
7. BUSINESS OVERVIEW (CONT'D)

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 34 boutiques in shopping malls and 6 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 80 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, Cheras (which was subsequently disposed of during FYE 2023). However, our rental income contribution is insignificant to our Group's total revenue for the FYE 2021 to FYE 2023. No such revenue was recognised for FYE 2024 upon the disposal of the said property.

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 in the middle income group.

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;

7. BUSINESS OVERVIEW (CONT'D)

- (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, eyewear 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.

We market, distribute and sell our products via 3 distribution channels, namely Carlo Rino boutique, departmental store counters, and e-commerce platforms, as detailed below:

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

Set out below is the total number of boutiques operated by our Group for each of the FYE Under Review and as at the LPD:

FYE 2021	FYE 2022	FYE 2023	FYE 2024	As at the LPD
39	40	39	40	40

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7. BUSINESS OVERVIEW (CONT'D)

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

State in Malaysia	No. of boutiques in shopping mall	No. of boutiques in premium outlet	Total number of boutiques
Selangor	6	1	7
Kuala Lumpur	6	-	6
Johor	5	1	6
Pulau Pinang	2	1	3
Melaka	2	1	3
Perak	3	1	4
Negeri Sembilan	1	-	1
Sabah	1	-	1
Sarawak	1	-	1
Pahang	2	1	3
Kedah	1	-	1
Kelantan	2	-	2
Terengganu	2	-	2
TOTAL	34	6	40

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.

Set out below is the revenue contribution from boutiques for the FYE Under Review:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boutique	35,403	46.30	51,712	50.80	62,815	55.33	56,011	53.42

- **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 departmental store counters at AEON, Parkson, SOGO, GAMA, Pacific Group, Isetan, and The Store in Malaysia.

Set out below is the total number of departmental store counters operated by our Group for each of the FYE Under Review and as at the LPD:

FYE 2021	FYE 2022	FYE 2023	FYE 2024	As at the LPD
87	82	79	80	80

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

Departmental store	No. of departmental store counters
AEON	35
Parkson	33
SOGO	6
GAMA	2
Pacific Group	2
Isetan	1
The Store	1
TOTAL	80

7. BUSINESS OVERVIEW (CONT'D)

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

State in Malaysia	No. of departmental store counters
Selangor	22
Kuala Lumpur	18
Johor	7
Pulau Pinang	8
Melaka	5
Perak	4
Negeri Sembilan	4
Sabah	3
Sarawak	3
Pahang	1
Kedah	3
Kelantan	1
Terengganu	1
TOTAL	80

Set out below is the revenue contribution from departmental store for the FYE Under Review:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Departmental store	28,338	37.06	37,334	36.68	39,218	34.54	35,261	33.63



- 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%, 9.97% and 12.85% of our Group's total revenue, respectively.

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7. BUSINESS OVERVIEW (CONT'D)

7.3.3 Principal product

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

Product category	Type of products	No. of SKU as at the LPD
<p>Women's handbags</p> 	<ul style="list-style-type: none"> • Monogram bag • Backpack • Crossbody / Sling bag • Top-handle bag • Tote bag / Shopper 	973
<p>Women's footwear</p> 	<ul style="list-style-type: none"> • Wedges and platforms • Pumps and mules • Ballerinas and loafers • Heeled sandals • Sneakers and boots • Flat sandals 	587
<p>Women's accessories</p> 	<ul style="list-style-type: none"> • Bracelets • Monogram wallet • Coin purse and small wallet • Card holder • Key chain • Crossbody wallet • Wallet • Wristlet • Timepieces • Scarves and t-shirt • Eyewear • Perfumes 	633

7. BUSINESS OVERVIEW (CONT'D)

Our Group's core product category is women's handbags, which accounted for 62.46%, 63.38%, 59.80% and 58.82% of our Group's total revenue for the FYE Under Review. Our women's footwear accounted for 18.23%, 16.71%, 19.79% and 21.33% 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%, 20.35% and 19.85% of our Group's total revenue for the FYE Under Review.

7.3.4 Principal market

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	76,212	99.68	101,730	99.94	113,534	100.00	104,845	100.00
Vietnam	248	0.32	57	0.06	-	-	-	-
TOTAL	76,460	100.00	101,787	100.00	113,534	100.00	104,845	100.00

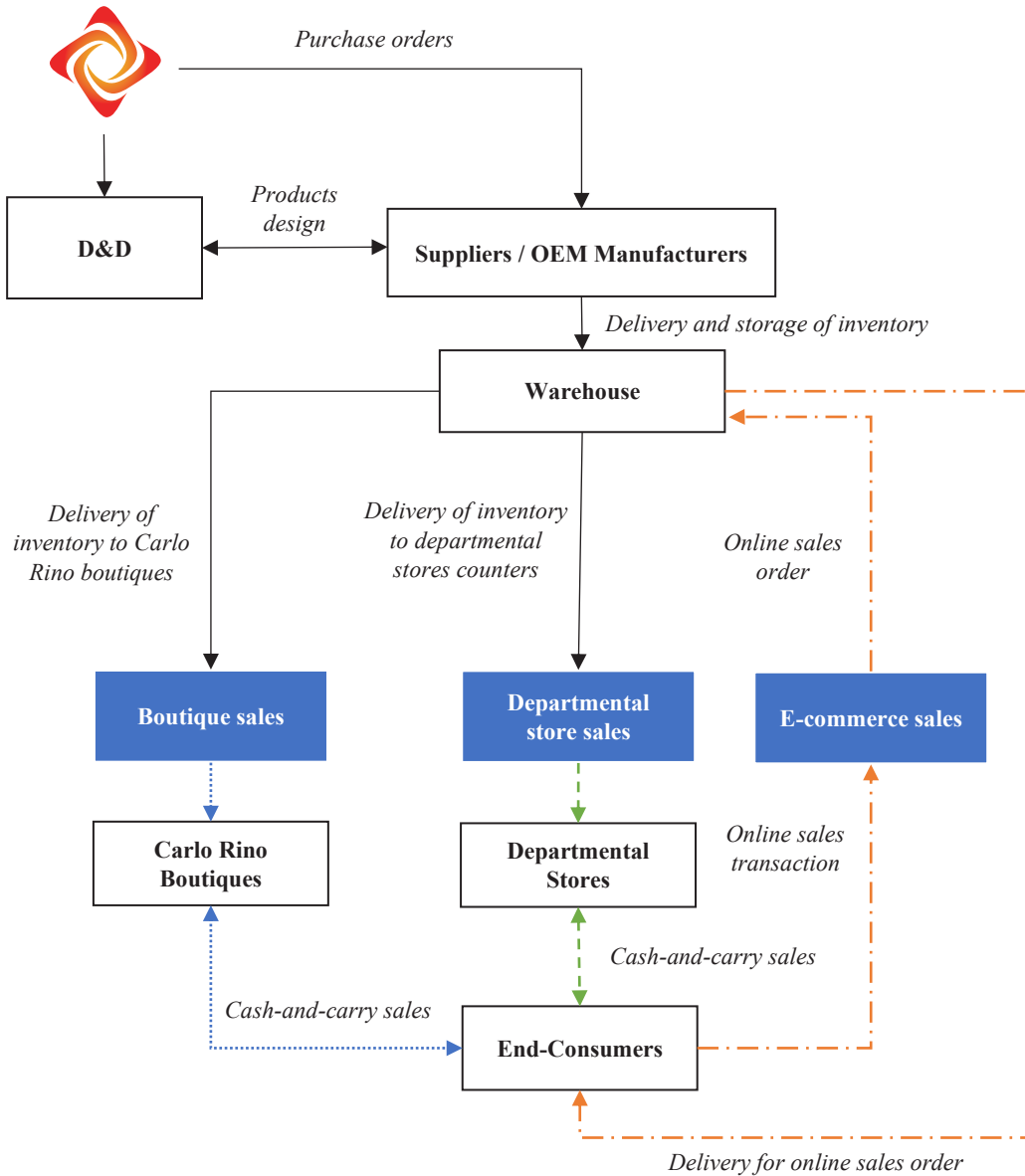
Malaysia, which contributes more than 99% of our Group's total revenue for each of the FYE Under Review, is the principal market for our Group's retailing segment for FYE Under Review. The overseas online sales which were fulfilled from Malaysia was recognised as local revenue.

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

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7. BUSINESS OVERVIEW (CONT'D)

7.4 BUSINESS OPERATIONS



Note:

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

(i) D&D

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

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

7. BUSINESS OVERVIEW (CONT'D)

(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, eyewear 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 12 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.

Our suppliers and OEM manufacturers are responsible to perform QC inspection on our products prior to shipment to our warehouse. Our warehousing personnel also conduct sample inspection on every shipment delivers to our warehouse. We can return any defective products identified by us to our suppliers and OEM manufacturers, who shall bear the expenses to be incurred by our Group for the return of the defective products.

(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.

7. BUSINESS OVERVIEW (CONT'D)

(iv) A&P

Before any new collection of products are launched to the market, our D&D personnel and A&P personnel will work closely to propose A&P programme for a third party A&P agent to formulate effective A&P programme which matches the design theme, colours tone and product designs of our Group.

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, RM3.03 million and RM3.04 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 40 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%, 55.33% and 53.42% 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 80 departmental stores counters across Malaysia. For the FYE Under Review, our departmental store sales accounted for 37.06%, 36.68%, 34.54% and 33.63% of our Group's total revenue, respectively.

7. BUSINESS OVERVIEW (CONT'D)



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 sales updates 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 reconcile our sales records with the monthly sales statement from the departmental stores. Our Group has not encountered material discrepancies between our sales records and the departmental stores' monthly sales statement for the FYE Under Review.

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. Full time sales promoters will be rewarded with additional sales commission upon achieving the pre-determined sales targets.

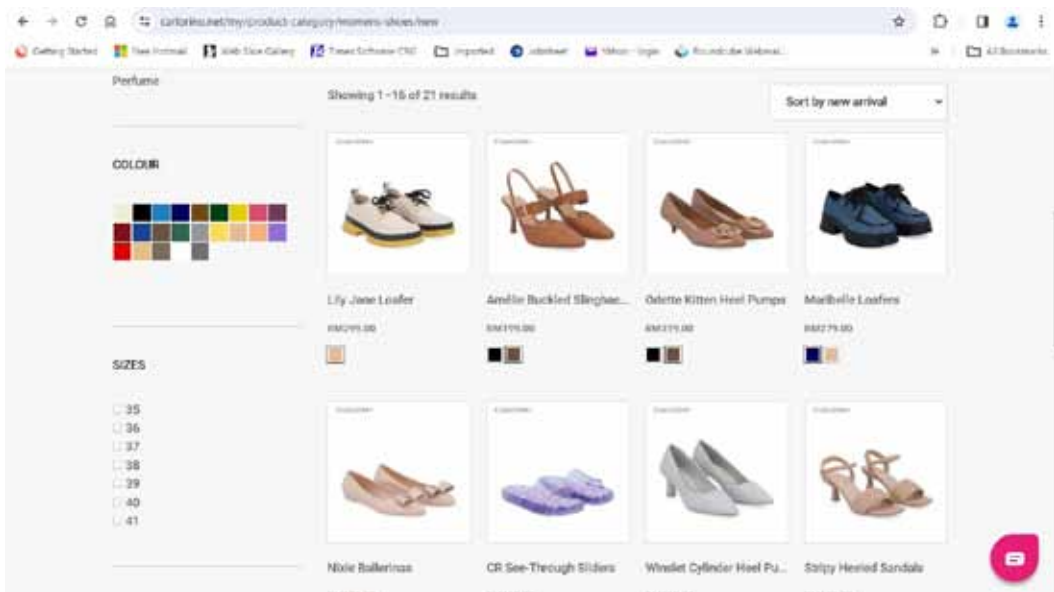
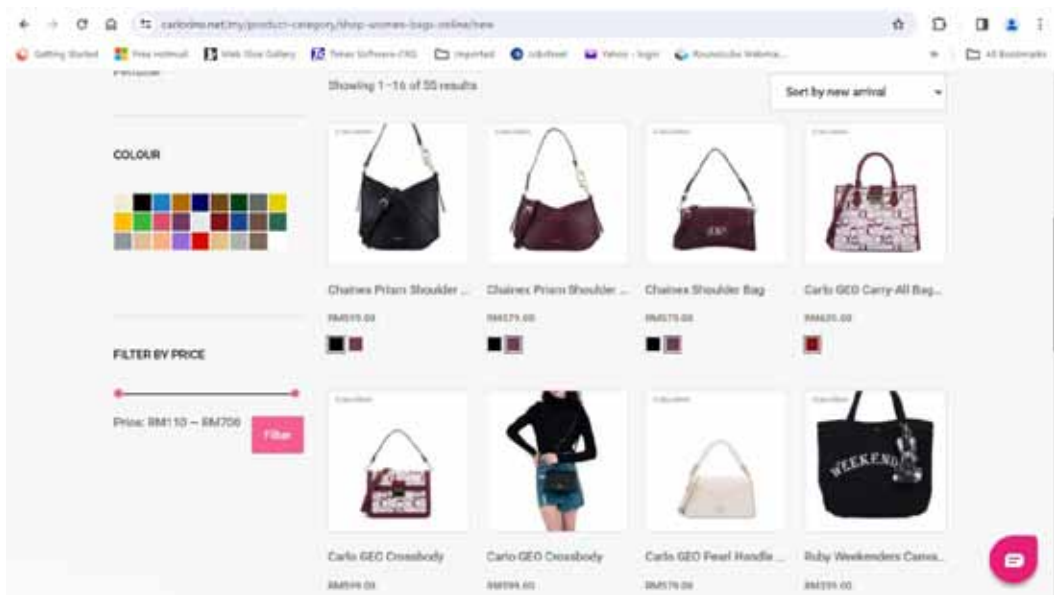
We also entered into non-exclusive dealership agreements to appoint dealers in supplying sales promoters to manage our boutiques and departmental store counters. We have appointed 12 dealers to handle 8 boutiques and 9 departmental store counters as at 30 June 2021, 8 dealers to handle 4 boutiques and 8 departmental store counters as at 30 June 2022, 8 dealers to handle 4 boutiques and 7 departmental store counters as at 30 June 2023, 6 dealers to handle 4 boutiques and 4 departmental store counters as at 30 June 2024 as well as 5 dealers to handle 3 boutiques and 4 departmental store counters as at the LPD.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we have a total of 259 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%, 9.97% and 12.85% 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.



7. BUSINESS OVERVIEW (CONT'D)

(vi) Product return and exchange

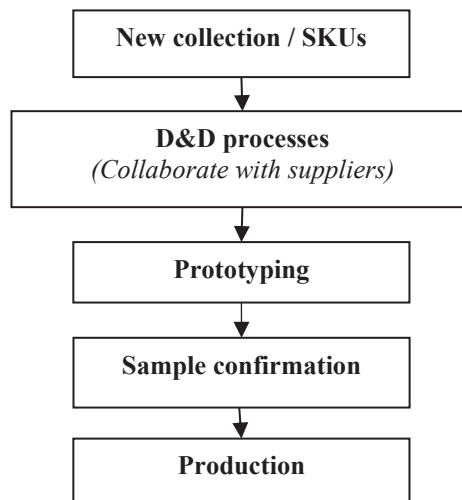
We accept product return and exchange on merchandise purchased from our Carlo Rino boutiques and e-commerce sales channels due to valid product defect claim and change of mind of customers. Customers purchased our products from departmental stores counters can claim for product return and exchange through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

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

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

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

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.

7. BUSINESS OVERVIEW (CONT'D)

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.

Pursuant to suppliers agreements entered into by our Group with our major suppliers, both parties mutually agreed that our product designs and concept remain as exclusive property of our Group and suppliers have provided their undertakings not to reproduce any products for themselves or third parties which will infringe our product designs. If suppliers breach such undertakings, our Group will take relevant legal actions against the suppliers to safeguard our product designs.

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.

7. BUSINESS OVERVIEW (CONT'D)

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 sales marketing and promotional programmes, and (iii) expanding the distribution of our Group's products and services. As at the LPD, we also have 259 sales promoters, who are assigned to our boutiques and departmental store counters 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.

7. BUSINESS OVERVIEW (CONT'D)

(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 40 boutiques and 80 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.

Our Group also acquires properties at strategic locations with high foot traffic or tourists destinations to set up flagship boutique or show gallery to showcase our Group's products for Carlo Rino brand building purpose as well as to serve as sales channels for our Group's products. The flagship boutique or show gallery is intended to be a place for tourists or customers to discover the latest range of products offered by our Group as well as a space to unwind after shopping by establishing other complementary ancillary services (such as food and beverages outlets and lifestyle outlets) within the premises. Our Group intends to operate other complementary ancillary services by ourselves, third parties and/or via joint venture with business partners to be identified.

For the FYE Under Review, our A&P expenses were RM2.27 million, RM1.96 million, RM3.03 million and RM3.04 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.

7. BUSINESS OVERVIEW *(CONT'D)*

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 delivered to our warehouse to ensure that the products meet our requirements, before onward delivery to our boutiques, departmental store 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%, 30.37% and 26.46% 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.

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7. BUSINESS OVERVIEW (CONT'D)

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.

7. BUSINESS OVERVIEW (CONT'D)

Software	Description
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 have upgraded our existing ERP system and POS using the latest Java Cloud Technology, whereas our e-commerce website and Carlo Rino mobile application are in the midst of being upgraded. 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, boutiques 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.

7. BUSINESS OVERVIEW (CONT'D)

- (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.

We also place emphasis on procuring eco-friendly products. For instance, our perfume bottles are made from recycled materials and we had launched Recycle Collection: Vearth Series of women's handbags made with recycled materials. These initiatives are testament of our Group's efforts in creating socially responsible products that are environmental friendly.

(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.

7. BUSINESS OVERVIEW (*CONT'D*)

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.

As at the LPD, our Company has adopted the relevant recommendations under the MCCG in terms of composition of our Board and board committees as well as board governance.

There were no non-compliances on ESG matters by our Group for the FYE Under Review.

We work closely with our suppliers and dealers to ensure their adherence to pertinent laws and regulations. Prior to engaging any new suppliers and dealers, we conduct appropriate background search to gain an understanding on the counterparties' market reputation and business practices. Upon satisfaction of the background searches, we enter into agreements with the major suppliers and dealers wherein we share our Group's Anti-Bribery and Corruption Statement as annexed to our Code of Business Conduct and Ethics and Whistleblowing Policy with them and expect them to conduct their businesses in an honest and ethical manner.

7.14 AVAILABILITY OF SUPPLIES AND INVENTORIES

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

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

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

7.15 SEASONALITY AND BUSINESS INTERRUPTIONS

7.15.1 Seasonality

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

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7. BUSINESS OVERVIEW (CONT'D)

7.15.2 Business interruptions

In 2021, we temporary closed our boutiques for a period between 1 week and up to 3 months during the various MCO stages of the COVID-19 outbreak. Other than that, our boutiques were operating at the permissible capacity set by the relevant regulatory authorities in Malaysia and we were still carrying out our business from our e-commerce segment. In the same year, although we faced some restrictions on the supply of our product, we still have sufficient inventories in our warehouse to fulfill our sales demand. As such, we did not experience any major impact on our supply chain. In terms of impact to our Group's financial performance, we did not experience any material impact to our Group's financial performance arising from the various disruptions on our retail operations due to the COVID-19 pandemic, as demonstrated by an increase in our Group's total revenue from RM76.46 million in FYE 2021 to RM101.79 million in FYE 2022, RM113.53 million for FYE 2023 and RM104.85 million for FYE 2024.

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, LICENSES, 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 35 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 in the middle income group. 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.

7. BUSINESS OVERVIEW (CONT'D)

(ii) We have multi-channel distribution network

Our products are sold through our Carlo Rino boutiques, departmental store counters and e-commerce marketplaces. Our Group intends to maintain our presence in departmental stores as it allows us to serve local communities in suburbs where our Group does not have presence via boutiques.

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 40 boutiques and 80 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.

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://shop.carlorino.net>) to further expand our e-commerce sales segment. Subsequently, we expanded our online market reach to other third-party e-commerce marketplaces, such as Lazada, Shopee and TikTok Shop in Malaysia to market and sell our products. For the FYE Under Review, we generated revenues of 16.01%, 12.17%, 9.97% and 12.85% 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 are 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.

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7. BUSINESS OVERVIEW (CONT'D)

(iv) 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.

(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. 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 new Carlo Rino flagship boutique

We plan to establish a new Carlo Rino flagship boutique at Jalan Imbi, Kuala Lumpur. 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 to be operated by our Group, third parties and/or via joint venture with business partners to be identified.

We will utilise the 1st and 2nd 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 our 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 and the estimated timeframe for completion of the construction.

Upon the commencement of operation of our flagship boutique, the monthly operating expenses (such as staff costs and utilities) is estimated at approximately RM50,000 and will be financed via our Group's internal funds.

As at the LPD, our Group has 1 boutique located at Pavilion Bukit Bintang and The Exchange TRX, respectively, which are located nearby our intended new flagship boutique at Jalan Imbi, Kuala Lumpur, of which the respective tenancy agreement is still valid.

7. BUSINESS OVERVIEW (CONT'D)

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 boutiques 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 and estimated timeframe for use of proceeds for this purpose.

7.18.3 Acquisition of properties to be used as show galleries

Our Group intends to acquire properties at strategic locations with high foot traffic or tourist destinations to set up as show galleries to showcase our Group's products for Carlo Rino brand building purpose as well as to serve as sales channels for our Group's products. The show gallery is intended to be a place for tourists or customers to discover the latest range of products offered by our Group as well as a space to unwind after shopping by establishing other complementary ancillary services (such as food and beverages outlets and lifestyle outlets) within the premises. Our Group intends to operate other complementary ancillary services by ourselves, third parties and/or via joint venture with business partners to be identified. We intend to use our Group's internally generated funds and/or banking facilities for the acquisition of properties and payment of the incidental costs (such as fees to authorities and renovation costs). CRI had, on 10 October 2024, entered into a sale and purchase agreement with a non-related party to acquire the Melaka Property which is to be used as a show gallery for our Group's product offering. The Melaka Property was transferred and registered into CRI's name on 1 November 2024, subsequent to the LPD.

7.18.4 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 via a localised e-commerce website in Indonesia and our Carlo Rino Online Store (<https://www.carlorino.net>) is accessible worldwide where shoppers around the world can browse and purchase our products via our online store. Further, we have appointed a distributor in Vietnam to distribute ladies handbags and pocket items, shoes, timepieces and accessories, wherein we sell our products to the distributor on an outright sales basis based on agreed terms on trade discount, payment terms and mode of payment.

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 RM191.0 billion in 2019 to RM499.9 billion in 2023, yielding a CAGR of 27.2% during the period. It is expected to further increase to RM770.7 billion in 2027, charting a CAGR of 11.4% between 2023 and 2027 (*Source: IMR report*).

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7. BUSINESS OVERVIEW (CONT'D)

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 Group's e-commerce platforms. Currently, we have appointed an external service provider to increase the online visibility and potentially yield higher traffic of our global e-commerce platform.

Search engine optimisation is an on-going and long-term approach to increase online visibility and hopefully yield higher traffic of our Carlo Rino Online Store over a period of time. Hence, we continuously improve the contents on our Carlo Rino Online Store in ensuring the contents is relevant and contains the right keywords for any searchers' query and search result page; as well as to improve the search ranking of our webpage, improve page loading speed and improve accessibility across all devices. Further, we will use third party analytical tools to track and report website traffic, identify where visitors came from, how long they stay on our webpage and analyse visitors' browsing behaviour on our webpage.

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.

Further, as part of our expansion plan, we will identify suitable local service providers in target countries to establish our Group's online presence, to tailor our online presence to the unique characteristics and preferences of each target market. We estimate this approach may require approximately RM200,000 per country for its initial stage, which will be financed via our Group's internal funds.

7.18.5 Upgrade of our IT infrastructure

We intend to upgrade our Group's IT infrastructure to facilitate future business growth and improve operating efficiency. Such upgrading is performed by external consultants and our IT personnel assist in testing and providing feedback on the test results. We use our internal funds to finance the cost for the following upgrades estimated at RM0.56 million.

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.

7. BUSINESS OVERVIEW (CONT'D)

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, the enhanced ERP and POS systems have gone live.

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

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

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

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

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

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

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7. BUSINESS OVERVIEW (CONT'D)

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

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
Section 5.18	<p><i>Increasing geographical footprint in South East Asia and the Middle East</i></p> <p><i>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.</i></p> <p><i>According to the IMR Report (as defined in the Information Memorandum), the e-commerce market in South East Asia, as measured by e-commerce sales, increased almost 2-fold from approximately USD5.5 billion in 2015 to an estimated USD10.9 billion in 2017. Moving forward, the e-commerce market in South East Asia is forecast to continue growing to USD29.4 billion in sales by 2020, at a CAGR of 39.1% between 2018 and 2020.</i></p> <p><i>Recognising the potential of the e-commerce market, we plan to develop a strong online presence for our Carlo Rino brand in South East Asia over the next 5 years. In order to do so, we plan to utilise digital media marketing such as search engine optimisation (SEO) to attract consumers to our online marketplace. We also intend to increase our exposure through digital marketing platforms to garner more traffic to our online marketplace.</i></p> <p><i>In addition, we have granted Kafak International Company ("Kafak") the exclusive rights to use Carlo Rino brand as well as operate and manage boutiques carrying the Carlo Rino range of products in the Middle East for a period of 5 years, with a 5-year renewable period. Through this distributorship arrangement, we intend to expand our retail presence to other</i></p>	<p>Over the time, the business model for our Group's overseas sales evolved wherein we progressively ceased our physical retail presence in Indonesia and Vietnam due to limited market accessibility by our then overseas subsidiaries. As at the LPD, we have ceased all of our overseas subsidiaries, but we have 1 authorised distributor for the Vietnamese market. This distributor currently operates a counter in a departmental store in Vietnam for Carlo Rino products.</p> <p>As an alternate business strategy, we expanded the reach of Carlo Rino brand in Southeast Asia by developing an online presence for our brand which at the time was through CRG Group's own online platform (https://www.carlorino.net, which is accessible worldwide since September 2016) and third-party e-commerce marketplaces such as Zalora (April 2014), Lazada (April 2016), Shopee (March 2019) and TikTok Shop (August 2023). Over the time, we recorded customer visits to our own global online platform from various Southeast Asia countries such as Thailand, Singapore, Cambodia, Vietnam, Indonesia and Brunei.</p> <p>With the widespread acceptance of online shopping, we decided to venture into the online sector of the Indonesian market to capture potential market expansion opportunities. As at the LPD, Indonesian shoppers can browse and purchase CRG Group's range of products via 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.</p> <p>Our Group recorded a total of 212,581 visitors from the Southeast Asia region in FYE 2019 to a total of 733,599 visitors in FYE 2024. Further, the browsing rate for the Southeast Asia region ranged from 1.42 pages per session to 3.79 pages per session in FYE 2019, which further improved to a</p>

7. BUSINESS OVERVIEW (CONT'D)

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
	<p><i>countries in the Middle East, including the United Arab Emirates, Qatar and Bahrain.</i></p>	<p>range of 2.02 pages per session to 8.33 pages per session in FYE 2023. The browsing sessions⁽¹⁾ for the Southeast Asia region has increased from a total of 303,378 sessions in FYE 2019 to a total of 1,176,163 sessions in FYE 2024.</p> <p>We intend to replicate this approach to penetrate into other countries in Southeast Asia, progressively over the next 2 to 3 years. Refer to Section 7.18.4 of this Prospectus for further details on our Group's future plans.</p> <p>In 2019, both our Group and Kafak have mutually agreed to cease the distribution activities in Saudi Arabia due to the lack of sales and ended the exclusive distributorship in 2019. Despite this, we recorded visitors from United Arab Emirates and Kuwait. For United Arab Emirates, total visitors have grown from 100 in FYE 2019 to 208 in FYE 2024 with a browsing rate ranged from 1.88 pages per session to 6.21 pages per session during FYE 2019 to FYE 2023, and total browsing sessions by visitors has increased from a total of 112 sessions in FYE 2019 to a total of 268 session in FYE 2024. For Kuwait, there was a drop in total visitors from 181 in FYE 2019 to 63 in FYE 2024. The browsing rate during FYE 2019 to FYE 2023 ranged from 1.73 pages per session to 5.47 pages per session; and there is a decrease in browsing sessions from a total of 228 sessions in FYE 2019 to 90 sessions in FYE 2024. While we continuously explore viable business opportunities for expansion into the Middle East, we have not commenced any negotiation with any parties for such plan at this juncture.</p>
	<p><i>Expanding our Carlo Rino product range</i></p> <p><i>We intend to extend our Carlo Rino range of products to include accessories and fashion related collections such as watches and fragrances to complement the existing range of products. At present, we have a limited range of accessories which include wallets and handbag accessories such as tassles and chains.</i></p>	<p>We undertake research on the market for accessories and fashion related collections to expand its product range. Since 2019, we progressively introduced new range of accessories which include perfumes, watches, t-shirts and scarves under the Carlo Rino brand to expand our product offerings to customers. In 2021, we launched a collection of eyewear products under a new brand name called C.Rino.</p>

7. BUSINESS OVERVIEW (CONT'D)

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
	<p><i>We are in the midst of undertaking research on the market for accessories and fashion related collections. We intend to launch various accessory product ranges over the next 5 years.</i></p> <p><i>The on-going development of new products is necessary for our Group to expand our market presence and remain competitive.</i></p>	<p>We had on 27 October 2021 entered into a non-exclusive Product License Agreement with Warner Bros and a supplementary agreement dated 11 May 2022 for a period of 3 years commenced from 1 January 2022, for the rights to use Warner Bros' characters, character names, costumes, environmental settings, plot elements, artwork, logos and copyrights and trademarks in connection with the sale and distribution of women handbags, footwear and accessories in Malaysia, Indonesia, Singapore and Vietnam only. With this collaboration with Warner Bros, we had launched, amongst others, Looney Tunes collection and Harry Potter collection whereby elements of the iconic characters are featured on Carlo Rino's women's handbags, shoes, wallets, scarves, watches, wristlets and t-shirts.</p> <p>On 9 September 2024, we have renewed the Product License Agreement with Warner Bros for another period of 3 years commencing from 1 January 2025 with additional characters of Warner Bros and the sale and distribution of our Carlo Rino's women's handbags, footwear and accessories in Malaysia, Indonesia, Singapore, Vietnam and Thailand.</p>

Note:

(1) A browsing session refer to user interactions with the website that take place within a given time frame which can contain multiple page views by the users.

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7. BUSINESS OVERVIEW (CONT'D)

7.19 MAJOR CUSTOMERS

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

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

7.20 MAJOR SUPPLIERS

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

No.	Name of suppliers	Place of incorporation	Types of products / services purchased	Length of business relationship (years) ⁽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	15	22,172	88.96
2.	Heeltop Enterprise Sdn Bhd	Malaysia	Women's footwear	6	1,549	6.22
3.	LMY Heritage Sdn Bhd	Malaysia	Women's footwear	4	815	3.27
4.	Guangzhou Xuelei Cosmetic Co., Ltd ⁽²⁾	People's Republic of China	Perfume	Less than 1	142	0.57
5.	Siang Poh Knitting Sdn Bhd ⁽²⁾	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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7. BUSINESS OVERVIEW (CONT'D)

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	Less than 1	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	17	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	Less than 1	4,470	12.24
4.	Heeltop Enterprise Sdn Bhd	Malaysia	Women's footwear	8	4,251	11.64
5.	LMY Heritage Sdn Bhd	Malaysia	Women's footwear	6	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 (RM'000)					36,534	

7. BUSINESS OVERVIEW (CONT'D)

No.	Name of suppliers	Place of incorporation	Types of products / services purchased	Length of business relationship (years) ⁽¹⁾	Total purchases	
					RM'000	%
FYE 2024						
1.	Jacdex Interlogistics Sdn Bhd	Malaysia	Women's handbags, accessories and footwear	2	10,881	36.90
2.	Asiatic Straits Sdn Bhd	Malaysia	Management of procurement and manufacturing of women's handbags, accessories and footwear	18	10,792	36.60
3.	Galaxy Wholesale Sdn Bhd	Malaysia	Women's handbags, accessories and footwear	2	7,054	23.93
4.	LMY Heritage Sdn Bhd	Malaysia	Women's footwear	7	371	1.26
5.	Heeltop Enterprise Sdn Bhd	Malaysia	Women's footwear	9	296	1.00
Total for top 5 major suppliers for finished goods					29,394	99.69
Total purchases for finished goods for FYE 2024 (RM'000)					29,485	

Notes:

- (1) Being the approximate length of business relationship as at each the respective FYE Under Review.
- (2) There are on-going business transactions between our Group and such suppliers, albeit with minimal value of transactions since FYE 2021 as the products offered by them are not our Group's core products such as t-shirt and perfume which were introduced since 2019 and 2021, respectively. Thus, we only have short length of business relationship with them as compared to other suppliers.

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%, 48.23% and 36.60% 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 18 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 36.60% in FYE 2024.

7. BUSINESS OVERVIEW (CONT'D)

For FYE 2024, Jacdex Interlogistics Sdn Bhd emerged as one of the top 5 suppliers of our Group (contributed 36.90% of our Group's total purchases for finished goods) and Galaxy Wholesale Sdn Bhd contributed 23.93% of our Group's total purchases for finished goods, which is higher than its contribution for FYE 2021 to FYE 2023. Our Group is not materially dependent on Jacdex Interlogistics Sdn Bhd and Galaxy Wholesale Sdn Bhd, as there are various other suppliers in the market that can offer similar quality products and services at competitive rates and can serve as substitutes to our current list of our suppliers.

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

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7. BUSINESS OVERVIEW (CONT'D)

7.21 MATERIAL PROPERTIES AND LOCATION OF BUSINESS

7.21.1 Properties owned by our Group

A summary of the material properties owned by our Group as at the LPD are set out below:

No.	Registered 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 2024 (RM'000)
1.	CRG	<p><u>Title Details</u> Geran 320522</p> <ul style="list-style-type: none"> • 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 <p>All in Lot 34554, Pekan Cheras, District of Ulu Langat, State of Selangor</p> <p><u>Postal Address</u></p> <ul style="list-style-type: none"> • Level Aras 1 & Aras 1 Atas • Level Aras 1 Rendah Atas • Levels 2, 3, 4, 5 and 6; and • 92 units of parking bays, 	<p><u>Description:</u> 6-storey office building together with 92 units of parking bays.</p> <p><u>Existing use:</u> Warehouse</p>	Freehold	28 January 2015	<p><u>Category of land use</u> Commercial</p> <p><u>Express condition</u> Commercial building</p> <p><u>Restriction in interest</u> None</p>	Charged to Public Bank Berhad on 14 December 2023	<p><u>Master land area:</u> 65,294 sqft</p> <p><u>Built-up area (for 6-storey office building):</u> 41,873 sqft</p>	19,552

7. BUSINESS OVERVIEW (CONT'D)

No.	Registered 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 2024 (RM'000)
		all located at Block C, Platinum Cheras, Jalan Cheras Zen 1A, Taman Platinum Cheras, 43200 Cheras, Selangor							
2.	IBS	Geran 34048, Lot 620 Seksyen 67, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur <u>Postal Address</u> No. 217, Jalan Imbi, 55100 Kuala Lumpur	<u>Description:</u> Vacant land <u>Existing use:</u> Temporary carpark lots ⁽¹⁾	Freehold	Not applicable ⁽²⁾	<u>Category of land use</u> None ⁽²⁾ <u>Express condition</u> None <u>Restriction in interest</u> None	Charged to Public Bank Berhad on 28 March 2023	<u>Land area:</u> 9,175 sqft <u>Built-up area:</u> N/A ⁽²⁾	17,370
3.	CRI	Geran 21151, Lot 43, Kawasan Bandar XVI, Daerah Melaka Tengah, Negeri Melaka	<u>Description:</u> 1 unit of 3-storey pre-war shophouse ⁽³⁾ <u>Existing use:</u> Vacant	Freehold	Refer to the Note ⁽⁴⁾	<u>Category of land use</u> None ⁽⁴⁾ <u>Express condition</u> None	Nil	<u>Land area:</u> 947 sqft <u>Built-up area:</u> 2,772 sqft	Not applicable ⁽⁵⁾

7. BUSINESS OVERVIEW (CONT'D)

No.	Registered 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 2024 (RM'000)
		Postal Address No. 11 Lorong Hang Jebat, 75200 Melaka				Restriction in interest None			

Notes:

- 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). As at the LPD, the tenancy has been renewed for another period of 3 months from 1 October 2024 to 31 December 2024.*
- The property is a vacant land. The land is proposed to be developed as a commercial building subject to change of category use of land, which details as set out in Section 4.9, note (i) of this Prospectus.*
- The Melaka Property is located within the Melaka World Heritage Site.*
- CRI through its solicitor, received a letter dated 1 October 2024 from Melaka Historic City Council (“MHCC”) confirming that they do not have a copy of the CF in their possession. MHCC further states that it has issued the assessment to the Melaka Property since 1987, in which it acknowledged the legal existence of the Melaka Property. CRI undertakes not to commence any business activities at and occupy the Melaka Property until the business license is obtained and a letter of approval from MHCC to certify that the Melaka Property is fit to be occupied after the renovation (subject to the building plan first being approved by MHCC). The Melaka Property is intended to be used as a show gallery to showcase our Group’s products for Carlo Rino brand building purpose. CRI expects to obtain the approval letter to occupy the Melaka Property from MHCC and the business license in 1st half of calendar year 2025.*
- The Melaka Property was acquired via sale and purchase agreement dated 10 October 2024 and duly transferred and registered into CRI’s name on 1 November 2024 which was subsequent to FYE 2024. For further details, please refer to Section 15.5(vii) of this Prospectus.*

Save for the approval letter to occupy the Melaka Property from MHCC and the business license to be obtained by CRI for the Melaka Property, the above material 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 boutique on the Imbi Property. Refer to Section 4.9 of this Prospectus for further details on this planning.

7. BUSINESS OVERVIEW (CONT'D)

7.21.2 Properties rented by our Group

A summary of the material properties rented by our Group as at the LPD are set out below:

(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	<p><u>Description of building:</u> 4-storey office building with 4-storey retail space with 2-storey carparks known as Ikon Connaught in Cheras, Kuala Lumpur</p> <p><u>Existing use:</u> As our Head office</p>	29 July 2022	18,879 sqft	1 August 2022 to 31 July 2026 / RM62,489.49 ⁽²⁾

Notes:

- (1) PASB is the main tenant for Level 2 of Ikon Connaught and rented the property from PSSB (who is the registered owner 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.
- (2) The rental payment comprises of base rent and service charge.

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7. BUSINESS OVERVIEW (CONT'D)

(ii) Boutiques

As at the LPD, we manage and operate 40 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	7	1 to 3 years	9,458
Kuala Lumpur	6	1 to 3 years	8,254
Johor	6	<1 ⁽¹⁾ to 3 years	7,263
Pulau Pinang	3	1 to 3 years	3,776
Melaka	3	2 to 3 years	3,895
Perak	4	1 to 3 years	4,666
Negeri Sembilan	1	2 years	1,009
Sabah	1	3 years	1,184
Sarawak	1	3 years	1,067
Pahang	3	2 to 3 years	3,678
Kedah	1	3 years	1,367
Kelantan	2	3 years	1,793
Terengganu	2	3 years	2,505
TOTAL	40		49,915

Note:

(1) Being tenancy for boutique located at Plaza Angsana which is renewable on a monthly basis.

As set out in the table above, our Group has 1 tenancy agreement (for boutique located at Plaza Angsana) with a tenure of less than a year and the boutique contributed a total revenue of approximately RM0.93 million for the FYE 2024 (which represents less than 1% of our Group's total revenue for FYE 2024).

The above material 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.

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7. BUSINESS OVERVIEW (CONT'D)

7.22 MAJOR APPROVALS, LICENSES AND PERMITS

7.22.1 Head office and warehouse

Our Group holds valid business licenses and signage 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 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 2024 to 30 July 2025 ⁽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, 2 nd Floor, Ikon Connaught, No. 160, Jalan Cerdas, Taman Connaught, 56000 Kuala Lumpur, Wilayah Persekutuan	13 November 2024 to 12 November 2025	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

Note:

(i) Renewal of the license shall be made within 3 months before the expiry of the license.

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7. BUSINESS OVERVIEW (*CONT'D*)

7.22.2 Boutiques

As at the LPD:

CRB manages and operates 40 boutiques in Malaysia and it holds 39 valid business and/or signage licenses (issued by various municipal city and city councils), with the following details:

- (a) 39 boutiques are issued with valid business and/or signage licenses expiring between December 2024 to November 2025, i.e., the remaining validity period is less than 12 months. Generally, these business and/or signage licenses are renewable annually and application for renewal will be submitted within 1 month to 3 months before the expiry date of the licenses.

Out of the above 39 boutiques, 1 boutique located in AEON Seremban 2, Negeri Sembilan and 1 boutique located in Suria Sabah, the signage and/or advertisement license is not required by the respective municipal councils as the signage and/or advertisement board are located within the mall area.

- (b) 1 boutique, which is located at Central I-City, Selangor whereby the application fee of the business license has been paid and is pending issuance of new business license from Shah Alam City Council. The tenancy agreement between CRB and Central Plaza i-City Real Estate Sdn Bhd was entered on 23 February 2024 and tenancy for the said boutique commenced on 1 January 2024 and expiring on 31 December 2026.

As at the LPD, this boutique has commenced its business activities while pending the issuance of the business license. The total sales generated from this boutique is less than 1.0% of our Group's total revenue for the FYE Under Review. Further, the management of CRB does not expect this boutique to be major revenue contributor to our Group for FYE 2025. The management of CRB expects the new business license to be issued by 4th 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 under Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 will not exceed RM500 or to imprisonment for a term not exceeding 6 months or to both.

After the assessment, our Board does not foresee any material impact on the business and profitability of the Group arising from the pending new business license.




Our Board does not foresee any issues in renewing the abovementioned business and/or signage 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.

7. BUSINESS OVERVIEW (CONT'D)

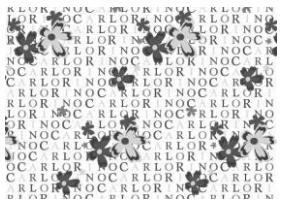
7.23 INTELLECTUAL PROPERTIES

7.23.1 Major intellectual property owned or held by our Group





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

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
1.	 <ul style="list-style-type: none"> Stylized Word Mark 	CRB	TM05011947	<u>Date registered:</u> 20 July 2005 <u>Expiry date:</u> 20 July 2025 ⁽¹⁾	<u>Class 25:</u> Articles of clothing, footwear and headgear; knitwear and ready-made clothing, jerseys and sports jerseys, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing; scarves and belts (clothing); all included in class 25.
2.	 <ul style="list-style-type: none"> Stylized Word Mark 	CRB	TM05011946	<u>Date registered:</u> 20 July 2005 <u>Expiry date:</u> 20 July 2025 ⁽¹⁾	<u>Class 18:</u> Leather and imitations of leather and goods made of these materials; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts, cultural bags, duffel bags, suitcases, briefcases, luggage, dressing cases with and without contents, trunks and small leather goods; key chains, key cases, keyholders, coin pouch, card holders, lipstick holders, passport holders, pager holders, handphoned holders, pen holders, tag holders and organisers holder strip; all included in class 18.
3.	 <ul style="list-style-type: none"> Stylized Word Mark 	CRB	TM05007849	<u>Date Registered:</u> 18 May 2005 <u>Expiry Date:</u> 18 May 2025 ⁽¹⁾	<u>Class 18:</u> Leather and imitations of leather and goods made of these materials; ladies' bags and men's bags, handbags, pocket wallets, game bags, travelling bags, purses, wallets, belts, cultural bags, duffel bags, suitcases, briefcases, luggage, dressing cases with and without contents, trunks and small leather goods; key chains, key cases, keyholders, coin pouch, card holders, lipstick holders, passport holders, pager holders, handphoned 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.	<p>CARLO RINO</p> <ul style="list-style-type: none"> Stylized Word Mark 	CRB	TM05007850	<p><u>Date registered:</u> 18 May 2005</p> <p><u>Expiry date:</u> 18 May 2025⁽¹⁾</p>	<p><u>Class 35:</u> Advertising and promotional services; dissemination of advertising and promotional materials; direct mail advertising; market research; marketing services; services relating to the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof) enabling others to conveniently view and purchase those goods; distribution of samples; shop window dressing; organisation, operation and supervision of sales and promotional incentive schemes; information, advice and assistance relating to all the aforementioned services; compilation of information into computer databases; document reproduction and photocopying; business management and administration services relating to printed matter; organisation of exhibitions for commercial or advertising purposes; management and all services related thereto; word processing and all services related thereto; professional consultations relating to franchising and retailing; consultancy services relating to branding of goods; retail services; all included in class 35.</p>
5.	<p>CARLO RINO</p> <ul style="list-style-type: none"> Word 	CRB	TM01000402	<p><u>Date registered:</u> 11 January 2001</p> <p><u>Expiry date:</u> 11 January 2031</p>	<p><u>Class 25:</u> Articles of clothing, footwear and headgear; belts (clothing), knitwear and ready-made clothing, jerseys and sports jerseys, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing; all included in class 25.</p>
6.	 <ul style="list-style-type: none"> Word and Figurative 	CRB	TM08002265	<p><u>Date registered:</u> 5 February 2008</p> <p><u>Expiry date:</u> 5 February 2028</p>	<p><u>Class 25:</u> Articles of clothing, footwear and headgear; belts (clothing), knitwear and ready-made clothing, jerseys and sports jerseys, shoes and sports shoes, boots, sandals, slippers, socks and stockings, caps and hats, swimsuits and beach clothing; all included in class 25.</p>





7. BUSINESS OVERVIEW (CONT'D)

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


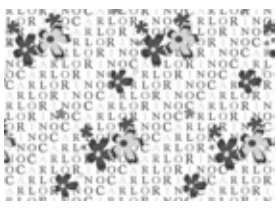
7. BUSINESS OVERVIEW (CONT'D)

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


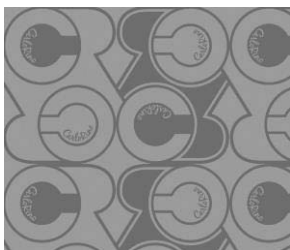
7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
15.	 <ul style="list-style-type: none"> Figurative 	CRB	TM2023036270	<u>Date registered:</u> 30 November 2023 <u>Expiry Date:</u> 30 November 2033	<u>Class 3:</u> Incense; perfumes; cosmetics; essential oils; make-up preparations; hair lotion; soaps; 3-in-1 hair shampoos; baby shampoos; dandruff shampoos; dry shampoo; hair shampoos; hair shampoos and conditioners.
16.	 <ul style="list-style-type: none"> Figurative 	CRB	TM2023036271	<u>Date registered:</u> 30 November 2023 <u>Expiry Date:</u> 30 November 2033	<u>Class 9:</u> Spectacles; sunglasses; spectacle frames; spectacle cases; parts and accessories for eyeglasses; parts and accessories for spectacles; parts for eyeglasses; parts for spectacles; optical lens sights; optical lenses; optical lenses for sunglasses.
17.	 <ul style="list-style-type: none"> Figurative 	CRB	TM2023036285	<u>Date registered:</u> 30 November 2023 <u>Expiry Date:</u> 30 November 2033	<u>Class 18:</u> Leather and imitations of leather; leather attaché cases; leather bags and wallets; key cases of leather or imitation leather; leather and imitation leather bags; leather bags for merchandise packaging [envelopes, pouches]; leather bags for packaging; leather bags, suitcases and wallets; leather briefcases; imitation leather bags; imitation leather cases; imitation leather handbags; imitation leather purses [handbags]; handbags for ladies; handbags for men; handbags of imitation leather; handbags of leather; pocket wallets; fitted belts for luggage; leather shoulder belts; saddle belts; shoulder belts of leather; wallets for attachment to belts; game bags; key bags; kit bags; luggage and carrying bags; travelling bags; purses; wallets; bags; duffle bags; suitcases; briefcases; briefcases [leatherware]; luggage; cases of imitation leather; cases of leather or leatherboard; trunks; trunks [luggage]; trunks and suitcases; trunks and traveling bags; key cases; coin holders in the nature of wallets; card holders [wallets]; credit card holders of leather; leather credit card holders; wallets incorporating card holders; compartmentalized cosmetic cases for lipsticks and creams sold empty.
18.	 <ul style="list-style-type: none"> Figurative 	CRB	TM2023036291	<u>Date registered:</u> 30 November 2023 <u>Expiry Date:</u> 30 November 2033	<u>Class 25:</u> Articles of clothing, footwear and headgear; knitwear; knitwear [clothing]; ready-made clothing; jerseys; sports jerseys; shoes for adults; shoes for babies; shoes for children; shoes for men; shoes for women; boots for babies; boots for children; boots for infants; boots for men; boots for women; sandals; slippers; socks; stockings; caps

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
					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.
19.	 <ul style="list-style-type: none"> Figurative 	CRB	TM2023036302	<u>Date registered:</u> 30 November 2023 <u>Expiry Date:</u> 30 November 2033	<u>Class 35:</u> Advertising and promotional services; dissemination of advertising and promotional materials; direct mail advertising; market research; marketing services; the bringing together, for the benefit of others, of a variety of goods, excluding the transport thereof, enabling customers to conveniently view and purchase those goods; distribution of samples; retail shop window display arrangement services; shop window dressing; organisation, operation and supervision of sales and promotional incentive schemes; collection, systematization, compilation and analysis of business data, statistics, information and indexes of information for commercial or advertising purposes; compilation of information into computer databases; document reproduction; document reproduction [photocopying services]; document reproduction being photocopying services; document reproduction services; retail or wholesale services for bags; retail or wholesale services for bags and pouches; retail or wholesale services for printed matter; organisation of exhibitions for commercial or advertising purposes; computerized word processing; word processing; word processing services; business advice and consultancy relating to franchising; business management consulting with relation to strategy, marketing, production, personnel and retail sale matters; corporate branding services; retail services for bags; retail services for clothing; retail services for footwear; retail services for luggage; retail services for sporting articles.
20.	 <ul style="list-style-type: none"> Article name: Sheet material 	CRB	MY07-01624-0101	<u>Date registered:</u> 31 October 2007 <u>Expiry date:</u> 31 October 2027	<u>Class 05-06:</u> Artificial or natural sheet material.

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark / Industrial Design / Copyright	Registered owner	Registration No.	Validity period	Class / Category of work
21.	 <ul style="list-style-type: none"> Article name: Sheet material 	CRB	MY09-01262-0101	<u>Date registered:</u> 20 November 2009 <u>Expiry date:</u> 20 November 2029	<u>Class 05-06:</u> Artificial or natural sheet material.
22.	 <ul style="list-style-type: none"> Article name: Sheet material 	CRB	MY09-01263-0101	<u>Date registered:</u> 20 November 2009 <u>Expiry date:</u> 20 November 2029	<u>Class 05-06:</u> Artificial or natural sheet material.
23.	BUN BUN	CRB	<u>Notification Number:</u> CRAR2023W06225	<u>Date registered/ Legal Status:</u> 2 January 2024 <u>Creation date:</u> 12 April 2023 <u>Expiry date⁽²⁾:</u> -	<u>Category of work:</u> Artistic

Notes:

- (1) Renewal application for trademark can be made on or before the date of the expiry of the registration (within 6-month before the end of the registration date) but in no event, later than 6-month after the date of the expiry of registration; failing which it will be considered as a late renewal with surcharge to be imposed on the renewal registration.
- (2) 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.

7. BUSINESS OVERVIEW (CONT'D)

7.23.2 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 are as set out below:

Licensor	BIH														
Licensee	CRG														
Purpose	<ul style="list-style-type: none"> Grant of licensing right 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). Unless with the written consent of BIH, CRG shall only use the Licensed Trademark in the following manner: (a) consistent with the scope of the relevant registration of the Licensed Trademark in the Licensed Territory; (b) as permitted and prescribed by BIH under the MLA 2023; and (c) to sell the Licensed Products as permitted under the MLA 2023. Sub-licensing 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. <p><i>Note:</i> <i>As at the date of the MLA 2023, CRG has sub-licensed the trademark of Carlo Rino to its wholly-owned subsidiaries:</i></p> <table border="1"> <thead> <tr> <th><i>Sub-licensee</i></th> <th><i>Date of Sub-licensing Agreement</i></th> <th><i>Period licensing</i></th> <th><i>Description of the sub-licensing trademark</i></th> </tr> </thead> <tbody> <tr> <td><i>CRB</i></td> <td><i>23 May 2023</i></td> <td><i>1 April 2023 to 31 March 2048</i></td> <td><i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <i>Worldwide (excluding Malaysia) for handbags and accessories, shoes, accessories and apparel</i> <i>Worldwide (including Malaysia) for cosmetics and timepiece</i> </td> </tr> <tr> <td><i>CRF</i></td> <td><i>23 May 2023</i></td> <td><i>1 April 2023 to 31 March 2048</i></td> <td><i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <i>Worldwide (excluding Malaysia) for shoes, accessories and apparel</i> <i>Worldwide (including Malaysia) for cosmetics and timepiece</i> </td> </tr> </tbody> </table>			<i>Sub-licensee</i>	<i>Date of Sub-licensing Agreement</i>	<i>Period licensing</i>	<i>Description of the sub-licensing trademark</i>	<i>CRB</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <i>Worldwide (excluding Malaysia) for handbags and accessories, shoes, accessories and apparel</i> <i>Worldwide (including Malaysia) for cosmetics and timepiece</i> 	<i>CRF</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <i>Worldwide (excluding Malaysia) for shoes, accessories and apparel</i> <i>Worldwide (including Malaysia) for cosmetics and timepiece</i>
<i>Sub-licensee</i>	<i>Date of Sub-licensing Agreement</i>	<i>Period licensing</i>	<i>Description of the sub-licensing trademark</i>												
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<i>CRF</i>	<i>23 May 2023</i>	<i>1 April 2023 to 31 March 2048</i>	<i>Carlo Rino trademark for:</i> <ul style="list-style-type: none"> <i>Worldwide (excluding Malaysia) for shoes, accessories and apparel</i> <i>Worldwide (including Malaysia) for cosmetics and timepiece</i> 												

7. BUSINESS OVERVIEW (CONT'D)

	<table border="1"> <tr> <td>CRL</td> <td>23 May 2023</td> <td>1 April 2023 to 31 March 2048</td> <td>Carlo Rino trademark for: <ul style="list-style-type: none"> Worldwide (excluding Malaysia) for handbags and apparel </td> </tr> </table>	CRL	23 May 2023	1 April 2023 to 31 March 2048	Carlo Rino trademark for: <ul style="list-style-type: none"> Worldwide (excluding Malaysia) for handbags and apparel 					
CRL	23 May 2023	1 April 2023 to 31 March 2048	Carlo Rino trademark for: <ul style="list-style-type: none"> Worldwide (excluding Malaysia) for handbags and apparel 							
	<ul style="list-style-type: none"> The MLA 2023 shall supersede the MLA 2018 executed between the parties where BIH previously licensed the Carlo Rino and CR2 trademarks to CRG. 									
Licensed Period	<p>25 years from 1 April 2023 to 31 March 2048, or such other date as may be agreed by the parties (“Licensed Period”).</p> <p><u>Renewal period</u> In relation to further extension of the Licensed Period under the MLA 2023, it shall subject to the discussion between the parties of no later than 6 months prior to the expiry of the MLA 2023.</p>									
Other salient terms of the MLA 2023	<p>1. <u>Licensed Territory and Licensed Products under the Licensed Trademark:</u></p> <table border="1"> <thead> <tr> <th>No.</th> <th>Licensed Products</th> <th>Licensed Territory</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>2. <u>Payment of fees</u> CRG to pay BIH a minimum amount or a fee based on the total revenue derived from sale generated, whichever is higher, in each financial year throughout the Licensed Period. The minimum amount is subject to a fixed increment amount of Singaporean Dollar 5,000 for every 3 years during the Licensed Period.</p> <p>3. <u>Quality control</u> CRG is to ensure all the Licensed Products manufactured under the MLA 2023 shall be consistent with the quality standard expected by BIH. If CRG fails to observe the quality standard, BIH shall be entitled to require the cessation of the manufacture, distribution, marketing and sale of any of the Licensed Products in its sole and absolute discretion.</p> <p>BIH may from time to time request for samples of any of the Licensed Products from CRG and if such products are below the standards of quality by BIH, BIH may so notify CRG in writing, including the remedial action as recommended by it and CRG shall promptly take remedial action to meet the quality standards as set by BIH.</p> <p>4. <u>Obligation of BIH</u> (a) During the Licensed Period, CRG may, for the purposes of its business and by notice in writing to BIH (“Additional Trademark Notice”), request that BIH register any additional trademarks (“Additional Trademarks”) in connection with the Carlo Rino brand (including, without limitation, any changes to the logo used by such brand) and whether in respect of additional items, articles, products or territories.</p>	No.	Licensed Products	Licensed Territory	(i)	Handbags and small leather accessories, luggage and travelling accessories shoes, apparel and eyewear	Worldwide excluding Malaysia	(ii)	Perfumes and cosmetics, timepieces and potato chips	Worldwide including Malaysia
No.	Licensed Products	Licensed Territory								
(i)	Handbags and small leather accessories, luggage and travelling accessories shoes, apparel and eyewear	Worldwide excluding Malaysia								
(ii)	Perfumes and cosmetics, timepieces and potato chips	Worldwide including Malaysia								

7. BUSINESS OVERVIEW (CONT'D)

	<p>(b) Subject to the registration of an Additional Trademarks becoming effective, such Additional Trademarks shall constitute, and be licensed to CRG as a Licensed Trademark in respect of the Licensed Products and the Licensed Territory(ies) as indicated in the Additional Trademark Notice provided that the parties shall agree to the variation to the terms of the MLA 2023, if any including but not limited to the Licence Fees.</p> <p>5. <u>Termination</u> BIH may terminate the MLA 2023 by giving written notice to CRG, in the event that:</p> <p>(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 standard 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;</p> <p>(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;</p> <p>(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);</p> <p>(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</p> <p>(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.</p> <p>Upon termination, any and all rights granted to CRG for the use of the Licensed Trademark shall immediately cease and CRG shall immediately terminate all of its sublicensees.</p> <p>6. <u>Assignment</u> (a) No assignment or transfer by CRG under the MLA 2023 without the express written consent of BIH.</p>
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 explore 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 the 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.

7. BUSINESS OVERVIEW (CONT'D)

7.24 GOVERNING LAWS AND REGULATIONS

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

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

The LGA 1976 and the by-laws of the respective local councils and authorities set out the requirements to obtain business and signage licenses. Every license 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 license 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 business and signboard licenses for our head office, warehouse and boutiques as well as for the signboards displayed at our business premises and boutiques.

Save as disclosed in Section 7.22.2(i)(b) of this Prospectus, as at the LPD, our Group has complied with relevant by-laws, rules or regulations of the relevant councils and authorities in relation to obtaining all the business premises/signage licenses 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, failing which it will be considered as a late renewal with surcharge to be imposed on the renewal 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 Section 7.23.1 of this Prospectus.

As at the LPD, our Group has complied with the TMA 2019 and Trademarks Regulations 2019 as well as other subsidiary legislation under the TMA 2019 governing our Group's trademarks, and there is no infringement by our Group of any third-party trademarks which will materially affect our business operation.

7. BUSINESS OVERVIEW (CONT'D)

(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 Section 7.23.1 of this Prospectus for our Group’s registered industrial designs.

As at the LPD, our Group has complied with the IDA 1996 and Industrial Designs Regulations 1999 as well as other subsidiary legislation under the IDA 1996 governing our Group’s industrial designs, and 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 sign 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 our Group 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. In this regards, we have complied with the PDPA 2010.

As at the LPD, our Group has adopted a privacy policy which complies with PDPA 2010 and has not received any notices relating to non-compliance with PDPA 2010.

7. BUSINESS OVERVIEW (CONT'D)

(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, our Group has complied with the SOGA 1957 and CLA 1956 and 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.

As at the LPD, our Group has complied with the CPA 1999 and Consumer Protection (Electronic Trade Transactions) Regulations 2012, and our Group has not received any complaints from our customers in respect of any misleading and deceptive products and practices which will materially affect our Group’s business operation.

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

SDBA

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

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

7. BUSINESS OVERVIEW (CONT'D)

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, save for approval letter to be obtained for Melaka Property from MHCC (under item 3 of Section 7.21.1 of this Prospectus), our Group has complied with the relevant 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 has complied with the FSA and our Group holds 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.

7. BUSINESS OVERVIEW (CONT'D)

7.26 EMPLOYEES

As at the LPD, our Group has a total of 336 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 30 June 2024	As at the LPD
Director and key management personnel	9	9	9	10	10
Business Development and E-commerce	4	2	3	4	4
Finance, Accounts, Human Resources and Administration	13	14	15	16	16
Warehouse	25	24	19	21	21
D&D and Merchandising	20	21	16	17	18
Sales and Marketing and A&P	152	243	253	267	259
Project	2	2	2	2	2
IT	8	6	4	6	6
TOTAL	233	321	321	343	336
No. of permanent employees	229	238	225	256	282
No. of contractual employees	4	83	96	87	54

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 and as at the LPD, 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 segments of the fashion industry in Malaysia between 2023 and 2027 are as follows:
 - accessories – RM18.33 billion to RM24.34 billion, recording a CAGR of 7.3%;
 - women's footwear – RM4.64 billion to RM6.22 billion, recording a CAGR of 7.6%; and
 - women's handbags – RM3.56 billion to RM4.50 billion, registering a CAGR of 6.1%;
- (ii) e-commerce revenue in Southeast Asia expanded from RM191.0 billion in 2019 to RM499.9 billion in 2023, yielding a CAGR of 27.2% during the period. It is expected to further increase to RM770.7 billion in 2027, charting a CAGR of 11.4%;
- (iii) the projected revenue of selected fashion segments in Indonesia between 2023 and 2027 are as follows:
 - accessories – RM20.63 billion to RM26.89 billion, recording a CAGR of 6.9%;
 - women's footwear – RM6.39 billion to RM9.13 billion, recording a CAGR of 9.3%; and
 - women's handbags – RM2.65 billion to RM3.29 billion, registering a CAGR of 5.6%; and

7. BUSINESS OVERVIEW (CONT'D)

(iv) the projected revenue of selected fashion segments in Thailand between 2023 and 2027 are as follows:

- accessories – RM23.69 billion to RM28.99 billion, recording a CAGR of 5.2%;
- women's footwear – RM7.73 billion to RM11.21 billion, recording a CAGR of 9.7%; and
- women's handbags – RM3.51 billion to RM4.39 billion, registering a CAGR of 5.8%;

(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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8. IMR REPORT

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05 NOV 2024

The Board of Directors
Carlo Rino Group Berhad
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 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

8. IMR REPORT (CONT'D)

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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.

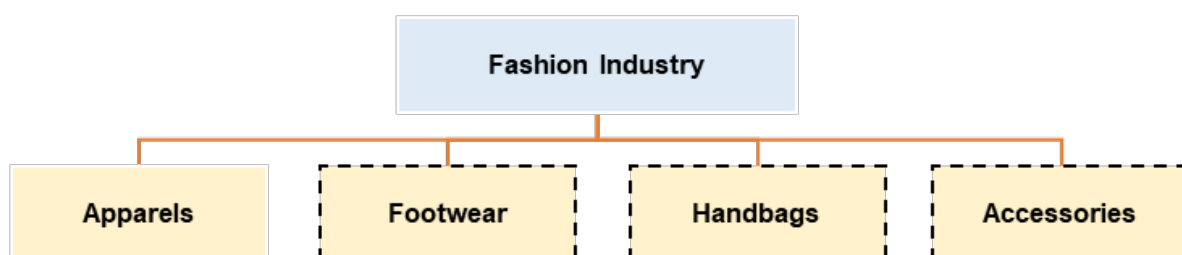
The fashion industry reaches out to customers via an extensive network of outlets, as well as constant marketing and advertising activities. The wide product range available in the shopping malls allow customers to compare between brands, designs and prices. Also, fashion retailers organise sales and 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 in 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

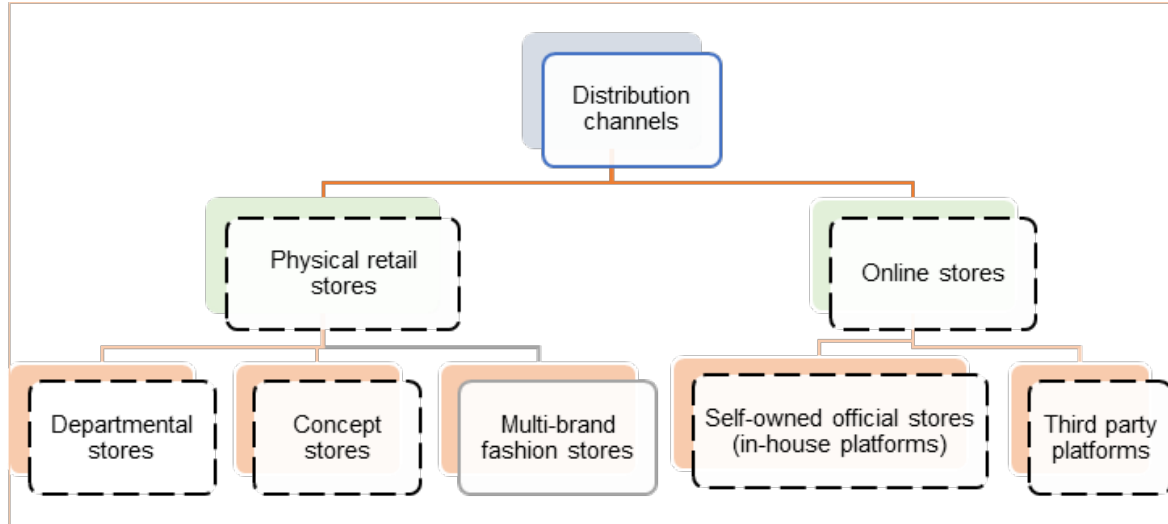
3.0 Distribution Channels

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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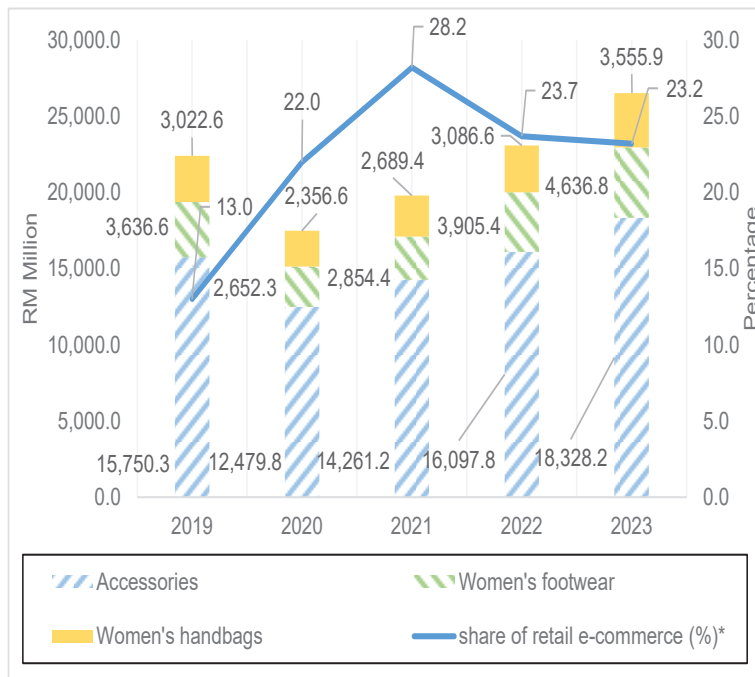
3.2 Online Stores

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, 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 2019 and 2023 are as follows (figure 3):

accessories – RM15.75 billion to RM18.33 billion, recording a CAGR of 3.9%;

women's footwear – RM3.64 billion to RM4.64 billion, recording a CAGR of 6.3%; and

women's handbags – RM3.02 billion to RM3.56 billion, registering a CAGR of 4.1%.

8. IMR REPORT (CONT'D)



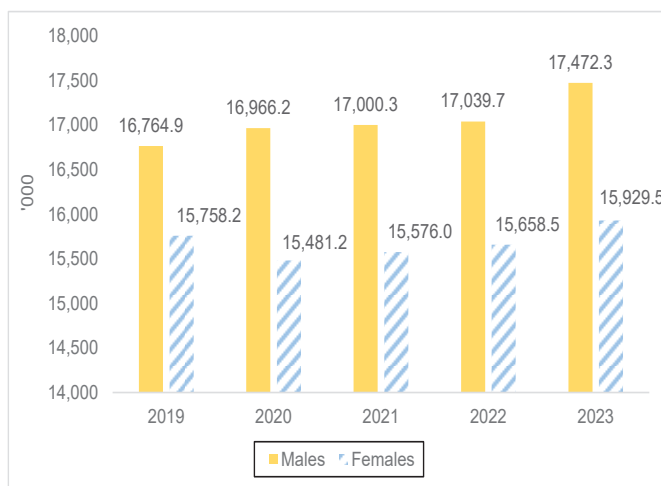
As most Malaysians stayed at home during the MCO and its various iterations, the demand for fashion products decreased due to the non-essential need to dress up while at the comfort of their own homes. However, that did not mean that Malaysians had completely stopped buying fashion products. The share of e-commerce sales in the fashion industry as a whole in Malaysia had progressively increased from 13.0% in 2019 to 23.2% in 2023. 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



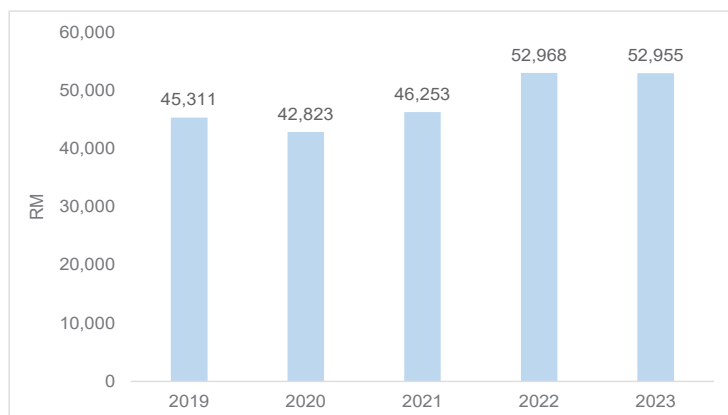
The number of males in the population increased by a CAGR of 1.0% between 2019 and 2023 (16.76 million to 17.47 million), while the number of females rose by 0.3% (15.76 million to 15.93 million). As most Malaysian women are benefitting from rising empowerment and financial independence, they use modern fashion to express themselves and to feel good about themselves and are very keen on branded fashion products.

Source: Department of Statistics Malaysia

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)



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).

Source: Bank Negara Malaysia

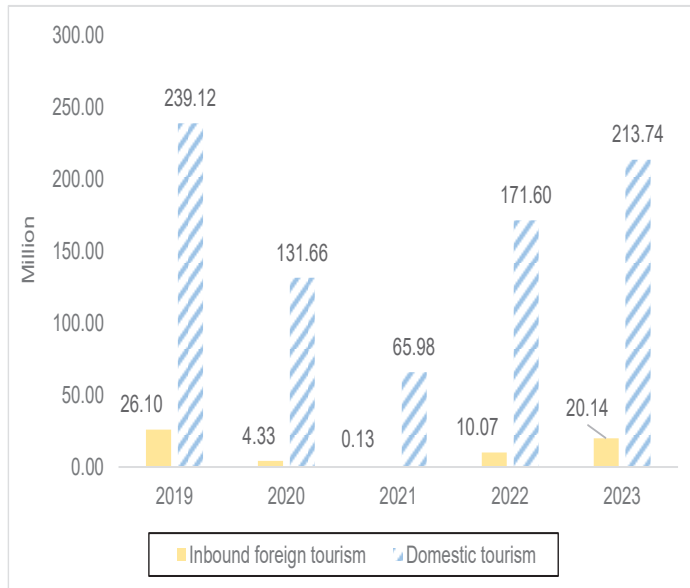
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5.3 IMPACT OF INBOUND FOREIGN TOURISM AND DOMESTIC TOURISM

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



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 6.3% between 2019 and 2023, from 26.10 million to 20.14 million (figure 6).

Source: Tourism Malaysia and Department of Statistics Malaysia

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. 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 2019 and 2023 the number of domestic tourists declined by a negative CAGR of 2.8%, from 239.12 million to 213.74 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 78.7% in 2023 (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.

8. IMR REPORT (CONT'D)

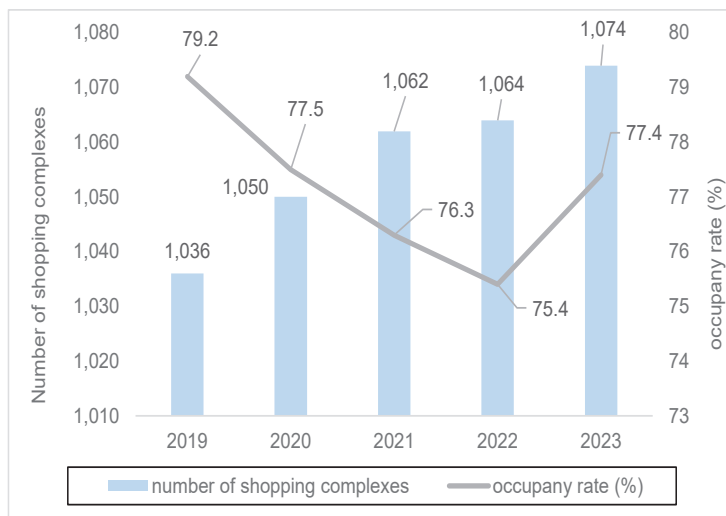


6.0 Supply Conditions

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



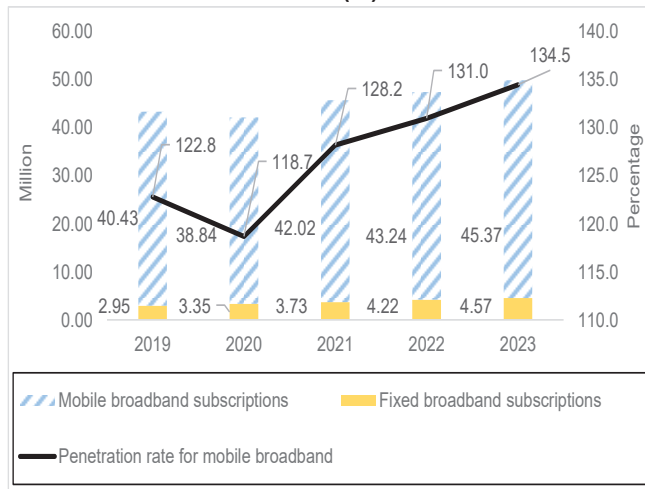
Source: Valuation and Property Services Department

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.

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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 around 680 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 prior to the COVID-19 outbreak. 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 RM191.0 billion in 2019 to RM499.9 billion in 2023, yielding a CAGR of 27.2% during the period. It is expected to further increase to RM770.7 billion in 2027, charting a CAGR of 11.4% between 2023 and 2027.

9.0 Overview and Prospects of the Fashion Industry in Indonesia

Indonesia, the world's fourth most populous country, has a population of about 277 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 2019 and 2023, and projected between 2023 and 2027 are as follows.

- accessories – RM16.90 billion in 2019 to RM20.63 billion in 2023, recording a CAGR of 5.1%. It is anticipated to increase by a CAGR of 6.9% between 2023 and 2027 to attain RM26.89 billion in 2027;
- women's footwear – RM5.81 billion in 2019 to RM6.39 billion in 2023, recording a CAGR of 2.4%. It is expected to record a CAGR of 9.3% between 2023 and 2027 to reach RM9.13 billion in 2027; and
- women's handbags – RM2.39 billion in 2019 to RM2.65 billion in 2023, registering a CAGR of 2.6%. It is projected to register a CAGR of 5.6% between 2023 and 2027 to arrive at RM3.29 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 70 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 2019 and 2023, and forecasted between 2023 and 2027 are as follows.

- accessories – RM24.15 billion in 2019 to RM23.69 billion in 2023, recording a CAGR of -0.5%. It is anticipated to increase by a CAGR of 5.2% between 2023 and 2027 to attain RM28.99 billion in 2027;

8. IMR REPORT (CONT'D)

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- women's footwear – RM7.61 billion in 2019 to RM7.73 billion in 2023, recording a CAGR of 0.4%. It is expected to record a CAGR of 9.7% between 2023 and 2027 to reach RM11.21 billion in 2027; and
- women's handbags – RM3.58 billion in 2019 to RM3.51 billion in 2023, registering a CAGR of -0.5%. It is projected to register a CAGR of 5.8% between 2023 and 2027 to arrive at RM4.39 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, and its target market is young female working adults between the age of 18 and 35 years old in the middle income group. 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, and its target market is young female working adults between the age of 18 and 35 years old in the middle income group.	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, targeting fashion-conscious customers.	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, targeting customers in the middle income group and above.	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, targeting consumers seeking branded lifestyle and luxury products. 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. Its products are targeted at customers with diverse backgrounds.	H&M.
Nose International Sdn Bhd	It is involved in the retailing of women's footwear and handbags, targeting customers seeking stylish and accessibly-priced products.	Nose.

8. IMR REPORT (CONT'D)



Company	Business Activities	Major Brand Names
Opera Marketing Sdn Bhd	It is involved in the trading of women's footwear and handbags, targeting the young and trendy.	Opera.
Shellys Marketing Sdn Bhd	It is involved in the retailing of men's footwear and women's footwear and handbags for the mass market.	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, targeting customers seeking comfortable and stylish products.	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, targeting customers seeking casual and lifestyle products.	Caterpillar, LeSportSac, Hush Puppies, and Obermain.

Notes:

The middle income group refers to households with monthly income between RM5,250 and RM11,819 in 2022.

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, Department of Statistics 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	PAT margin (%)
Carlo Rino Group Berhad	30/06/24	104,845	65,862	62.8	19,305	18.4
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	30/11/23	664,717	406,237	61.1	28,275	4.3
Nose International Sdn Bhd	31/12/22	8,178	4,893	59.8	575	7.0
Opera Marketing Sdn Bhd	30/11/23	1,452	595	40.9	89	6.1
Shellys Marketing Sdn Bhd	31/03/22	51,080	24,385	47.7	249	0.5
Shiranoe Sdn Bhd	31/12/23	18,985	8,914	46.9	1,713	9.0
Transmarco Concepts Sdn Bhd	31/12/23	81,973	40,686	49.6	5,894	7.2

Note:

Shellys Marketing Sdn Bhd and Nose International Sdn Bhd were granted exempt private company status by the Companies Commission of Malaysia on 31 March 2023 and 31 December 2023, respectively.

Source: Searches with Companies Commission of Malaysia as at 30 October 2024 (being the latest practicable date prior to the registration of the Prospectus), companies' websites and Infobusiness Research

8. IMR REPORT (CONT'D)

infobusiness

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 2024 are shown in table 3 below.

Table 3: Market Share of Carlo Rino Group Berhad in 2024 (%)

Segments	Revenue of Carlo Rino Group Berhad (RM '000) for FYE 2024	Industry Revenue for calendar year 2023 (i.e., January to December) (RM million)	Market Share (%)
Women's handbags	61,668	3,555.9	1.7
Women's accessories	20,808	18,328.2	0.1
Women's footwear	22,369	4,636.8	0.5

Note:

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 segments of the fashion industry in Malaysia between 2023 and 2027 are as follows:

- accessories – RM18.33 billion to RM24.34 billion, recording a CAGR of 7.3%;
- women's footwear – RM4.64 billion to RM6.22 billion, recording a CAGR of 7.6%; and
- women's handbags – RM3.56 billion to RM4.50 billion, registering a CAGR of 6.1%.

9. RISK FACTORS

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.

CRB owns the rights to use Carlo Rino trademark for women's handbags, footwear and accessories for the Malaysian markets, whereas our Group has the sole and exclusive rights to use Carlo Rino trademark for women's handbags, footwear and accessories outside of Malaysia via the MLA 2023. While the MLA 2023 is important to our Group as it allows us to explore new market opportunity in oversea markets for Carlo Rino brand, our Group's existing business and profitability do not materially dependent on the MLA 2023.

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.

9. RISK FACTORS (CONT'D)

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.

For the FYE Under Review and subsequent period up to the LPD, we have not experienced any major supply chain interruption from suppliers of our Group's products.

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 40 boutiques in shopping malls and premium outlets, and 80 departmental 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.

For the FYE Under Review and as at the LPD, our Group closed down boutiques or departmental store counters upon expiry of tenancy agreements which we decided not to renew or upon request from departmental store operators for relocation of our departmental store counters and our Group has not experienced any difficulties or failures in renewing tenancy agreements or consignment arrangements.

9. RISK FACTORS (CONT'D)

9.1.4 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.

As set out in Section 4.9 of this Prospectus, the Proposed Building primarily serves as a landmark for our Group's brand building activities to showcase our range of products. Despite its strategic location, there is no assurance that we will be able to achieve a full or promising occupancy rate or attract sufficient foot traffic to the Proposed Building to generate sufficient income to cover fixed operating costs for the Proposed Building.

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.

In the past, our Group has closed down a flagship boutique located at Fahrenheit 88, Kuala Lumpur in July 2021 due to uncertainties experienced during MCO, the expiry of the tenancy agreement for such boutique and the opening of new boutique at Pavilion Bukit Bintang. As at the LPD, our Group has 1 boutique located at Pavilion Bukit Bintang and The Exchange TRX, respectively, which are located nearby our intended new flagship boutique at Jalan Imbi, Kuala Lumpur, of which the respective tenancy agreement is still valid.

9.1.5 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 permissible 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. RISK FACTORS (CONT'D)

9.1.6 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 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.

As at the LPD, we manage and operate 40 boutiques and 80 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.

9.1.7 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. For the FYE Under Review, our Group incurred delivery expenses of RM0.72 million, RM0.59 million, RM0.76 million and RM0.66 million, respectively. 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.

For delivery of goods to end customers managed by our Group, the number of complaints on late delivery was estimated to be less than 0.50% of the total number of orders received via our own online platform for each of the FYE Under Review. Further, the value of goods return (for sales via e-commerce platforms) accounted for 0.21%, 0.21%, 0.22% and 0.30% of our Group's total revenue, respectively for the FYE Under Review.

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.

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9. RISK FACTORS (CONT'D)

9.1.8 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.

Under the FYE Under Review and up to the LPD, our Group was involved in or had initiated a legal proceeding against third parties who have infringed our registered trademarks, by seeking an injunction to refrain the said third parties from, amongst others, using the design, signs, marks, label and brand for its business, packaging or conducting any trade, all of which have been settled as at the LPD. The legal proceeding was awarded in favour of our Group, where the Court has granted an injunction against the third parties from using our Group's intellectual properties. Further, as at the LPD, our Group is not involved in any legal proceedings relating to trademark infringement.

9.1.9 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 120 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 259 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.

For the FYE Under Review and as at the LPD, our Group has not experienced any major issues in relation to the hiring or retaining sales promoters.

9. RISK FACTORS (CONT'D)

9.1.10 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.

9.1.11 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.

9.1.12 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. RISK FACTORS (CONT'D)

9.1.13 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%, 30.37% and 26.46% 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.

9.2 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.

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9. RISK FACTORS (CONT'D)

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.

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.

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9. RISK FACTORS (CONT'D)

9.3.2 The trading price and trading volume of our Shares following our Transfer of 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 Sole 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 subsection 243(2) of the CMSA will apply.

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9. RISK FACTORS (CONT'D)

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 73.31% 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.

9.4.2 Our Group is exposed to investment risk in quoted securities which may lead to financial adjustments

We have an investment in quoted securities (Carzo Holdings, a company currently listed on the LEAP Market, wherein we hold 15,888,600 ordinary shares in Carzo, representing 16.65% equity interest in Carzo Holdings, as at the LPD). Such investment is subject to risks associated with, amongst others, fluctuations in the investee's stock value and the variation in business performance of the investee. While the timeframe and specifics of such risks are unpredictable, any future unfavourable changes in the financial or operational condition of the investee or the stock value of the investee may result in financial adjustment to our Group's financial statements. Should a decline in the fair value of this investment occur, our Group's maximum exposure would be approximately RM4.77 million, which would be recognised as an adjustment through other comprehensive income. Ultimately, it will cause a partial or total loss in the value of our Group's investment in the investee which will negatively affect our Group's financial position in the future. Further, there is a risk of low liquidity with declining stock value in the quoted securities or the securities are not quoted on the stock exchange in the future which will lead to our inability to exit such investment and could also negatively affect our Group's financial position in the future due to any financial adjustments.

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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 CMAA 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 2024 up to the LPD:

Transacting parties	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		From 1 July 2024 up to the LPD	
			RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽⁸⁾
CRG and BIH	Our major shareholder, CSS, is also a Director and 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	174,658 ⁽⁴⁾	1.10	- ⁽⁵⁾	-
CRG and Luxury Parade Sdn. Bhd. ("LPSB")	<ul style="list-style-type: none"> 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. ⁽⁶⁾	81,984	0.44	20,496	0.13	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		From 1 July 2024 up to the LPD	
			RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽¹⁾	RM	% ⁽⁸⁾
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.	Rental fees (comprises base rent and service charge) paid and payable by CRV (tenant) to PASB for tenancy of our head office located on 2 nd Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, 56000 Kuala Lumpur. ⁽⁷⁾	593,367	3.22	578,584	3.73	622,818	4.02	625,272	3.93	229,191 ⁽⁹⁾	-

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 31 March 2024).
- (4) For FYE 2024, it involved an annual fee under MLA 2023 (which covers period from 1 April 2024 to 31 March 2025).
- (5) As the fee payable from the sales value of licensed products from 1 July 2024 up to the LPD is still below the annual fee under MLA 2023 which was paid during FYE 2024, no other payment was recorded for the period under review.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (6) *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.*
- (7) *CRV has an existing tenancy arrangement with PASB for all units at 2nd Floor of Ikon Connaught which is valid until 31 July 2026. 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. The ultimate ownership of all units occupied by CRV belongs to PSSB. Our major shareholder, CSS, is also a major shareholder of PSSB.*
- (8) *The percentage of the related party transaction is not able to be ascertained as our Group's audited financial statements for 1 July 2024 up to the LPD is not available.*
- (9) *On 14 August 2024, CRV received a notification letter from PASB informing that effective from 1 September 2024, the monthly rental payable to PASB for units rented by CRV would increase to RM62,489.49 due to the increment of service charge to ensure sufficient resources are available for the management corporation of Ikon Connaught to maintain and preserve the property. Further, the increase in monthly rental is applicable to all residents in Ikon Connaught.*

For the FYE Under Review and up to the LPD, there was no internal restructuring of our Group which involved the abovementioned related parties.

Our Directors (save for DSCFY) are of the opinion that all the 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;
- (ii) rental fee payable to related party is based on prevailing market rental rate; and
- (iii) the security fees payable to LPSB was an apportionment of actual fees incurred by LPSB per block basis.

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;

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

- 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. RELATED PARTY TRANSACTIONS (CONT'D)

10.2.2 Loans and financial assistance made to or for the benefit of related parties or received from related parties

There are no loans and financial assistance (including guarantees of any kind) made by us and/or any of our subsidiaries to or for the benefit of related parties or received from 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 (7) 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 2022 to FYE 2024 (being 3 financial years preceding the date of this Prospectus), acquired, disposed or leased or proposed to be acquired, disposed or leased to/by our Group.

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 RRPTs 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 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 substantial shareholder) in entity which carries on a similar trade as our Group as well as BHSB and FTSB (both being substantial shareholders of our Company) are major shareholders in entity which carries on a similar trade as our Group**

CSS, our substantial shareholder, is the Founder and Group Executive Director as well as a major shareholder of Bonia Corporation. Further, BHSB and FTSB (both being our substantial shareholders) are also major shareholders of Bonia Corporation. Bonia Corporation Group is principally 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.

After having considered the following, our Board is of the view that our substantial 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 in the middle income group

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 in the middle income group 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 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.

11. CONFLICT OF INTEREST (*CONT'D*)

- (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 of experience in the fashion industry, and is supported by our key senior management.

(ii) Involvement of CSS (our substantial shareholder) in BIH

CSS is a Director and 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, Sole 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. FINANCIAL INFORMATION

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 Financial Condition and Results of Operations" 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	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	76,460	101,787	113,534	104,845
Cost of sales	(32,068)	(38,744)	(43,470)	(38,983)
GP	44,392	63,043	70,064	65,862
Other operating income	3,324	3,431	3,392	1,740
Net gain/(loss) on impairment of financial assets	146	(134)	(228)	(31)
Selling and distribution expenses	(20,910)	(20,798)	(24,612)	(24,540)
General and administrative expenses	(18,433)	(15,523)	(15,508)	(15,902)
Finance costs	(596)	(717)	(749)	(859)
Share of profit/(loss) of an associate, net of tax	150	(269)	(909)	-
PBT	8,073	29,033	31,450	26,270
Tax expenses	(4,089)	(6,803)	(7,597)	(6,965)
PAT	3,984	22,230	23,853	19,305
Other comprehensive (loss)/income, net of tax				
Item that has reclassified to profit or loss				
Derecognition of foreign subsidiaries	-	-	-	250
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	250
Total comprehensive income attributable to owners of our Company	3,970	22,236	23,959	19,555
PAT attributable to owners of our Company	3,984	22,230	23,853	19,305
EBITDA ⁽¹⁾	16,993	37,511	40,004	35,355
GP margin (%) ⁽²⁾	58.06	61.94	61.71	62.82
PBT margin (%) ⁽³⁾	10.56	28.52	27.70	25.06
PAT margin (%) ⁽⁴⁾	5.21	21.84	21.01	18.41
Effective tax rate (%) ⁽⁵⁾	50.65	23.43	24.16	26.51
Number of Shares assumed in issue ('000) ⁽⁶⁾	977,517	977,517	977,517	977,517
Basic and diluted EPS (sen) ⁽⁷⁾	0.41	2.27	2.44	1.97

12. FINANCIAL INFORMATION (CONT'D)

Notes:

(1) The table below sets forth a reconciliation of our Group's PBT to EBITDA:

	<i>Audited</i>			
	<i>FYE 2021</i>	<i>FYE 2022</i>	<i>FYE 2023</i>	<i>FYE 2024</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
PBT	8,073	29,033	31,450	26,270
<i>Adjusted for:</i>				
<i>Depreciation of property, plant and equipment</i>	2,252	1,997	2,208	2,682
<i>Depreciation of right-of-use assets</i>	6,553	6,254	6,314	6,698
<i>Interest expenses</i>	596	717	749	859
<i>Interest income</i>	(481)	(490)	(717)	(1,154)
EBITDA	16,993	37,511	40,004	35,355

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. FINANCIAL INFORMATION (CONT'D)
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, 2023 and 2024:

	Audited			
	As at 30 June			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	22,470	23,479	40,368	41,270
Right-of-use assets	14,146	18,037	15,342	19,871
Goodwill	20	-	-	-
Investment properties	4,800	4,800	-	-
Investment in an associate	4,453	4,185	-	-
Other investments	-	-	4,767	4,767
Deferred tax assets	1,032	1,405	1,281	1,147
	46,921	51,906	61,758	67,055
Current assets				
Inventories	9,589	11,120	14,520	14,648
Trade and other receivables	10,761	19,618	8,800	12,192
Current tax assets	195	327	155	149
Cash and bank balances	39,601	47,321	60,864	46,963
Short term funds	5,711	5,815	2,936	9,091
	65,857	84,201	87,275	83,043
TOTAL ASSETS	112,778	136,107	149,033	150,098
EQUITY AND LIABILITIES				
Share capital	68,000	68,000	68,000	68,000
Exchange translation reserve	(256)	(250)	(250)	-
Revaluation reserve	806	806	-	-
Fair value reserve	-	-	911	911
Retained earnings	3,562	21,764	31,519	42,767
TOTAL EQUITY	72,112	90,320	100,180	111,678
LIABILITIES				
Non-current liabilities				
Borrowings	12,012	10,568	18,598	6,638
Lease liabilities	11,610	14,049	11,929	15,920
Deferred tax liabilities	50	50	9	7
Provision for restoration costs	590	1,204	1,135	1,361
	24,262	25,871	31,671	23,926
Current liabilities				
Trade and other payables	9,083	10,418	8,987	6,017
Borrowings	1,024	1,043	1,103	857
Lease liabilities	5,246	5,705	5,452	5,905
Provision for restoration costs	259	287	342	121
Current tax liabilities	792	2,463	1,298	1,594
	16,404	19,916	17,182	14,494
TOTAL LIABILITIES	40,666	45,787	48,853	38,420
TOTAL EQUITY AND LIABILITIES	112,778	136,107	149,033	150,098

12. FINANCIAL INFORMATION (CONT'D)
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	FYE 2024
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
PBT	8,073	29,033	31,450	26,270
Adjustments for:				
Depreciation of property, plant and equipment	2,252	1,997	2,208	2,682
Depreciation of right-of-use assets	6,553	6,254	6,314	6,698
Fair value loss/(gain) on short term funds	Neg	(51)	(113)	(46)
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)	(5)
Gain on reassessments and modifications of leases	(594)	(918)	-	(30)
Impairment losses on:				
- trade and other receivables	6	215	241	31
- other investments	4,483	-	-	-
- property, plant and equipment	524	-	-	276
- right-of-use assets	1,505	-	-	202
- goodwill	-	20	-	-
Reversal of impairment losses on:				
- trade and other receivables	(152)	(81)	(13)	Neg
- right-of-use assets	-	(9)	-	(409)
Interest expenses	592	620	642	838
Interest income	(481)	(490)	(717)	(1,154)
Other receivable written off	-	2	1	-
Property, plant and equipment written off	3	1	3	97
Lease concessions	(975)	(984)	(39)	-
Share of (profit)/loss of an associate, net of tax	(150)	269	909	-
Loss on derecognition of foreign subsidiaries	-	-	-	250
Unrealised loss/(gain) on foreign exchange, net	63	(120)	(17)	3
Unwinding of discount on provision for restoration costs	5	97	107	21
Operating profit before changes in working capital	21,405	35,852	38,536	35,724
Changes in working capital:				
Inventories	33	(1,530)	(3,400)	(128)
Trade and other receivables	(1,322)	(8,878)	10,590	(3,424)
Trade and other payables	(468)	976	(2,209)	(3,286)
Cash generated from operations	19,648	26,420	43,517	28,886
Tax paid	(4,013)	(5,641)	(8,456)	(6,531)
Tax refunded	10	4	-	-
Net cash from operating activities	15,645	20,783	35,061	22,355

12. FINANCIAL INFORMATION (CONT'D)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of interests in an associate	(4,001)	-	-	-
Acquisition of other investment	(4,483)	-	-	-
Interest received	481	490	717	1,154
(Placement)/Withdrawal of short term funds	(107)	(53)	2,991	(6,108)
Proceeds from disposal of investment properties	-	-	5,800	-
Proceeds from disposal of property, plant and equipment	-	4	5	5
Purchase of property, plant and equipment	(848)	(2,649)	(18,323)	(3,641)
Net cash used in investing activities	(8,958)	(2,208)	(8,810)	(8,590)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(15)	(9)	(5)	(2)
Dividends paid	(4,028)	(4,028)	(14,099)	(8,056)
Payments of leases liabilities	(5,762)	(5,402)	(6,690)	(7,377)
Repayments of terms loans	(893)	(1,436)	(3,480)	(12,229)
Drawdowns of term loans	11	11	11,550	-
Net cash used in financing activities	(10,687)	(10,864)	(12,724)	(27,664)
Net (decrease)/increase in cash and cash equivalents	(4,000)	7,711	13,527	(13,899)
Effects of exchange rate changes on cash and cash equivalents	(16)	9	16	(2)
Cash and cash equivalents at beginning of financial year	43,617	39,601	47,321	60,864
Cash and cash equivalents at end of financial year	39,601	47,321	60,864	46,963
Cash and cash equivalents consist of:				
Cash and bank balances	37,851	34,921	37,129	38,928
Deposits with a licensed bank	1,750	12,400	23,735	8,035
	39,601	47,321	60,864	46,963

Note:

Neg Negligible.

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12. FINANCIAL INFORMATION (CONT'D)
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 2024	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	41,270	43,860	43,860	44,452
Right-of-use assets	19,871	19,871	19,871	19,871
Other investments	4,767	4,767	4,767	4,767
Deferred tax assets	1,147	1,147	1,147	1,147
	67,055	69,645	69,645	70,237
Current assets				
Inventories	14,648	14,648	14,648	14,648
Trade and other receivables	12,192	12,192	12,192	12,192
Current tax assets	149	149	149	149
Cash and bank balances	46,963	42,935	89,339	86,348
Short term funds	9,091	6,501	6,501	6,501
	83,043	76,425	122,829	119,838
TOTAL ASSETS	150,098	146,070	192,474	190,075
EQUITY AND LIABILITIES				
Share capital	68,000	68,000	114,404	113,274
Fair value reserve	911	911	911	911
Retained earnings	42,767	38,739	38,739	37,470
TOTAL EQUITY	111,678	107,650	154,054	151,655
LIABILITIES				
Non-current liabilities				
Borrowings	6,638	6,638	6,638	6,638
Lease liabilities	15,920	15,920	15,920	15,920
Deferred tax liabilities	7	7	7	7
Provision for restoration costs	1,361	1,361	1,361	1,361
	23,926	23,926	23,926	23,926

12. FINANCIAL INFORMATION (CONT'D)

	(Audited)	(I)	(II)	(III)
	As at 30 June 2024	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	6,017	6,017	6,017	6,017
Borrowings	857	857	857	857
Lease liabilities	5,905	5,905	5,905	5,905
Provision for restoration costs	121	121	121	121
Current tax liabilities	1,594	1,594	1,594	1,594
	14,494	14,494	14,494	14,494
TOTAL LIABILITIES	38,420	38,420	38,420	38,420
TOTAL EQUITY AND LIABILITIES	150,098	146,070	192,474	190,075
No. of Shares in issue ('000)	805,651	805,651	977,517	977,517
NA per Share (RM) ⁽²⁾	0.14	0.13	0.16	0.16
Gearing (times) ⁽³⁾	0.07	0.07	0.05	0.05
Current ratio (times) ⁽⁴⁾	5.73	5.27	8.47	8.27

Notes:

(1) After accounting for the following events subsequent to FYE 2024:

- single tier interim dividend of 0.5 sen per Share in respect of FYE 2025 with an entitlement date and payment date of 24 July 2024 and 7 August 2024, respectively; and
- acquisition of the Melaka Property for a total purchase price of RM2,590,000, which had been fully paid as at the LPD.

(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. FINANCIAL INFORMATION (CONT'D)**12.3 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness as at 30 September 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 30 September 2024 and is provided for illustrative purposes only.

	Unaudited as at 30 September 2024	As adjusted after Public Issue and use of proceeds
	RM'000	RM'000
Indebtedness		
Current		
<i>Secured and guaranteed</i>		
- Term loans	949	949
Non-current		
<i>Secured and guaranteed</i>		
- Term loans	6,329	6,329
	7,278	7,278
Current		
<i>Not secured and not guaranteed</i>		
- Lease liabilities ⁽¹⁾	7,242	7,242
Non-current		
<i>Not secured and not guaranteed</i>		
- Lease liabilities ⁽¹⁾	17,985	17,985
	25,227	25,227
Total indebtedness	32,505	32,505
Total capitalisation	109,994	156,398
Total capitalisation and indebtedness	142,499	188,903
Gearing ratio (times) ⁽²⁾	0.07	0.05

Notes:

- (1) Being lease liabilities arising in relation to the lease of boutiques and head office of our Group.
(2) 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. FINANCIAL INFORMATION (CONT'D)

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%, 99.94% and 100%, 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 34 boutiques in shopping malls and 6 premium outlets in Malaysia as at the LPD, which were rented by our Group.	<p>We consign our Carlo Rino range of women's handbags, footwear, and accessories to 80 departmental store counters in Malaysia as at the LPD, such as AEON, Isetan, Parkson, SOGO, GAMA, The Store, and Pacific Group.</p> <p>Sales from end-customers generated through departmental store counters are invoiced on a monthly basis.</p> <p>We are charged with a trade margin by the departmental stores based on the sales value of products sold.</p>	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 FYE 2021 to FYE 2023, refers to the rental income from our investment property located in Desa Tun Razak, Cheras (which was subsequently disposed of during FYE 2023). However, rental income contribution is insignificant to our Group's total revenue for FYE 2021 to FYE 2023. No such revenue was recognised for FYE 2024 upon the disposal of the said property.

Please refer to Section 7 of this Prospectus for our Group's detailed business overview.

12. FINANCIAL INFORMATION (CONT'D)

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 7.6% between 2023 and 2027, from RM4.64 billion in 2023 to RM6.22 billion in 2027. Further, the market for women's handbags in Malaysia is projected to grow at a CAGR of 6.1% between 2023 and 2027, from RM3.56 billion in 2023 to RM4.50 billion in 2027, whereas the market for accessories is projected to grow at a CAGR of 7.3% for the same period from RM18.33 billion to RM24.34 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.

12. FINANCIAL INFORMATION (CONT'D)

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 34 boutiques in shopping malls, 6 premium outlets and 80 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 will 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.

12. FINANCIAL INFORMATION (CONT'D)**(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	FYE 2024
SSSG (%) ⁽¹⁾	-7.91	+36.82	+17.61	-11.18

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 Bukit Bintang 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.

SSSG of our boutiques reduced by 11.18% in FYE 2024 primarily due to lower sales recorded from our boutiques in Genting Highland Premium Outlet, Mahkota Parade, Mid Valley Megamall, Johor Premium Outlet, and Mid Valley Southkey due to temporary closure for renovation and subdued consumer spending stemming from rising cost of living and inflation.

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12. FINANCIAL INFORMATION (CONT'D)**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		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Women's handbags	47,759	62.46	64,517	63.38	67,892	59.80	61,668	58.82
Women's footwear	13,936	18.23	17,008	16.71	22,467	19.79	22,369	21.33
Women's accessories	14,486	18.95	19,981	19.63	23,103	20.35	20,808	19.85
Others ⁽¹⁾	279	0.36	281	0.28	72	0.06	-	-
TOTAL	76,460	100.00	101,787	100.00	113,534	100.00	104,845	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		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boutique	35,403	46.30	51,712	50.80	62,815	55.33	56,011	53.42
Departmental store	28,338	37.06	37,334	36.68	39,218	34.54	35,261	33.63
E-commerce platforms ⁽¹⁾	12,237	16.01	12,385	12.17	11,318	9.97	13,474	12.85
Others ⁽²⁾	482	0.63	356	0.35	183	0.16	99	0.10
TOTAL	76,460	100.00	101,787	100.00	113,534	100.00	104,845	100.00

Notes:

- (1) Comprises sales to local and oversea markets via our Carlo Rino Online Store, various third-party e-commerce marketplaces and our then foreign subsidiary. The overseas online sales which were fulfilled from Malaysia was recognised as local sales.
- (2) 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 (for FYE 2023 and FYE 2024 only, which were fulfilled from Malaysia).

(c) Revenue by geographical market

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia ⁽¹⁾	76,212	99.68	101,730	99.94	113,534	100.00	104,845	100.00
Vietnam ⁽²⁾	248	0.32	57	0.06	-	-	-	-
TOTAL	76,460	100.00	101,787	100.00	113,534	100.00	104,845	100.00

12. FINANCIAL INFORMATION (CONT'D)

Notes:

(1) Consist of sales via boutiques and departmental stores in Malaysia, e-commerce platforms and others. The sales via e-commerce platforms include sales to Malaysia and overseas markets. The overseas online sales which were fulfilled from Malaysia was recognised as local revenue.

The revenue from Malaysia is further breakdown as below:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boutiques and departmental store	63,741	83.64	89,046	87.53	102,033	89.87	91,272	87.05
<i>Peninsular Malaysia</i>								
- central region ^(aa)	20,979	27.53	31,996	31.45	35,483	31.25	32,521	31.02
- northern region ^(bb)	10,296	13.51	12,609	12.40	14,336	12.63	12,466	11.89
- southern region ^(cc)	17,858	23.43	24,394	23.98	27,710	24.41	24,568	23.43
- eastern region ^(dd)	10,745	14.10	14,338	14.09	17,673	15.56	15,566	14.85
<i>East Malaysia^(ee)</i>	3,863	5.07	5,709	5.61	6,831	6.02	6,151	5.86
E-commerce platforms	11,989	15.73	12,328	12.12	11,318	9.97	13,474	12.85
Others^(ff)	482	0.63	356	0.35	183	0.16	99	0.10
TOTAL	76,212	100.00	101,730	100.00	113,534	100.00	104,845	100.00

Notes:

(aa) Comprises Kuala Lumpur and Selangor.

(bb) Comprises Kedah, Pulau Pinang and Perak.

(cc) Comprises Negeri Sembilan, Melaka and Johor.

(dd) Comprises Kelantan, Pahang and Terengganu.

(ee) Comprises Sabah and Sarawak.

(ff) 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 (for FYE 2023 and FYE 2024 only, which were fulfilled from Malaysia).

(2) Consists of sales via our then subsidiary in Vietnam and third-party e-commerce platform which were fulfilled from Vietnam.

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;

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- (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.