, major shareholders and person connected with them will be able to exert significant influence over our Company

Our Promoter, major shareholders and persons connected with them will collectively hold approximately 73.30% of our enlarged share capital upon completion of the Corporate Exercise and our IPO. Because of the size of their shareholdings, our Promoter, major shareholders and persons connected with them will have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless our Promoter, major shareholders and persons connected with them are required to abstain from voting by law and/or as required by the relevant authorities.

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10. RELATED PARTY TRANSACTIONS

10.1 Related party transactions

Under the ACE LR, a "**related party transaction**" is a transaction entered into by a listed corporation or its subsidiaries which involves the interest, direct or indirect, of a related party. A "**related party**" of a listed issuer (not being a special purpose acquisition company) is:

(a) a director, having the meaning given in subsection 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company; or

(b) a major shareholder and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiaries or holding company and has or had an interest or interests in 1 or more voting shares in a corporation and the number or aggregate number of those shares, is:

 (i) 10% or more of the total number of voting shares in the corporation; or

 (ii) 5% or more of the aggregate of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or

(c) a person connected with such director or major shareholder.

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10. RELATED PARTY TRANSACTIONS *(CONT'D)*

10.1.1 Our Group's related party transactions

Save as disclosed below, there are no other material related party transactions entered into by our Group which involve the interest, direct or indirect, of our Directors and major shareholders and/or persons connected with them for the FYE Under Review and from 1 July 2023 up to the LPD:

Transacting parties	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		From 1 July 2023 up to the LPD	
			RM	%(1)	RM	%(1)	RM	%(1)	RM	%(1)
CRG and BIH	Our major shareholder, CSS, is also the sole shareholder of BIH.	Amount paid and payable by our Company to BIH under licensing arrangement.	30,713(2)	0.17	62,385(2)	0.40	207,356(3)	1.34	-(4)	-
CRG and Luxury Parade Sdn. Bhd. ("**LPSB**")	• Our major shareholder, CSS, is also a Director and major shareholder of Bonia Corporation (which is the holding company of LPSB). • Our major shareholders, BHSB and FTSB, are also major shareholders of Bonia Corporation (which is the holding company of LPSB).	Payment of security fees by our Company to LPSB.(5)	81,984	0.44	20,496	0.13	-	-	-	-
CRV and PASB	Our major shareholder, CSS, is also a major shareholder of PSSB which is the registered owner of the units rented by CRV from PASB.	Rental fees paid and payable by CRV (tenant) to PASB for tenancy of our head office located on 2nd Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, 56000 Kuala Lumpur.(6)	593,367	3.22	578,584	3.73	622,818	4.02	468,954	-(7)

10. RELATED PARTY TRANSACTIONS *(CONT'D)*

Notes:

(1) Calculated based on our Group's total general and administrative expenses for each of the respective reporting periods.

(2) It involved payments under the MLA 2018, wherein our Company was granted the sole and exclusive rights to use Carlo Rino trademark worldwide (except Malaysia) for women's handbags, accessories, shoes and apparel; Carlo Rino trademark worldwide for cosmetics and timepiece; and CR2 trademark worldwide for women's handbags, shoes and accessories, cosmetics, timepieces and apparel, for a non-refundable fixed annual fee or a pre-determined percentage on sales value of licensed products (payable on monthly basis), whichever is higher. The fixed annual fee was payable on 1 April of each year throughout the licensed period. The MLA 2018 was for a tenure of 10 years, commenced from 1 April 2018 to 31 March 2028. The MLA 2018 was terminated and superseded by the MLA 2023.

(3) For FYE 2023, it involved payment under MLA 2018 (which covers period from 1 July 2022 to 31 March 2023) and an annual fee under MLA 2023 (which covers period from 1 April 2023 to 30 March 2024).

(4) As the fee payable from the sales value of licensed products from 1 July 2023 up to the LPD is still below the annual fee under MLA 2023 which was paid during FYE 2023, no other payment was recorded for the period under review.

(5) Joint securities management for the security services for our warehouse located at Block C of Platinum Cheras, Jalan Cheras Zen 1A, Taman Cuepacs, Cheras, 43200 Selangor Darul Ehsan, which has ceased since 30 September 2021 upon the formation of the joint management body which consist of representative of each owner of properties located thereon. A monthly maintenance fee and sinking fund is payable to the joint management body for all services rendered for the warehouse.

(6) CRV has an existing tenancy arrangement with PASB for all units at 2nd Floor of Ikon Connaught which is valid until 31 July 2026. PASB, which is the main tenant of Lower Ground and Level 1 and 2 of Ikon Connaught, rented the property from PSSB which is the landlord. PSSB is a company in which CSS (a major shareholder of our Company) is a major shareholder. The directors and shareholders of PASB are not related to any of the Directors and major shareholders of our Company and/or persons connected with them.

(7) The percentage of the related party transaction is not able to be ascertained as our Group's audited financial statements for 1 July 2023 up to the LPD is not available.

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10. RELATED PARTY TRANSACTIONS *(CONT'D)*

Our Directors (save for DSCFY) are of the opinion that all the subsisting related party transactions outlined above were transacted on an arm's length basis; on terms not more favourable to the related party than those terms transacted with other third parties; and are not detrimental to our non-interested shareholders, based on the following consideration:

(i) the payment to BIH under licensing agreement is comparable with fee payable pursuant to other similar licensing arrangement entered into by our Group with third party; and

(ii) rental fee payable to related party is based on prevailing market rental rate.

Our Directors confirmed that there are no material related party transactions that have been entered by our Group but not yet effected up to the date of this Prospectus.

Moving forward, our Audit & Risk Management Committee is responsible for the review of all related party transactions. In order to ensure that related party transactions are undertaken on arm's length basis and on terms not more favourable to the related party than those terms transacted with other third parties, our Company has established the following procedures:

(i) in assessing a related party transaction or recurrent related party transaction ("**RRPT**"), the following factors (including without limitation) will be considered:

- the business reasons for our Company or subsidiaries to enter into the transaction;
- the commercial reasonableness of the terms and conditions of the transaction;
- the materiality of the transaction to our Group, and the percentage ratio of the transaction;
- the terms of the transaction and whether the terms of the transaction are at arm's length, on terms not more favourable to related party(ies) than those generally available to the public, is not to the detriment of the minority shareholders and/or would apply on the same basis if the transaction did not involve a related party;
- the extent of the related party's interest (if any) in the transaction,
- the actual and apparent conflict of interest of the related party participating in the transaction; and
- the control put in place to manage and mitigate conflict of interest (if any);

(ii) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related party(ies) are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities; or

(iii) in the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on the margin/price transacted for other similar product/services and the transaction price will be reviewed taking into account the prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure the related party transactions or the RRPTs are not detrimental to our Group.

After our Transfer of Listing and in accordance with the ACE LR, our Board may seek a general mandate from our shareholders to enter into RRPTs. Such shareholders' mandate will enable our Group to enter into such RRPTs which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such RRPTs as and when they are entered into. The interested Directors, major shareholders and/or persons connected with them shall abstain from voting on resolutions pertaining to such RRPTs.

In accordance with the ACE LR, a related party transaction may require the prior approval of our shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the non-interested shareholders are concerned, and whether the transaction is to the detriment of non-interested shareholders. In such instances, the independent adviser shall also advise the non-interested shareholders on whether they should vote in favour of the transaction.

For a related party transaction that requires prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in such related party transactions shall abstain from deliberation and/or voting on resolutions pertaining to the respective transactions. Such interested Directors and/or major shareholders shall also undertake to ensure that the person(s) connected with them will abstain from voting on the resolution approving such related party transaction at the general meeting.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate any potential conflict of interest situation, our Audit & Risk Management Committee will, amongst others, supervise and monitor any related party transactions and the terms thereof and report to our Board for further action. If a member of our Audit & Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by our Group.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the FYE Under Review and up to the LPD.

10.2.2 Loans and financial assistance made to / from or for the benefit of related parties

There are no outstanding loans (including guarantees of any kind) made by us and/or any of our subsidiaries to or for the benefit of our shareholders and related parties in respect for the FYE Under Review and up to the LPD.

10.2.3 Promotions of any material assets acquired, disposed, leased or proposed to be acquired, disposed or leased within 3 financial years preceding the date of this Prospectus

Save for arrangement between PASB and PSSB (a company in which our substantial shareholder (i.e., CSS) has an interest) for all units at 2nd Floor of Ikon Connaught which are rented by CRV as our head office as set out in Section 10.1.1, note (6) of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets which had been, within the FYE Under Review, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by our Group.

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10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.3.1 Audit & Risk Management Committee review

Our Audit & Risk Management Committee reviews related party transactions to ensure that there is no conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit & Risk Management Committee periodically reviews the procedures set by our Company to monitor related party transactions and RRPT to ensure that these transactions are carried out on terms not more favourable to the related party or parties than those generally available to the public and are not detrimental to our minority shareholders.

All reviews by our Audit & Risk Management Committee shall be reported to our Board for its further action.

10.3.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions.

In line with the MCCG, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group, and our Audit & Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit & Risk Management Committee will in turn report and make the appropriate recommendations to our Board after its evaluation and assessment.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE CUSTOMERS AND/OR SUPPLIERS OF OUR GROUP

Save as disclosed below, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which carry on a similar trade as our Group or which are the customers or suppliers of our Group:

(i) Involvement of CSS (our major shareholder) in entity which carries on a similar trade as our Group and BHSB (a major shareholder of CRG) is a major shareholder in entity which carries on a similar trade as our Group

CSS, our major shareholder, is the Founder and Group Executive Chairman as well as a major shareholder of Bonia Corporation. Further, BHSB (our major shareholder) is also a major shareholder of Bonia Corporation.

Bonia Corporation Group is principally involved in the product design, manufacturing, marketing, distribution and retail of luxury leather goods, footwear, apparel, accessories and lifestyle products.

After having considered the following, our Board is of the view that our major shareholders' involvement in Bonia Corporation Group does not give rise to any existing or potential conflict of interest with our Group:

(a) Distinct brand image and product differentiation

	Bonia Corporation Group	**Our Group**
Product range	Bags, footwear, accessories, apparels and lifestyle products	Handbags, footwear and accessories
Gender base	Men, women and unisex	Women only
Target market	Upper-middle to high income consumer market segment	Young female working adults between the age of 18 to 35 years old

As set out above:

- though both Bonia Corporation Group and our Group operate in the fashion retail industry, our Group's focus is in the women segment and is distinguished with Bonia Corporation Group which offers products for men, women and unisex segments; and

- our Group's target market is young female working adults between the age of 18 to 35 years old and our Group's products exude youthful, colourful and bode vibe to appeal to our target customer group with young, fun, trendy and stylish products. On the contrary, Bonia Corporation Group's target market is upper-middle to high income consumer market and therefore, its products exude understated luxury with its neutral tones and contemporary vibe. The brand strategy of Bonia Corporation Group has allowed its products to cater for and appeal to different consumer groups from our Company in terms of ages, disposable income levels, fashion tastes and preferences.

(b) other than shareholdings in our Company, CSS does not hold any directorship or executive position in our Group. He is not involved in the day-to-day management of our Group, which may include any deliberation on business strategy, product pricing, merchandising and A&P activities.

Further, none of our Directors and key senior management hold any directorship or position in Bonia Corporation Group and are not involved in the day-to-day management of Bonia Corporation Group.

(c) Both Bonia Corporation Group and our Group are managed by a separate management team. Our Group is led by DSCFY, who has more than 20 years' experience in the fashion industry, and is supported by our key senior management.

(ii) Involvement of CSS (our major shareholder) in BIH

CSS is the sole shareholder of BIH (being the licensor under the MLA 2023).

Our Board is of the view this conflict of interest is mitigated as the MLA 2023 was entered into in the ordinary course of business of our Group, on an arm's length basis, on terms not more favourable to the related party than those terms transacted with other third parties and not detrimental to our Group, as explained in Section 10.1.1 of this Prospectus.

Where there are related party transactions between our Group and our Directors and major shareholders and/or persons connected with them or companies in which our Directors and major shareholders and/or persons connected with them have an interest, our Audit & Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Our Audit & Risk Management Committee will assess the financial risk and matters relating to any potential conflict of interest situation that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity, to ensure that transactions are carried out on terms that are not detrimental to the non-interested shareholders of our Company and in our best interest.

Any future dealings with parties in which our Directors and major shareholders have interest, direct or indirect, will be based on established procedures for related party transactions to ensure that they are carried out on an arm's length basis.

11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTERESTS

(i) TA Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO.

(ii) Olivia Lim & Co has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Due Diligence Solicitors for our IPO.

(iii) BDO PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

(iv) Infobusiness Research has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our IPO.

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12.1 HISTORICAL FINANCIAL INFORMATION

Our Group's historical financial information for the FYE Under Review has been prepared in accordance with MFRS and IFRS. There are no accounting policies which are peculiar to our Group in regard to the nature of the businesses or the industries in which our Group is involved in and there has been no audit qualification on our Group's audited financial statements for the FYE Under Review.

The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Accountants Report" as set out in Sections 12.4 and 14 of this Prospectus, respectively.

12.1.1 Consolidated statements of profit or loss and other comprehensive income

The following table sets out a summary of our Group's audited statements of profit or loss and other comprehensive income for the FYE Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Revenue	76,460	101,787	113,534
Cost of sales	(32,068)	(38,744)	(43,470)
GP	**44,392**	**63,043**	**70,064**
Other operating income	3,324	3,431	3,392
Net gain/(loss) on impairment of financial assets	146	(134)	(228)
Selling and distribution expenses	(20,910)	(20,798)	(24,612)
General and administrative expenses	(18,433)	(15,523)	(15,508)
Finance costs	(596)	(717)	(749)
Share of profit/(loss) of an associate, net of tax	150	(269)	(909)
PBT	**8,073**	**29,033**	**31,450**
Tax expenses	(4,089)	(6,803)	(7,597)
PAT	**3,984**	**22,230**	**23,853**
Other comprehensive (loss)/income, net of tax			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	(14)	6	1
Item that will not be reclassified subsequently to profit or loss			
Fair value adjustment on other investments	-	-	911
Realisation of revaluation reserve on disposal of investment properties	-	-	(806)
Total other comprehensive (loss)/income, net of tax	**(14)**	**6**	**106**
Total comprehensive income attributable to owners of our Company	3,970	22,236	23,959
PAT attributable to owners of our Company	**3,984**	**22,230**	**23,853**
EBITDA(1)	16,993	37,511	40,004
GP margin (%)(2)	58.06	61.94	61.71
PBT margin (%)(3)	10.56	28.52	27.70
PAT margin (%)(4)	5.21	21.84	21.01
Effective tax rate (%)(5)	50.65	23.43	24.16
Number of Shares assumed in issue ('000)(6)	977,517	977,517	977,517
Basic and diluted EPS (sen)(7)	0.41	2.27	2.44

Notes:

(1) The table below sets forth a reconciliation of our Group's PBT to EBITDA:

	Audited		
	FYE 2021	***FYE 2022***	***FYE 2023***
	RM'000	***RM'000***	***RM'000***
PBT	**8,073**	**29,033**	**31,450**
Adjusted for:			
Depreciation of property, plant and equipment	2,252	1,997	2,208
Depreciation of right-of-use assets	6,553	6,254	6,314
Interest expenses	596	717	749
Interest income	(481)	(490)	(717)
EBITDA	**16,993**	**37,511**	**40,004**

EBITDA presented in this Prospectus is a supplemental measure of our Group's performance and liquidity that are not required by or presented in accordance with IFRS and MFRS. Further, EBITDA is not a standardised term and hence, direct comparisons of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

(2) Computed based on total GP divided by total revenue.

(3) Computed based on total PBT divided by total revenue.

(4) Computed based on total PAT attributable to owners of our Company divided by total revenue.

(5) Computed based on total tax expenses divided by total PBT.

(6) Being our enlarged share capital of 977,517,100 Shares upon completion of our IPO.

(7) Computed based on PAT attributable to owners of our Company divided by our enlarged share capital upon completion of our IPO. The diluted EPS is equal to the basic EPS as we do not have any outstanding convertible securities.

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12.1.2 Consolidated statements of financial position

The following table sets out a summary of our Group's audited statements of financial position as at 30 June 2021, 2022 and 2023:

	Audited		
	As at 30 June		
	2021	2022	2023
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	22,470	23,479	40,368
Right-of-use assets	14,146	18,037	15,342
Goodwill	20	-	-
Investment properties	4,800	4,800	-
Investment in an associate	4,453	4,185	-
Other investments	-	-	4,767
Deferred tax assets	1,032	1,405	1,281
	46,921	**51,906**	**61,758**
Current assets			
Inventories	9,589	11,120	14,520
Trade and other receivables	10,761	19,618	8,800
Current tax assets	195	327	155
Cash and bank balances	39,601	47,321	60,864
Short term funds	5,711	5,815	2,936
	65,857	**84,201**	**87,275**
TOTAL ASSETS	**112,778**	**136,107**	**149,033**
EQUITY AND LIABILITIES			
Share capital	68,000	68,000	68,000
Exchange translation reserve	(256)	(250)	(250)
Revaluation reserve	806	806	-
Fair value reserve	-	-	911
Retained earnings	3,562	21,764	31,519
TOTAL EQUITY	**72,112**	**90,320**	**100,180**
LIABILITIES			
Non-current liabilities			
Borrowings	12,012	10,568	18,598
Lease liabilities	11,610	14,049	11,929
Deferred tax liabilities	50	50	9
Provision for restoration costs	590	1,204	1,135
	24,262	**25,871**	**31,671**
Current liabilities			
Trade and other payables	9,083	10,418	8,987
Borrowings	1,024	1,043	1,103
Lease liabilities	5,246	5,705	5,452
Provision for restoration costs	259	287	342
Current tax liabilities	792	2,463	1,298
	16,404	**19,916**	**17,182**
TOTAL LIABILITIES	**40,666**	**45,787**	**48,853**
TOTAL EQUITY AND LIABILITIES	**112,778**	**136,107**	**149,033**

12.1.3 Consolidated statements of cash flows

The following table sets out the summary of our Group's audited statements of cash flows for the FYE Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
PBT	8,073	29,033	31,450
Adjustments for:			
Depreciation of property, plant and equipment	2,252	1,997	2,208
Depreciation of right-of-use assets	6,553	6,254	6,314
Fair value loss/(gain) on short term funds	Neg	(51)	(113)
Gain on dilution of equity interest in an associate	(302)	-	(580)
Gain on disposal of:			
- investment properties	-	-	(1,856)
- property, plant and equipment, net	-	(3)	(4)
Gain on reassessments and modifications of leases	(594)	(918)	-
Impairment losses on:			
- trade and other receivables	6	215	241
- other investments	4,483	-	-
- property, plant and equipment	524	-	-
- right-of-use assets	1,505	-	-
- goodwill	-	20	-
Reversal of impairment losses on:			
- trade and other receivables	(152)	(81)	(13)
- right-of-use assets	-	(9)	-
Interest expenses	592	620	642
Interest income	(481)	(490)	(717)
Other receivable written off	-	2	1
Property, plant and equipment written off	3	1	3
Lease concessions	(975)	(984)	(39)
Share of (profit)/loss of an associate, net of tax	(150)	269	909
Unrealised loss/(gain) on foreign exchange, net	63	(120)	(17)
Unwinding of discount on provision for restoration costs	5	97	107
Operating profit before changes in working capital	**21,405**	**35,852**	**38,536**
Changes in working capital:			
Inventories	33	(1,530)	(3,400)
Trade and other receivables	(1,322)	(8,878)	10,590
Trade and other payables	(468)	976	(2,209)
Cash generated from operations	**19,648**	**26,420**	**43,517**
Tax paid	(4,013)	(5,641)	(8,456)
Tax refunded	10	4	-
Net cash from operating activities	**15,645**	**20,783**	**35,061**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of interests in an associate	(4,001)	-	-
Acquisition of other investment	(4,483)	-	-
Interest received	481	490	717
(Placement)/Withdrawal of short term funds	(107)	(53)	2,991
Proceeds from disposal of investment properties	-	-	5,800
Proceeds from disposal of property, plant and equipment	-	4	5
Purchase of property, plant and equipment	(848)	(2,649)	(18,323)
Net cash used in investing activities	**(8,958)**	**(2,208)**	**(8,810)**

12. FINANCIAL INFORMATION *(CONT'D)*

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(15)	(9)	(5)
Dividends paid	(4,028)	(4,028)	(14,099)
Payments of leases liabilities	(5,762)	(5,402)	(6,690)
Repayments of terms loans	(893)	(1,436)	(3,480)
Drawdowns of term loans	11	11	11,550
Net cash used in financing activities	**(10,687)**	**(10,864)**	**(12,724)**
Net (decrease)/increase in cash and cash equivalents	**(4,000)**	**7,711**	**13,527**
Effects of exchange rate changes on cash and cash equivalents	(16)	9	16
Cash and cash equivalents at beginning of financial year	43,617	39,601	47,321
Cash and cash equivalents at end of financial year	**39,601**	**47,321**	**60,864**
Cash and cash equivalents consist of:			
Cash and bank balances	37,851	34,921	37,129
Deposits with a licensed bank	1,750	12,400	23,735
	39,601	**47,321**	**60,864**

Note:
Neg Negligible.

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12.2 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group, to show the effects of the Public Issue and the use of proceeds from the Public Issue.

The pro forma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' report together with the notes and assumptions accompanying the Pro forma Consolidated Statements of Financial Position as set out in Section 13 of this Prospectus.

	(Audited)	(I)	(II)	(III)
	As at 30 June 2023	After subsequent events(1)	After (I) and the Public Issue	After (II) and the use of proceeds from the Public Issue
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	40,368	40,368	40,368	40,368
Right-of-use assets	15,342	15,342	15,342	15,342
Other investments	4,767	4,767	4,767	4,767
Deferred tax assets	1,281	1,281	1,281	1,281
	61,758	**61,758**	**61,758**	**61,758**
Current assets				
Inventories	14,520	14,520	14,520	14,520
Trade and other receivables	8,800	8,800	8,800	8,800
Current tax assets	155	155	155	155
Cash and bank balances	60,864	52,807	[•]	[•]
Short term funds	2,936	2,936	2,936	2,936
	87,275	**79,218**	**[•]**	**[•]**
TOTAL ASSETS	**149,033**	**140,976**	**[•]**	**[•]**
EQUITY AND LIABILITIES				
Share capital	68,000	68,000	[•]	[•]
Exchange translation reserve	(250)	(250)	(250)	(250)
Revaluation reserve	-	-	-	-
Fair value reserve	911	911	911	911
Retained earnings	31,519	23,462	23,462	[•]
TOTAL EQUITY	**100,180**	**92,123**	**[•]**	**[•]**
LIABILITIES				
Non-current liabilities				
Borrowings	18,598	18,598	18,598	18,598
Lease liabilities	11,929	11,929	11,929	11,929
Deferred tax liabilities	9	9	9	9
Provision for restoration costs	1,135	1,135	1,135	1,135
	31,671	**31,671**	**31,671**	**31,671**

	(Audited)	(I)	(II)	(III)
	As at 30 June 2023	After subsequent events[(1)]	After (I) and the Public Issue	After (II) and the use of proceeds from the Public Issue
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Trade and other payables	8,987	8,987	8,987	8,987
Borrowings	1,103	1,103	1,103	1,103
Lease liabilities	5,452	5,452	5,452	5,452
Provision for restoration costs	342	342	342	342
Current tax liabilities	1,298	1,298	1,298	1,298
	17,182	**17,182**	**17,182**	**17,182**
TOTAL LIABILITIES	**48,853**	**48,853**	**48,853**	**48,853**
TOTAL EQUITY AND LIABILITIES	**149,033**	**140,976**	**[•]**	**[•]**
No. of Shares in issue ('000)	805,651	805,651	977,517	977,517
NA per Share (RM)[(2)]	0.12	0.11	[•]	[•]
Gearing (times)[(3)]	0.20	0.21	[•]	[•]
Current ratio (times)[(4)]	5.08	4.61	[•]	[•]

Notes:

(1) After accounting for the following events subsequent to FYE 2023:

- *single tier interim dividend of 0.5 sen per Share in respect of FYE 2024 with an entitlement date and payment date of 1 September 2023 and 15 September 2023, respectively; and*
- *single tier interim dividend of 0.5 sen per Share in respect of FYE 2024 with an entitlement date and payment date of 8 March 2024 and 20 March 2024, respectively.*

(2) Computed based on total equity divided by number of Shares in issue.

(3) Computed based on total borrowings (i.e., borrowings and lease liabilities owing to financial institutions) divided by total equity.

(4) Computed based on total current assets divided by total current liabilities.

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12.3 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness as at 31 January 2024 and adjusting for the effect of the Public Issue and the use of proceeds from the Public Issue.

The pro forma financial information below does not represent our Group's capitalisation and indebtedness as at 31 January 2024 and is provided for illustrative purpose only.

	Unaudited as at 31 January 2024	**As adjusted after Public Issue and use of proceeds**
	RM'000	**RM'000**
Indebtedness		
Current		
Secured and guaranteed		
- Term loans	840	840
- Lease liabilities *(1)*	36	36
Non-current		
Secured and guaranteed		
- Term loans	7,230	7,230
	8,106	8,106
Current		
Not secured and not guaranteed		
- Lease liabilities *(2)*	6,065	6,065
Non-current		
Not secured and not guaranteed		
- Lease liabilities *(2)*	15,272	15,272
	21,337	21,337
Total indebtedness	**29,443**	**29,443**
Total capitalisation	**106,843**	**[•]**
Total capitalisation and indebtedness	**136,286**	**[•]**
Gearing ratio (times) *(3)*	0.08	[•]

Notes:

(1) Being lease liabilities owing to a financial institution.

(2) Being lease liabilities arising in relation to the lease of boutiques and head office of our Group.

(3) Computed based on total indebtedness (excluding lease liabilities arising in relation to the lease of boutiques and head office of our Group) divided by total capitalisation.

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12.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Group's financial condition and results of operations should be read together with the Accountants' Report and related notes as set out in Section 14 of this Prospectus.

This discussion and analysis contains data derived from our consolidated financial statements as well as forward-looking statements that reflect our views with respect to future events and our Group's future financial performance. Actual events and results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

12.4.1 Overview of our business operations

We have 2 operating segments as summarised below:

(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 the FYE Under Review, retailing segment is the main revenue contributor to our Group with revenue contribution at 99.64%, 99.72% and 99.94%, respectively, and generates sales via the following sale channels:

Boutique	Departmental store	E-commerce platforms
We sell a wide range of women's handbags, footwear, and accessories under the brands of Carlo Rino and C.Rino (eyewear only) at 36 boutiques in shopping malls and 5 premium outlets in Malaysia as at the LPD, which were rented by our Group.	We consign our Carlo Rino range of women's handbags, footwear, and accessories to 82 departmental store counters in Malaysia as at the LPD, such as AEON, Isetan, Parkson, SOGO, GAMA, The Store, and Pacific Group. Sales from end-customers generated through 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 products sold.	We promote and sell our range of women's handbags, footwear, and accessories on our own online platform at https://www.carlorino.net as well as various third-party e-commerce platforms such as Zalora, Lazada, Shopee and TikTok Shop in Malaysia.

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

(ii) Investment and management services – investment holding of securities and properties and provision of management services.

This segment, which contributes less than 1% of our Group's total revenue for the FYE Under Review, refers to the rental income from our investment property located in Desa Tun Razak, Cheras, which was later disposed of on 20 April 2023.

Please refer to Section 7 of this Prospectus for our Group's detailed business overview.

12.4.2 Significant factors affecting our Group's financial condition and results of operations

Our Group's financial condition and results of operations have been, and are expected to be affected by, amongst others, the principal factors set out below:

(i) Dependency on our brand and reputation

Our Carlo Rino brand, logo and trademark have brand value and recognition that have contributed significantly to the growth and success of our Group's business. Our brand is essential for our continued ability to attract consumers to visit and shop at our boutiques, purchase our products via our own online platform and third party e-commerce platforms, and to maintain our relationships with suppliers, shopping mall operators and landlords. However, occurrence of events which draw negative publicity may impact our Carlo Rino brand, deter consumers from shopping with us, and discourage suppliers from conducting business with us. Examples of such events include incidents relating to product quality, business practice as well as perception from the general public and customers which are beyond our control.

The occurrence of negative events could lead to decreased trust and confidence in our products, reduced demand for our products and adversely affect our business, financial performance and prospects.

(ii) Demand for our Group's products

The demand for our Group's products is dependent on the market sentiment, our ability to design products which are in line with the latest fashion trends and our capability of pricing our products competitively as well as appropriately and timely carrying out A&P activities. Consumers are generally receptive to the frequently changing fashion trends, resulting in relatively shorter product lifecycles for women's footwear and handbags.

According to the IMR Report, the market for women's footwear in Malaysia is forecasted to grow at a healthy CAGR of 9.0% between 2022 and 2027, from RM3.91 billion in 2022 to RM6.00 billion in 2027. Further, the market for women's handbags in Malaysia is projected to grow at a CAGR of 7.1% between 2022 and 2027, from RM3.09 billion in 2022 to RM4.34 billion in 2027, whereas the market for accessories is projected to grow at a CAGR of 7.9% for the same period from RM16.09 billion to RM23.49 billion.

We believe our Group is well positioned to capitalise on the continued growth of women's footwear and handbags markets in Malaysia as these have been and are our product focus. By leveraging on our D&D capability (in identifying trends, creating new design and SKUs that meet consumer needs and preferences in a timely manner) as well as sales and marketing initiatives in increasing brand awareness, we anticipate that demand for our women's footwear and handbags will continue to grow.

(iii) Competition

Our Group's financial condition and results of operations will be affected by our ability to address the competitive pressures in the industry in which we operate. Our Group faces competition from other women's footwear and handbag industry players, be it existing competitors or new competitors seeking to penetrate markets which our Group operates in. Increased competition may result in lower profit as well reduced profit margins, loss of market share and/or increased difficulty in market penetration. All of these could adversely affect our Group's operations and financial results.

We can leverage on our D&D capability in identifying trends and creating new designs and SKUs that meet consumer needs and preferences in a timely manner; sales and marketing initiatives in increasing brand awareness; and executive leadership from our Group Managing Director to steer our Group through the competitive landscape in which our Group operates in.

(iv) General economic conditions and consumer spending in Malaysia

Malaysia is the principal market for our business, which accounted for more than 99% of our Group's total revenue for the FYE Under Review. Further, as at the LPD, we operate 36 boutiques, 5 premium outlets and 82 departmental store counters in Malaysia. As a result, our Group's business depends on, and will continue to depend on, Malaysian consumer spending, general state of the Malaysian economy and the tax regime in Malaysia.

Our Group's business is dependent on consumer spending patterns which could be affected by numerous factors such as market performance, inflation and unemployment rates, fluctuation of income levels, consumer preferences and brand loyalty.

The market performance is largely driven by economic trends, such as disposable income, consumer confidence and consumer spending. With greater consumer spending power, consumers in Malaysia would also be more conscious of fashion styles, place more importance on keeping up with the latest trends and may have an affinity for recognised brands. Accordingly, this will drive demand for the women's footwear, handbags and accessories in Malaysia.

Consumers' demands and preferences are ever changing. Inability of our D&D personnel to identify the consumers' needs and expectations may result in our Group losing out sales opportunities to compete with other fashion brands in the market.

(v) Rental expenses and capital expenditure

Our retail segment requires us to set-up our boutiques at high foot traffic locations and renovate and refurbish our boutiques from time to time in order to achieve maximum brand awareness. Accordingly, rental expenses and renovation expenses are our major operating expenses. The average tenancy tenure for the tenancy agreements with shopping mall operators and/or landlords for the leasing of our boutiques is 3 years with renewal option. Such tenancy agreements may also subject to review and revision by the shopping mall operators and/or landlords, depending on the provisions and terms stipulated in the respective tenancy agreements. Further, rental rates also subject to prevailing property market conditions, location and the demand profile of particular retail lots within a locality. Renovation expenses are subject to material costs and renovation work specifications.

Our Group's financial performance may be affected if the shopping mall operators and/or landlords choose to significantly increase rental rates upon renewal, particularly for prime locations, or if shopping mall operators and/or landlords choose not to renew the tenancies for our boutiques. In such event, we may not be able to operate the affected boutiques optimally, or may even need to relocate our boutiques and terminate the tenancy arrangement.

(vi) Impact of the COVID-19

The recurrent outbreak and spread of the COVID-19 pandemic or other contagious or virulent diseases had and will continue to affect our Group's business operations. As evidenced during the COVID-19 pandemic, measures such as lockdowns or movement restrictions have impacted the operation of retail business in Malaysia. Any reduction in retail activities will affect the demand for our Group's products which in turn, could affect the business operations and financial performances of our Group. Refer to Section 7.15.2 of this Prospectus for further details on the business interruptions and impact of COVID-19 to our Group.

(vii) SSSG

SSSG is a measure of growth in revenue generated by our boutiques during a period as compared to the revenue generated by the same boutique during the corresponding period of preceding year/period. A boutique can record positive SSSG due to increase in revenue arising from (i) an increase in the average value of each transaction at the boutique; and/or (ii) an increase in the number of transactions at the boutique. The average transaction value varies across our boutiques depending on the product mix and the prices of products offered at the boutique as well as our ability to anticipate and respond effectively to consumer preference, consumer buying patterns and economic trends. We continuously review our product mix and pricing in order to respond to the changing preferences of our customers and to maintain a competitive advantage over our competitors. The number of transactions at a boutique depends primarily on the level of footfall to the boutique's location, our ability to provide a product range that generate new and repeat visits to our boutiques, satisfactory customer experience and the standard of services we provide to our customers at our boutiques.

The following table sets out the SSSG of our boutiques*(1)* for the FYE Under Review:

	FYE 2021	FYE 2022	FYE 2023
SSSG (%)*(1)*	-7.91	+36.82	+17.61

Note:

(1) The SSSG of our boutiques for a period (e.g. 12 months) is computed by dividing (a) the revenue by our boutiques during current period after deducting the revenue generated by same boutiques during the corresponding preceding period, by (b) the revenue generated by the same boutiques during the preceding period.

SSSG of our boutiques reduced by 7.91% in FYE 2021 primarily due to movement restriction measures and closure of borders during the COVID-19 outbreak, which led to lower foot traffic (including tourist arrivals) to our boutiques.

SSSG of our boutiques improved to 36.82% in FYE 2022 primarily due to the recovery of sales from most of our boutiques which were attributed to the progressive relaxation of the restriction imposed by the Government and the return of tourists into our country after the Government eased the entry restrictions for travellers to Malaysia in the second half of FYE 2022.

SSSG of our boutiques improved to 17.61% in FYE 2023 primarily due to higher sales recorded from our Genting Highland Premium Outlet, Mitsui Outlet Park KLIA and Pavilion boutique fuelled by higher domestic spending coupled with higher tourist arrivals as Malaysia transitioned into the endemic phase and re-opened its international borders on 1 April 2022.

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12.4.3 Review of results of operations

(i) Revenue

The segmental analysis of our Group's revenue for the FYE Under Review are set out below:

(a) Revenue by product group

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Women's handbags	47,759	62.46	64,517	63.38	67,892	59.80
Women's footwear	13,936	18.23	17,008	16.71	22,467	19.79
Women's accessories	14,486	18.95	19,981	19.63	23,103	20.35
Others(1)	279	0.36	281	0.28	72	0.06
TOTAL	**76,460**	**100.00**	**101,787**	**100.00**	**113,534**	**100.00**

Note:

(1) Being rental income from our investment property located in Desa Tun Razak, Cheras, which was disposed of on 20 April 2023.

(b) Revenue by distribution channel

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Boutique	35,403	46.30	51,712	50.80	62,815	55.33
Departmental store	28,338	37.06	37,334	36.68	39,218	34.54
E-commerce platforms	12,237	16.01	12,385	12.17	11,318	9.97
Others(1)	482	0.63	356	0.35	183	0.16
TOTAL	**76,460**	**100.00**	**101,787**	**100.00**	**113,534**	**100.00**

Note:

(1) Consist of rental income from our investment property located in Desa Tun Razak, Cheras, which was disposed of on 20 April 2023 (of which we only recorded rental income from this property for a period of 3 months in FYE 2023) and the outright sales of our products directly to our staff and an authorised distributor in Vietnam.

(c) Revenue by geographical 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	-	-
TOTAL	**76,460**	**100.00**	**101,787**	**100.00**	**113,534**	**100.00**

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group's revenue increased by RM25.33 million or 33.12% from RM76.46 million in FYE 2021 to RM101.79 million in FYE 2022, mainly due to improvement in revenue from our boutique, departmental store and e-commerce channels totalling RM25.45 million or 33.50%. The improvement in revenue in FYE 2022 was mainly attributed to the following:

(i) higher revenue from Genting Highland Premium Outlet, Mitsui Outlet Park KLIA and Johor Premium Outlet by RM3.92 million collectively, driven by the progressive relaxation of the restriction imposed by the Government which allowed in-store shopping coupled with the return of tourists into our country after the Government eased the entry restrictions for travellers to Malaysia in the second half of FYE 2022;

(ii) higher revenue contributions from our boutiques at KL East Mall, Wetex Parade, Aeon Seremban 2 and KTCC Mall by RM3.23 million, collectively. This was mainly due to recognition of full year revenue with respect to these boutiques in FYE 2022 as they were only operating for approximately 5 months on average in FYE 2021;

(iii) relocation of our boutique at Pavilion Elite Kuala Lumpur to a more prime location at Pavilion Kuala Lumpur in February 2021, which resulted in higher sales by RM0.62 million in FYE 2022; and

(iv) the pent-up demand for consumer products in tandem with the progressive relaxation of MCO restrictions imposed by the Government, coupled with the festive spending for Hari Raya Aidilfitri in May 2022.

In terms of product group, revenue from all of 3 product groups grew in tandem with the growth in sales from our boutique, departmental store and e-commerce channels due to the reasons state above.

(b) FYE 2023 compared to FYE 2022

Our Group's revenue increased by RM11.74 million or 11.53% from RM101.79 million in FYE 2022 to RM113.53 million in FYE 2023, mainly due to improvement in revenue from our boutique channel by RM11.10 million or 21.47%. The improvement in revenue in FYE 2023 was mainly attributed to the following:

(i) higher sales from in Genting Highland Premium Outlet, Mitsui Outlet Park KLIA and Johor Premium Outlet by RM4.01 million collectively, fuelled by higher domestic spending coupled with higher tourist arrivals as Malaysia transitioned into the endemic phase and re-opened its international borders on 1 April 2022; and

(ii) higher sale contributions from our boutiques at Mid Valley Southkey, Sunway Carnival Mall, SkyAvenue Genting and Central I-City by RM3.35 million collectively. This was mainly due to recognition of full year revenue with respect to these stores in FYE 2023 compared to FYE 2022 as these stores were only opened in the 4th quarter of FYE 2022.

In terms of product group, revenue from all of 3 product groups have improved. The growth in revenue was largely driven by the growth in sales of women's footwear and women's accessories where total revenue increased by RM5.46 million or 32.10% and RM3.12 million or 15.62% respectively, mainly attributed to:

(i) higher number of new products introduced during FYE 2023 in anticipation of higher demand as Malaysia transitioned into endemic phase and re-opening of international borders, resulting in higher sales of products under these categories with lower price discount level; and

(ii) better Carlo Rino brand and product awareness as a result of higher A&P expenses incurred for digital and print media advertising as well as event sponsorships.

(ii) Cost of sales

Our Group's cost of sales comprises the following components:

Finished goods	:	It is the main component of our Group's cost of sales and it includes (i) the total cost incurred in procuring finished goods from our suppliers; and (ii) trade margin and commissions charged by departmental stores and e-commerce platform providers, respectively, for our Group's products sold through these channels.
Raw materials	:	Being the materials purchased by our Group to be used by third parties as input in the manufacturing of our Group's finished goods.
Packaging material	:	Being the materials used in packing our Group's products before they are sold to end customers.

The tables below set out our Group's cost of sales analysis for the FYE Under Review:

(a) Cost of sales by composition

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Finished goods	31,529	98.32	38,215	98.64	42,834	98.54
Raw materials	177	0.55	122	0.31	91	0.21
Packaging material	362	1.13	407	1.05	545	1.25
TOTAL	**32,068**	**100.00**	**38,744**	**100.00**	**43,470**	**100.00**

(b) Cost of sales by product group

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Women's handbags	19,108	59.59	24,658	63.64	26,743	61.52
Women's footwear	7,400	23.07	6,988	18.04	9,659	22.22
Women's accessories	5,560	17.34	7,098	18.32	7,068	16.26
Others[(1)]	-	-	-	-	-	-
TOTAL	**32,068**	**100.00**	**38,744**	**100.00**	**43,470**	**100.00**

Note:

(1) No cost of sales for the rental income.

(c) Cost of sales by distribution channel

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Boutique	11,645	36.31	14,724	38.00	18,472	42.49
Departmental store	15,056	46.95	19,054	49.18	20,224	46.53
E-commerce platforms	5,237	16.33	4,857	12.54	4,730	10.88
Others[(1)]	130	0.41	109	0.28	44	0.10
TOTAL	**32,068**	**100.00**	**38,744**	**100.00**	**43,470**	**100.00**

Note:

(1) Consist of costs incurred relating to outright sales of our products directly to our staff and an authorised distributor in Vietnam.

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group's cost of sales increased by RM6.67 million or 20.80% from RM32.07 million in FYE 2021 to RM38.74 million in FYE 2022, mainly due to higher cost of finished goods in line with higher revenue recorded during the year.

Further, cost of sales incurred by our boutique and department store channels in FYE 2022 increased by RM7.08 million or 26.50%, in line with higher sales recorded from these channels by RM25.31 million or 39.70%.

In terms of product group, the increase in cost of sales was attributed to higher cost of sales for women's handbags and women's accessories totalling RM7.09 million or 28.73%, in line with higher sales recorded from these product groups by RM22.25 million or 35.75%. The lower percentage of increase in cost of sales compared to revenue for the abovementioned product groups was mainly attributed to lower level of sales discount for our women's handbags and women's accessories during FYE 2022.

(b) FYE 2023 compared to FYE 2022

Our Group's cost of sales increased by RM4.73 million or 12.21% from RM38.74 million in FYE 2022 to RM43.47 million in FYE 2023, mainly due to higher cost of finished goods in line with higher revenue recorded during the year.

The cost of sales incurred by our boutique channel experienced significant increase by RM3.75 million or 25.46%, in line with the increase in sales for our boutique channel by RM11.10 million or 21.47%.

In terms of product group, the increase in cost of sales was attributed to higher cost of sales for women's handbags and footwear totalling RM4.76 million or 15.03%, in line with higher sales recorded from these product group by RM8.83 million or 10.84%. The higher percentage of increase in cost of sales compared to revenue for the abovementioned product group was mainly attributed to:

(i) higher increase in cost of sales for women's footwear by 38.22% compared to the increase in revenue by 32.10% due to increase in purchase cost of finished goods from our suppliers; and

(ii) higher increase in cost of sales for women's handbags by 8.46% compared to the increase in revenue by 5.23% due to higher levels of discount given in the promotional activities during FYE 2023 compared with FYE 2022.

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(iii) GP and GP margin

Our Group's GP and GP margin for the FYE Under Review are analysed as follows:

(a) GP and GP margin by product group

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	GP	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**(%)**	**RM'000**	**(%)**	**RM'000**	**(%)**
Women's handbags	28,651	59.99	39,859	61.78	41,149	60.61
Women's footwear	6,536	46.90	10,020	58.91	12,808	57.01
Women's accessories	8,926	61.61	12,883	64.48	16,035	69.41
Others*(1)*	279	100.00	281	100.00	72	100.00
Overall	**44,392**	**58.06**	**63,043**	**61.94**	**70,064**	**61.71**

Note:

(1) Being rental income from our investment property located in Desa Tun Razak, Cheras, which was disposed of in FYE 2023.

(b) GP and GP margin by distribution channel

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	GP	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**(%)**	**RM'000**	**(%)**	**RM'000**	**(%)**
Boutique	23,758	67.11	36,988	71.53	44,343	70.59
Departmental store	13,282	46.87	18,280	48.96	18,994	48.43
E-commerce platforms	7,000	57.20	7,528	60.78	6,588	58.21
Others*(1)*	352	73.03	247	69.38	139	75.96
Overall	**44,392**	**58.06**	**63,043**	**61.94**	**70,064**	**61.71**

Note:

(1) Consist of outright sales of our products directly to our staff and an authorised distributor in Vietnam.

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group's total GP increased by RM18.65 million or 42.01% from RM44.39 million in FYE 2021 to RM63.04 million in FYE 2022, while our Group's overall GP margin increased from 58.06% in FYE 2021 to 61.94% in FYE 2022. The increase in our overall GP margin in FYE 2022 was largely contributed by the higher GP margin derived from our boutique and departmental store channels. The improvement in GP margin from our boutiques and departmental store channels from 67.11% and 46.87% in FYE 2021 to 71.53% and 48.96% in FYE 2022 respectively was mainly attributed to higher sales from these products with higher margin during FYE 2022, particularly for new products introduced during FYE 2022 which had lower price discount level during FYE 2022.

(b) FYE 2023 compared to FYE 2022

Our Group's GP increased by RM7.02 million or 11.14% from RM63.04 million in FYE 2022 to RM70.06 million in FYE 2023, while our Group's overall GP margin reduced slightly from 61.94% in FYE 2022 to 61.71% in FYE 2023. The slight reduction in our overall GP margin in FYE 2023 was due to lower GP margin recorded across all 3 distribution channels.

The reduction in our Group's overall GP margin in FYE 2023 was attributed to the following:

(i) higher proportion of sales from boutiques in premium outlets which contributed 29.01% of total sales for our boutique channel (FYE 2022: 27.26%). Sales from these outlets generally have lower GP margin compared to sales from boutiques in shopping malls due to higher levels of discount given for products sold in respective premium outlets;

(ii) lower GP margin derived from sales of women's handbags due to higher discount on selling price of slow moving stocks of women's handbags; and

(iii) higher proportion of sales of women's footwear which accounted for 19.79% of total revenue in FYE 2023 (FYE 2022: 16.71%) where sales of women's footwear generally generate lower margin compared to other products.

(iv) Other operating income

The table below sets out the breakdown of our Group's operating income for the FYE Under Review:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Gain on dilution of equity interest in an associate	302	9.09	-	-	580	17.10
Gain on disposal of investment property	-	-	-	-	1,856	54.72
Gain on reassessments and modifications of leases[(1)]	594	17.87	918	26.76	-	-
Interest income	481	14.47	490	14.28	717	21.14
Lease concessions[(2)]	975	29.33	984	28.68	39	1.14
Wages subsidy[(3)]	887	26.68	584	17.02	-	-
Others[(4)]	85	2.56	455	13.26	200	5.90
TOTAL	**3,324**	**100.00**	**3,431**	**100.00**	**3,392**	**100.00**

Notes:

(1) Mainly due to gain arising from the termination of leases in relation to boutiques.

(2) Lease concessions pertain to lease rebate granted by landlords for boutiques and office building due to the imposition of various MCOs.

(3) Wages subsidy received from the Government under the Wage Subsidy Programme as part of the Government's COVID-19 economic stimulus package.

(4) Mainly consist of fair value gain on short term funds, realised and unrealised gain on foreign exchange.

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group's other operating income increased marginally by RM0.11 million or 3.22% from RM3.32 million in FYE 2021 to RM3.43 million in FYE 2022, mainly due to the increase in gain on reassessments and modifications of leases of RM0.32 million arising from the termination of our tenancy agreements for 2 non-performing boutiques during FYE 2022.

However, the above increase was partially offset by lower wages subsidy received from the Government under the Wage Subsidy Programme by RM0.30 million.

(b) FYE 2023 compared to FYE 2022

Our Group's other operating income decreased marginally by RM0.04 million or 1.14% from RM3.43 million in FYE 2022 to RM3.39 million in FYE 2023, mainly due to the following:

(i) decrease in lease concessions by RM0.95 million due to cessation of rental rebates from landlords for our boutiques. These rebates were given due to store closures during the various MCOs;

(ii) absence of gain on reassessments and modifications of leases in FYE 2023 (FYE 2022: RM0.92 million) as there is no early termination of lease arrangement in relation to our boutiques; and

(iii) absence of wages subsidy received from the Wage Subsidy Programme which ended during FYE 2022.

However, the above decrease in other operating income was partially offset by the following:

(i) gain on disposal of our investment property located in Desa Tun Razak, Cheras, amounted to RM1.86 million in FYE 2023. The disposal was completed on 20 April 2023;

(ii) gain on dilution of equity interest in an associate amounted to RM0.58 million in FYE 2023 due to private placement exercise undertaken by our then associate company; and

(iii) increase in interest income by RM0.23 million, which is in line with the increase in the overnight policy rate from 2.00% as at 1 July 2022 to 3.00% as at 30 June 2023.

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(v) **Net gain/(loss) on impairment of financial assets**

The table below sets out the breakdown of our Group's net gain/(loss) on impairment of financial assets for the FYE Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Net gain/(loss) on impairment of financial assets	146	(134)	(228)

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group recorded a net loss on impairment of financial assets of RM0.13 million in FYE 2022 (FYE 2021: net gain on impairment of financial assets of RM0.15 million), mainly due to increase in impairment losses on trade and other receivables amounted to RM0.21 million relating to outstanding amount of trade receivables (of RM0.11 million) and outstanding amount of non-trade receivables of our then oversea subsidiaries (of RM0.10 million), both of which were outstanding for more than 12 months.

(b) FYE 2023 compared to FYE 2022

Our Group's net loss on impairment of financial assets increased by RM0.09 million or 70.15%, mainly due to increase in impairment losses on trade receivables by RM0.13 million relating to expected credit loss computation under MFRS 9.

(vi) **Selling and distribution expenses**

The table below sets out the breakdown of our Group's selling and distribution expenses for the FYE Under Review:

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
A&P	2,272	10.87	1,958	9.41	3,030	12.31
Dealers' commission*(1)*	1,505	7.20	1,588	7.64	1,230	5.00
Depreciation of property, plant and equipment and right-of-use assets	7,007	33.51	6,532	31.41	6,697	27.21
Impairment losses on right-of-use assets	1,505	7.20	-	-	-	-
Rental of boutiques	2,169	10.37	2,996	14.41	3,447	14.00
Sales promoter cost	5,520	26.40	6,717	32.30	8,860	36.00
Transportation cost	499	2.39	477	2.29	640	2.60
Others*(2)*	433	2.06	530	2.54	708	2.88
TOTAL	**20,910**	**100.00**	**20,798**	**100.00**	**24,612**	**100.00**

Notes:

(1) Being commission paid to external dealers who are appointed to manage certain of our boutiques and departmental store counters, which is computed based on an agreed percentage on the revenue generated from the boutiques and departmental store counters.

(2) Mainly consists of credit card charges, payment gateway charges and expenses relating to the maintenance of our departmental store counters.

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group's selling and distribution expenses decreased marginally by RM0.11 million or 0.53% from RM20.91 million in FYE 2021 to RM20.80 million in FYE 2022, mainly due to the following:

(i) absence of impairment losses on right-of-use assets during FYE 2022 (FYE 2021: RM1.51 million). The impairment loss recognised in FYE 2021 was due to poor sales performance of certain boutiques;

(ii) decrease in depreciation of property, plant and equipment and right-of-use assets by RM0.48 million, mainly due to the closure of boutiques; and

(iii) lower A&P expenses by RM0.31 million during the lockdown period in the 1st quarter of FYE 2022.

Nevertheless, the decrease in selling and distribution expenses was partially offset by the following:

(i) higher sales promoter cost by RM1.20 million mainly due to higher commission paid and payable, which is in line with the improvement in revenue; and

(ii) increase in rental of boutiques by RM0.83 million due to higher rental paid to landlords, in tandem with the higher sales recorded from certain boutiques.

(b) FYE 2023 compared to FYE 2022

Our selling and distribution expenses increased by RM3.81 million or 18.34% from RM20.80 million in FYE 2022 to RM24.61 million in FYE 2023, mainly due to the following:

(i) higher sales promoter cost by RM2.14 million, due to an increase in headcount from 227 as at 30 June 2022 to 237 as at 30 June 2023 and higher payment of over-time wages arising from the amendments to the Employment Act 1955 which came into effect on 1 January 2023;

(ii) increase in A&P expenses by RM1.07 million due to increased marketing efforts via digital and print media advertising as well as event sponsorships; and

(iii) increase in rental of boutiques by RM0.45 million due to higher rental paid to landlords, in tandem with the higher sales recorded from certain boutiques.

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(vii) General and administrative expenses

The table below sets out the breakdown of our Group's general and administrative expenses for the FYE Under Review:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Employee costs and benefits	8,552	46.40	9,301	59.92	8,414	54.26
Depreciation of property, plant and equipment and right-of-use assets	1,798	9.76	1,719	11.08	1,825	11.78
Impairment loss on other investment	4,483	24.32	-	-	-	-
Impairment losses on property, plant and equipment	524	2.84	-	-	-	-
Postage, printing and stationery	367	1.99	253	1.63	337	2.17
Professional fees	330	1.79	882	5.68	773	4.98
Travelling and transportation costs	129	0.70	186	1.20	483	3.11
Upkeep and maintenance	804	4.36	1,512	9.74	1,382	8.91
Utilities and telecommunication expenses	504	2.73	502	3.23	636	4.10
Web and email hosting	245	1.33	393	2.53	359	2.31
Others[(1)]	697	3.78	775	4.99	1,299	8.38
TOTAL	**18,433**	**100.00**	**15,523**	**100.00**	**15,508**	**100.00**

Note:

(1) Mainly consists of insurance costs, royalties, subscription and membership fees.

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group's general and administrative expenses decreased by RM2.91 million or 15.79% from RM18.43 million in FYE 2021 to RM15.52 million in FYE 2022, mainly due to the following:

(i) absence of impairment loss on other investment in FYE 2022 (FYE 2021: RM4.48 million). The impairment loss in FYE 2021 was recognised in relation to our Group's investment in Shoppr Labs Sdn. Bhd., which was fully impaired in FYE 2021 due to its loss-making and net liability position; and

(ii) absence of impairment losses on property, plant and equipment in FYE 2022 (FYE 2021: RM0.52 million). The impairment loss in FYE 2021 was recognised due to poor sales performance of certain boutiques.

However, the decrease in our Group's general and administrative expenses was partially offset by the following:

(i) higher upkeep and maintenance expenses by RM0.71 million, due to higher maintenance works performed for our boutiques during FYE 2022 as we postponed some of the refurbishment works planned for FYE 2021 to FYE 2022 due to movement control restrictions;

(ii) increase in employee costs and benefits by RM0.75 million, mainly due to higher expenses incurred for employees' bonus; and

(iii) increase in professional fees by RM0.55 million mainly relating to expenses incurred for feasibility study for our IPO exercise.

(b) FYE 2023 compared to FYE 2022

Our Group's general and administrative expenses decreased marginally by RM0.01 million or 0.06% from RM15.52 million in FYE 2022 to RM15.51 million in FYE 2023, mainly due to the following:

(i) lower employee costs and benefits by RM0.89 million, mainly due to lower expenses incurred for employees' bonus; and

(ii) lower upkeep and maintenance expenses by RM0.13 million, due to less maintenance works for our boutiques undertaken in FYE 2023. We incurred additional upkeep and maintenance costs during FYE 2022 due to the postponement of maintenance works from FYE 2021 to FYE 2022.

However, the decrease in general and administrative expenses was partially offset by the increase in travelling and transportation costs by RM0.29 million due to resumption of overseas travelling for market study after the cross-border movement control restrictions were lifted.

(viii) Finance costs

The table below sets out the breakdown of our Group's finance costs for the FYE Under Review:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Bank guarantee interest	3	0.50	-	-	-	-
Lease interest	588	98.66	620	86.47	622	83.04
Term loan interest	-	-	-	-	20	2.67
Unwinding of discount on provision for restoration costs[(1)]	5	0.84	97	13.53	107	14.29
TOTAL	**596**	**100.00**	**717**	**100.00**	**749**	**100.00**

Note:

(1) Unwinding of discount on provision for restoration costs which is accounted for as accreted interest based on the present value of such provisions for the restoration costs of our boutiques to original condition upon the expiry of the leases.

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group's finance costs increased by RM0.12 million or 20.30% from RM0.60 million in FYE 2021 to RM0.72 million in FYE 2022, mainly due to the increase in unwinding of discount on provision for restoration cost arising from the opening of 3 new boutiques during FYE 2022 coupled with the increase in overnight policy rate from 1.75% as at 1 July 2021 to 2.00% as at 30 June 2022.

(b) FYE 2023 compared to FYE 2022

Our Group's finance costs increased by RM0.03 million or 4.46% from RM0.72 million in FYE 2022 to RM0.75 million in FYE 2023, mainly due to the increase in term loan interest by RM0.02 million in line with the drawdown of term loan amounted to RM11.55 million during FYE 2023 for the acquisition of the property at Jalan Imbi, Kuala Lumpur.

(ix) Share of profit/(loss) of an associate, net of tax

This relates to our Group's investment in Carzo Holdings, of which our Group's initial shareholding of 20.00% in Carzo Holdings in FYE 2021 was further reduced to 16.65% in FYE 2023. Such investment has been recognised as other investment in our books since 1 December 2022.

Our Group recorded a share of loss since FYE 2022 as Carzo Holdings has been in net loss position.

(x) PBT and PAT

The table below sets out our PBT, PBT margin, PAT and PAT margin for the FYE Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
PBT (RM'000)	8,073	29,033	31,450
PBT margin (%)	10.56	28.52	27.70
PAT attributable to owners of our Company (RM'000)	3,984	22,230	23,853
PAT margin (%)	5.21	21.84	21.01

Commentaries:

(a) FYE 2022 compared to FYE 2021

Our Group recorded an increase in PBT by RM20.96 million or 259.73%, from RM8.07 million in FYE 2021 to RM29.03 million in FYE 2022, in line with the increase in GP by RM18.65 million or 42.01% during the year. The increase in GP recorded on the back of lower selling and distribution expenses and general and administrative expenses in FYE 2022 (as set out in Sections 12.4.3(vi) and (vii) of this Prospectus) resulted in the increase in our Group's PBT margin from 10.56% in FYE 2021 to 28.52% in FYE 2022.

Correspondingly, our Group's PAT attributable to owners of our Company increased by RM18.25 million or 457.98% from RM3.98 million in FYE 2021 to RM22.23 million in FYE 2022, while our Group's PAT margin increased from 5.21% in FYE 2021 to 21.84% in FYE 2022.

As set out in Section 12.4.3(vii) of this Prospectus, our Group recorded an impairment loss on other investment of RM4.48 million in FYE 2021. If this non-recurrent impairment loss is excluded, our Group's adjusted PBT and PBT margin for FYE 2021 would be RM12.56 million and 16.42%, respectively. In this regard, our Group recorded an increase in PBT by RM16.48 million or 131.23%, from RM12.56 million (adjusted) in FYE 2021 to RM29.03 million in FYE 2022, which is still in line with the increase in GP and lower selling and distribution expenses and general and administrative expenses as explained above. Correspondingly, our Group's PAT attributable to owners of our Company increased by RM13.76 million or 162.55% from adjusted PAT attributable to owners of our Company of RM8.47 million in FYE 2021 to RM22.23 million in FYE 2022, while our Group's adjusted PAT margin increased from 11.07% in FYE 2021 to 21.84% in FYE 2022.

(b) FYE 2023 compared to FYE 2022

Our Group recorded an increase in PBT by RM2.42 million or 8.34% from RM29.03 million in FYE 2022 to RM31.45 million in FYE 2023, in line with the increase in GP by RM7.02 million or 11.14% during the year.

However, the increase in GP was offset by higher increase in selling and distribution expenses by RM3.81 million or 18.34% (as set out in Section 12.4.3(vi) of this Prospectus) which resulted in the reduction in our Group's PBT margin from 28.52% in FYE 2022 to 27.70% in FYE 2023. Correspondingly, our Group's PAT attributable to owners of our Company increased by RM1.62 million or 7.29% from RM22.23 million in FYE 2022 to RM23.85 million in FYE 2023, while our Group's PAT margin reduced marginally from 21.84% in FYE 2022 to 21.01% in FYE 2023.

(xi) Tax expense

The table below sets out our Group's effective tax rate and statutory tax rate for the FYE Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
Tax expenses (RM'000)	4,089	6,803	7,597
Statutory tax rate (%)	24.00	24.00	24.00
Effective tax rate (%)	50.65	23.43	24.16

Commentaries:

Our Group's effective tax rate of 50.65% for FYE 2021 was higher than the statutory tax rate of 24.00%, mainly due to certain expenses which are not tax deductible, such as depreciation for non-qualifying expenditures and impairment losses on right-of-use assets, property, plant and equipment and other investment of RM4.48 million as stated in Section12.4.3(vii) of this Prospectus; and deferred tax assets for loss-making subsidiaries not recognised during FYE 2021.

Our Group's effective tax rate of 23.43% for FYE 2022 was slightly lower than the statutory tax rate of 24.00%, mainly due to the tax effects in respect of utilisation of previously unrecognised tax losses.

Our Group's effective tax rate of 24.16% for FYE 2023 was slightly higher than the statutory tax rate of 24.00%, mainly due to certain expenses which are not tax deductible such as depreciation for non-qualifying expenditures.

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12.4.4 Review of financial position

(a) Assets

	Audited		
	As at 30 June		
	2021	2022	2023
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	22,470	23,479	40,368
Right-of-use assets	14,146	18,037	15,342
Goodwill	20	-	-
Investment properties	4,800	4,800	-
Investment in an associate	4,453	4,185	-
Other investments	-	-	4,767
Deferred tax assets	1,032	1,405	1,281
	46,921	**51,906**	**61,758**
Current assets			
Inventories	9,589	11,120	14,520
Trade and other receivables	10,761	19,618	8,800
Current tax assets	195	327	155
Cash and bank balances	39,601	47,321	60,864
Short term funds	5,711	5,815	2,936
	65,857	**84,201**	**87,275**
TOTAL ASSETS	**112,778**	**136,107**	**149,033**

Commentaries:

FYE 2022 vs FYE 2021

Our Group's total assets increased by RM23.33 million or 20.69%, from RM112.78 million as at 30 June 2021 to RM136.11 million as at 30 June 2022, mainly due to the following:

(i) increase in rights-of-use assets of RM3.89 million arising from the renewal of and entering into new tenancy agreements in relation to our boutiques;

(ii) increase in prepayments (as at 30 June 2022: RM8.82 million; as at 30 June 2021: RM0.51 million), due to advances paid to certain suppliers for higher purchase order in last quarter of FYE 2022;

(iii) increase in cash and bank balances by RM7.72 million, which was in line with increased revenue.

FYE 2023 vs FYE 2022

Our Group's total assets increased by RM12.93 million or 9.50%, from RM136.11 million as at 30 June 2022 to RM149.03 million as at 30 June 2023, mainly due to the following:

(i) increase in property, plant and equipment arising from the acquisition of the Imbi Property, which was completed on 15 March 2023;

(ii) increase in cash and bank balances by RM13.54 million, which was in line with increased revenue; and

(iii) increase in inventory of finished goods by RM3.40 million, due to inventories purchased during the end of FYE 2023 in anticipation of forthcoming festivities and promotional campaign.

The above increase was partially offset by the following:

(i) decrease in rights-of-use assets by RM2.70 million, due to depreciation of rights-of-use assets;

(ii) decrease in net trade receivables by RM2.85 million, due to lower sales generated during the last quarter of FYE 2023;

(iii) decrease in prepayments by RM7.80 million, due to the lower purchase orders placed during the last quarter of FYE 2023.

(b) Liabilities

	Audited		
	As at 30 June		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
LIABILITIES			
Non-current liabilities			
Borrowings	12,012	10,568	18,598
Lease liabilities	11,610	14,049	11,929
Deferred tax liabilities	50	50	9
Provision for restoration costs	590	1,204	1,135
	24,262	**25,871**	**31,671**
Current liabilities			
Trade and other payables	9,083	10,418	8,987
Borrowings	1,024	1,043	1,103
Lease liabilities	5,246	5,705	5,452
Provision for restoration costs	259	287	342
Current tax liabilities	792	2,463	1,298
	16,404	**19,916**	**17,182**
TOTAL LIABILITIES	**40,666**	**45,787**	**48,853**

Commentaries:

FYE 2022 vs FYE 2021

Our Group's total liabilities increased by RM5.12 million or 12.59%, from RM40.67 million as at 30 June 2021 to RM45.79 million as at 30 June 2022, mainly due to the following:

(i) increase in lease liabilities by RM2.90 million, due to the renewal of and new tenancy agreements entered during the financial year in relation to our boutiques;

(ii) increase in provision for restoration costs by RM0.64 million, due to the provision of the restoration cost arising from the opening of 3 new boutiques and the changes in the basis of the estimation of the restoration cost due to incremental borrowing rate and historical actual average dismantled cost;

(iii) increase in current tax liabilities by RM1.67 million, due to increase in tax expenses in line with the growth in our Group's revenue; and

(iv) increase in accruals by RM1.80 million, mainly due to provision for staff's bonuses and accrual of expenses in June 2022, such as dealer and promoter commissions, staff wages and professional fees.

The above increase was partially offset by lower borrowings by RM1.43 million arising from repayment of term loan during FYE 2022.

FYE 2023 vs FYE 2022

Our Group's total liabilities increased by RM3.07 million or 6.70%, from RM45.79 million as at 30 June 2022 to RM48.85 million as at 30 June 2023, mainly due to the increase in borrowings by RM8.09 million, arising from the drawdown of term loan for the acquisition of the Imbi Property. This was partially offset by a decrease in lease liabilities by RM2.37 million attributed to lease payments and a decrease in other payables, deposits and accruals by RM0.86 million due to lesser accrued expenses in FYE 2023 as compared to FYE 2022 which includes the professional fees associated with the review of the financial statement of Carzo Holdings and our IPO.

12.5 LIQUIDITY AND CAPITAL RESOURCES

12.5.1 Working capital

Our Group's business operations have been financed through a combination of internal and external sources of funds. Internal sources comprise shareholders' equity and cash generates from our Group's operating activities while external sources are credits granted by our suppliers and banking facilities from financial institutions such as term loans and finance leases. The utilisation of these funds is principally for our Group's business operations and growth as well as acquisition of the Imbi Property and plant and equipment.

As at 30 June 2023, our Group has cash and cash equivalents and short term funds of RM63.80 million in total with a gearing ratio was 0.20 times (computed based on the aggregate of borrowings and lease liabilities owing to a financial institution divided by total equity) and a current ratio was 5.08 times.

As at the LPD, our Group has un-utilised banking facilities of RM12.91 million that may be utilised by our Group to fund our business operations.

After taking into consideration our Group's cash and cash equivalent, the expected cash flow to be generated from our Group's operations, the un-utilised amount of banking facilities, as well as proceeds to be raised from our Public Issue, our Board is of the view that our Group will have adequate working capital to meet our Group's present and foreseeable requirements for at least 12 months from the date of this Prospectus.

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12.5.2 Cash flows

The table below sets out the summary of our Group's statements of cash flows for the FYE Under Review and should be read in conjunction with the Accountants' Report as set out in Section 14 of this Prospectus:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	(RM'000)	(RM'000)	(RM'000)
Net cash from operating activities	15,645	20,783	35,061
Net cash used in investing activities	(8,958)	(2,208)	(8,810)
Net cash used in financing activities	(10,687)	(10,864)	(12,724)
Net (decrease)/increase in cash and cash equivalents	**(4,000)**	**7,711**	**13,527**
Effect of exchange rate changes on cash and cash equivalents	(16)	9	16
Cash and cash equivalents at beginning of financial year	43,617	39,601	47,321
Cash and cash equivalents at end of financial year	**39,601**	**47,321**	**60,864**
Cash and cash equivalents consist of:			
Cash and bank balances	37,851	34,921	37,129
Deposits with a licensed bank	1,750	12,400	23,735
	39,601	**47,321**	**60,864**

Most of our Group's cash and cash equivalents are held in RM. Save for prior consents from financial institutions, there is no legal, financial or economic restriction on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

(a) Net cash from operating activities

FYE 2021

For FYE 2021, our Group's operating profit before changes in working capital was RM21.41 million. Our Group's net cash from operating activities was RM15.65 million after adjusting for the following key items for working capital changes:

(i) increase in trade and other receivables of RM1.32 million, mainly due to the delay in payments by our trade receivables caused by the uncertainties and lockdowns arising from the COVID-19 pandemic; and

(ii) payment of income tax amounted to RM4.01 million.

FYE 2022

For FYE 2022, our Group's operating profit before changes in working capital was RM35.85 million. Our Group's net cash from operating activities was RM20.78 million after adjusting for the following key items for working capital changes:

(i) increase in trade and other receivables of RM8.88 million, mainly due to the prepayments of RM8.42 million to certain suppliers as advances for higher purchase orders placed during the last quarter of FYE 2022;

(ii) increase in inventories of RM1.53 million, mainly due to increase in purchases in line with the growth in our Group's revenue;

(iii) increase in trade and other payables of RM0.98 million, mainly due to increase in accrual expenses such as staff bonus and commission in FYE 2022; and

(iv) payment of income tax amounted to RM5.64 million.

FYE 2023

For FYE 2023, our Group's operating profit before changes in working capital was RM38.54 million. Our Group's net cash from operating activities was RM35.06 million after adjusting for the following key items for working capital changes:

(i) decrease in trade and other receivables of RM10.59 million, mainly due to the decrease in prepayments by RM7.80 million as there were lower purchase orders placed during the last quarter of FYE 2023;

(ii) increase in inventories of RM3.40 million, mainly due to increase in purchases in line with the growth in our Group's revenue;

(iii) decrease in trade and other payables of RM2.21 million, due to payment of outstanding other payable prior to 30 June 2023 and a decrease in outstanding trade payable in line with the decrease in purchases during the last quarter of FYE 2023; and

(iv) payment of income tax amounted to RM8.46 million.

(b) Net cash used in investing activities

FYE 2021

For FYE 2021, our Group's net cash used in investing activities was RM8.96 million, mainly due to the following:

(i) acquisition of equity interest in an associate company namely Carzo Holdings amounted to RM4.0 million;

(ii) acquisition of equity interest in Shoppr Labs Sdn. Bhd. as other investment amounted to RM4.48 million; and

(iii) purchase of property, plant and equipment amounted to RM0.85 million.

FYE 2022

For FYE 2022, our Group's net cash used in investing activities was RM2.21 million, mainly used for the purchase of property, plant and equipment amounted to RM2.65 million which was partially offset by cash inflow of RM0.49 million from interest income received.

FYE 2023

For FYE 2023, our Group's net cash used in investing activities was RM8.81 million, mainly used for the purchase of the Imbi Property amounting to RM17.37 million.

This was partially offset by the cash inflow of RM8.79 million arising from the withdrawal of short term funds (net of reinvestment) of RM2.99 million and the proceeds of RM5.80 million from disposal of our investment property located in Desa Tun Razak, Cheras.

(c) Net cash used in financing activities

FYE 2021

For FYE 2021, our Group's net cash used in financing activities was RM10.69 million, mainly attributed to the following:

(i) payment of lease liabilities for the rental payments for our boutiques and head office of RM5.68 million and the hire purchase for motor vehicles of RM0.08 million, respectively;

(ii) payments of dividends of RM4.03 million; and

(iii) repayment of term loans amounting to RM0.89 million.

FYE 2022

For FYE 2022, our Group's net cash used in financing activities was RM10.86 million, mainly attributed to the following:

(i) payment of lease liabilities for the rental payments for our boutiques and head office of RM5.32 million and the hire purchase for motor vehicles of RM0.08 million, respectively;

(ii) payment of dividends of RM4.03 million; and

(iii) repayment of term loans of RM1.44 million.

FYE 2023

For FYE 2023, our Group's net cash used in financing activities was RM12.72 million, mainly attributed to the following:

(i) payment of lease liabilities for the rental payments for our boutiques and head office of RM6.61 million and the hire purchase payables for motor vehicles of RM0.08 million, respectively;

(ii) payment of dividends of RM14.10 million;

(iii) repayment of term loans of RM3.48 million; and

(iv) a drawdown of term loan of RM11.55 million for the acquisition of the Imbi Property.

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12.5.3 Borrowings

As at 30 June 2023, our Group's outstanding borrowings (excluding lease liabilities arising in relation to the lease of boutiques and head office) stood at RM19.79 million, all of which were interest-bearing and denominated in RM, are set out below:

	As at 30 June 2023		
	Payable within 12 months	**Payable after 12 months**	**Total**
Type of facility	**RM'000**	**RM'000**	**RM'000**
Term loans	1,103	18,598	19,701
Lease liabilities	87	-	87
TOTAL	**1,190**	**18,598**	**19,788**
Gearing (times)			
- Before Public Issue[(1)]			0.20
- After Public Issue[(2)]			[●]

Notes:

(1) Computed based on total borrowings (excluding lease liabilities arising in relation to the lease of boutiques and head office of our Group) of RM19.79 million divided by our Group's total shareholders' equity as at 30 June 2023 of RM100.18 million.

(2) Computed based on total borrowings (excluding lease liabilities arising in relation to the lease of boutiques and head office of our Group) of RM19.79 million divided by our Group's pro forma total shareholders' equity after accounting for dividends paid subsequent to FYE 2023, the Public Issue and the use of proceeds from the Public Issue of RM[●] million.

The details of the types of banking facilities that our Group uses and its utilised balances as at the LPD are as follows:

Type of facility	**Tenure**	**Purpose**	**Effective interest rate per annum (%)**	**Facility limit RM'000**	**Balance outstanding as at the LPD RM'000**
Term loan I	240 months[(1)]	Acquisition of warehouse at Platinum Cheras, Selangor	4.52[(4)]	14,650	7,716
Term loan II	240 months[(2)]	Acquisition of the Imbi Property	4.72[(5)]	11,550	82
Lease liabilities	60 months[(3)]	Purchase of motor vehicle	2.22	400	22
TOTAL					**7,820**

Notes:

(1) Commenced in December 2014.

(2) Commenced in March 2023.

(3) Commenced in July 2019.

(4) Based on base lending rate minus 2.2% per annum.

(5) Based on base lending rate minus 2% per annum.

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Separately, our Group has also recognised the following lease liabilities on the right-of-use assets (in relation to the lease of boutiques and head office), which are denominated in RM and as set out below:

	Purpose	**Audited As at 30 June 2023 RM'000**
Lease liabilities payable within 12 months	Lease of boutiques and head office	5,365
Lease liabilities payable after 12 months	Lease of boutiques and head office	11,929
TOTAL		**17,294**

As at the LPD, our Group does not have any borrowings which are non-interest bearing and/or in foreign currency.

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the FYE Under Review and the subsequent period up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations of our Group or the investments by our shareholders.

During the FYE Under Review, our Group did not experience any clawback or reduction in the facilities limit granted to our Group by our lenders.

Our Group does not encounter seasonality in the trend of our borrowings and there is no restriction on the use of our committed banking facilities.

12.5.4 Treasury policies and objectives

Our Group's operations have been funded predominantly through shareholder's equity, cash generated from our Group's business operations and external sources of funds including banking facilities from financial institutions as well as credit terms granted by our Group's suppliers. Our Group's banking facilities as at 30 June 2023 is set out in Section 12.5.3 of this Prospectus.

As at the LPD, our Group has utilised RM0.09 million as bank guarantee for landlord and has un-utilised banking facilities of RM12.91 million that may be utilised by our Group to fund our business operations.

As at 30 June 2023, our Group's cash and bank balances were held in the following currencies for working capital purposes:

Currency	**RM'000**
RM	60,343
VND	18
USD	300
Chinese Renminbi	53
Indonesian Rupiah	6
Others	144
TOTAL	**60,864**

The primary objective of capital management of our Group is to ensure that entities within our Group would be able to continue as going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance.

12.5.5 Financial instruments for hedging purposes

For the FYE Under Review and the subsequent period up to the LPD, our Group does not use any financial instrument for hedging purposes.

12.5.6 Material litigation, contingent liabilities and commitment for capital expenditure

(i) Material litigation

As at the LPD, neither our Company nor our subsidiaries are involved in any material litigation, claim or arbitration, either as plaintiff or defendant, and there is no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect the position or business of our Company or our subsidiaries.

(ii) Contingent liabilities

As at the LPD, save as disclosed below, there is no other contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	As at the LPD
	RM'000
Corporate guarantee to landlords for tenancy agreements entered into by a subsidiary of our Company	833

(iii) Material commitment for capital expenditures

As at the LPD, our Group does not have any other material capital commitments.

(iv) Capital expenditure and divesture

<u>**Capital expenditure**</u>

Our Group's material capital expenditure for the FYE Under Review and subsequent period up to the LPD are as follows:

	At cost			
	Audited			**Unaudited**
	FYE 2021	**FYE 2022**	**FYE 2023**	**From 1 July 2023 up to the LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Freehold land and freehold building	-	-	17,370	787[(1)]
Furniture, fittings and counter fixtures	755	2,352	1,535	1,869
TOTAL	**755**	**2,352**	**18,905**	**2,656**

Note:

(1) Due to the stamp duty incurred for the issuance of the strata title of our warehouse at Platinum Cheras in Selangor.

Commentaries:

FYE 2021

For FYE 2021, our Group's material capital expenditure was RM0.76 million for the acquisition of furniture, fittings and counter fixtures arising from the renovation of new boutiques, relocation and refurbishment of our boutiques, which was financed via our Group's internally-generated funds.

FYE 2022

For FYE 2022, our Group's material capital expenditure was RM2.35 million for the acquisition of furniture, fittings and counter fixtures arising from the opening of new boutiques, which was financed via our Group's internally-generated funds.

FYE 2023

For FYE 2023, our Group's material capital expenditure was RM18.91 million, attributed to the following:

(i) acquisition of the Imbi Property amounted to RM17.37 million (inclusive of stamp duty), which was financed via a combination of term loan of RM11.55 million and our Group's internally-generated funds; and

(ii) acquisition of furniture, fittings and counter fixtures amounted to RM1.54 million arising from the relocation and refurbishment of our boutiques, which was financed via our Group's internally-generated funds.

Divestiture

Save as disclosed below, our Group's material divesture for the FYE Under Review and subsequent period up to the LPD are as follows:

	At NBV			
	Audited			Unaudited
	FYE 2021	FYE 2022	FYE 2023	From 1 July 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000
Leasehold land and building*(1)*	-	-	4,800	-
TOTAL	**-**	-	**4.800**	**-**

Note:

(1) Being the disposal of our investment property located in Desa Tun Razak, Cheras, which was completed on 20 April 2023.

Commentaries:

Throughout the FYE Under Review and period under review, our Group's material divesture was the disposal of our investment property located in Desa Tun Razak, Cheras, for cash consideration of RM5.80 million, which was completed on 20 April 2023.

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12.6 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2021 to FYE 2023 are as follows:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
Trade receivables turnover (days)[(1)]	27	24	18
Trade payables turnover (days)[(2)]	19	13	6
Inventory turnover (days)[(3)]	139	123	127
Current ratio (times)[(4)]	4.01	4.23	5.08
Gearing ratio (times)[(5)]	0.18	0.13	0.20

Notes:

(1) Computed based on average of the opening and closing trade receivables divided by total revenue, for the respective FYE, and multiplied by the number days in the respective FYEs, being 365 days.

(2) Computed based on average of the opening and closing trade payables divided by the total purchase of the respective FYEs, and multiplied by the number of days in the respective FYEs, being 365 days.

(3) Computed based on average of the opening and closing inventories divided by the total purchase of the respective financial years and multiplied by the number of days in the respective FYEs, being 365 days.

(4) Computed based on current assets divided by current liabilities as at the respective FYEs.

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

12.6.1 Trade receivables turnover

The breakdown of our Group's trade receivables is as set out below:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Opening balances for net trade receivables	4,872	6,227	6,802
Closing balances for net trade receivables	6,227	6,802	3,956
Average balances for trade receivables	5,550	6,515	5,379
Revenue	76,460	101,787	113,534
Trade receivables turnover (days)	27	24	18

The normal credit period granted by our Group ranges from cash on delivery to up to 60 days from the date of our invoice.

Our Group's trade receivables mainly comprise amounts due from financial institutions for credit or debit card transactions for sales to end consumers via our boutiques and our own platform as well as amounts due from the departmental stores and third-party e-commerce platforms in relation to sales generated from these channels.

Our Group's trade receivables turnover periods throughout the FYE Under Review remain within the credit period granted by our Group. The gradual improvement in our Group's trade receivables turnover period throughout the FYE Under Review was attributed to prompt payment by our trade receivables.

Ageing analysis of our Group's trade receivables as at 30 June 2023

Our Group's trade receivables ageing analysis as at 30 June 2023 is as follows:

	Current	Past due (days)					Total
		1-30	31-60	61-90	91-120	>120	
Trade receivables (RM'000)	1,762	1,582	399	162	8	43	3,956
Proportion of total trade receivables (%)	*44.54*	*39.99*	*10.09*	*4.09*	*0.20*	*1.09*	*100.00*
Subsequent collection up to the LPD (RM'000)	1,762	1,582	399	162	3	-	3,908
Balance as at the LPD (RM'000)	-	-	-	-	5	43	48
Proportion of total balance (%)	-	-	-	-	0.12	1.09	1.21

As at the LPD, our Group has collected 98.79% of trade receivables as at 30 June 2023. During the FYE Under Review, our Group has significant exposure to 2 major trade receivables, which has been fully collected as at the LPD.

As part of our Group's credit control process, our accounts and finance team prepares and shares ageing report with operation team to follow up with trade receivables on collection. For any trade receivables which have exceeded the credit period, we will follow up with calls and send reminders. Where appropriate, our accounts and finance team will provide for impairment on those trade receivables where recoverability is uncertain based on our dealings with the trade receivables. Our Group's impairment on trade receivables and bad debts written off for the FYE Under Review are as follows:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
(Reversal of impairment) / Impairment losses on trade receivables	(146)	33	228
Bad debts written off	-	-	-

The impairment losses on trade receivables for the FYE Under Review consists of specific allowance and lifetime expected credit loss allowance. The reversal of impairment losses on trade receivable was a result of reduction in expected risk of default.

12.6.2 Trade payables turnover

The breakdown of our Group's trade payables is as set out below:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Opening balances for trade payables	1,303	1,292	830
Closing balances for trade payables	1,292	830	260
Average balances for trade payables	1,298	1,061	545
Total purchase	25,285	30,943	37,079
Trade payables turnover period (days)	19	13	6

The normal credit period extended by our suppliers to our Group ranges from cash on delivery to 60 days. Our Group's trade payables turnover period for the FYE Under Review were within the credit period granted by our suppliers. Our Group's trade payables turnover period improved from 19 days in FYE 2021 to 13 days in FYE 2022 and subsequently to 6 days in FYE 2023, mainly due to our Group has lower purchases at the end of the respective FYEs.

Ageing analysis of our Group's trade payables as at 30 June 2023

Our Group's trade payables ageing analysis as at 30 June 2023 is as follows:

		Past due (days)					
	Current	**1-30**	**31-60**	**61-90**	**91-120**	**>120**	**Total**
Trade payables (RM'000)	81	179	-	-	-	-	260
Proportion of total trade payables (%)	*31.15*	*68.85*	-	-	-	-	*100.00*
Subsequent payment up to the LPD (RM'000)	81	179	-	-	-	-	260
Balance as at the LPD (RM'000)	-	-	-	-	-	-	-
Proportion of total balance (%)	-	-	-	-	-	-	-

As at the LPD, our Group has fully settled the trade payables as at 30 June 2023.

As at the LPD, there was no dispute in respect of our Group's total outstanding trade payables and no legal action has been initiated by our suppliers to demand for payment from our Group.

12.6.3 Inventory turnover

The breakdown of our Group's inventory is as set out below:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Opening balances for inventories	9,624	9,589	11,120
Closing balances for inventories	9,589	11,120	14,520
Average balances for inventories	9,607	10,355	12,820
Total purchase	25,285	30,943	37,079
Inventory turnover period (days)	139	123	127

Our inventory comprises raw materials and finished goods such as women's handbag, footwear and accessories. These inventories are stored in our warehouse and boutiques as well as departmental stores.

Our Group's inventory turnover period improved from 139 days in FYE 2021 to 123 days in FYE 2022 due to higher sales recorded towards the end of FYE 2022 which resulted in higher turnover of inventories at the end of FYE 2022. Our Group's inventory turnover period for FYE 2023 of 127 days is fairly consistent with FYE 2022.

There was no impairment losses on inventory for FYE 2021 to FYE 2023.

12.6.4 Current ratio

The table below sets out a summary of our Group's current ratio:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
Current assets (RM'000)	65,857	84,201	87,275
Current liabilities (RM'000)	16,404	19,916	17,182
Current ratio (times)	4.01	4.23	5.08

Our Group's current ratio has improved from from 4.01 times as at 30 June 2021 to 5.08 times as at 30 June 2023, attributed to higher inventories and cash and bank balances throughout each FYEs which was in line with improved sales performance.

Overall, our Group's current ratio has remained healthy throughout the FYE Under Review.

12.6.5 Gearing ratio

The table below sets out a summary of our Group's gearing ratio:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
Total borrowings (RM'000)*(1)*	13,286	11,781	19,788
Total equity (RM'000)	72,112	90,320	100,180
Gearing ratio (times)	0.18	0.13	0.20

Note:
(1) Includes terms loans and lease liabilities owing to a financial institution (hire purchase).

Our Group's gearing ratio improved from 0.18 times as at 30 June 2021 to 0.13 times as at 30 June 2022, mainly due to the repayment of term loans amounting to RM1.44 million, coupled with increase in total equity as a result of improved sales and profitability performance.

Our Group's gearing ratio increased from 0.13 times as at 30 June 2022 to 0.20 times as at 30 June 2023, mainly due to the drawdown of term loan during FYE 2023 of RM11.55 million to fund the acquisition of Imbi Property, which was completed on 15 March 2023.

12.7 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Save for policies in relation to COVID-19 and various aids and reliefs from the Government during the COVID-19 outbreak, there were no government, economic, fiscal or monetary policies or factors which have materially affected our Group's financial performance during the FYE Under Review. There is no assurance that our Group's financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and material affect our Group's business operations are set out in Section 9 of this Prospectus.

12.8 IMPACT OF INFLATION

During the FYE Under Review, our Group's financial performance was not materially affected by inflation. However, there is no assurance that our Group's financial performance will not be adversely affected by inflation moving forward. Any significant increase in our cost of sales in the future may adversely affect our Group's operations and performance if we are unable to pass on the higher costs to our customers through an increase in the selling prices of our Group's products.

12.9 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

12.9.1 Impact of foreign exchange rate

Our Group is not exposed to any material foreign currency risk on sales and purchases that are denominated in a currency other than RM.

Our Group does not enter into any currency hedging transactions to manage our exposure to foreign currency exchange risk. We monitor and manage our foreign currency exchange exposure through natural hedge by maintaining foreign currency denominated cash and bank balances for receipts and payments in foreign currencies.

Please refer to note 35(iv) of the Accountants' Report in Section 14 of this Prospectus for the sensitivity analysis on our Group's PAT to a 3% strengthening and weakening of various foreign currencies against RM, with other variables held constant.

12.9.2 Impact of interest rate

Our Group is exposed to interest rate risk through rate changes for fixed deposits with licensed banks, lease liabilities and interest-bearing borrowings. Our Group does not enter into interest rate hedging transaction.

A sensitivity analysis performed on our Group's interest rate risk is set out in note 35(iii) of the Accountants' Report as set out in Section 14 of this Prospectus.

Our Group's financial results for FYE 2021 to FYE 2023 were not materially affected by fluctuations in interest rate.

12.9.3 Impact of commodity price

Our Group is not directly affected by fluctuations in commodity prices for the FYE Under Review.

12.10 TREND ANALYSIS

As at the LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our Group's operations and financial performance have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, save as disclosed in this Sections 7, 8, 9 and 12 of this Prospectus;

(ii) material commitment for capital expenditure, as set out in Section 12.5.6(iii) of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our Group's financial performance, position and operations, save as disclosed in Sections 7, 9 and 12 of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's revenue and/or profits as well as our Group's liquidity and capital resources, save as disclosed in Sections 7, 8, 9 and 12 of this Prospectus; and

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in Sections 7, 9 and 12 of this Prospectus.

Our Board is optimistic about the future prospects of our Group, after taking into account the outlook of the fashion industry in Malaysia as set out in Section 8 of this Prospectus, our Group's competitive advantages and key strengths as set out in Section 7.17 of this Prospectus and our business strategies as set out in Section 7.18 of this Prospectus.

12.11 ORDER BOOK

Due to the nature of our Group's business, our Group does not enter into long-term contracts with our customers. Sales through our boutiques, departmental stores and e-commerce platforms are sold to customers on ad-hoc basis. In this regard, our Group does not maintain an order book.

While our Group does not maintain an order book, our business is sustainable based on the following factors:

(i) our Carlo Rino brand has been in the fashion industry in Malaysia for more than 35 years and our Group has an established track record of 18 years, which have enabled our Group to garner trust amongst our customers and suppliers. Our Group is led our Group Managing Director who has approximately 20 years of experience in the fashion industry and is supported by a team of key senior management who has over 10 years of experience in their respective fields;

(ii) the positive outlook and prospects of the fashion industry in Malaysia, Indonesia and Thailand as set out in the IMR Report, which allows our Group to leverage on strengths as set in item (i) above to ride on the growth of the fashion industry in these countries; and

(iii) our Management's continuous efforts to strengthen our market presence and brand visibility as detailed in Section 7.18 of this Prospectus.

12.12 DIVIDEND POLICY

For FYE 2021 and FYE 2022, our Company does not have a formal dividend policy. Subsequently on 29 August 2022, our Company adopted a dividend policy to distribute not less than 30% of our Company's net profit attributed to shareholders available in each financial year in the form of dividends to our shareholders annually, commenced from the FYE 2023.

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

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

Note:

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

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

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- level of available cash and cash equivalents, accumulated reserves and earnings stability of our Group;
- expected financial performance and debt to equity ratio of our Group;
- future working capital requirements of our Group for organic/inorganic growth, expansion and/or investment plans;
- contractual restrictions involving our Group;
- current and future leverage of our Group and, under exception circumstances, the amount of contingent liabilities of our Company and our Group;
- business cycles and economic environment;
- cost of external financing and inflation rate;
- industry outlook and prospects;
- changes in Government's policies, industry specific rulings and regulatory provisions; and
- our ability to remain solvent and to pay our debts as and when become due within the period of 12 months immediately following the date of dividend distributions, and the assets of our Company shall be greater than the value of our liabilities at the date of the dividend distribution as prescribed under the Act or other applicable laws and regulations.

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries may require its financiers' consent to pay dividends to our Company in our future facility agreements.

As such, we cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. Refer to Section 9 of this Prospectus for risk relating to investment in our Shares.

In adherence to the dividend policy adopted by our Company on 29 August 2022 for the FYE 2023 and onwards, our Group intends to declare a total dividend of not less than 30.0% of our Group's PAT for FYE 2024 (including the dividend paid as stated above) to be paid prior to our Transfer of Listing, using our Group's internally-generated funds. The declaration of such dividends would not affect the execution and implementation of our Group's future plans or strategies moving forward. As at the LPD, there is RM4.03 million interim dividend which has been declared and paid by our Company for FYE 2024. Further, our Company had on 28 February 2024 declared an interim single tier dividend of 0.5 per Share with entitlement date and payment date of 8 March 2024 and 20 March 2024, respectively.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12.13 SIGNIFICANT CHANGES

Save as disclosed in this Prospectus, there is no significant changes that have occurred which may have a material effect on our Group's financial position and results of operations subsequent to FYE 2023 up to the LPD.

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12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(i) our Group's revenue will remain sustainable with a growth trend, in line with the positive outlook of the fashion industry in Malaysia, Indonesia and Thailand as set out in the IMR Report;

(ii) our Group's liquidity will strengthen further subsequent to the Public Issue given the funds to be raised by us to carry out business strategies as sets out in Sections 4.9 and 7.18 of this Prospectus; and

(iii) our Group's capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our Group's capital expansion should the need arises.

Save as disclosed in this Prospectus, our Board confirms that there are no known circumstances or factors that are likely to have a material impact on Group's liquidity, revenue or profitability.

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13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

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The Board of Directors
Carlo Rino Group Berhad
L2-05, 2nd Floor, Ikon Connaught,
Lot 160, Jalan Cerdas,
Taman Connaught, Cheras,
56000 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

Date: 26 March 2024

Our ref: BDO/LKH/TKY

Dear Sirs/Madam,

Carlo Rino Group Berhad ("CRG" or the "Company")
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2023 ("This Report")

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of CRG and its subsidiaries ("Group") as at 30 June 2023 ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (the "Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors, to illustrate the impact of the events or transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Group's financial position as at 30 June 2023 as if the events have occurred or the transactions have been undertaken on 30 June 2023. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the audited financial statements of the Group for the financial year ended 30 June 2023, which have been audited.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Management

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), Chartered Accountants, a Limited Liability Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

Our Independence and Quality Management (continued)

The Firm applies Malaysian Approved International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, the Firm is required to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

Reporting Accountants' Responsibility (continued)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This Report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this Report contrary to the aforesaid purpose.

Yours faithfully,

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Law Kian Huat
02855/06/2024 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 *(CONT'D)*

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 30 June 2023 based on the assumptions that the transactions set out in Note 1.3 and Note 1.4 had been effected on that date, and should be read in conjunction with the notes thereon.

	Note	As at 30 June 2023 RM	Adjustment for subsequent event RM	Pro Forma I After adjustment for subsequent event RM	Adjustments for Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I, Pro Forma II and Utilisation of Proceeds RM
ASSETS								
Non-current assets								
Property, plant and equipment		40,368,534	-	40,368,534	-	40,368,534	-	40,368,534
Right-of-use assets		15,341,552	-	15,341,552	-	15,341,552	-	15,341,552
Other investments		4,766,580	-	4,766,580	-	4,766,580	-	4,766,580
Deferred tax assets		1,281,000	-	1,281,000	-	1,281,000	-	1,281,000
		61,757,666	-	61,757,666	-	61,757,666	-	61,757,666
Current assets								
Inventories		14,520,093	-	14,520,093	-	14,520,093	-	14,520,093
Trade and other receivables		8,800,317	-	8,800,317	-	8,800,317	-	8,800,317
Current tax assets		154,989	-	154,989	-	154,989	-	154,989
Cash and bank balances	3	60,864,265	(8,056,514)	52,807,751	[•]	[•]	[•]	[•]
Short term funds		2,936,086	-	2,936,086	-	2,936,086	-	2,936,086
		87,275,750	(8,056,514)	79,219,236	[•]	[•]	[•]	[•]
TOTAL ASSETS		149,033,416	(8,056,514)	140,976,902	[•]	[•]	[•]	[•]
EQUITY AND LIABILITIES								
Equity attributable to owners of the parent								
Share capital	4	68,000,000	-	68,000,000	[•]	[•]	[•]	[•]
Reserves	4	32,179,742	(8,056,514)	24,123,228	-	24,123,228	[•]	[•]
TOTAL EQUITY		100,179,742	(8,056,514)	92,123,228	[•]	[•]	[•]	[•]

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26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (continued)

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 30 June 2023 based on the assumptions that the transactions set out in Note 1.3 and Note 1.4 had been effected on that date, and should be read in conjunction with the notes thereon. (continued)

	Note	As at 30 June 2023	Adjustment for subsequent event	Pro Forma I After adjustment for subsequent event	Adjustments for Public Issue	Pro Forma II After Pro Forma I and Public Issue	Adjustments for Utilisation of Proceeds	Pro Forma III After Pro Forma I, Pro Forma II and Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
LIABILITIES								
Non-current liabilities								
Borrowings		18,597,744	-	18,597,744	-	18,597,744	-	18,597,744
Lease liabilities		11,929,431	-	11,929,431	-	11,929,431	-	11,929,431
Deferred tax liabilities		9,000	-	9,000	-	9,000	-	9,000
Provision for restoration costs		1,134,716	-	1,134,716	-	1,134,716	-	1,134,716
		31,670,891	-	31,670,891	-	31,670,891	-	31,670,891
Current liabilities								
Trade and other payables		8,986,966	-	8,986,966	-	8,986,966	-	8,986,966
Borrowings		1,102,914	-	1,102,914	-	1,102,914	-	1,102,914
Lease liabilities		5,452,283	-	5,452,283	-	5,452,283	-	5,452,283
Provision for restoration costs		342,150	-	342,150	-	342,150	-	342,150
Current tax liabilities		1,298,470	-	1,298,470	-	1,298,470	-	1,298,470
		17,182,783	-	17,182,783	-	17,182,783	-	17,182,783
TOTAL LIABILITIES		48,853,674	-	48,853,674	-	48,853,674	-	48,853,674
TOTAL EQUITY AND LIABILITIES		149,033,416	(8,056,514)	140,976,902	[•]	[•]	[•]	[•]
Net assets (RM)		100,179,742		92,123,228		[•]		[•]
Number of ordinary shares in issue		805,651,400		805,651,400		977,517,100		977,517,100
Net assets attributable to equity holders per ordinary share (RM)		0.12		0.11		[•]		[•]

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Kuala Lumpur

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Introduction

The Pro Forma Consolidated Statements of Financial Position of Carlo Rino Group Berhad ("CRG" or the "Company") and its subsidiaries (the "Group") as at 30 June 2023 ("Pro Forma Consolidated Statements of Financial Position") together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Marrket of Bursa Malaysia Securities Berhad ("Listing").

1.2 Basis of preparation

The Pro Forma Consolidated Statements of Financial Position have been prepared on the basis consistent with the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and with the requirements of the Prospectus Guidelines.

The audited financial statements of the Group for the financial year ended 30 June 2023 were not subject to any audit qualification.

The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 1.3 and Note 1.4 had the events occurred or the transactions been undertaken on 30 June 2023. The Pro Forma Consolidated Statements of Financial Position are not necessarily indicative of the financial position of the Group that would have been attained had the effects of the events or transactions as set out in Note 1.3 and Note 1.4 actually occurred at the respective dates. Accordingly, such information, because of its nature, may not be reflective of the actual financial position of the Group and does not purport to predict the future financial position of the Group.

1.3 Subsequent event

The Company had distributed and paid the following dividends to its existing shareholders:

	RM
Single tier interim dividend of 0.50 sen per ordinary share, paid on 15 September 2023	4,028,257
Single tier interim dividend of 0.50 sen per ordinary share, paid on 20 March 2024	4,028,257
	8,056,514

The distribution and payment of the abovementioned dividend are illustrated in the Pro Forma Consolidated Statements of Financial Position to show the effects of this transaction had this transactions been effected on 30 June 2023.

1.4 Listing Scheme

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:

1.4.1 Public Issue

(a) Public Issue

The Public Issue of 171,865,700 new Shares, representing 17.58% of the enlarged issued share capital of CRG at an issue price of RM[●] per Share to be allocated and allotted in the following manner:

(i) 48,876,000 new Shares made available for application by Malaysian public;

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26 MAR 2024
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(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.4 Listing Scheme (continued)

The following proposals were undertaken in conjunction with, and as an integral part of the Listing: (continued)

1.4.1 Public Issue (continued)

(a) Public Issue (continued)

The Public Issue of 171,865,700 new Shares, representing 17.58% of the enlarged issued share capital of CRG at an issue price of RM[●] per Share to be allocated and allotted in the following manner (continued):

(ii) 800,000 new Shares made available for application by the independent directors of CRG; and

(iii) 122,189,700 new Shares made available by way of private placement to selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry.

1.4.2 Listing

Upon completion of the Public Issue, CRG would seek the listing of and quotation for its entire enlarged issued share capital of RM[●] comprising 977,517,100 Shares on the ACE Market of Bursa Malaysia Securities Berhad.

1.4.3 Utilisation of Proceeds from Public Issue

The gross proceeds from the Public Issue of RM[●] are expected to be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM	Percentage of gross proceeds %
Capital expenditure:			
- Construction and the fitting out of a new flagship boutique and other facilities (e.g., information technology and security systems) (1)	36 months	[●]	[●]
- Refurbishment of boutiques and counters at departmental stores (1)	36 months	[●]	[●]
- Maintenance of information technology infrastructure (1)	24 months	[●]	[●]
Total capital expenditure		[●]	[●]
Working capital requirements of the Group			
- Purchase of inventories (2)	24 months	[●]	[●]
- Advertisement and promotion expenses (2)	24 months	[●]	[●]
- Rental of boutiques (2)	24 months	[●]	[●]
		[●]	[●]
Defrayment of estimated expenses for the Corporate Exercise and Initial Public Offering ("IPO") (3)	3 months	[●]	[●]
		[●]	[●]

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.4 Listing Scheme (continued)

The following proposals were undertaken in conjunction with, and as an integral part of the Listing: (continued)

1.4.3 Utilisation of Proceeds from Public Issue (continued)

Notes:

(1) As at the latest practicable date of the prospectus, the Group has yet to enter into any contractual binding agreement or issue any purchase order in relation to the construction and the fitting out of a new flagship boutique and other facilities, refurbishment of boutiques and counters at department stores and maintenance of information technology infrastructure. Accordingly, the utilisation of proceeds earmarked for the construction and the fitting out of a new flagship boutique and other facilities, refurbishment of boutiques and counters at department stores and maintenance of information technology infrastructure are not reflected in the Pro Forma Consolidated Statements of Financial Position.

(2) As at the latest practicable date of the prospectus, the Group has yet to enter any definite agreements with any parties or issue any purchase orders. Accordingly, the utilisation of proceeds earmarked for working capital purposes is not reflected in the Pro Forma Consolidated Statements of Financial Position.

(3) The defrayment of estimated expenses for the Corporate Exercise and IPO totalling [•] comprise underwriting fees, placement fees, brokerage fees, regulatory fees, professional fees and miscellaneous expenses. The estimated listing expenses of [•] directly attributable to the Public Issue will be debited against the share capital of the Company and the remaining estimated listing expenses of [•] will be expensed off to the profit or loss. As at 30 June 2023, the Group has paid RM467,750 of listing expenses of which RM467,750 has been recognised in the profit or loss.

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

2.1 PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2.1.1 PRO FORMA I

Pro forma I incorporates the effect of subsequent event as disclosed in Note 1.3.

2.1.2 PRO FORMA II

Pro forma II incorporates the effects of Pro Forma I and the effects of the Public Issue and Listing as disclosed in Note 1.4.1 and Note 1.4.2.

2.1.3 PRO FORMA III

Pro forma III incorporates the effects of Pro Forma I, Pro Forma II and the utilisation of proceeds from the Public Issue as disclosed in Note 1.4.3.

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3. CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	RM
As at 30 June 2023	**60,864,265**
Adjustment for distribution of dividends	(8,056,514)
Pro Forma I	**52,807,751**
Adjustments for the Public Issue	[●]
Pro Forma II	[●]
Adjustments for utilisation of proceeds from Public Issue - Defrayment of estimated expenses for the Corporate Exercise and IPO	[●]
Pro Forma III	[●]

4. SHARE CAPITAL AND RESERVES

The movements in the share capital and reserves are as follows:

	Share capital RM	Reserves RM	Total RM
As at 30 June 2023	**68,000,000**	**32,179,742**	**100,179,742**
Adjustment for distribution of dividends	-	(8,056,514)	(8,056,514)
Pro forma I	**68,000,000**	**24,123,228**	**92,123,228**
Adjustments for the Public Issue	[●]	-	[●]
Pro forma II	[●]	**24,123,228**	[●]
Adjustments for utilisation of proceeds from Public Issue			
- Estimated listing expenses attributable to Public Issue	[●]	-	[●]
- Estimated other listing expenses charged to the profit or loss account	-	[●]	[●]
Pro forma III	[●]	[●]	[●]

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APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position have been approved and adopted by the Board of Directors of Carlo Rino Group Berhad in accordance with a resolution dated 26 March 2024.

Signed on behalf of the Board of Directors,

…………………………………………	…………………………………………
DATO' SRI CHIANG FONG YEE	**ONG BOON HUAT**
Group Managing Director	Executive Director

26 March 2024

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Chartered Accountants
Kuala Lumpur

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The Board of Directors
Carlo Rino Group Berhad
L2-05, 2nd Floor, Ikon Connaught,
Lot 160, Jalan Cerdas,
Taman Connaught, Cheras,
56000 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

Date: 26 March 2024

Our ref: BDO/LKH/TKY

Dear Sir/Madam,

REPORTING ACCOUNTANTS' OPINION ON THE CONSOLIDATED FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF CARLO RINO GROUP BERHAD ("CRG" OR THE "COMPANY")

Opinion

We have audited the accompanying Consolidated Financial Statements of Carlo Rino Group Berhad and its subsidiaries as defined in Note 1 to the Consolidated Financial Statements (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at 30 June 2021, 30 June 2022 and 30 June 2023, and consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies as set out in this report (collectively referred to herein as "the Consolidated Financial Statements").

The Consolidated Financial Statements have been prepared for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, 30 June 2022 and 30 June 2023 and of their consolidated financial performance and consolidated cash flows for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), Chartered Accountants, a Limited Liability Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

REPORTING ACCOUNTANTS' OPINION ON THE CONSOLIDATED FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF CARLO RINO GROUP BERHAD ("CRG" OR THE "COMPANY") (continued)

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Group ("Directors") are responsible for the preparation of the Consolidated Financial Statements so as to give a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Reporting Accountants' Responsibility for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represents the underlying transactions and events in a manner that achieve fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report has been prepared solely to comply with Appendix 3B, Part A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

BDO PLT	**Law Kian Huat**
201906000013 (LLP0018825-LCA) & AF 0206	02855/06/2024 J
Chartered Accountants	Chartered Accountant

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2021 RM	2022 RM	2023 RM
ASSETS				
Non-current assets				
Property, plant and equipment	7	22,470,233	23,479,479	40,368,534
Right-of-use assets	8	14,146,296	18,036,835	15,341,552
Goodwill	9	19,750	-	-
Investment properties	10	4,800,000	4,800,000	-
Investment in an associate	11	4,453,231	4,184,575	-
Other investments	12	-	-	4,766,580
Deferred tax assets	13	1,032,000	1,405,000	1,281,000
		46,921,510	51,905,889	61,757,666
Current assets				
Inventories	14	9,588,885	11,120,373	14,520,093
Trade and other receivables	15	10,760,871	19,618,471	8,800,317
Current tax assets		195,302	327,041	154,989
Cash and bank balances	16	39,601,186	47,320,844	60,864,265
Short term funds	17	5,710,521	5,814,580	2,936,086
		65,856,765	84,201,309	87,275,750
TOTAL ASSETS		112,778,275	136,107,198	149,033,416
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	68,000,000	68,000,000	68,000,000
Reserves	19	4,111,652	22,320,041	32,179,742
TOTAL EQUITY		72,111,652	90,320,041	100,179,742
LIABILITIES				
Non-current liabilities				
Borrowings	20	12,012,134	10,568,254	18,597,744
Lease liabilities	8	11,610,077	14,048,805	11,929,431
Deferred tax liabilities	13	50,000	50,000	9,000
Provision for restoration costs	22	590,518	1,203,712	1,134,716
		24,262,729	25,870,771	31,670,891
Current liabilities				
Trade and other payables	23	9,082,754	10,417,569	8,986,966
Borrowings	20	1,024,056	1,043,109	1,102,914
Lease liabilities	8	5,245,961	5,705,368	5,452,283
Provision for restoration costs	22	259,363	287,382	342,150
Current tax liabilities		791,760	2,462,958	1,298,470
		16,403,894	19,916,386	17,182,783
TOTAL LIABILITIES		40,666,623	45,787,157	48,853,674
TOTAL EQUITY AND LIABILITIES		112,778,275	136,107,198	149,033,416

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CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE

	Note	2021 RM	2022 RM	2023 RM
Revenue	26	76,460,264	101,786,605	113,533,766
Cost of sales	27	(32,068,255)	(38,743,397)	(43,469,464)
Gross profit		44,392,009	63,043,208	70,064,302
Other operating income		3,324,533	3,431,128	3,392,590
Net gain/(loss) on impairment of financial assets	28	145,560	(134,032)	(228,371)
Selling and distribution expenses		(20,910,262)	(20,798,338)	(24,611,922)
General and administrative expenses		(18,432,814)	(15,523,104)	(15,507,894)
Finance costs		(596,431)	(716,857)	(749,468)
Share of profit/(loss) of an associate, net of tax	11	150,550	(268,656)	(908,743)
Profit before tax	28	8,073,145	29,033,349	31,450,494
Tax expense	29	(4,088,691)	(6,802,742)	(7,597,234)
Profit for the financial year		3,984,454	22,230,607	23,853,260
Other comprehensive (loss)/income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	29	(14,144)	6,039	505
Items that will not be reclassified subsequently to profit or loss				
Fair value adjustment on other investments	29	-	-	910,535
Realisation of revaluation reserve on disposal of investment properties	29	-	-	(805,700)
Total comprehensive (loss)/income, net of tax		(14,144)	6,039	105,340
Total comprehensive income		3,970,310	22,236,646	23,958,600
Profit attributable to owners of parent		3,984,454	22,230,607	23,853,260
Total comprehensive income attributable to owners of the parent		3,970,310	22,236,646	23,958,600
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic and Diluted	30	0.49	2.76	2.96

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CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	<------Non-distributable			------>	Distributable	
		Share capital RM	**Exchange translation reserve RM**	**Revaluation reserve RM**	**Fair value reserve RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 July 2020		68,000,000	(241,948)	805,700	-	3,605,847	72,169,599
Profit for the financial year		-	-	-	-	3,984,454	3,984,454
Foreign currency translation, net of tax		-	(14,144)	-	-	-	(14,144)
Total comprehensive (loss)/income		-	(14,144)	-	-	3,984,454	3,970,310
Transaction with owners							
Dividend paid	31	-	-	-	-	(4,028,257)	(4,028,257)
Total transaction with owners		-	-	-	-	(4,028,257)	(4,028,257)
Balance as at 30 June 2021/1 July 2021		68,000,000	(256,092)	805,700	-	3,562,044	72,111,652
Profit for the financial year		-	-	-	-	22,230,607	22,230,607
Foreign currency translation, net of tax		-	6,039	-	-	-	6,039
Total comprehensive income		-	6,039	-	-	22,230,607	22,236,646
Transaction with owners							
Dividend paid	31	-	-	-	-	(4,028,257)	(4,028,257)
Total transaction with owners		-	-	-	-	(4,028,257)	(4,028,257)
Balance as at 30 June 2022		68,000,000	(250,053)	805,700	-	21,764,394	90,320,041

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CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	<---------- Share capital RM	Non-distributable Exchange translation reserve RM	Revaluation reserve RM	Fair value reserve RM ---------->	Distributable Retained earnings RM	Total equity RM
Balance as at 1 July 2022		68,000,000	(250,053)	805,700	-	21,764,394	90,320,041
Profit for the financial year		-	-	-	-	23,853,260	23,853,260
Fair value adjustment on other investments		-	-	-	910,535	-	910,535
Realisation of revaluation reserve on disposal of investment properties		-	-	(805,700)	-	-	(805,700)
Foreign currency translation, net of tax		-	505	-	-	-	505
Total comprehensive income		-	505	(805,700)	910,535	23,853,260	23,958,600
Transaction with owners							
Dividend paid	31	-	-	-	-	(14,098,899)	(14,098,899)
Total transaction with owners		-	-	-	-	(14,098,899)	(14,098,899)
Balance as at 30 June 2023		68,000,000	(249,548)	-	910,535	31,518,755	100,179,742

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CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE

	Note	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		8,073,145	29,033,349	31,450,494
Adjustments for:				
Depreciation of property, plant and equipment	7	2,251,677	1,996,593	2,208,051
Depreciation of right-of-use assets	8	6,552,617	6,253,716	6,313,702
Fair value loss/(gain) on short term funds	28	458	(50,866)	(112,823)
Gain on dilution of equity interest in an associate	28	(301,932)	-	(580,213)
Gain on reassessments and modifications of leases	28	(593,514)	(917,528)	-
Impairment losses on:				
- trade and other receivables	28	6,124	215,379	241,049
- other investments	28	4,482,646	-	-
- property, plant and equipment	28	523,939	-	-
- right-of-use assets	28	1,504,662	-	-
- goodwill	28	-	19,750	-
Reversal of impairment losses on:				
- trade and other receivables	28	(151,684)	(81,347)	(12,678)
- right-of-use assets	28	-	(8,753)	-
Interest expenses		591,483	619,919	642,417
Interest income	28	(481,057)	(490,144)	(717,061)
Other receivable written off	28	-	2,476	1,175
Property, plant and equipment written off	28	3,484	500	3,053
Lease concessions	28	(975,308)	(984,443)	(39,343)
Gain on disposal of investment properties	28	-	-	(1,855,700)
Gain on disposal of property, plant and equipment, net	28	-	(3,147)	(4,011)
Share of (profit)/loss of an associate, net of tax	11(g)	(150,550)	268,656	908,743
Unrealised loss/(gain) on foreign exchange, net	28	63,118	(119,468)	(16,675)
Unwinding of discount on provision for restoration costs	28	4,948	96,938	107,051
Operating profit before changes in working capital		21,404,256	35,851,580	38,537,231
Changes in working capital:				
Inventories		33,260	(1,530,359)	(3,399,720)
Trade and other receivables		(1,322,371)	(8,877,555)	10,589,883
Trade and other payables		(468,098)	975,680	(2,209,031)
Cash generated from operations		19,647,047	26,419,346	43,518,363
Tax paid		(4,012,631)	(5,640,416)	(8,456,670)
Tax refunded		10,200	4,133	-
Net cash from operating activities		15,644,616	20,783,063	35,061,693

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CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE (continued)

	Note	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of interests in an associate		(4,000,749)	-	-
Acquisition of other investment		(4,482,646)	-	-
Interest received		481,057	490,144	717,061
(Placement)/Withdrawal of short term funds		(107,639)	(53,192)	2,991,317
Proceeds from disposal of investment properties		-	-	5,800,000
Proceeds from disposal of property, plant and equipment		-	3,500	4,750
Purchase of property, plant and equipment	7(a)	(848,036)	(2,649,005)	(18,323,052)
Net cash used in investing activities		(8,958,013)	(2,208,553)	(8,809,924)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(14,986)	(8,880)	(5,387)
Dividends paid	31	(4,028,257)	(4,028,257)	(14,098,899)
Payments of lease liabilities	8(d)	(5,761,592)	(5,402,160)	(6,690,053)
Repayments of term loans		(893,224)	(1,436,016)	(3,480,496)
Drawdowns of term loans		11,189	11,189	11,550,000
Net cash used in financing activities		(10,686,870)	(10,864,124)	(12,724,835)
Net change in cash and cash equivalents		(4,000,267)	7,710,386	13,526,934
Effects of exchange rate changes on cash and cash equivalents		(15,396)	9,272	16,487
Cash and cash equivalents at beginning of financial year		43,616,849	39,601,186	47,320,844
Cash and cash equivalents at end of financial year	16	39,601,186	47,320,844	60,864,265

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Chartered Accountants
Kuala Lumpur

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

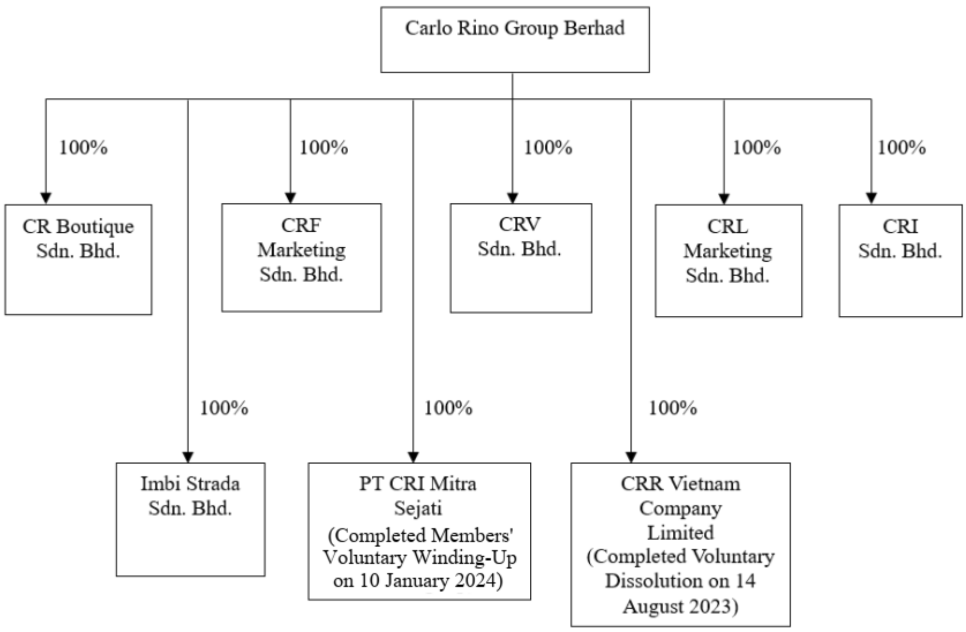
Carlo Rino Group Berhad ("CRG" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the LEAP Market of Bursa Malaysia Securities Berhad with effect from 28 November 2018.

The registered office of the Company is located at No.5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at L2-05, 2nd Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

On 23 December 2022, the Company had changed its name from CRG Incorporated Berhad to Carlo Rino Group Berhad.

CRG's group structure as at 30 June 2023 is as follows: -



The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 36 to the Consolidated Financial Statements. There have been no significant changes in the nature of these activities during the financial years under review.

These Consolidated Financial Statements for the financial years ended ("FYE(s)") 30 June 2021, 30 June 2022 and 30 June 2023 are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

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2. BASIS OF PREPARATION

The Accountants' Report comprises the Consolidated Financial Statements for the FYEs 30 June 2021, 30 June 2022 and 30 June 2023. The Consolidated Financial Statements consist of the audited financial statements of the Company and the subsidiaries and are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

The Consolidated Financial Statements are prepared using the audited financial statements of the respective companies within the Group for the relevant financial years and their statutory auditors are as follows:

Company	**Relevant Financial Years**	**Auditors**
Carlo Rino Group Berhad	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CR Boutique Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRF Marketing Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRV Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRL Marketing Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRI Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
PT CRI Mitra Sejati	FYE 30 June 2021*	-
	FYE 30 June 2022*	-
	FYE 30 June 2023*	-
CRR Vietnam Company Limited	FYE 30 June 2021	Global Auditing and Financial Consultancy Co., Ltd
	FYE 30 June 2022	Global Auditing and Financial Consultancy Co., Ltd
	FYE 30 June 2023*	
Imbi Strada Sdn. Bhd.	23 November 2022 (Date of Incorporation) to 30 June 2023	BDO PLT

* *Consolidated based on their management accounts. The financial statements of these subsidiaries are not required to be audited as they were in the progress of members' voluntary winding-up or voluntary dissolution. On 10 January 2024, the progress of members' voluntary winding-up of PT CRI Mitra Sejati had been completed.*

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2. BASIS OF PREPARATION (continued)

The audited financial statements of all the companies within the Group for the relevant financial years reported above were not subject to any qualification or modification.

The Consolidated Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The accounting policies adopted are consistent with those of the previous financial years except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial years are disclosed in Note 4.1 to the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The preparation of Consolidated Financial Statements in conformity with MFRS and IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the Consolidated Financial Statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Common control business combinations

3.1.1 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.1 Basis of consolidation (continued)

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial years are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.2 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;

(c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

(a) If the contingent consideration classified as equity, it is not remeasured and settlement shall is accounted for within equity.

(b) Other contingent consideration that:

   (i) is within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9 *Financial Instruments*.

   (ii) is not within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.2 Business combinations (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 3.6 to the Consolidated Financial Statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

3.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Electrical installation	15%
Furniture, fittings and counter fixtures	15% - 33⅓%
Motor vehicles	20%
Office equipment	15% - 20%
Plant and machinery	20%
Renovation	25%

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property, plant and equipment and depreciation (continued)

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 3.7 to the Consolidated Financial Statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

3.3 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Leases (continued)

The Group as lessee (continued)

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

Boutiques	2 to 9 years
Hostels	2.5 years
Motor vehicles	5 years
Office	6 years

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Investment in an associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the Consolidated Financial Statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investment.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the Consolidated Financial Statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in the profit or loss in the period of the retirement or disposal.

3.6 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Goodwill (continued)

Goodwill arising on acquisition of an associate is the excess of the cost of investment over the share of the net fair value of the net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

3.7 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investment in an associate), inventories, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGUs") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGUs of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of non-financial assets (continued)

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. Cost of consumables and raw materials comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract in the event an embedded derivative is recognised separately is accounted for in accordance with the policy applicable to the nature of the host contract.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries and an associate at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(a) Financial assets (continued)

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.10 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

3.11 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Equity (continued)

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

3.12 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers.

The expected loss rates are based on the Group's historical credit losses experience over the three (3) year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the Gross Domestic Product ("GDP"), Overnight Policy Interest Rate ("OPR"), retail sales growth, unemployment rate and inflation rate as the key macroeconomic factors.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information (GDP, OPR, retail sales growth, unemployment rate and inflation rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of financial assets (continued)

Impairment for other receivables, amounts owing by subsidiaries and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses are recognised while interest income is recognised on a gross basis. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses are recognised while interest income is recognised on a net basis.

The Group defines significant increase in credit risk based on the operating performance of the receivables, changes in contractual terms, payment trends and past due information. A significant increase in credit risk is presumed if contractual payments are more than 150 days past due.

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred, which includes debtors who are in significant difficulties or have defaulted on payments.

The probability of non-payment by other receivables and amounts owing by related parties are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables and amounts owing by related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

3.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries on distributions to the Group, and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for restoration costs

Provision for restoration costs is included in the carrying amounts of right-of-use assets. This provision is recognised in respect of the obligation of the Group to restore leased outlets to its original state upon the expiry of tenancy agreements.

3.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Employee benefits (continued)

(a) Short term employee benefits (continued)

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Group incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

3.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Group.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, the attributable exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Foreign currencies (continued)

(c) Foreign operations (continued)

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

3.19 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(b) Management fee

Management fee is recognised at a point in time when management services are rendered and accepted by subsidiaries.

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Revenue recognition (continued)

Revenue recognition not in relation to performance obligations is described below: (continued)

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

3.20 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group, particularly in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

3.22 Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial years

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial years:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 *Leases*)	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

Amendment to MFRS 16 *Covid-19-Related Rent Concessions*

MFRS 16 has been amended to:

(a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and

(b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) Any reduction in the lease payments affects only payments originally due on or before 30 June 2021; and

(iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted the Amendment to MFRS 16 with election to apply the practical expedient as mentioned above to all rent concession received that meet the conditions as stated above where effectively the Group recognised the concession separately in other income in profit or loss of the Group. The effects of early adoption are disclosed in Note 8 (d) to the Consolidated Financial Statements.

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4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 *Insurance Contract*)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Deferred tax related to Assets and Liabilities arising from a Single Transaction Amendments to MFRS 112 *Income Taxes*)	1 January 2023
Lease liability in a sale and leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Internal Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)	Refer paragraph 98M of MFRS 112
Supplier Finance Arrangements (Amendments to MFRS 107 *Statements of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures*)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	Deferred

The Group is in the process of assessing the impact of implementing these standards, since the effects would only be observable for future financial years.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Impairment assessment of the carrying amounts of property, plant and equipment and right-of-use assets

Management used forecasted future cash flows in value-in-use model to determine the recoverable amounts of property, plant and equipment and right-of-use assets in certain subsidiaries which have indication of impairment (hereinafter referred to as CGUs) to assess if there is any impairment loss required on the property, plant and equipment and right-of-use assets.

The determination of whether or not an impairment loss is necessary involves significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions (financial years ended 30 June 2022 and 30 June 2021: affected by the COVID-19 pandemic).

(b) Carrying amount of inventories at the lower of cost and net realisable value

Management focused on the risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, the management considers the inventories' ageing, fashion pattern, current economic conditions, market demand, expectation of future prices and changes in customer preference of the respective inventories.

(c) Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information, (2022 and 2021: incorporating the impact of the COVID-19 pandemic).

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6. OPERATING SEGMENTS

Carlo Rino Group Berhad and its subsidiaries are principally engaged in designing, marketing, retailing, wholesaling of women footwear, handbags and accessories for the local and overseas markets and investment holding as well as property development and property investment.

The Group has arrived at two (2) reportable operating segments that are organised and managed separately according to the nature of products and services and specific expertise, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Retailing	Designing, promoting, marketing, distributing and retailing of women's footwear, handbags and accessories.
Investment and management services	Investment holding, provision of management services and property development.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the similar lines as sales to external customers and is eliminated in the Consolidated Financial Statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirement).

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

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6. OPERATING SEGMENTS (continued)

2021	Retailing RM	Investment and management services RM	Total RM
Revenue			
Total revenue	104,401,702	21,245,867	125,647,569
Inter-segment revenue	(28,220,438)	(20,966,867)	(49,187,305)
Revenue from external customers	76,181,264	279,000	76,460,264
Interest income	414,997	66,060	481,057
Interest expense	(513,887)	(82,544)	(596,431)
Net interest expense	(98,890)	(16,484)	(115,374)
Segment profit/(loss) before tax	12,082,938	(4,160,343)	7,922,595
Share of profit of an associate, net of tax	-	150,550	150,550
Profit/(Loss) before tax	12,082,938	(4,009,793)	8,073,145
Tax expense	(3,701,259)	(387,432)	(4,088,691)
Material items:			
- realised gain/(loss) on foreign exchange, net	5,094	(295)	4,799
- rental commission	(1,014,193)	-	(1,014,193)
- rental of premises	(2,550)	(5,500)	(8,050)
Other material non-cash items:			
- depreciation of property, plant and equipment	(1,437,836)	(813,841)	(2,251,677)
- depreciation of right-of-use assets	(5,896,093)	(656,524)	(6,552,617)
- fair value loss on short term funds	(458)	-	(458)
- gain on dilution of equity interest in an associate	-	301,932	301,932
- gain on reassessments and modification of leases	593,514	-	593,514
- impairment losses on property, plant and equipment	(523,939)	-	(523,939)
- impairment losses on right-of-use assets	(1,504,662)	-	(1,504,662)
- impairment losses on other investment	-	(4,482,646)	(4,482,646)
- impairment losses on trade receivables	(6,124)	-	(6,124)
- property, plant and equipment written off	(3,214)	(270)	(3,484)
- reversal of impairment losses on trade receivables	93,618	58,066	151,684
- unrealised loss on foreign exchange, net	(2,433)	(60,685)	(63,118)
Additions to non-current assets other than financial instruments, deferred tax assets and investment in an associate	4,675,032	56,291	4,731,323
Segment assets	61,821,156	49,729,817	111,550,973
Segment liabilities	21,138,420	18,686,443	39,824,863

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6. OPERATING SEGMENTS (continued)

2022	**Retailing** **RM**	**Investment and management services** **RM**	**Total** **RM**
Revenue			
Total revenue	137,968,099	24,520,954	162,489,053
Inter-segment revenue	(36,462,294)	(24,240,154)	(60,702,448)
Revenue from external customers	101,505,805	280,800	101,786,605
Interest income	429,986	60,158	490,144
Interest expense	(629,709)	(87,148)	(716,857)
Net interest expense	(199,723)	(26,990)	(226,713)
Segment profit/(loss) before tax	30,301,327	(999,322)	29,302,005
Share of loss of an associate, net of tax	-	(268,656)	(268,656)
Profit/(Loss) before tax	30,301,327	(1,267,978)	29,033,349
Tax expense	(6,555,093)	(247,649)	(6,802,742)
Material items:			
- realised (loss)/gain on foreign exchange, net	(9,215)	15,001	5,786
- rental commission	(1,855,386)	-	(1,855,386)
- rental of premises	-	(6,500)	(6,500)
Other material non-cash items:			
- depreciation of property, plant and equipment	(1,166,888)	(829,705)	(1,996,593)
- depreciation of right-of-use assets	(5,570,673)	(683,043)	(6,253,716)
- fair value gain on short term funds	50,866	-	50,866
- gain on reassessments and modification of leases	917,528	-	917,528
- gain on disposal of property, plant and equipment	-	3,147	3,147
- impairment losses on trade receivables	-	(113,908)	(113,908)
- impairment losses on other receivables	(101,471)	-	(101,471)
- impairment of goodwill	-	(19,750)	(19,750)
- property, plant and equipment written off	(500)	-	(500)
- other receivables written off	-	(2,476)	(2,476)
- reversal of impairment losses on trade receivables	81,347	-	81,347
- reversal of impairment losses on right-of-use assets	8,753	-	8,753
- unrealised gain on foreign exchange, net	138	119,330	119,468
Additions to non-current assets other than financial instruments, deferred tax assets and investment in an associate	5,990,871	745,150	6,736,021
Segment assets	76,330,280	58,044,877	134,375,157
Segment liabilities	25,492,368	17,781,831	43,274,199

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6. OPERATING SEGMENTS (continued)

2023	**Retailing RM**	**Investment and management services RM**	**Total RM**
Revenue			
Total revenue	155,888,700	33,180,806	189,069,506
Inter-segment revenue	(42,426,934)	(33,108,806)	(75,535,740)
Revenue from external customers	113,461,766	72,000	113,533,766
Interest income	490,604	226,457	717,061
Interest expense	(650,981)	(98,487)	(749,468)
Net interest (expense)/income	(160,377)	127,970	(32,407)
Segment profit before tax	29,794,793	2,564,444	32,359,237
Share of loss of an associate, net of tax	-	(908,743)	(908,743)
Profit before tax	29,794,793	1,655,701	31,450,494
Tax expense	(7,250,917)	(346,317)	(7,597,234)
Material items:			
- realised (loss)/gain on foreign exchange, net	(8,310)	41,671	33,361
- rental commission	(2,130,193)	-	(2,130,193)
- rental of premises	-	(6,000)	(6,000)
Other material non-cash items:			
- depreciation of property, plant and equipment	(1,328,768)	(879,283)	(2,208,051)
- depreciation of right-of-use assets	(5,535,371)	(778,331)	(6,313,702)
- fair value gain on short term funds	112,823	-	112,823
- gain on dilution of equity interest in an associate	-	580,213	580,213
- gain on disposal of investment properties	-	1,855,700	1,855,700
- gain on disposal of property, plant and equipment	4,011	-	4,011
- impairment losses on trade receivables	(205,178)	(35,819)	(240,997)
- impairment losses on other receivables	-	(52)	(52)
- property, plant and equipment written off	(2,805)	(248)	(3,053)
- other receivables written off	(1,175)	-	(1,175)
- reversal of impairment losses on trade receivables	12,554	-	12,554
- reversal of impairment losses on other receivables	-	124	124
- unrealised gain on foreign exchange, net	1,146	15,529	16,675
Additions to non-current assets other than financial instruments, deferred tax assets and investment in an associate	1,446,362	17,533,257	18,979,619
Segment assets	73,020,138	74,577,289	147,597,427
Segment liabilities	22,713,521	24,832,683	47,546,204

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6. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

Revenue	2021 RM	2022 RM	2023 RM
Total revenue for reporting segments	125,647,569	162,489,053	189,069,506
Elimination of inter-segment revenues	(49,187,305)	(60,702,448)	(75,535,740)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	76,460,264	101,786,605	113,533,766
Profit for the financial year			
Profit before tax	8,073,145	29,033,349	31,450,494
Tax expense	(4,088,691)	(6,802,742)	(7,597,234)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	3,984,454	22,230,607	23,853,260

Assets	2021 RM	2022 RM	2023 RM
Total assets for reportable segments	111,550,973	134,375,157	147,597,427
Tax assets	1,227,302	1,732,041	1,435,989
Total assets of the Group per consolidated statement of financial position	112,778,275	136,107,198	149,033,416
Liabilities			
Total liabilities for reportable segments	39,824,863	43,274,199	47,546,204
Tax liabilities	841,760	2,512,958	1,307,470
Total liabilities of the Group per consolidated statement of financial position	40,666,623	45,787,157	48,853,674

Geographical information

The Group operates in Malaysia and Vietnam.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of entities.

The composition of each geographical segment is as follows:

(i) Malaysia : Designing, promoting, marketing, distributing and retailing of women's footwear, handbags and accessories, investment holdings of securities, provision of management services as well as property development and property investment.

(ii) Vietnam : Management consultancy activities and to implement the right to import, distribution, wholesales of goods.

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6. OPERATING SEGMENTS (continued)

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments, other investments, deferred tax assets and investment in an associate.

	2021 RM	2022 RM	2023 RM
Revenue from external customers			
Malaysia	76,212,299	101,730,286	113,533,766
Vietnam	247,965	56,319	-
	76,460,264	101,786,605	113,533,766

	2021 RM	2022 RM	2023 RM
Non-current assets			
Malaysia	41,436,279	46,316,314	55,710,086

Major customers

There were no major customers who contributed more than ten percent (10%) of the total revenue of the Group. As such, information on major customers is not presented.

7. PROPERTY, PLANT AND EQUIPMENT

30 June 2021 **At cost**	Balance as at 01.07.2020 RM	Additions RM	Written off RM	Balance as at 30.06.2021 RM
Freehold land and building	22,802,490	-	-	22,802,490
Electrical installation	562,423	-	-	562,423
Furniture, fittings and counter fixtures	18,848,686	755,370	(990,940)	18,613,116
Motor vehicles	3,623	149,937	-	153,560
Office equipment	3,858,502	97,294	(36,666)	3,919,130
Plant and machinery	158,259	-	-	158,259
Renovation	1,223,322	-	-	1,223,322
	47,457,305	1,002,601	(1,027,606)	47,432,300

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2021 Accumulated depreciation	Balance as at 01.07.2020 RM	Depreciation charge for the financial year RM	Written off RM	Balance as at 30.06.2021 RM
Freehold land and building	2,204,242	456,050	-	2,660,292
Electrical installation	333,248	59,200	-	392,448
Furniture, fittings and counter fixtures	15,911,319	1,240,374	(706,013)	16,445,680
Motor vehicles	302	13,219	-	13,521
Office equipment	3,076,090	303,846	(33,194)	3,346,742
Plant and machinery	158,256	-	-	158,256
Renovation	704,786	178,988	-	883,774
	22,388,243	2,251,677	(739,207)	23,900,713

30 June 2021 Accumulated impairment	Balance as at 01.07.2020 RM	Impairment loss for the financial year RM	Written off RM	Balance as at 30.06.2021 RM
Freehold land and building	-	-	-	-
Electrical installation	-	18,695	-	18,695
Furniture, fittings and counter fixtures	822,330	483,576	(284,915)	1,020,991
Motor vehicles	-	-	-	-
Office equipment	-	13,973	-	13,973
Plant and machinery	-	-	-	-
Renovation	-	7,695	-	7,695
	822,330	523,939	(284,915)	1,061,354

30 June 2022 At cost	Balance as at 01.07.2021 RM	Additions RM	Disposal RM	Written off RM	Balance as at 30.06.2022 RM
Freehold land and building	22,802,490	-	-	-	22,802,490
Electrical installation	562,423	10,500	-	-	572,923
Furniture, fittings and counter fixtures	18,613,116	2,351,523	-	(1,600,487)	19,364,152
Motor vehicles	153,560	-	-	-	153,560
Office equipment	3,919,130	644,669	(15,052)	(107,074)	4,441,673
Plant and machinery	158,259	-	-	-	158,259
Renovation	1,223,322	-	-	-	1,223,322
	47,432,300	3,006,692	(15,052)	(1,707,561)	48,716,379

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2022 **Accumulated depreciation**	**Balance as at 01.07.2021 RM**	**Depreciation charge for the financial year RM**	**Disposal RM**	**Written off RM**	**Balance as at 30.06.2022 RM**
Freehold land and building	2,660,292	456,050	-	-	3,116,342
Electrical installation	392,448	48,768	-	-	441,216
Furniture, fittings and counter fixtures	16,445,680	1,044,305	-	(1,307,416)	16,182,569
Motor vehicles	13,521	30,711	-	-	44,232
Office equipment	3,346,742	269,715	(14,699)	(106,579)	3,495,179
Plant and machinery	158,256	-	-	-	158,256
Renovation	883,774	147,044	-	-	1,030,818
	23,900,713	1,996,593	(14,699)	(1,413,995)	24,468,612

30 June 2022 **Accumulated impairment**	**Balance as at 01.07.2021 RM**	**Written off RM**	**Balance as at 30.06.2022 RM**
Freehold land and building	-	-	-
Electrical installation	18,695	-	18,695
Furniture, fittings and counter fixtures	1,020,991	(293,066)	727,925
Motor vehicles	-	-	-
Office equipment	13,973	-	13,973
Plant and machinery	-	-	-
Renovation	7,695	-	7,695
	1,061,354	(293,066)	768,288

30 June 2023 **At cost**	**Balance as at 01.07.2022 RM**	**Additions RM**	**Disposal RM**	**Written off RM**	**Balance as at 30.06.2023 RM**
Freehold land and building	22,802,490	17,370,400	-	-	40,172,890
Electrical installation	572,923	17,696	-	(21,360)	569,259
Furniture, fittings and counter fixtures	19,364,152	1,535,048	(25,314)	(974,398)	19,899,488
Motor vehicles	153,560	-	-	-	153,560
Office equipment	4,441,673	130,899	(3,394)	(91,941)	4,477,237
Plant and machinery	158,259	-	-	-	158,259
Renovation	1,223,322	26,715	-	(75,371)	1,174,666
Property under construction	-	20,140	-	-	20,140
	48,716,379	19,100,898	(28,708)	(1,163,070)	66,625,499

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2023 Accumulated depreciation	Balance as at 01.07.2022 RM	Depreciation charge for the financial year RM	Disposal RM	Written off RM	Balance as at 30.06.2023 RM
Freehold land and building	3,116,342	456,050	-	-	3,572,392
Electrical installation	441,216	39,177	-	(21,359)	459,034
Furniture, fittings and counter fixtures	16,182,569	1,217,231	(25,312)	(971,666)	16,402,822
Motor vehicles	44,232	30,711	-	-	74,943
Office equipment	3,495,179	316,949	(2,657)	(91,618)	3,717,853
Plant and machinery	158,256	-	-	-	158,256
Renovation	1,030,818	147,933	-	(75,367)	1,103,384
Property under construction	-	-	-	-	-
	24,468,612	2,208,051	(27,969)	(1,160,010)	25,488,684

30 June 2023 Accumulated impairment	Balance as at 01.07.2022 RM	Written off RM	Balance as at 30.06.2023 RM
Freehold land and building	-	-	-
Electrical installation	18,695	-	18,695
Furniture, fittings and counter fixtures	727,925	(7)	727,918
Motor vehicles	-	-	-
Office equipment	13,973	-	13,973
Plant and machinery	-	-	-
Renovation	7,695	-	7,695
Property under construction	-	-	-
	768,288	(7)	768,281

Carrying amount	2021 RM	2022 RM	2023 RM
Freehold land and building	20,142,198	19,686,148	36,600,498
Electrical installation	151,280	113,012	91,530
Furniture, fittings and counter fixtures	1,146,445	2,453,658	2,768,748
Motor vehicles	140,039	109,328	78,617
Office equipment	558,415	932,521	745,411
Plant and machinery	3	3	3
Renovation	331,853	184,809	63,587
Property under construction	-	-	20,140
	22,470,233	23,479,479	40,368,534

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2021 RM	2022 RM	2023 RM
Purchase of property, plant and equipment	1,002,601	3,006,692	19,100,898
Unsettled and remained as other payables	(154,565)	(357,687)	(777,846)
Cash payments on purchase of property, plant and equipment	848,036	2,649,005	18,323,052

(b) As at the end of the reporting period, the carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group as disclosed in Note 21 to the Consolidated Financial Statements are as follows:

Carrying amount	2021 RM	2022 RM	2023 RM
Freehold land and building	18,906,945	18,478,863	35,421,181

(c) For the purpose of impairment assessment, recoverable amount of property, plant and equipment is determined based on a "value-in-use" of each CGU.

The carrying amounts of property, plant and equipment in certain subsidiaries which have indication of impairment amounted to RM399,951 (2022: RM930,430; 2021: RM1,744,477).

Value-in-use of the CGUs is determined by discounting the future cash flows to be generated from continuing use of the CGUs. Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions (2022 and 2021: affected by the COVID-19 pandemic).

Based on these assumptions, an impairment loss of RM Nil (2022: RM Nil; 2021: RM523,939) is recognised in relation to property, plant and equipment of certain subsidiaries as the recoverable amounts are lower than the carrying amounts of the CGUs (2022 and 2021: as a result of the COVID-19 pandemic).

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

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8. LEASES

The Group as lessee

Right-of-use assets

30 June 2021	**Balance as at 01.07.2020 RM**	**Reassessments and modifications RM**	**Additions RM**	**Balance as at 30.06.2021 RM**
At cost				
Boutiques	25,789,711	4,275,885	3,713,979	33,779,575
Hostels	62,442	8,939	-	71,381
Motor vehicles	436,700	-	-	436,700
Office	3,206,566	160,508	14,743	3,381,817
	29,495,419	4,445,332	3,728,722	37,669,473

30 June 2021	**Balance as at 01.07.2020 RM**	**Depreciation charge for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2021 RM**
Accumulated depreciation				
Boutiques	15,426,381	5,869,320	(1,742,342)	19,553,359
Hostels	41,628	26,773	-	68,401
Motor vehicles	94,618	87,340	-	181,958
Office	1,019,836	569,184	-	1,589,020
	16,582,463	6,552,617	(1,742,342)	21,392,738

30 June 2021	**Balance as at 01.07.2020 RM**	**Impairment loss for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2021 RM**
Accumulated impairment				
Boutiques	1,043,633	1,504,662	(417,856)	2,130,439
Hostels	-	-		-
Motor vehicles	-	-		-
Office	-	-		-
	1,043,633	1,504,662	(417,856)	2,130,439

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8. **LEASES (continued)**

The Group as lessee (continued)

Right-of-use assets (continued)

30 June 2022 **At cost**	**Balance as at 01.07.2021 RM**	**Reassessments and modifications RM**	**Additions RM**	**Balance as at 30.06.2022 RM**
Boutiques	33,779,575	1,734,942	3,590,268	39,104,785
Hostels	71,381	(71,381)	-	-
Motor vehicles	436,700	-	-	436,700
Office	3,381,817	(26,903)	139,061	3,493,975
	37,669,473	1,636,658	3,729,329	43,035,460

30 June 2022 **Accumulated depreciation**	**Balance as at 01.07.2021 RM**	**Depreciation charge for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2022 RM**
Boutiques	19,553,359	5,552,875	(4,089,160)	21,017,074
Hostels	68,401	17,798	(86,199)	-
Motor vehicles	181,958	87,339	-	269,297
Office	1,589,020	595,704	-	2,184,724
	21,392,738	6,253,716	(4,175,359)	23,471,095

30 June 2022 **Accumulated impairment**	**Balance as at 01.07.2021 RM**	**Reversal of impairment loss for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2022 RM**
Boutiques	2,130,439	(8,753)	(594,156)	1,527,530
Hostels	-	-	-	-
Motor vehicles	-	-	-	-
Office	-	-	-	-
	2,130,439	(8,753)	(594,156)	1,527,530

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8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

30 June 2023 **At cost**	**Balance as at 01.07.2022 RM**	**Reassessments and modifications RM**	**Additions RM**	**Balance as at 30.06.2023 RM**
Boutiques	39,104,785	3,238,221	-	42,343,006
Motor vehicles	436,700	-	-	436,700
Office	3,493,975	51,390	4,311	3,549,676
	43,035,460	3,289,611	4,311	46,329,382

30 June 2023 **Accumulated depreciation**	**Balance as at 01.07.2022 RM**	**Depreciation charge for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2023 RM**
Boutiques	21,017,074	5,535,371	(324,497)	26,227,948
Motor vehicles	269,297	87,340	-	356,637
Office	2,184,724	690,991	-	2,875,715
	23,471,095	6,313,702	(324,497)	29,460,300

30 June 2023 **Accumulated impairment**	**Balance as at 01.07.2022/ 30.06.2023 RM**
Boutiques	1,527,530
Motor vehicles	-
Office	-
	1,527,530

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8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Carrying amount	2021 RM	2022 RM	2023 RM
Boutiques	12,095,777	16,560,181	14,587,528
Hostels	2,980	-	-
Motor vehicles	254,742	167,403	80,063
Office	1,792,797	1,309,251	673,961
	14,146,296	18,036,835	15,341,552

(a) The Group leases boutiques, hostels, motor vehicles and office with lease periods of two (2) years to nine (9) years (2022: two (2) years to nine (9) years; 2021: two (2) years to nine (9) years).

(b) The Group has certain leases of hostel with lease term of less than twelve (12) months and low-value lease of office of RM20,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

(c) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	2021 RM	2022 RM	2023 RM
Addition of right-of-use assets	3,728,722	3,729,329	4,311
Financed by lease liabilities	(3,664,395)	(3,185,054)	-
Provision for restoration costs capitalised (Note 22(b))	(64,327)	(544,275)	(4,311)
Cash payments on right-of-use assets	-	-	-

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8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

(d) The following are the amounts recognised in profit or loss:

	2021 RM	2022 RM	2023 RM
Included in general and administrative expenses:			
Expenses relating to leases of low-value assets	5,500	6,500	6,000
Expenses relating to short-term lease	2,550	-	-
Depreciation charge of right-of-use assets	683,297	700,841	778,331
Included in selling and distribution expenses:			
Depreciation charge of right-of-use assets	5,869,320	5,552,875	5,535,371
Variable lease payments:			
- based on the monthly gross sales	1,014,193	1,855,386	2,130,193
Included in finance costs:			
Interest expense on lease liabilities	588,869	619,919	622,626
Included in other operating income:			
Gain on reassessments and modifications of leases	(593,514)	(917,528)	-
Arising from COVID-19-related rent concessions	(975,308)	(984,443)	(39,343)
	6,594,907	6,833,550	9,033,178

(e) For the purpose of impairment assessment, recoverable amount of the right-of-use assets is determined based on a "value-in-use" of each CGU.

The carrying amounts of right-of-use assets in certain subsidiaries which have indication of impairment amounted to RM830,341 (2022: RM3,971,184; 2021: RM5,952,570).

Value-in-use of the CGUs is determined by discounting the future cash flows for the remaining useful life of the right-of-use assets. Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are, among others, dependent on forecasted economic conditions (2022 and 2021: affected by the COVID-19 pandemic).

Based on these assumptions, an impairment loss of RM Nil (2022: RM Nil; 2021: RM1,504,662) is recognised in relation to right-of-use assets for a subsidiary as the recoverable amount is lower than the carrying amount of the CGU (2022 and 2021: as a result of the COVID-19 pandemic).

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

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8. **LEASES (continued)**

The Group as lessee (continued)

Lease liabilities

Carrying amount	**Balance as at 01.07.2020 RM**	**Reassessments and modifications RM**	**Additions RM**	**Lease payments RM**	**Lease concessions RM**	**Interest expense RM**	**Balance as at 30.06.2021 RM**
Boutiques	10,881,124	5,842,569	3,664,395	(5,069,713)	(975,308)	509,468	14,852,535
Hostels	15,792	8,939	-	(22,000)	-	265	2,996
Motor vehicles	326,984	-	-	(88,884)	-	12,372	250,472
Office	2,116,130	160,508	-	(593,367)	-	66,764	1,750,035
	13,340,030	6,012,016	3,664,395	(5,773,964)	(975,308)	588,869	16,856,038

Carrying amount	**Balance as at 01.07.2021 RM**	**Reassessments and modifications RM**	**Additions RM**	**Lease payments RM**	**Lease concessions RM**	**Interest expense RM**	**Balance as at 30.06.2022 RM**
Boutiques	14,852,535	5,473,827	3,185,054	(4,727,072)	(965,706)	563,421	18,382,059
Hostels	2,996	14,818	-	(16,500)	(1,500)	186	-
Motor vehicles	250,472	-	-	(88,884)	-	8,880	170,468
Office	1,750,035	-	-	(578,584)	(17,237)	47,432	1,201,646
	16,856,038	5,488,645	3,185,054	(5,411,040)	(984,443)	619,919	19,754,173

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8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

Carrying amount	Balance as at 01.07.2022 RM	Reassessments and modifications RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.06.2023 RM
Boutiques	18,382,059	3,688,308	(5,983,738)	(39,343)	582,662	16,629,948
Motor vehicles	170,468	-	(88,884)	-	5,387	86,971
Office	1,201,646	51,390	(622,818)	-	34,577	664,795
	19,754,173	3,739,698	(6,695,440)	(39,343)	622,626	17,381,714

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8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

Represented by:	2021 RM	2022 RM	2023 RM
Non-current liabilities			
- Lease liabilities owing to a financial institution	170,468	86,970	-
- Lease liabilities owing to non-financial institutions	11,439,609	13,961,835	11,929,431
	11,610,077	14,048,805	11,929,431
Current liabilities			
- Lease liabilities owing to a financial institution	80,004	83,498	86,970
- Lease liabilities owing to non-financial institutions	5,165,957	5,621,870	5,365,313
	5,245,961	5,705,368	5,452,283
	16,856,038	19,754,173	17,381,714

(a) The movements of lease liabilities during the financial years are as follows:

	2021 RM	2022 RM	2023 RM
At 1 July	13,340,030	16,856,038	19,754,173
Additions of lease liabilities	3,664,395	3,185,054	-
Interest charged for the year	588,869	619,919	622,626
Lease payments	(5,773,964)	(5,411,040)	(6,695,440)
Lease concessions	(975,308)	(984,443)	(39,343)
Reassessments and modifications	6,012,016	5,488,645	3,739,698
At 30 June	16,856,038	19,754,173	17,381,714

(b) At the end of the financial year, the Group had total cash outflow for leases of RM6,695,440 (2022: RM5,411,040; 2021: RM5,773,964).

(c) The Group has lease contracts for certain boutiques that contains variable payments based on the monthly gross sales. Variable lease payments are recognised in profit or loss when the condition that triggers those payments occur.

A 10% increase in monthly gross sales would increase total lease payments by 2.4% (2022: 2.6%; 2021: 1.5%).

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8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

(d) Reconciliation of liabilities arising from financing activities:

	2021 RM	2022 RM	2023 RM
At 1 July	13,340,030	16,856,038	19,754,173
Cash flows:			
- Net of repayments of borrowings	(5,773,964)	(5,411,040)	(6,695,440)
- Interest paid	12,372	8,880	5,387
	(5,761,592)	(5,402,160)	(6,690,053)
Non-cash flows:			
- Additions	3,664,395	3,185,054	-
- Reassessments and modifications	6,012,016	5,488,645	3,739,698
- Unwinding of interest	576,497	611,039	617,239
- Lease concessions	(975,308)	(984,443)	(39,343)
At 30 June	16,856,038	19,754,173	17,381,714

(e) The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management exercise significant judgement in determining whether these extension options are reasonably certain to be exercised. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

(f) Information on the financial risk of lease liabilities is disclosed in Note 35 to the Consolidated Financial Statements.

The Group as lessor

The Group has entered into non-cancellable lease agreement for a warehouse for a term of two (2) years with an option to renew for another one (1) year. The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2021 RM	2022 RM	2023 RM
Less than one (1) year	291,000	72,000	-
One (1) year to two (2) years	225,000	-	-
	516,000	72,000	-

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9. GOODWILL

	2021 RM	2022 RM	2023 RM
As at 1 July	19,750	19,750	-
Less: Impairment loss	-	(19,750)	-
As at 30 June	19,750	-	-

For the purpose of impairment testing, the recoverable amount of the Cash Generating Unit ("CGU") is determined based on a "value-in-use" calculation. The value-in-use of the CGU is determined by discounting the future cash flows to be generated from continuing use of the CGU. The value-in-use is derived based on management's cash flow projections for three (3) financial years from 2022 to 2024 for financial year ended 30 June 2021.

The key assumptions used in the value-in-use calculations are as follows:

(i) The anticipated annual revenue growth rates used in the cash flow projections of the CGU ranged from -10% to 10% for 30 June 2021.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 13.5% for 30 June 2021 was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax plus a reasonable risk premium and reflects the overall weighted average cost of capital of the Group.

Based on these assumptions, the Directors are of the view that no impairment loss was required as at 30 June 2021 as the recoverable amount determined was higher than the carrying amount of the CGU.

With regard to the assessment of value-in-use of the goodwill, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

Based on the annual impairment assessment undertaken by the Group, an impairment loss of RM19,750 was made for the carrying amount of the goodwill as at 30 June 2022.

10. INVESTMENT PROPERTIES

At fair value	2021 RM	2022 RM	2023 RM
Leasehold land and building			
As at 1 July	4,800,000	4,800,000	4,800,000
Disposal during the year	-	-	(4,800,000)
As at 30 June	4,800,000	4,800,000	-

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10. INVESTMENT PROPERTIES (continued)

(a) As at the end of reporting period, the investment properties pledged as securities for banking facilities granted to the Group as disclosed in Note 21 to the Consolidated Financial Statements are as follows:

	2021 RM	2022 RM	2023 RM
Leasehold land and building	4,800,000	4,800,000	-

(b) As at the end of reporting period, rental income of the Group derived from the investment properties are as follows:

	2021 RM	2022 RM	2023 RM
Rental income	279,000	280,800	72,000

(c) The amounts of direct expenses recognised in profit or loss during the financial year are as follows:

	2021 RM	2022 RM	2023 RM
Income generating units			
Repairs and maintenance	5,486	1,940	664
Quit rent and assessment	12,948	12,948	12,948

(d) The fair value of investment properties of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Leasehold land and building	-	-	4,800,000	4,800,000
2022				
Leasehold land and building	-	-	4,800,000	4,800,000
2023				
Leasehold land and building	-	-	-	-

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2023, 30 June 2022 and 30 June 2021.

(ii) The valuation of investment properties of the Group at Level 3 fair value amounting to RM Nil (2022: RM4,800,000; 2021: RM4,800,000) were recommended by the Directors based on indicative market values from the valuation exercise carried out on an open market value basis by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The valuations were made based on the comparison method that makes reference to recent sales transactions of similar properties in the same locality on a price per square feet basis. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

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10. INVESTMENT PROPERTIES (continued)

(d) The fair value of investment properties of the Group are categorised as follows: (continued)

(iii) The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use. The investment properties of the Group are mainly used to generate rental income.

11. INVESTMENT IN AN ASSOCIATE

	2021 RM	2022 RM	2023 RM
Quoted equity shares, at cost	4,000,749	4,000,749	4,000,749
Share of post-acquisition result, net of tax	452,482	183,826	(144,704)
Reclassification to other investments (Note 12)	-	-	(3,856,045)
	4,453,231	4,184,575	-

(a) The details of the associate, incorporated in Malaysia except otherwise stated, are as follows:

Name of company	Effective interest in equity 2021 %	 2022 %	 2023 %	Principal activities
Associate of CRI Sdn. Bhd.				
Carzo Holdings Berhad ("CHB") [(1), (2) & (3)]	18.00	18.00	16.65	Wholesale of fruits, provision of management services and activities of investment holdings companies

[(1)] Audited by firm of auditors other than BDO PLT

[(2)] Equity accounted based on management accounts for the financial period/year ended 30 November 2022, 30 June 2022 and 30 June 2021 as the financial year end of the associate is 31 December

[(3)] On 9 September 2021, CHB was listed on the LEAP Market of Bursa Malaysia Securities Berhad

(b) On 20 January 2021, CRI Sdn. Bhd. subscribed for 15,888,600 ordinary shares in the share capital of CHB, representing 20% equity interest in CHB for a cash consideration of RM4,000,749.

On 7 May 2021, CHB issued 8,827,000 ordinary shares to the pre-listing investors of CHB. Following the exercise, CRI's equity interest in CHB was diluted from 20% to 18%.

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11. INVESTMENT IN AN ASSOCIATE (continued)

(c) In the financial years ended 30 June 2021 and 2022, the management assessed the level of influence that the Group has on its associate, CHB and determined that it has significant influence even though the shareholding is below 20% because of the board representations in CHB.

(d) On 18 October 2022, CHB completed its 1st tranche of private placement of 7,142,700 ordinary shares to identified investors, this further dilute CRI's equity interest in CHB from 18% to 16.65%.

(e) On 30 November 2022, the Managing Director of the Group resigned from the board of CHB, resulted in the cessation of the Group's significant influence over the associate.

(f) The above associate was accounted for using the equity method in the consolidated financial statements for the period from 1 July 2022 to 30 November 2022 (2022: 1 July 2021 to 30 June 2022; 2021: 1 July 2020 to 30 June 2021).

The summarised financial information of the associate, CHB are as follows:

	30.06.2021 RM	**30.06.2022 RM**	**30.11.2022 RM**
Assets			
Non-current assets	2,485,631	3,130,586	5,576,311
Current assets	26,255,218	26,983,665	20,997,742
Total assets	28,740,849	30,114,251	26,574,053
Liabilities			
Non-current liabilities	2,430,319	1,708,383	3,062,312
Current liabilities	16,102,609	19,908,258	16,299,377
Total liabilities	18,532,928	21,616,641	19,361,689

Results	**01.07.2020 to 30.06.2021 RM**	**01.07.2021 to 30.06.2022 RM**	**01.07.2022 to 30.11.2022 RM**
Revenue	42,856,141	79,154,787	51,763,699
Profit/(Loss) for the financial year/period	958,024	(1,492,534)	(5,285,158)

(g) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate are as follows:

	2021 RM	**2022 RM**	**2023 RM**
Share of net assets by the Group	1,837,426	1,568,770	1,201,039
Goodwill	2,615,805	2,615,805	2,799,710
Derecognition of investment	-	-	(4,000,749)
Carrying amount in the statements of financial position	4,453,231	4,184,575	-

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11. INVESTMENT IN AN ASSOCIATE (continued)

(g) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate are as follows: (continued)

	2021 RM	2022 RM	2023 RM
Share of results by the Group			
Share of profit/(loss) by the Group	150,550	(268,656)	(908,743)

12. OTHER INVESTMENTS

	2021 RM	2022 RM	2023 RM
Financial asset at fair value through other comprehensive income			
Quoted shares in Malaysia	-	-	4,766,580
Financial asset at fair value through profit or loss			
Unquoted shares in Malaysia	4,482,646	4,482,646	4,482,646
Less: Fair value adjustments	(4,482,646)	(4,482,646)	(4,482,646)
	-	-	-
	-	-	4,766,580

(a) On 10 September 2020, CRI subscribed for 6,800 ordinary shares in Shoppr Labs Sdn. Bhd. ("SLSB") and on 29 January 2021, CRI subscribed another 1,071 ordinary shares of SLSB for a total cash consideration of RM4,482,646, which representing 4.07% equity interest in SLSB.

(b) In the financial year ended 30 June 2021, the Company recognised a fair value loss on investment in SLSB amounting to RM4,482,646 due to its loss-making and capital deficiency position.

(c) The movement of quoted shares in Malaysia are as follows:

	2021 RM	2022 RM	2023 RM
Balance as at 1 July	-	-	-
Reclassification from investment in an associate (Note 11)	-	-	3,856,045
Fair value gain on other investments	-	-	910,535
Balance as at 30 June	-	-	4,766,580

(d) Information on the fair value hierarchy is disclosed in Note 34(d) to the Consolidated Financial Statements.

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13. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	2021 RM	2022 RM	2023 RM
As at 1 July	1,095,000	982,000	1,355,000
Recognised in profit or loss (Note 29)	(113,000)	373,000	(133,000)
Recognised in other comprehensive income (Note 29)	-	-	50,000
As at 30 June	982,000	1,355,000	1,272,000

Presented after appropriate offsetting as follow:

	2021 RM	2022 RM	2023 RM
Deferred tax assets, net	1,032,000	1,405,000	1,281,000
Deferred tax liabilities, net	(50,000)	(50,000)	(9,000)
	982,000	1,355,000	1,272,000

(b) The components and movements of deferred tax liabilities and assets during the financial years are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Offsetting RM	Total RM
At 1 July 2020	(96,000)	27,000	(69,000)
Recognised in profit or loss	(3,000)	22,000	19,000
At 30 June 2021	(99,000)	49,000	(50,000)
At 1 July 2021	(99,000)	49,000	(50,000)
Recognised in profit or loss	-	-	-
At 30 June 2022	(99,000)	49,000	(50,000)
At 1 July 2022	(99,000)	49,000	(50,000)
Recognised in profit or loss	(9,000)	-	(9,000)
Recognised in other comprehensive income	50,000	-	50,000
At 30 June 2023	(58,000)	49,000	(9,000)

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13. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial years are as follows: (continued)

Deferred tax assets of the Group

	Property, plant and equipment RM	Other deductible temporary differences RM	Lease liabilities RM	Offsetting RM	Total RM
At 1 July 2020	181,000	598,000	412,000	(27,000)	1,164,000
Recognised in profit or loss	(71,000)	33,000	(72,000)	(22,000)	(132,000)
At 30 June 2021	110,000	631,000	340,000	(49,000)	1,032,000
At 1 July 2021	110,000	631,000	340,000	(49,000)	1,032,000
Recognised in profit or loss	(145,000)	254,000	264,000	-	373,000
At 30 June 2022	(35,000)	885,000	604,000	(49,000)	1,405,000
At 1 July 2022	(35,000)	885,000	604,000	(49,000)	1,405,000
Recognised in profit or loss	(118,000)	31,000	(37,000)	-	(124,000)
At 30 June 2023	(153,000)	916,000	567,000	(49,000)	1,281,000

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13. DEFERRED TAX (continued)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	2021 RM	2022 RM	2023 RM
Unused tax losses:			
- Expires by 30 June 2027	805,547	-	-
- Expires by 30 June 2028	504,628	-	-
Unabsorbed capital allowances	419,654	373,584	89,000
Other deductible temporary differences	5,965,805	5,910,533	5,845,788
	7,695,634	6,284,117	5,934,788

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

14. INVENTORIES

	2021 RM	2022 RM	2023 RM
Raw materials	140,239	89,457	84,056
Finished goods	9,448,646	11,030,916	14,436,037
	9,588,885	11,120,373	14,520,093

During the financial years, inventories of the Group recognised as cost of sales amounted to RM 43,469,464 (2022: RM38,743,397; 2021: RM32,068,255).

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15. TRADE AND OTHER RECEIVABLES

	2021 RM	2022 RM	2023 RM
Trade receivables			
Third parties	12,042,836	12,817,170	4,171,438
Less: Impairment losses			
- third parties	(5,816,176)	(6,015,573)	(215,879)
	6,226,660	6,801,597	3,955,559
Other receivables and deposits			
Other receivables	1,261,790	1,302,994	106,958
Deposits	3,890,486	3,965,710	3,750,203
	5,152,276	5,268,704	3,857,161
Less: Impairment losses			
- other receivables	(1,098,537)	(1,239,167)	(52)
- deposits	(29,974)	(29,974)	(29,850)
	(1,128,511)	(1,269,141)	(29,902)
	4,023,765	3,999,563	3,827,259
Total trade and other receivables	10,250,425	10,801,160	7,782,818
Prepayments	510,446	8,817,311	1,017,499
	10,760,871	19,618,471	8,800,317

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2022: 30 to 180 days; 2021: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Information on financial risks of trade and other receivables is disclosed in Note 35 to the Consolidated Financial Statements.

(c) The currency exposure profile of receivables (excluding prepayments) are as follows.

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	10,099,371	10,731,829	7,720,051
Indonesian Rupiah	82,328	-	-
Singapore Dollar	10,117	21,239	11,207
United States Dollar	30,334	30,334	30,334
Vietnamese Dong	20,116	1,171	-
Hong Kong Dollar	7,234	7,835	4,830
Others	925	8,752	16,396
	10,250,425	10,801,160	7,782,818

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15. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables of the Group are as follows:

2021	Gross carrying amount RM	Total allowance RM	Balance as at 30.06.2021 RM
Current	327,393	(990)	326,403
Past due:			
1 to 30 days	2,862,237	(8,235)	2,854,002
31 to 60 days	2,765,351	(35,222)	2,730,129
61 to 90 days	328,529	(12,403)	316,126
91 to 120 days	-	-	-
More than 120 days	5,759,326	(5,759,326)	-
	11,715,443	(5,815,186)	5,900,257
	12,042,836	(5,816,176)	6,226,660

2022	Gross carrying amount RM	Total allowance RM	Balance as at 30.06.2022 RM
Current	2,616,577	(6,103)	2,610,474
Past due:			
1 to 30 days	3,709,022	(9,585)	3,699,437
31 to 60 days	495,947	(5,131)	490,816
61 to 90 days	440	(125)	315
91 to 120 days	240	(123)	117
More than 120 days	5,994,944	(5,994,506)	438
	10,200,593	(6,009,470)	4,191,123
	12,817,170	(6,015,573)	6,801,597

2023	Gross carrying amount RM	Total allowance RM	Balance as at 30.06.2023 RM
Current	1,764,795	(2,775)	1,762,020
Past due:			
1 to 30 days	1,583,426	(1,637)	1,581,789
31 to 60 days	401,446	(2,284)	399,162
61 to 90 days	165,334	(3,119)	162,215
91 to 120 days	15,650	(8,251)	7,399
More than 120 days	240,787	(197,813)	42,974
	2,406,643	(213,104)	2,193,539
	4,171,438	(215,879)	3,955,559

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15. TRADE AND OTHER RECEIVABLES (continued)

(e) The reconciliation of movements in the impairment losses on trade receivables is as follows:

	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
At 1 July 2020	144,344	5,993,616	6,137,960
Charge for the financial year	6,124	-	6,124
Reversal of impairment loss	(93,618)	(58,066)	(151,684)
Written off	-	(28,478)	(28,478)
Exchange differences	-	(147,746)	(147,746)
At 30 June 2021	56,850	5,759,326	5,816,176
At 1 July 2021	56,850	5,759,326	5,816,176
Charge for the financial year	-	113,908	113,908
Reversal of impairment loss	(33,595)	(47,752)	(81,347)
Exchange differences	-	166,836	166,836
At 30 June 2022	23,255	5,992,318	6,015,573
At 1 July 2022	23,255	5,992,318	6,015,573
Charge for the financial year	205,178	35,819	240,997
Reversal of impairment loss	(12,554)	-	(12,554)
Written off	-	(6,028,137)	(6,028,137)
At 30 June 2023	215,879	-	215,879

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than twelve (12) months as deemed credit impaired and assesses for their risk of loss individually.

The Group has identified the GDP, OPR, retail sales growth, unemployment rate and inflation rate, (2022 and 2021: incorporating the impact of the COVID-19 pandemic) as the key macroeconomic factors in determining the lifetime expected credit loss for trade receivables.

(f) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	2021 RM	2022 RM	2023 RM
Maximum exposure	12,042,836	12,817,170	4,171,438
Impairment losses	(5,816,176)	(6,015,573)	(215,879)
Net exposure to credit risk	6,226,660	6,801,597	3,955,559

During the financial years, the Group did not renegotiate the terms of any trade receivables.

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15. TRADE AND OTHER RECEIVABLES (continued)

(g) The reconciliation of movements in the impairment losses on other receivables are as follows:

	12-month ECL RM	Lifetime ECL - credit impaired RM	Total allowance RM
At 1 July 2020	29,974	1,151,933	1,181,907
Exchange differences	-	(53,396)	(53,396)
At 30 June 2021	29,974	1,098,537	1,128,511
At 1 July 2021	29,974	1,098,537	1,128,511
Charge for the financial year	-	101,471	101,471
Exchange differences	-	39,159	39,159
At 30 June 2022	29,974	1,239,167	1,269,141
At 1 July 2022	29,974	1,239,167	1,269,141
Charge for the financial year	52	-	52
Reversal of impairment loss	(124)	-	(124)
Written off	-	(1,239,167)	(1,239,167)
At 30 June 2023	29,902	-	29,902

The Group has identified the GDP, OPR, retail sales growth, unemployment rate and inflation rate, (2022 and 2021: incorporating the impact of the COVID-19 pandemic) as the key macroeconomic factors in determining the lifetime expected credit loss for other receivables.

16. CASH AND BANK BALANCES

	2021 RM	2022 RM	2023 RM
Cash and bank balances	37,851,186	34,920,844	37,129,265
Deposits with a licensed bank	1,750,000	12,400,000	23,735,000
	39,601,186	47,320,844	60,864,265

(a) The currency exposure profile of cash and bank balances are as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	39,169,973	46,809,327	60,343,442
Vietnamese Dong	117,653	48,702	18,504
United States Dollar	81,865	280,513	299,696
Chinese Renminbi	43,463	52,223	52,907
Indonesian Rupiah	67,304	9,148	5,660
Others	120,928	120,931	144,056
	39,601,186	47,320,844	60,864,265

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16. CASH AND BANK BALANCES (continued)

(b) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	2021 RM	2022 RM	2023 RM
Cash and bank balances	37,851,186	34,920,844	37,129,265
Deposits with a licensed bank (not more than three (3) months)	1,750,000	12,400,000	23,735,000
	39,601,186	47,320,844	60,864,265

(c) No expected credit losses were recognised arising from deposits with financial institutions because the probability of default by these financial institutions were negligible.

(d) Information on financial risks of cash and bank balances is disclosed in Note 35 to the Consolidated Financial Statements.

17. SHORT TERM FUNDS

	2021 RM	2022 RM	2023 RM
Fair value through profit or loss			
Short term funds	5,710,521	5,814,580	2,936,086

(a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term funds of the Group are denominated in RM.

(b) Information on financial risks of short term funds is disclosed in Note 35 to the Consolidated Financial Statements.

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18. SHARE CAPITAL

	2021		2022		2023	
	Number of shares	**Amount (RM)**	**Number of shares**	**Amount (RM)**	**Number of shares**	**Amount (RM)**
Issue and fully paid	805,651,400	68,000,000	805,651,400	68,000,000	805,651,400	68,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at general meeting of the Company as prescribed in the Constitution of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

19. RESERVES

	Note	2021 RM	2022 RM	2023 RM
Non-distributable				
Exchange translation reserve	(a)	(256,092)	(250,053)	(249,548)
Revaluation reserve	(b)	805,700	805,700	-
Fair value reserve	(c)	-	-	910,535
		549,608	555,647	660,987
Distributable				
Retained earnings		3,562,044	21,764,394	31,518,755
		4,111,652	22,320,041	32,179,742

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

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19. RESERVES (continued)

(b) Revaluation reserve

The revaluation reserve arises from the revaluation surplus of a property of a subsidiary upon transfer from property, plant and equipment to investment properties.

(c) Fair value reserve

The fair value reserve arises from the fair value gain on the quoted investment upon reclassification from investment in an associate to other investment.

20. BORROWINGS

	Note	2021 RM	2022 RM	2023 RM
Secured				
Current liabilities				
Term loans	21	1,024,056	1,043,109	1,102,914
Non-current liabilities				
Term loans	21	12,012,134	10,568,254	18,597,744
Total borrowings	21	13,036,190	11,611,363	19,700,658

(a) All borrowings are denominated in RM.

(b) Information on financial risks of borrowings is disclosed in Note 35 to the Consolidated Financial Statements.

(c) Reconciliation of liabilities from financing activities:

	Term loans (Note 21) RM
At 1 July 2020	13,918,225
Cash flows:	
- Net of repayments of borrowings	(882,035)
At 30 June 2021	13,036,190
At 1 July 2021	13,036,190
Cash flows:	
- Net of repayments of borrowings	(1,424,827)
At 30 June 2022	11,611,363
At 1 July 2022	11,611,363
Non-cash flows	19,791
Cash flows:	
- Net drawdown of borrowings	8,069,504
At 30 June 2023	19,700,658

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21. TERM LOANS

	2021 RM	2022 RM	2023 RM
Secured			
Term loan I is repayable as follows: - 240 equal monthly instalments of RM91,894 each commencing December 2014	10,860,240	9,757,632	8,602,764
Term loan II is repayable as follows: - 180 monthly instalments of RM27,774 each commencing November 2013	2,175,950	1,853,731	-
Term loan III is repayable as follows: - 240 monthly instalments of RM72,890 each commencing March 2023	-	-	11,097,894
	13,036,190	11,611,363	19,700,658
Repayable as follows:			
Current liabilities			
- not later than one (1) year	1,024,056	1,043,109	1,102,914
Non-current liabilities			
- later than one (1) year but not later than five (5) years	4,448,106	4,559,708	4,957,606
- later than five (5) years	7,564,028	6,008,546	13,640,138
	12,012,134	10,568,254	18,597,744
	13,036,190	11,611,363	19,700,658

(a) Term loan I is secured by means of legal charges over freehold land and building of the Group (Note 7) and investment properties of the Company (Note 10).

(b) Term loan II is secured by means of legal charges over an investment property of a subsidiary (Note 10) and is guaranteed by the Company.

(c) Term loan III is secured by means of legal charges over freehold land and building of the Group (Note 7) and is guaranteed by the Company.

22. PROVISION FOR RESTORATION COSTS

	2021 RM	2022 RM	2023 RM
Non-current			
Provision for restoration cost	590,518	1,203,712	1,134,716
Current			
Provision for restoration cost	259,363	287,382	342,150
	849,881	1,491,094	1,476,866

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22. PROVISION FOR RESTORATION COSTS (continued)

(a) Provision for restoration costs comprises estimates of reinstatement costs for leased outlets upon termination of tenancy.

(b) A reconciliation of the provision for restoration costs is as follows:

	Note	2021 RM	2022 RM	2023 RM
At 1 July		780,606	849,881	1,491,094
Recognised in right-of-use assets	8(c)	64,327	544,275	4,311
Modifications		-	-	(125,590)
Recognised in profit or loss				
- unwinding of discount on provision for restoration costs	28	4,948	96,938	107,051
At 30 June		849,881	1,491,094	1,476,866

23. TRADE AND OTHER PAYABLES

	2021 RM	2022 RM	2023 RM
Trade payables			
Third parties	1,292,048	830,460	260,275
Other payables, deposits and accruals			
Other payables	1,712,711	1,708,063	1,468,043
Deposits	92,340	95,590	48,890
Accruals	5,985,655	7,783,456	7,209,758
	7,790,706	9,587,109	8,726,691
	9,082,754	10,417,569	8,986,966

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group were 30 to 60 days (2022: 30 to 90 days; 2021: 30 to 90 days).

(b) The currency exposure profile of payables are as follows:

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	9,013,362	10,371,322	8,975,969
Vietnamese Dong	8,640	30,240	10,890
United States Dollar	2,498	-	-
Indonesian Rupiah	25,010	2,881	-
Others	33,244	13,126	107
	9,082,754	10,417,569	8,986,966

(c) Information on financial risks of trade and other payables is disclosed in Note 35 to the Consolidated Financial Statements.

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24. CAPITAL COMMITMENTS

	2021 RM	2022 RM	2023 RM
Capital expenditure in respect of purchase of property, plant and equipment			
Approved and contracted for	518,000	-	653,290

25. CONTINGENT LIABILITIES

	2021 RM	2022 RM	2023 RM
Unsecured corporate guarantees given to financial institutions and third parties for facilities granted to certain subsidiaries:			
- Limit of guarantee	16,655,000	16,655,000	24,550,000
- Amount utilised:			
In favour of a licensed bank for banking facility granted to subsidiaries	2,259,623	1,937,404	11,183,736
In favour of third parties for tenancy agreements entered into by a subsidiary	308,027	1,038,526	1,312,145
	2,567,650	2,975,930	12,495,881

The Directors are of the view that the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements and the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries are negligible.

26. REVENUE

	2021 RM	2022 RM	2023 RM
Revenue from contracts with customers			
Sale of goods	76,181,264	101,505,805	113,461,766
Others			
Rental income	279,000	280,800	72,000
	76,460,264	101,786,605	113,533,766
Timing of revenue recognition			
Transferred at a point in time	76,181,264	101,505,805	113,461,766
Others	279,000	280,800	72,000
	76,460,264	101,786,605	113,533,766

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26. REVENUE (continued)

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

	Retailing RM	Investment and management services RM	Total RM
2021			
Major products and service lines			
Sale of goods	76,181,264	279,000	76,460,264
Geographical markets			
Malaysia	75,933,299	279,000	76,212,299
Vietnam	247,965	-	247,965
Total revenue from contracts with customers	76,181,264	279,000	76,460,264
Timing of revenue recognition			
Transferred at a point in time	76,181,264	-	76,181,264
Others	-	279,000	279,000
	76,181,264	279,000	76,460,264
2022			
Major products and service lines			
Sale of goods	101,505,805	280,800	101,786,605
Geographical markets			
Malaysia	101,449,486	280,800	101,730,286
Vietnam	56,319	-	56,319
Total revenue from contracts with customers	101,505,805	280,800	101,786,605
Timing of revenue recognition			
Transferred at a point in time	101,505,805	-	101,505,805
Others	-	280,800	280,800
	101,505,805	280,800	101,786,605

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26. REVENUE (continued)

Disaggregation of revenue from contracts with customers **(continued)**

Revenue from contracts with customers is disaggregated in the table below by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group. (continued)

	Retailing RM	Investment and management services RM	Total RM
2023			
Major products and service lines			
Sale of goods	113,461,766	72,000	113,533,766
Geographical markets			
Malaysia	113,461,766	72,000	113,533,766
Total revenue from contracts with customers	113,461,766	72,000	113,533,766
Timing of revenue recognition			
Transferred at a point in time	113,461,766	-	113,461,766
Others	-	72,000	72,000
	113,461,766	72,000	113,533,766

There is no significant financing component in the revenue arising from sales of goods as the sales are made on normal credit terms not exceeding twelve (12) months.

27. COST OF SALES

	2021 RM	2022 RM	2023 RM
Inventories sold	32,068,255	38,743,397	43,469,464

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28. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Note	2021 RM	2022 RM	2023 RM
After charging:				
Auditors' remuneration:				
- Statutory				
- Auditors of the Company		70,000	73,500	112,000
- Other auditors		4,992	1,851	-
- Other audit-related services				
- Auditors of the Company		10,800	60,000	104,000
Fair value loss on short term funds		458	-	-
Fair value loss on other investments		4,482,646	-	-
Impairment losses on:				
- property, plant and equipment		523,939	-	-
- right-of-use assets		1,504,662	-	-
- goodwill	9	-	19,750	-
Interest expense on:				
- bank guarantee		2,614	-	-
- lease liabilities	8(d)	588,869	619,919	622,626
- term loans		-	-	19,791
- unwinding of discount for provision for restoration costs		4,948	96,938	107,051
Property, plant and equipment written off		3,484	500	3,053
Other receivable written off		-	2,476	1,175
Realised loss on foreign exchange		2,746	10,648	10,852
Rental commission	8(d)	1,014,193	1,855,386	2,130,193
Rental of premises paid/payable to third parties	8(d)	8,050	6,500	6,000
Unrealised loss on foreign exchange		63,164	176	352
Reversal of impairment losses on:				
- trade receivables	15	(151,684)	(81,347)	(12,554)
- other receivables	15	-	-	(124)
Impairment losses on:				
- trade receivables	15	6,124	113,908	240,997
- other receivables	15	-	101,471	52
Net (gain)/loss on impairment of financial assets		(145,560)	134,032	228,371
And crediting:				
Fair value gain on short term fund		-	50,866	112,823
Gain on disposal of property, plant and equipment		-	3,147	4,011
Gain on disposal of investment properties		-	-	1,855,700
Gain on dilution of equity interest in an associate		301,932	-	580,213
Gain on reassessments and modifications of leases	8(d)	593,514	917,528	-

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28. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at: (continued)

	Note	2021 RM	2022 RM	2023 RM
And crediting: (continued)				
Interest income from:				
- deposits with a licensed bank		68,256	62,781	203,625
- short term funds		107,640	54,476	11,425
- others		305,161	372,887	502,011
Lease concessions	8(d)	975,308	984,443	39,343
Realised gain on foreign exchange		7,545	16,434	44,213
Rental of premises received/receivable from third party		279,000	280,800	72,000
Reversal of impairment losses on right-of-use assets		-	8,753	-
Unrealised gain on foreign exchange		46	119,644	17,027

29. TAX EXPENSE

	2021 RM	2022 RM	2023 RM
Current tax expense based on profit for the financial year	3,996,000	7,242,800	7,803,526
Over-provision in prior years	(20,309)	(67,058)	(339,292)
	3,975,691	7,175,742	7,464,234
Deferred tax (Note 13)			
Relating to origination and reversal of temporary differences	101,000	(22,000)	68,000
Under/(Over)-provision in prior years	12,000	(351,000)	65,000
	113,000	(373,000)	133,000
	4,088,691	6,802,742	7,597,234

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%; 2021: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

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29. TAX EXPENSE (continued)

(c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group are as follows:

	2021 RM	2022 RM	2023 RM
Profit before tax	8,073,145	29,033,349	31,450,494
Tax at Malaysian statutory tax rate of 24%	1,937,555	6,968,004	7,548,119
Tax effects in respect of:			
Non-allowable expenses	1,900,970	670,929	942,269
Non-taxable income	(120,048)	(23,907)	(535,505)
Different tax rates in foreign jurisdiction	(4,589)	(107)	482
Utilisation of previously unrecognised tax losses	-	(582,401)	(83,839)
Deferred tax assets not recognised	383,112	188,282	-
	4,097,000	7,220,800	7,871,526
Over-provision of income tax in prior years	(20,309)	(67,058)	(339,292)
Under/(Over)-provision of deferred tax in prior years	12,000	(351,000)	65,000
	4,088,691	6,802,742	7,597,234

(d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
2021			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	(14,144)	-	(14,144)
2022			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	6,039	-	6,039
2023			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	505	-	505
Items that will not be reclassified subsequently to profit or loss			
Fair value adjustment on other investments	910,535	-	910,535
Realisation of revaluation reserve on disposal of investment properties	(855,700)	50,000	(805,700)
	55,340	50,000	105,340

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30. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial years attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	2021 RM	2022 RM	2023 RM
Profit attributable to equity holders of the parent (RM)	3,984,454	22,230,607	23,853,260
Weighted average number of ordinary shares applicable to basic earnings per ordinary share	805,651,400	805,651,400	805,651,400
Basic earnings per ordinary share for profit for the financial year (sen)	0.49	2.76	2.96

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per share as there is no dilutive potential ordinary shares outstanding during the financial year.

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31. DIVIDENDS

	2021		2022		2023	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of the financial year ended 30 June 2021:						
Single tier interim dividend, paid on 22 September 2020	0.25	2,014,129	-	-	-	-
Single tier interim dividend, paid on 18 March 2021	0.25	2,014,128	-	-	-	-
In respect of the financial year ended 30 June 2022:						
Single tier interim dividend, paid on 20 September 2021	-	-	0.25	2,014,128	-	-
Single tier interim dividend, paid on 17 March 2022	-	-	0.25	2,014,129	-	-
Special single tier interim dividend, paid on 9 August 2022	-	-	-	-	0.75	6,042,385
In respect of the financial year ended 30 June 2023:						
Single tier interim dividend, paid on 23 September 2022	-	-	-	-	0.50	4,028,257
Single tier interim dividend, paid on 21 March 2023	-	-	-	-	0.50	4,028,257
	0.50	4,028,257	0.50	4,028,257	1.75	14,098,899

The Directors do not recommend any final dividend in respect of financial year ended 30 June 2021, 30 June 2022 and 30 June 2023.

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31. DIVIDENDS (continued)

The Directors also declared and paid the following dividends, of which will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024:

	RM
In respect of the financial year ending 30 June 2024:	
Single tier interim dividend of 0.50 sen per ordinary share, paid on 15 September 2023	4,028,257

32. EMPLOYEE BENEFITS

	2021 RM	2022 RM	2023 RM
Wages, salaries and bonuses	9,932,682	10,836,137	10,351,751
Contribution to defined contribution plan	1,433,612	1,584,559	1,617,594
Social security contributions	152,282	151,541	193,373
Other benefits	1,815,070	2,511,907	3,524,857
	13,333,646	15,084,144	15,687,575

Included in the employee benefits of the Group are Directors' remuneration amounting to RM1,871,079 (2022: RM2,087,130; 2021: RM1,655,357).

33. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

(i) Its former holding company, subsidiaries, fellow subsidiaries, and associates;

(ii) Any entities with joint control of, or significant influence over the Company; and

(iii) Key management personnel of the Company or its former holding company.

Related parties other than those disclosed elsewhere in the financial statements and their relationship with the Group are as follows:

Related parties	**Relationship**
Bonia International Holdings Pte. Ltd.	A company in which a substantial shareholder of the Company, has substantial financial interests.
Luxury Parade Sdn. Bhd.	A company in which a substantial shareholder of the Company, has substantial financial interests.

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33. RELATED PARTIES DISCLOSURES (continued)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial years:

	2021 RM	2022 RM	2023 RM
Paid/payable to other related parties			
Royalties			
- Bonia International Holdings Pte. Ltd.	30,713	62,385	207,356
Security fees			
- Luxury Parade Sdn. Bhd.	81,984	20,496	-
Paid/payable to the contractual landlord, of which the ultimate ownership of the premises belongs to a company* where a substantial shareholder has interest			
Rental	593,367	578,584	622,818

* *Purnama Sejahtera Sdn. Bhd.*

The related parties transactions described above were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial years were as follows:

	2021 RM	2022 RM	2023 RM
Directors' fees	90,000	90,000	90,000
Short term employee benefits	1,622,503	2,049,430	1,831,253
Contribution to defined contribution plan	195,441	246,619	220,406
	1,907,944	2,386,049	2,141,659

34. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged since 1 July 2020.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. On 29 August 2022, the adoption of a dividend policy to distribute not less than 30% of the Company's net profit, commencing from the financial year ended 30 June 2023. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2023, 30 June 2022 and 30 June 2021.

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34. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The Group monitors capital using gearing ratios, i.e. gearing ratio and net gearing ratio. Gearing ratio represents borrowings and lease liabilities owing to a financial institution divided by total capital whereas net gearing ratio represents borrowings and lease liabilities owing to a financial institution less cash and bank balances and short term funds divided by total capital. Capital represents equity attributable to the owners of the parent company.

	2021 RM	**2022 RM**	**2023 RM**
Borrowings	13,036,190	11,611,363	19,700,658
Lease liabilities owing to a financial institution	250,472	170,468	86,970
Less: Cash and bank balances	(39,601,186)	(47,320,844)	(60,864,265)
Less: Short term funds	(5,710,521)	(5,814,580)	(2,936,086)
	(32,025,045)	(41,353,593)	(44,012,723)
Total capital	72,111,652	90,320,041	100,179,742
Gearing (times) (1)	0.18	0.13	0.20
Net gearing ratio (2)	N/A	N/A	N/A

(1) without taking cash and bank balances and short-term funds into consideration
(2) taking cash and bank balances and short term funds into consideration

The Group is not subject to any other externally imposed capital requirements.

(b) Financial instruments

2021	**Fair value through profit or loss RM**	**Amortised cost RM**	**Total RM**
Financial assets			
Trade and other receivables, net of prepayments	-	10,250,425	10,250,425
Cash and bank balances	-	39,601,186	39,601,186
Short term funds	5,710,521	-	5,710,521
	5,710,521	49,851,611	55,562,132
Financial liabilities			
Borrowings		13,036,190	13,036,190
Trade and other payables		9,082,754	9,082,754
		22,118,944	22,118,944

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34. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

2022	Fair value through profit or loss RM	Amortised cost RM	Total RM
Financial assets			
Trade and other receivables, net of prepayments	-	10,801,160	10,801,160
Cash and bank balances	-	47,320,844	47,320,844
Short term funds	5,814,580	-	5,814,580
	5,814,580	58,122,004	63,936,584
Financial liabilities			
Borrowings		11,611,363	11,611,363
Trade and other payables		10,417,569	10,417,569
		22,028,932	22,028,932

2023	Fair value through profit or loss RM	Amortised cost RM	Total RM
Financial assets			
Trade and other receivables, net of prepayments	-	7,782,818	7,782,818
Cash and bank balances	-	60,864,265	60,864,265
Short term funds	2,936,086	-	2,936,086
	2,936,086	68,647,083	71,583,169
Financial liabilities			
Borrowings		19,700,658	19,700,658
Trade and other payables		8,986,966	8,986,966
		28,687,624	28,687,624

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

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34. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value (continued)

ii. Unquoted shares

The fair values of these unquoted investments are estimated by using net asset valuation technique based on the individual investees' latest available financial statements obtained. Management believes that the estimated fair values resulting from this valuation technique are reasonable and the most appropriate at the end of the reporting period.

iii. Quoted shares

The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market price at the close of the business on the reporting date.

iv. Financial guarantees

The Group provides corporate guarantees to financial institutions and certain third parties for banking facilities utilised and tenancy agreements entered into by certain subsidiaries. The fair values of such corporate guarantees are negligible as the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements are remote.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The unquoted shares are estimated using adjusted net asset valuation technique based on the investee's latest available financial statements.

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34. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following table set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
2021										
Financial asset										
Fair value through profit or loss										
- Short term funds	5,710,521	-	-	5,710,521	-	-	-	-	5,710,521	5,710,521
2022										
Financial asset										
Fair value through profit or loss										
- Short term funds	5,814,580	-	-	5,814,580	-	-	-	-	5,814,580	5,814,580
2023										
Financial asset										
Fair value through profit or loss										
- Short term funds	2,936,086	-	-	2,936,086	-	-	-	-	2,936,086	2,936,086

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to safeguard the shareholders' investment and the Group's assets whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group's financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for boutique sales, where the transactions are done on cash term. The credit period is generally for a period of 30 to 60 days (2022: 30 to 180 days; 2021: 30 to 180 days) Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

<u>Exposure to credit risk</u>

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

<u>Credit risk concentration profile</u>

At the end of each reporting period, the Group has no significant concentration of balance other than RM2,318,901 (2022: RM4,495,955; 2021: RM4,192,805) owing from two (2) (2022: two (2)) major customers; 2021: two (2)) major customers).

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
2021				
Financial liabilities				
Trade and other payables	9,082,754	-	-	9,082,754
Borrowings	1,436,016	5,744,064	8,536,184	15,716,264
Lease liabilities	5,730,830	11,156,541	1,041,449	17,928,820
Total undiscounted financial liabilities	16,249,600	16,900,605	9,577,633	42,727,838

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations. (continued)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2022				
Financial liabilities				
Trade and other payables	10,417,569	-	-	10,417,569
Borrowings	1,436,016	5,744,064	6,602,003	13,782,083
Lease liabilities	6,258,227	13,142,557	1,848,765	21,249,549
Total undiscounted financial liabilities	18,111,812	18,886,621	8,450,768	45,449,201
2023				
Financial liabilities				
Trade and other payables	8,986,966	-	-	8,986,966
Borrowings	1,994,472	7,977,888	17,408,288	27,380,648
Lease liabilities	5,974,642	11,742,789	938,461	18,655,892
Total undiscounted financial liabilities	16,956,080	19,720,677	18,346,749	55,023,506

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from deposits with a licensed bank, lease liabilities and interest-bearing borrowings. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	2021 RM	2022 RM	2023 RM
Profit after tax			
- increased by 0.5%	(85,240)	(49,974)	(39,563)
- decreased by 0.5%	85,240	49,974	39,563

The sensitivity of the Group is lower in 2023 than in 2022 because increase in deposits with a licensed bank is higher than increase in borrowings during the financial year.

The sensitivity of the Group is lower in 2022 than in 2021 because increase in deposits with a licensed bank is higher than increase in lease liabilities during the financial year.

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
2021									
Fixed rates									
Deposits with a licensed bank	16	1.58	1,750,000	-	-	-	-	-	1,750,000
Lease liabilities	8	3.27 - 4.22*	(5,245,961)	(4,582,815)	(3,291,713)	(1,691,325)	(1,023,572)	(1,020,652)	(16,856,038)
Floating rates									
Short term funds	17	2.62	5,710,521	-	-	-	-	-	5,710,521
Term loans	21	3.27	(1,024,056)	(1,058,107)	(1,093,158)	(1,129,639)	(1,167,201)	(7,564,029)	(13,036,190)
2022									
Fixed rates									
Deposits with a licensed bank	16	1.57	12,400,000	-	-	-	-	-	12,400,000
Lease liabilities	8	3.27 - 4.22*	(5,705,368)	(4,534,441)	(3,298,167)	(2,775,007)	(1,663,220)	(1,777,970)	(19,754,173)
Floating rates									
Short term funds	17	1.90	5,814,580	-	-	-	-	-	5,814,580
Term loans	21	3.52	(1,043,109)	(1,080,350)	(1,119,201)	(1,159,307)	(1,200,850)	(6,008,546)	(11,611,363)

* Incremental borrowing rate

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk: (continued)

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
2023									
Fixed rates									
Deposits with a licensed bank	16	2.49	23,735,000	-	-	-	-	-	23,735,000
Lease liabilities	8	3.27 - 4.72*	(5,452,283)	(4,134,825)	(3,422,993)	(2,138,579)	(1,326,069)	(906,965)	(17,381,714)
Floating rates									
Short term funds	17	2.27	2,936,086	-	-	-	-	-	2,936,086
Term loans	21	4.52 - 4.72	(1,102,914)	(1,156,127)	(1,209,687)	(1,266,475)	(1,325,316)	(13,640,139)	(19,700,658)

* Incremental borrowing rate

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency exchange risk as a result of certain transactions of the Group which are denominated in foreign currencies. The Group monitors the movement in foreign currency exchange rates closely to ensure that their exposures are minimised.

The Group also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM520,823 (2022: RM511,517; 2021: RM431,213) respectively (see Note 16(a) to the Consolidated Financial Statement) for the Group.

The Group did not enter into any material forward foreign exchange contract in the current financial year.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group to a reasonably possible change in the United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Vietnamese Dong ("VND"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Japanese Yen ("JPN") and Renminbi ("RMB") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		2021 RM	2022 RM	2023 RM
Profit after tax				
USD/RM	- strengthen by 3%	2,501	7,070	7,525
	- weaken by 3%	(2,501)	(7,070)	(7,525)
IDR/RM	- strengthen by 3%	2,841	143	129
	- weaken by 3%	(2,841)	(143)	(129)
VND/RM	- strengthen by 3%	2,944	448	174
	- weaken by 3%	(2,944)	(448)	(174)
SGD/RM	- strengthen by 3%	463	444	314
	- weaken by 3%	(463)	(444)	(314)
HKD/RM	- strengthen by 3%	444	416	389
	- weaken by 3%	(444)	(416)	(389)
JPN/RM	- strengthen by 3%	1,052	1,052	1,052
	- weaken by 3%	(1,052)	(1,052)	(1,052)
RMB/RM	- strengthen by 3%	991	1,191	1,206
	- weaken by 3%	(991)	(1,191)	(1,206)

The exposure to the other currencies are not significant, hence the effects of changes in exchange rates are not presented.

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36. LIST OF SUBSIDIARIES

Name of company	Country of incorporation and principal place of business	Effective interest in equity held 2021 %	2022 %	2023 %	Principal activities
CR Boutique Sdn. Bhd. ("CRB")	Malaysia	100	100	100	Retailing of women footwear, handbags and accessories
CRF Marketing Sdn. Bhd. ("CRF")	Malaysia	100	100	100	Designing, promoting and marketing of women footwear
CRL Marketing Sdn. Bhd. ("CRL")	Malaysia	100	100	100	Designing, promoting and marketing of women handbags and accessories
CRI Sdn. Bhd. ("CRI")	Malaysia	100	100	100	Investment holding
CRV Sdn. Bhd. ("CRV")	Malaysia	100	100	100	Marketing and distribution of fashionable goods and accessories and provision of management services
PT CRI Mitra Sejati ("PTCMS") [(1)(2)]	Indonesia	100	100	100	Wholesale import of fashionable goods and accessories
CRR Vietnam Company Limited [(1)(3)(4)] ("CRR")	Vietnam	100	100	100	Management consultancy activities and to implement the right of import, distribution, wholesales of goods
Imbi Strada Sdn. Bhd. ("ISSB")	Malaysia	-	-	100	Property development and property investment

(1) Audited by firm of auditors other than BDO PLT

(2) Consolidated based on its management accounts for the financial year ended 30 June 2021, 30 June 2022 and 30 June 2023. The financial statements of this subsidiary was not required to be audited as it was in the progress of members' voluntary winding-up. On 10 January 2024, the progress of members' voluntary winding-up of PTCMS had been completed.

(3) On 15 June 2022, CRR Vietnam Company Limited (wholly-owned subsidiary) had submitted a voluntary dissolution application.

(4) On 14 August 2023, the voluntary dissolution of CRR had been completed.

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37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD

(a) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO. On 8 March 2022, the Government of Malaysia announced that the country will begin its transition to endemic phase of COVID-19 from 1 April 2022 with the opening of its international borders and abolishment of certain COVID-19 restrictions.

Based on the assessment of the Group, there is no significant impact arising from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 30 June 2023.

The Group will continue take the necessary precautions as well as actively monitor and manage its operations to minimise any impact arising from COVID-19 pandemic.

(b) On 10 September 2020, CRI subscribed for 6,800 ordinary shares in the share capital of Shoppr Labs Sdn. Bhd. for a cash consideration of RM3,584,484.

(c) On 11 September 2020, the Company increased its investment of RM3,600,000 in the share capital of CRI by way of cash consideration.

(d) On 11 November 2020, the Company increased its investment of RM3,900,000 in the share capital of CRI by way of cash consideration.

(e) On 29 January 2021, CRI subscribed for 1,071 ordinary shares in the share capital of Shoppr Labs Sdn. Bhd. for a cash consideration of RM898,162.

(f) On 20 January 2021, CRI subscribed for 15,888,600 ordinary shares in the share capital of CHB, representing 20% equity interest in CHB for a cash consideration of RM4,000,749.

(g) On 4 February 2021, the Company has increased its investment of RM1,000,000 in the share capital of CRI by way of cash consideration.

(h) On 7 May 2021, CHB issued 8,827,000 ordinary shares to the pre-listing investors of CHB. Following the exercise, CRI's equity interest in CHB was diluted from 20% to 18%.

(i) On 17 May 2021, PTCMS had been placed under members' voluntary winding-up.

(j) On 15 June 2022, CRR (wholly-owned subsidiary) had submitted a voluntary dissolution application.

(k) On 29 August 2022, the Company adopted a dividend policy to distribute not less than 30% of the Company's net profit attributed to shareholders available in each financial year in the form of dividends to the shareholders of the Company annually, commenced from the financial year ended 30 June 2023.

(l) On 18 October 2022, Carzo Holdings Berhad ("CHB") completed its 1st tranche of private placement of 7,142,700 ordinary shares to identified investors, further diluted CRI Sdn. Bhd.'s equity interest in CHB from 18% to 16.65%. Further on 22 August 2023, CHB announced that the deadline for CHB to implement the private placement has lapsed.

(m) On 14 November 2022, CRI Sdn. Bhd., has entered into a Sale and Purchase Agreement with LM Textile Sdn. Bhd. to dispose of a unit of 3 storey Semi-Detached Factory at a sale consideration of RM5,800,000. The disposal was completed during the financial year under review.

(n) On 23 November 2022, the Company subscribed for 100 ordinary shares in the share capital of Imbi Strada Sdn. Bhd. ("ISSB"), representing 100% equity interest in ISSB for a cash consideration of RM100.

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37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD (continued)

(o) On 30 November 2022, the Managing Director of the Group, Dato' Sri Chiang Fong Yee resigned from the board of CHB, which resulted in the cessation of the Group's significant influence over the associate. Subsequently, the investment was accounted as other investment.

(p) On 9 December 2022, the Company increased its investment of RM9,999,900 in the share capital of ISSB by way of cash subscription.

(q) On 21 December 2022, ISSB entered into a Sale and Purchase Agreement with Industrial Property Management Sdn. Bhd. to acquire a piece of freehold land together with a rundown 2 ½ storey detached bungalow erected thereon at a purchase consideration of RM16,500,000. The acquisition was completed during the financial year under review.

(r) On 23 December 2022, the Company's name was changed from "CRG Incorporated Berhad" to "Carlo Rino Group Berhad".

(s) On 9 March 2023, the Company further increased its investment of RM8,000,000 in the share capital of ISSB by way of cash subscription.

(t) On 14 August 2023, the Company announced that:
- proposed transfer of the listing and quotation of the entire enlarged issued share capital of the Company from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("LEAP Market") to the ACE Market of Bursa Securities ("Proposed Transfer");
- proposed withdrawal of the Company's listing from the official list of the LEAP Market pursuant to Rule 8.06 of the LEAP Market Listing Requirements of Bursa Securities ("Proposed Withdrawal of Listing"); and
- it has, on the same day received a letter from Dato' Sri Chiang Fong Yee, Chiang Sang Sem and Freeway Team Sdn. Bhd. (collectively, "Joint Offerors") to undertake a pre-conditional voluntary general offer to acquire all the remaining ordinary shares of the Company not already held by the Joint Offerors and the persons acting in concert with them, to facilitate the Proposed Withdrawal of Listing.

(u) On 14 August 2023, the relevant Vietnamese regulatory authority confirmed that the voluntary dissolution of CRR had been completed.

(v) On 15 September 2023, the Company had distributed and paid a cash dividend of RM4,028,257 to its existing shareholders.

(w) On 20 March 2024, the Company had distributed and paid a cash dividend of RM4,028,257 to its existing shareholders.

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CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Dato' Sri Chiang Fong Yee and Ong Boon Huat, two of the Directors of Carlo Rino Group Berhad, state that, in the opinion of the Directors, the Consolidated Financial Statements set out on pages 1 to 90 are drawn up so as to give a true and fair view of the financial position of the Group as at 30 June 2021, 30 June 2022 and 30 June 2023 and of the financial performance and cash flows of the Group for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 in accordance with Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 March 2024.

Dato' Sri Chiang Fong Yee	**Ong Boon Huat**
Group Managing Director	Executive Director

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

(i) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(ii) No securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of this Prospectus.

(iii) None of the share capital of our Company or our subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(iv) As at the date of this Prospectus, save for the Issue Shares reserved for our Independent Director as disclosed in Section 4.3.1(ii) of this Prospectus:

- there is currently no other scheme involving our Directors or employees in the share capital of our Company or our subsidiaries; and

- no Directors or employees of our Group have been or are entitled to be given or have exercised any option to subscribe for any share of our Company or our subsidiaries.

(v) Save as disclosed in this Prospectus, no shares, stocks, debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 3 years immediately preceding the date of this Prospectus.

(vi) As at the date of this Prospectus, we do not have any convertible debt securities.

15.2 EXTRACT OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution which shall comply with the ACE LR, the Act and the Rules of Bursa Depository.

The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

(i) Transfer of securities

The provision in our Company's Constitution in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:

"<u>Clause 51 – Transfer of deposited securities</u>

The transfer of any deposited securities (as defined in the Central Depositories Act) or class of deposited securities of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the deposited securities.

<u>Clause 52 – Depository's right to refuse transfer</u>

The Depository may, in its absolute discretion, refuse to register any transfers of deposited securities that do not comply with the Central Depositories Act and the Rules.

Clause 53 – Company and Directors not liable if transfer of securities inoperative due to fraud

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of deposited securities although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the deposited securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside. In every such case, the person registered as transferee, his executors, administrators and assignees, subject to compliance with the Applicable Laws, alone shall be entitled to be recognised as the holder of such deposited securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Clause 54 – Suspension of registration of transfers

Subject to the Applicable Laws, registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine but no part of the register of members shall be closed for more than 30 days in the aggregate in any calendar year.

Clause 55 – Transfer of non-deposited securities

The transfer of non-deposited securities (as defined in the Central Depositories Act) shall be in accordance with the Act."

(ii) Transmission of securities

The provisions in our Company's Constitution in respect of the transmission of securities are as follows:

"Clause 56 – Transmission of securities

(1) The transmission of securities shall be in accordance with the Applicable Laws.

(2) Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors or the Depository and, subject as hereinafter provided, elect either to register himself as holder of the security or to have some person nominated by him registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the security by that member before his death or bankruptcy. PROVIDED ALWAYS that where the security is a deposited security, subject to the Rules, a transfer or withdrawal of the security may be carried out by the person becoming so entitled.

(3) If the person so becoming entitled elects to register himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects provided that where the security is a deposited security and the person becoming entitled elects to have the security transferred to him, the aforesaid notice must be served by him on the Depository. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the security. All the limitations, restrictions and provisions of this Constitution relating to the rights to transfer and the registration of transfers of securities shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice of transfer were a transfer signed by that member.

<u>Clause 57 – Transmission of securities from foreign register</u>

Where:

(a) the securities of the Company are listed on another stock exchange; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia or vice versa provided that there shall be no change in the ownership of the securities."

(iii) Directors' remuneration and reimbursement of expenses

The provisions in our Company's Constitution in respect of the remuneration of Directors are as follows:

<u>"Clause 93 – Directors' remuneration and reimbursement of expenses</u>

(1) Subject to the Applicable Laws, the fees of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled to rank In such division for a proportion of the fees related to the period during which the Director has held office PROVIDED ALWAYS that:

   (a) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;

   (b) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;

   (c) fees of directors, and any benefits payable to directors shall be subject to annual shareholders' approval at a general meeting; and

   (d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

(2) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Board or of any committee of the Directors or meetings of members or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

(3) If by arrangement with the Directors, any Director shall perform or render any special duties or service's outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged."

(iv) Voting and borrowing powers of Directors

The provisions in our Company's Constitution in respect of the voting and borrowing powers of Directors are as follows:

"Clause 71 – Chairman's casting vote on the equality of votes

In the case of an equality of votes, whether on a show of hands or a poll, the chairperson of the general meeting at which the show of hands takes place or at which the poll is taken or demanded shall be entitled to a second or casting vote.

Clause 72 – Voting rights

Subject to this Constitution and any rights or restrictions as to voting attached to any class or classes of shares, at meetings of members or classes of members, each member of the Company entitled to attend and to vote, may vote in person or by proxy, attorney or any other duly authorised representative, on any questions at any general meeting, and every such member present in person or by proxy, attorney or any other duly authorised representative, on a show of hands, shall have 1 vote and on a poll, shall have 1 vote for every security held by him.

Clause 73 – Shares of different monetary denominations

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator shall carry the same voting power when such right is exercisable.

Clause 74 – No vote or privileges nor being counted in quorum unless calls paid

Subject to this Constitution, no member shall be entitled to attend and to vote at any general meeting or at any separate meeting of the holders of any class of shares in Company, or to exercise any privilege as a member nor be counted as one of the quorum unless all calls or other sums presently due from member of the Company in respect of shares have been paid.

Clause 75 – Vote of member of unsound mind

A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote by his committee or by such other person who properly has the management of his estate, and any such committee or other person may vote by proxy or attorney provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the registered office of the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting as the case may be.

Clause 76 – Vote of deceased or bankrupted members

The legal representative of a deceased member or the person entitled under this Constitution to any security in consequence of the death or bankruptcy of any member may vote at any general meeting in respect thereof in the same manner as if he was the holder of such shares provided that 48 hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to any security in consequence of the death or bankruptcy of any member unless the Directors shall have previously admitted his right to vote in respect thereof.

Clause 77 – Objection to qualification of voter

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. If any votes, which ought not to have been counted, or which could have been rejected, are counted, such error shall not vitiate the result of the voting unless it is pointed out at the same meeting or at any adjournment thereof, and unless, in the opinion of the chairperson at the meeting or any adjournment thereof as the case may be, it shall be of sufficient magnitude to vitiate the result of the voting. The decision of the chairperson shall be final and conclusive.

Clause 95 – Directors' borrowing powers

Subject to the Applicable Laws, the Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit."

(v) Changes in capital and variation of rights

The provisions in our Company's Constitution in respect of the changes in capital and variation of class rights are as follows:

"Clause 7 – Power to alter share capital

Subject always to the provisions in this Constitution, the Company shall have power to increase or reduce the share capital, to consolidate or subdivide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share and to issue all or any part of the original or any additional capital as fully paid or partly paid shares, and with any special or preferential rights, privileges or subject to any special terms or conditions and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such rights, privileges, terms, conditions or designations in accordance with the Constitution for the time being of the Company.

Clause 8 – Power to undertake share buyback or purchase of own shares

(1) Subject to and in accordance with the Applicable Laws, the Company is allowed and shall have power, to the fullest extent permitted, to purchase any of its own shares and thereafter, the Board may resolve and shall have the fullest power to deal with such purchased shares in accordance with the Applicable Laws.

(2) The other provisions in this Constitution shall not affect the power of the Company to cancel any shares or reduce its share capital pursuant to any exercise of the Company's powers to purchase its own shares.

Clause 9 – Sanction of ordinary resolution to increase share capital

The Company may from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Clause 10 – Pre-emptive rights to new shares to be offered to members before issue

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 11 – Sanction of ordinary resolution to alter share capital

The Company may with the sanction of ordinary resolution in general meeting:

(1) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;

(2) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided shares is derived;

(3) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of shares into any other class of shares;

(4) cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 12 – Sanction of special resolution to reduce share capital

The Company may by special resolution reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

Clause 13 – Power to issue and allot shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Applicable Laws, and to the conditions, restrictions and limitations expressed in this Constitution, the Directors shall have the power to issue and allot shares, grant options over shares, grant rights to subscribe for shares or otherwise dispose of the unissued shares of the Company to such persons, at such time on such terms and conditions, with such preferred or deferred or other special rights, as they may deem proper, PROVIDED ALWAYS that:

(1) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;

(2) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution or in a resolution of the Company expressing the same;

(3) every issue of shares or options to be granted to employees and/or Directors shall be subject to the prior approval of the members in general meeting. However, no Director shall participate in any issue of shares or option to be granted unless the members in general meeting shall have approved the specific amount of shares to be issued or the amount of shares which are the subject of the option to be granted to such Director and the terms of such issue or option; and

(4) a director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public offer or a public issue.

Clause 14 – Issuance of preference shares

(1) Subject to the Applicable Laws, preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as shall be provided in this Constitution at the time such preference shares are issued.

(2) The Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Clause 15 – Repayment of preference capital and modification of rights of preference shareholders

The repayment of preference share capital other than redeemable preference capital or any other alteration of preference shareholder's rights, may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from not less than 75% of the total voting rights of the preference shareholders within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 16 – Issuance of securities, and crediting securities after Exchange filing

The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the securities accounts of the allottees with such securities save and except where they are specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event they shall so similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the securities accounts of such allottees. The Company must not cause or authorise its share registrar(s) to cause the securities accounts of the allottees to be credited with the additional securities until after the Company has filed with the Exchange an application for listing of such additional securities and has been notified by the Exchange that they have been authorised for listing.

Clause 17 – Commission (includes brokerage) on subscription of shares

The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscription, whether absolute or conditional, for any shares in the Company provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Applicable Laws shall not exceed 10% of the price at which such shares are issued, or an amount equivalent to such percentage and that the requirements of Section 80 of the Act shall be observed. Subject to the provisions of Section 78 of the Act, such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly paid shares or by a combination of any of the aforesaid methods of payment. The Company may also on any issue of shares pay such brokerage as may be lawful.

Clause 18 – Interest on share capital during construction

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up for the period subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to share capital as part of the cost of construction of the works or buildings or the provision of the plant.

Clause 19 – Trusts not to be recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share except in an absolute right to the entirety thereof in the registered holder.

Clause 20 – Modification of class rights

Subject to the Applicable Laws, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than 75% of the total voting rights of the shareholders of that class within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least 2 persons who are shareholders present in person or represented by proxy holding at least 1/3 of the number of issued shares of the class, excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll. For adjourned meeting, quorum is one person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Clause 21 – Alteration of class rights by issuance of new shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith."

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES AND/OR EXERCISE VOTING RIGHTS

There is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by our Constitution.

15.4 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gain tax arising from the disposal of listed shares.

15.5 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Group during the FYE Under Review and up to the LPD:

(i) subscription agreements entered between CRI and Shoppr Labs Sdn Bhd ("**SLSB**"):

  (a) dated 10 September 2020 for the subscription of 6,800 ordinary shares in SLSB for a total cash consideration of RM3,584,484; and

  (b) dated 29 January 2021 for the subscription of 1,071 ordinary shares in SLSB for a total cash consideration of RM898,162.02.

(ii) subscription agreement entered between Carzo Holdings Sdn Bhd (now known as Carzo Holdings, a company listed on the LEAP Market) and CRI dated 29 December 2020 for the subscription of 15,888,600 new ordinary shares in Carzo Holdings for a total cash consideration of RM4,000,749.48;

(iii) shareholders' agreement entered between Dato' Sri Delon Lee Kean Yip, Cheong Wai Keh and CRI dated 15 January 2021 to govern and regulate their relationships as shareholders of Carzo Holdings ("**Shareholders Agreement**");

(iv) termination agreement entered between Dato' Sri Delon Lee Kean Yip, Cheong Wai Keh, CRI and 42 other shareholders of Carzo Holdings dated 27 September 2021 for the termination of the Shareholders Agreement as well as various deed of adherence executed by the 42 other shareholders of Carzo Holdings, to facilitate the listing and admission of Carzo Holdings' entire issued shares on the LEAP Market;

(v) a sale and purchase agreement between CRI (as vendor) and LM Textile Sdn Bhd ("**LMT**") (as purchaser) dated 14 November 2022 for the disposal by CRI of 1 unit of 3-storey semi-detached factory erected on a piece of leasehold land held under Pajakan Negeri 10175, Lot 31574, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, measuring approximately 906 square metres (or approximately 9,752 sqft) and bearing postal address of No. 2A, Jalan Orkid Desa, Desa Tun Razak, 56000 Kuala Lumpur to LMT for a total cash consideration of RM5,800,000. This transaction was completed on 20 April 2023; and

(vi) a sale and purchase agreement entered between Industrial Property Management Sdn Bhd (as vendor) and IBS (as purchaser) dated 21 December 2022 for the acquisition by IBS of the Imbi Property for a total purchase price of RM16,500,000. This transaction was completed on 15 March 2023.

15.6 MATERIAL LITIGATION

As at the LPD, neither our Company nor our subsidiaries are engaged in any governmental, legal, claims or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, whether as plaintiff or defendant or as a third party which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

15.7 CONSENTS

(i) The written consents of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretary, Due Diligence Solicitors, Share Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

(ii) The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Statements of Financial Position and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

(iii) The written consent of our IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

15.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at No. 5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours for a period of 6 months from the date of this Prospectus:

(i) our Constitution;

(ii) the IMR Report as included in Section 8 of this Prospectus;

(iii) the Reporting Accountants' Report on the compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2023, as included to in Section 13 of this Prospectus;

(iv) the Accountants' Report as included in Section 14 of this Prospectus;

(v) the material contracts referred to in Section 15.5 of this Prospectus;

(vi) the letters of consent referred to in Section 15.7 of this Prospectus; and

(vii) audited financial statements of our Group for the FYE Under Review.

15.9 RESPONSIBILITY STATEMENTS

(i) Our Directors, Promoter and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there are no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

(ii) TA Securities, being the Principal Adviser, Sponsor, Underwriter and Placement Agent to our IPO acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF THIS PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural and vice versa.

16.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: [•] A.M., [•date] 2024

CLOSING OF THE APPLICATION PERIOD: [•] P.M., [•date] 2024

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and make an announcement on the website of Bursa Securities.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATION

16.2.1 Application for the IPO Shares by the Malaysian Public and the Independent Directors of our Company

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investor	Application method
Applications by the Independent Directors of our Company	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

16.2.2 Application for the IPO Shares by selected non-Bumiputera investors and Bumiputera investors as approved by MITI via private placement

Selected investors (other than Bumiputera investors as approved by MITI) who have been allocated our IPO Shares will be contacted directly by the Placement Agent and should follow the instructions as communicated by the Placement Agent.

Bumiputera investors approved by MITI who have been allocated our IPO Shares will be contacted directly by MITI and should follow the instructions as communicated by MITI.

Selected investors and Bumiputera investors as approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application, where applicable.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs as set out in the list of ADAs accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE (1)** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MUTLIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS ON HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO TEN 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR OUR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMISE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

16.3.2 Application by the Malaysian Public

You can apply for our IPO Shares if you fulfill all of the following:

(i) you must be one (1) of the following:

  (a) a Malaysian citizen who is at least 18 years old as at the date of the Application; or

  (b) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/ trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

  (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) you must not be a director or employee of the Issuing House or an immediate family member of a Director or employee of the Issuing House; and

(iii) you must submit the Application by using only one (1) of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by the Independent Directors of our Company

The Independent Directors of our Company will be provided with Pink Application Forms and letters from us detailing their respective allocation. The Independent Directors of our Company must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application form or notes and instruction or which are illegible will not be accepted.

The FULL amount payable is RM[•] for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO [●]**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one (1) of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

MALAYSIAN ISSUING HOUSE SDN BHD
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

OR

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on [●] 2024 or such other time and date as our Directors and the Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

16.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

16.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd *(formerly known as CGS-CIMB Securities Sdn Bhd)*, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Internet Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

(i) reject Applications which:

  (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (b) are illegible, incomplete or inaccurate; or

  (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholder base of our Company and establishing a liquid and adequate market for our Shares.

The basis and results of the allocation of Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within 1 Market Day after the balloting date.

As approved by Bursa Securities via its letter dated [●], we are required to have a minimum of 25.0% of our Company's enlarged issued Shares to be held by at least 200 public shareholders holding not less than 100 Shares each upon our Transfer of Listing. We expect to achieve this at the point of our Transfer of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Transfer of Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Independent Directors of our Company, subject to the re-allocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner:

16.9.1 For Applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of the Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House, as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House, reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For Applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5^{th} Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date.

The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) our IPO Shares allotted to you will be credited into your CDS Account;

(ii) a notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Transfer Listing. This is your only acknowledgement of acceptance of your Application;

(iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, the IPO Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository; and

(iv) in accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at +603-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institutions and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my, **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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