

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF INNATURE BERHAD (“INNATURE” OR THE “COMPANY”) DATED 29 JANUARY 2020 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice)*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

### **Availability and Location of Paper/Printed Prospectus**

Any applicant who is in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request for a paper/printed copy of the Prospectus directly from the Company or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

### **Jurisdictional Disclaimer**

The distribution of the Electronic Prospectus and the IPO are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. The Company, the Promoters, the Selling Shareholder, the Principal Adviser, the Managing Underwriter, the Joint Underwriters and the Sole Bookrunner named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. Accordingly, the Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of the IPO Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of the Electronic Prospectus and the sale of the IPO Shares offered under the IPO in certain other jurisdictions may be restricted by law. Persons who may be in possession of the Electronic Prospectus are required to inform themselves of and to observe such restrictions.

### **Close of Application**

Applications will be accepted from **10.00 a.m. on 29 January 2020** and will close at **5.00 p.m. on 6 February 2020**. In the event there is any change to the timetable, InNature will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No Shares will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

### **Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



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FORCE  
FOR GOOD**

InNature

InNature Berhad

PROSPECTUS



# InNature

PROSPECTUS

## Berhad

Registration No.: 199401034915 (320598-X)  
(Incorporated in Malaysia and registered under the Companies Act 1965 and deemed registered under the Companies Act 2016)

THE SC HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF OUR INITIAL PUBLIC OFFERING (“IPO”). THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED IN RESPECT OF OUR IPO FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INITIAL PUBLIC OFFERING OF 177,274,000 ORDINARY SHARES IN INNATURE BERHAD (“INNATURE”) (“IPO SHARES”) IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE 705,881,488 INNATURE SHARES ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING A PUBLIC ISSUE OF 74,074,000 NEW ORDINARY SHARES IN INNATURE (“SHARES”) (“ISSUE SHARES”) AND AN OFFER FOR SALE OF 103,200,000 EXISTING SHARES (“OFFER SHARES”) INVOLVING:

- (I) THE INSTITUTIONAL OFFERING OF 161,142,500 IPO SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING (“INSTITUTIONAL PRICE”); AND
- (II) THE RETAIL OFFERING OF 16,131,500 ISSUE SHARES TO THE MALAYSIAN PUBLIC, THE DIRECTORS AND ELIGIBLE EMPLOYEES OF INNATURE AND ITS SUBSIDIARIES (“INNATURE GROUP”) AT THE RETAIL PRICE OF RM0.68 PER SHARE (“RETAIL PRICE”), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS. THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF (I) THE RETAIL PRICE AND (II) THE INSTITUTIONAL PRICE.

Principal Adviser, Managing Underwriter, Joint Underwriter,  
and Sole Bookrunner



**CIMB Investment Bank Berhad**  
Registration No. 197401001266 (18417-M)

Joint Underwriter



**MIDF Amanah Investment Bank Berhad**  
Registration No. 197501002077 (23878-X)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE SEE “RISK FACTORS” COMMENCING ON PAGE 177.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

THIS PROSPECTUS IS DATED 29 JANUARY 2020

## RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND SELLING SHAREHOLDER (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

CIMB INVESTMENT BANK BERHAD (“**CIMB**”), BEING THE PRINCIPAL ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITER, AND SOLE BOOKRUNNER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR IPO (AS DEFINED HEREIN). IT IS TO BE NOTED THAT THE ROLE OF MIDF AMANAH INVESTMENT BANK BERHAD (“**MIDF**”) IN OUR IPO IS LIMITED TO BEING A JOINT UNDERWRITER FOR THE RETAIL OFFERING.

## STATEMENTS OF DISCLAIMER

OUR COMPANY HAS OBTAINED THE APPROVAL FROM BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) FOR THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL IN OUR COMPANY (“**SHARES**”). OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED HEREIN), HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

## OTHER STATEMENTS

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“**CMSA**”) FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION, OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO OUR PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SHARES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR IPO, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE SHARES OF OUR COMPANY ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SHARIAH ADVISORY COUNCIL OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE MANAGING UNDERWRITER AND THE JOINT UNDERWRITERS NAMED IN THIS PROSPECTUS TO UNDERWRITE OUR IPO SHARES (AS DEFINED HEREIN) AS AN INDICATION OF THE MERITS OF OUR SHARES BEING OFFERED.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF OUR IPO UNDER THE LAWS OF MALAYSIA. THIS PROSPECTUS DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH OUR IPO. OUR SHARES BEING OFFERED IN OUR IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. OUR COMPANY, THE PROMOTERS, SELLING SHAREHOLDER, PRINCIPAL ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITERS AND SOLE BOOKRUNNER HAVE NOT AUTHORISED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS. ANY INFORMATION OR REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OUR COMPANY, THE PROMOTERS, THE SELLING SHAREHOLDER, PRINCIPAL ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITERS AND SOLE BOOKRUNNER OR ANY OF THEIR RESPECTIVE DIRECTORS, OR ANY OTHER PERSONS INVOLVED IN OUR IPO.

THE DISTRIBUTION OF THIS PROSPECTUS AND OUR IPO ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, SELLING SHAREHOLDER, PRINCIPAL ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITERS AND SOLE BOOKRUNNER NAMED IN THIS PROSPECTUS HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE OF MALAYSIA. NO ACTION HAS BEEN TAKEN TO PERMIT A PUBLIC OFFERING OF OUR SHARES IN ANY JURISDICTION OTHER THAN MALAYSIA BASED ON THIS PROSPECTUS. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY OF OUR IPO SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF OUR IPO SHARES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF OUR IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

IT SHALL BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF OUR IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED OUR IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH OUR IPO OR YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER WE NOR THE PROMOTERS, SELLING SHAREHOLDER, PRINCIPAL ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITERS AND SOLE BOOKRUNNER AND THEIR RESPECTIVE ADVISERS SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IF ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

#### **ELECTRONIC PROSPECTUS**

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com). THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF THE ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM OUR COMPANY OR THE ISSUING HOUSE, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THE PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (i) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED IN THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

- (ii) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (iii) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (i) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES;
- (ii) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM; AND
- (iii) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, THAT YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH THE WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOU OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

**INDICATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:

<b>Events</b>	<b>Dates</b>
Opening of the Institutional Offering	29 January 2020
Opening of the Retail Offering	10:00 a.m., 29 January 2020
Closing of the Retail Offering	5:00 p.m., 6 February 2020
Closing of the Institutional Offering	7 February 2020
Price Determination Date	7 February 2020
Balloting of applications for our IPO Shares under the Retail Offering	10 February 2020
Allotment/transfer of our IPO Shares to successful Applicants	19 February 2020
Listing	20 February 2020

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

**All terms used in this Prospectus are defined under “Definitions”, “Glossary of Technical Terms” and “Presentation of Financial and Other Information” commencing on pages ix, xvi and xix, respectively.**

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**DEFINITIONS**

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Act	:	Companies Act 2016 of Malaysia
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market
Applicant(s)	:	Applicant(s) for the subscription of our IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application Form(s)	:	Printed application form(s) for the application for subscription of our IPO Shares accompanying this Prospectus
ASEAN	:	Association of South East Asian Nations
ATM	:	Automated teller machine
Authorised Financial Institution(s)	:	Authorised financial institution(s) participating in the Internet Share Application, with respect to payments for our IPO Shares made available for application under the Public Issue
BluPlanet or Selling Shareholder	:	BluPlanet Sdn Bhd
BNM	:	Bank Negara Malaysia
Board	:	The Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CAGR	:	Compounded annual growth rate
CCC	:	Certificate of completion and compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
CEO	:	Chief Executive Officer
CF	:	Certificate of fitness for occupation
CIMB or Principal Adviser or Managing Underwriter or Joint Underwriter or Sole Bookrunner	:	CIMB Investment Bank Berhad
CMSA	:	Capital Markets and Services Act 2007 of Malaysia

**DEFINITIONS** (cont'd)

Constitution	:	The Constitution of our Company, as may be amended from time to time
Daryl Foong	:	Foong Chuen Hoe
Datin Mina	:	Datin Cheah Kim Choo
Dato' Maznah	:	Dato' Maznah Binti Abdul Jalil
Dato' Simon	:	Dato' Foong Choong Heng
DC	:	Central distribution centre and warehouse
Dexter Foong	:	Foong Chuen Hsien
Director(s)	:	Members of our Board
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EIS	:	Employment Insurance System
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or any electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
Eligible Persons	:	The Directors and other employees of our Group who are eligible to participate in the Pink Form Allocation
EPF	:	Employees Provident Fund
EPS	:	Earnings per share
EPOS	:	Electronic point-of-sale
ERP	:	Enterprise resource planning
ERP System	:	Our main enterprise resource planning system that integrates our EPOS system at all our TBS points-of-sale with our sales and inventory management system at the HQ, which in turn is connected to our e-commerce system, accounting and human resources systems
ESA or Electronic Share Application	:	Application for the subscription of our IPO Shares through an Internet Participating Financial Institution's ATM
Etheco	:	Etheco Sdn Bhd
Executive Directors	:	Executive directors of our Company, namely Datin Mina and Molly Fong
Feliz Natur	:	Feliz Natur Sdn Bhd (formerly known as TBS Franchise Sdn Bhd)
Final Retail Price	:	Final price per Share equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FPE	:	Financial period ended 30 September
Franchise Agreements	:	Rampai-Niaga Franchise Agreement, TBS Vietnam Franchise Agreement and Green Cosmetics Franchise Agreement, collectively

**DEFINITIONS** *(cont'd)*

Franchise Framework Agreement or FFA	:	Franchise framework agreement dated 19 June 2019 and side letter dated 19 June 2019 entered into between TBSI and Etheco, Dato' Simon and Datin Mina
FYE	:	Financial year ended or where the context requires, financial year ending 31 December
GC Vietnam	:	Green Cosmetic Company Limited, our retail agent in Vietnam. GC Vietnam is a company incorporated in Vietnam by a local third party and is not a subsidiary of our Group.
Government	:	The Government of Malaysia
GP	:	Gross profit
Green Cosmetics Franchise Agreement	:	The franchise agreement, addendum for software license and side letter, all dated 19 June 2019 entered into between our Franchisor and Green Cosmetics
Group or InNature Group	:	InNature and its Subsidiaries, collectively
HCMC	:	Ho Chi Minh City, Vietnam
HQ	:	Our head office in Subang Jaya, Malaysia, HCMC, or Phnom Penh, as the case may be
IFRS	:	International Financial Reporting Standards
IMR	:	Independent market research consultants, Frost & Sullivan GIC Malaysia Sdn Bhd
IMR Report	:	Independent Market Research on the Cosmetics and Personal Care (CPC) industry in Malaysia and Vietnam and brief overview for Cambodia dated 10 January 2020 prepared by the IMR
Indústria Natura	:	Indústria E Comércio De Cosméticos Natura Ltda., a subsidiary of Natura Cosméticos S.A.
InNature or Company	:	InNature Berhad
Institutional Offering	:	Offering of 161,142,500 IPO Shares at the Institutional Price, subject to the clawback and reallocation provisions, to the following: <ul style="list-style-type: none"> <li>(i) Malaysian institutional and selected investors, including Bumiputera investors approved by MITI; and</li> <li>(ii) foreign institutional and selected investors.</li> </ul>
Institutional Price	:	Price per Offer Share and/or Issue Share to be paid by investors pursuant to the Institutional Offering which will be determined on the Price Determination Date by bookbuilding
Internet Participating Financial Institution(s)	:	Participating financial institution for Internet Share Application, as listed in Section 14 of this Prospectus
Internet Share Application	:	Application for the Public Issue through an Internet Participating Financial Institution

**DEFINITIONS** (cont'd)

IPO	:	Initial public offering of the Shares comprising the Public Issue and the Offer for Sale
IPO Shares	:	The Issue Shares and the Offer Shares, collectively
Issue Shares	:	74,074,000 new Shares to be issued pursuant to the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd
IT	:	Information technology
Joint Underwriters	:	Collectively, CIMB and MIDF
Kejora Harta	:	Kejora Harta Berhad
Key Senior Management	:	The key senior management team of our Company, as set out in Section 3.3 of this Prospectus
KKIA	:	Kota Kinabalu International Airport
KL	:	Federal Territory of Kuala Lumpur, Malaysia
KLIA	:	Kuala Lumpur International Airport
klia2	:	Kuala Lumpur International Airport 2
KLCC	:	Kuala Lumpur City Centre
Labuan	:	Federal Territory of Labuan, Malaysia
LATAM	:	Latin America
Listing	:	The listing of and quotation for our entire issued share capital, comprising 705,881,488 Shares on the Main Market
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Love Your Body™ programme	:	Our customer loyalty membership programme
LPD	:	31 December 2019, the latest practicable date prior to the registration of this Prospectus with the SC
Main Market	:	Main Market of Bursa Securities
Malaysian Public	:	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Management	:	Executive Directors and Key Senior Management of our Company
Market Day	:	A day on which Bursa Securities is open for trading in securities
MDTCC	:	Ministry of Domestic Trade and Consumer Affairs
MFRS	:	Malaysian Financial Reporting Standards
MIA	:	Malaysian Institute of Accountants

**DEFINITIONS** *(cont'd)*

MIDF	:	MIDF Amanah Investment Bank Berhad
MITI	:	Ministry of International Trade and Industry of Malaysia
Molly Fong	:	Fong Hui Sain
Natura	:	The Natura brand, further details as set out Section 5.3.2 of this Prospectus
Natura MOU	:	The memorandum of understanding dated 17 April 2019 entered into between Natura Cosméticos S.A. and InNature and the supplemental amendments thereto dated 11 July 2019 and 11 December 2019
Natura Supply Agreement	:	The supply agreement dated 28 November 2019 entered into between Indústria Natura and Ola Beleza
Natura Consent Letters	:	The consent letters dated 19 June 2019 from TBSI granting consent to Rampai-Niaga under the Rampai-Niaga Franchise Agreement; and to Ethecco, Dato' Simon and Datin Mina under the Franchise Framework Agreement; to operate the Natura business in Malaysia.
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
Offer for Sale	:	Offer for sale by the Selling Shareholder, namely BluPlanet, of the 103,200,000 Shares at the Institutional Price
Offer Shares	:	103,200,000 existing Shares to be offered under the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing and which have not been removed from the Main Market
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application as listed in Section 14 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PDPA	:	Personal Data Protection Act 2010 of Malaysia
Pelagos	:	Pelagos Sdn Bhd
PER	:	Price to earnings multiple
Pink Form Allocation	:	2,000,000 Issue Shares under the Retail Offering which have been reserved and set aside for subscription by the Eligible Persons
Placement Agreement	:	Placement agreement to be entered into between our Company, the Selling Shareholder and the Sole Bookrunner in relation to the placement of 103,200,000 Offer Shares and 57,942,500 Issue Shares under the Institutional Offering
Price Determination Date	:	Date on which the Institutional Price and the Final Retail Price will be determined

**DEFINITIONS** (cont'd)

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Primarium	:	Primarium Sdn Bhd
Promoters	:	Datin Mina, Dato' Simon, Daryl Foong, Dexter Foong, Etheco, BluPlanet, Pelagos, and Primarium, collectively
Prospectus	:	This Prospectus dated 29 January 2020 in relation to the IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public	:	All persons or members of the public but excluding our Group's directors, our Substantial Shareholders and persons associated with them (as defined in the Listing Requirements)
Public Issue	:	Public issue of 74,074,000 Issue Shares by our Company comprising the following: <ul style="list-style-type: none"> <li>(i) the Institutional Offering of 57,942,500 Issue Shares; and</li> <li>(ii) the Retail Offering of 16,131,500 Issue Shares</li> </ul>
Rampai-Niaga Franchise Agreement	:	The franchise agreement, addendum for software licence and side letters, all dated 19 June 2019 entered into between our Franchisor and Rampai-Niaga
Retail Offering	:	Offering of 16,131,500 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to the Malaysian Public, the Directors and eligible employees of our Group payable in full upon application and subject to refund of the difference between the Retail Price and the Final Retail Price, in the event that the Final Retail Price is less than the Retail Price
Retail Price	:	Initial price of RM0.68 for each IPO Share to be fully paid by applicants pursuant to the Retail Offering subject to adjustments as set out in Section 2.5.1 of this Prospectus
Retail Underwriting Agreement	:	Retail underwriting agreement dated 10 January 2020 entered into between InNature and the Joint Underwriters in relation to the Retail Offering
SC	:	Securities Commission Malaysia
SC Equity Guidelines	:	Equity Guidelines issued by the SC
Share(s)	:	Ordinary share(s) in our Company
SICDA	:	Securities Industry (Central Depositories) Act 1991 of Malaysia
SOCSO	:	Social Security Organisation, Malaysia
SKU	:	Stock keeping unit
sq. ft.	:	Square feet
SST	:	Sales and services tax
Subsidiaries	:	Rampai-Niaga, TBS Vietnam and Green Cosmetics, Hello Natural, and Ola Beleza, collectively and each individually referred to as " <b>Subsidiary</b> "



## DEFINITIONS *(cont'd)*

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Substantial Shareholder(s)	:	Etheco, BluPlanet, Dato' Simon and Datin Mina, being persons who respectively have an interest in one or more of voting Shares and the aggregate number of such shares is not less than 5% of the total number of all the voting shares of our Company
TBS	:	The Body Shop®
TBS products	:	TBS brand of products
TBS Franchisees	:	Rampai-Niaga, TBS Vietnam and Green Cosmetics, collectively and each individually referred to as " <b>TBS Franchisee</b> "
TBS Vietnam Franchise Agreement	:	The franchise agreement, addendum for software licence and side letter, all dated 19 June 2019 entered into between our Franchisor and TBS Vietnam
Tengku Zatashah	:	Yang Amat Mulia Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah
The Body Shop International or TBSI or Franchisor	:	The Body Shop International Limited
UK	:	United Kingdom
USA	:	United States of America

## SUBSIDIARIES OF OUR COMPANY

Green Cosmetics	:	Green Cosmetics (Cambodia) Co., Ltd.
Hello Natural	:	Hello Natural Sdn Bhd (formerly known as Ola Natura Sdn Bhd)
Ola Beleza	:	Ola Beleza Sdn Bhd (formerly known as Natura Beauty Sdn Bhd)
Rampai-Niaga	:	Rampai-Niaga Sdn Bhd
TBS Vietnam	:	TBS Vietnam Company Limited

## CURRENCY

GBP or £	:	Great Britain Pound
KHR	:	Cambodian riel
R\$	:	Brazilian real
RM and sen	:	Ringgit Malaysia and sen, respectively
USD	:	United States Dollar
VND	:	Vietnamese Dong

## **GLOSSARY OF TECHNICAL TERMS**

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Technical terms used in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

100% vegetarian	: Product that is free of any animal-derived ingredients that are obtained as a result of animal slaughter. Products can include animal-derived ingredients that do not involve animal slaughter, such as honey, beeswax and lanolin.
100% vegan	: Formulated without any animal derived ingredients.
above-the-line	: Denoting or relating to advertising in the mass media
B2C e-commerce platform	: Commercial transactions conducted through website between a business entity and individual customers who are the end-users
below-the-line	: Denoting or relating to advertising by means such as direct mail, email and promotional events
Body Butter	: A body moisturiser that nourishes and replenishes skin with moisture. It protects skin from dryness to leave softer and smoother skin
Body Yogurt	: Highly moisturising and instantly absorbing gel-cream for the body
C2C	: Customer to customer
Churn management	: The ability to identify valuable customers, who are likely to stop using a company's products or services and to execute proactive steps to retain them. "Churn" means the attrition or turnover of customers of a business
CPC	: Cosmetics personal care
CRM	: Customer relationship management
Cross-category campaigning	: Campaigns to upsell and cross-sell products from different categories.
Cruelty-free	: Product and its sources of ingredients that meet the Leaping Bunny Standard (an international gold standard for non-animal tested consumer products), operated by Cruelty Free International
Digital marketing	: The marketing of products or services using digital channels to reach consumers

**GLOSSARY OF TECHNICAL TERMS** (cont'd)

Drop-shipping	: A supply chain management method in which online marketplace retailers do not keep our goods in stock but instead transfers the customer orders and delivery details to us, after which we ship the goods directly to the customer
e-commerce	: Commercial transactions conducted electronically on the Internet
Hypertargeting	: The ability to deliver advertising content to specific interest-based segments in a network
In-store marketing	: The various marketing methods employed within a retailer's point-of-sale, for example, communications programmes encompassing leaflets to point-of-sale signage, sales promotions such as bundled offers and gifts with promotions, etc.
Like-for-like	: Comparison in one period with the previous period, taking into account exactly, among others, the same number of stores, businesses and activities
Mass CPC products	: CPC products which: <ul style="list-style-type: none"> <li>• are sold at a low price; and</li> <li>• distributed via wide range of distribution channels including hypermarkets, supermarkets and drugstores</li> </ul>
Masstige or Masstige CPC products	: CPC products which: <ul style="list-style-type: none"> <li>• are sold at a pricing category which is combination of the Mass CPC products and Prestige CPC products pricing categories;</li> <li>• sold directly to consumers via the retailer's own physical or online points-of sale (including third-party online websites);</li> <li>• distribution points are similar to Prestige CPC products (such as via stand-alone stores, multi-brand beauty specialist retailers, beauty specialist service providers and department stores that have staff to assist consumers with their queries on the product), but are priced at a lower level compared to other Prestige CPC products; and</li> <li>• carry higher value-added benefits (e.g. health benefits or efficacy and status (branding)) when compared to Mass CPC products but are affordably priced compared to premium or luxury CPC products</li> </ul>
Mono-brand beauty specialty retailer	: A beauty specialist retailer that exclusively sells CPC products of one specific brand
Multichannel	: The practice by which companies interact with customers via multiple channels, both direct and indirect, retail and online channel. Customers data are stored in silos and have very little or no connection to one another
Omnichannel	: The multichannel sales approach that provides the customer with an integrated shopping experience. The customer can be shopping online from a desktop or mobile device, via phone, or in a brick-and-mortar store, and the experience will be seamless
Organic search	: Search results or web page listings based on relevance to the search terms entered by the user, and excludes advertisements

**GLOSSARY OF TECHNICAL TERMS** *(cont'd)*

Out-of-store Marketing	: Marketing methods used to reach a retailer's customers outside of the store premises, such as promotional kiosks and events conducted in various venues where traffic is high or where there are likely to be a high concentration of potential customers
Points-of-sale	: The place at which a retail transaction is carried out, excluding short term promotional kiosks
Predictive segmentation	: The capability of automatically identifying and creating meaningful visitor segments characterised by a higher probability to react in a certain manner to specific content
Prestige CPC products	: CPC products which: <ul style="list-style-type: none"> <li>• are sold at a high price;</li> <li>• sold directly to consumers via the retailer's own physical or online points-of-sale (including third-party online websites); and</li> <li>• distributed at stand-alone stores, multi-brand beauty specialist retailers, beauty specialist service providers and department stores that have staff to assist consumers with their queries on the product</li> </ul>
Same Store Sales Growth or SSSG	: An operational performance measure used to analyse sales performance. SSSG measures the growth of our revenue generated by our existing points-of-sale (including online e-stores) over a certain period, as compared with the preceding corresponding period
Showrooming	: Displaying products in a shop for customers to test products physically
Social commerce	: A form of electronic commerce which uses social networks to assist in the buying and selling of products. This type of commerce utilises user ratings, referrals, online communities and social advertising to facilitate online shopping
User-generated content	: Any form of content, such as images, videos, text and audio, that have been posted by users of online platforms such as social media and wikis
Web-influenced online sales	: Retail channel sales that are influenced by online marketing; for example, consumers do a lot of research and browsing online, and then buy at retail stores

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references in this Prospectus to “our Company” and “InNature” are to InNature Berhad. All references to “our Group” are to our Company and our Subsidiaries, collectively and all references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our Subsidiaries.

Unless the context otherwise requires, references to “Management” are to our Directors and Key Senior Management personnel as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations and acronyms used herein are defined in the “Definitions” section in this Prospectus and the technical terms used herein are defined in the “Glossary of Technical Terms” section. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and / or neuter genders, and vice versa. Any reference to persons shall include a company or a corporation, unless otherwise specified.

Solely for your convenience, this Prospectus contains translation of certain GBP or £, VND, KHR and USD amounts into RM at specified rates. No representation is made that the GBP or £, VND, KHR and USD amounts referred to in this Prospectus could have been or could actually be converted into RM amounts, at the rates indicated or at all. The exchange rates as set out below are applied in this Prospectus unless specified otherwise:

	FYE			FPE	
	2016	2017	2018	2018	2019
<b>VND to RM 1</b>					
Average rate <sup>(1)</sup>	5,157	5,344	5,610	5,644	5,573
Closing rate <sup>(2)</sup>	5,076	5,611	5,608	5,639	5,537

### As at the LPD

#### BNM middle rate

RM to GBP 1 <sup>(3)</sup>	5.3772
RM to USD 1 <sup>(3)</sup>	4.0930
VND to RM 1 <sup>(3)</sup>	5,661
KHR to RM 1 <sup>(3)</sup>	997.40

#### Bloomberg rate

RM to R\$ 1 <sup>(4)</sup>	1.0176
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#### Notes:

- (1) The average rate is used for the translation of income and expense items in the consolidated statements of financial positions of InNature
- (2) The closing rate is used for the translation of assets and liabilities in the consolidated statements of profit or loss and other comprehensive income of InNature
- (3) Unless specified otherwise, the financial information disclosed in this Prospectus are translated at the middle rates of 5.00 p.m. on the LPD as published by BNM
- (4) The conversion of Brazilian real (R\$) to Malaysian Ringgit (RM) is based on the closing rate published by Bloomberg on the LPD

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION** *(cont'd)*

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

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. As a result, any discrepancies in the tables or charts between the amounts listed and the totals in this Prospectus are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

All references to dates and times are references to dates and times in Malaysia, unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry in which we operate and our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources, publicly available sources. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the IMR Report. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data.

We and our advisers do not make any representation as to the correctness, accuracy or completeness of such data. You should not place undue reliance on the statistical data. Similarly, third party projections, including the projections from the IMR Report, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

“EBITDA”, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from, or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

## FORWARD-LOOKING STATEMENTS

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results, expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Company's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminologies such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) the general industry environment, including the demand and supply for our products and services;
- (ii) our business strategies, trends and competitive position;
- (iii) our plans and objectives for future operations;
- (iv) our financial performance and financing plans including future earnings, cash flows and liquidity;
- (v) the regulatory environment and the effects of future regulation;
- (vi) our ability to enter and continue to operate in certain foreign markets; and
- (vii) potential growth opportunities.

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

- (i) the general economic, political and investment environment in Malaysia, Vietnam, Cambodia and globally;
- (ii) government policy, legislation or regulation;
- (iii) interest rates, tax rates and foreign exchange rates;
- (iv) competitive environment of the industry in which we operate;
- (v) rental rates of our stores; and
- (vi) fluctuations in demand and supply for the products that we provide.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 7 of this Prospectus on Risk Factors and Section 11.3.2 of this Prospectus on "Significant factors affecting our Group's operating and financial results". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised.

**FORWARD-LOOKING STATEMENTS** *(cont'd)*

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Such forward-looking statements are based on information available to us at the LPD and are made only as at the LPD. We will release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based if required under the provisions of section 238 of the CMSA, any continuing obligations under law and the Listing Requirements.

You are deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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**CORPORATE DIRECTORY****DIRECTORS**

<b>Name / (Designation)</b>	<b>Address</b>	<b>Nationality</b>
Dato' Foong Choong Heng ( <i>Non-Independent Non-Executive Chairman</i> )	2, Jalan Nusa Bukit Tunku 50480 Kuala Lumpur Malaysia	Malaysian
Datin Cheah Kim Choo ( <i>Non-Independent Executive Director/Managing Director</i> )	2, Jalan Nusa Bukit Tunku 50480 Kuala Lumpur Malaysia	Malaysian
Fong Hui Sain ( <i>Non-Independent Executive Director/CEO</i> )	25, Jalan Jalil Perkasa 11 Taman Esplanad, Bukit Jalil 57000 Kuala Lumpur Malaysia	Malaysian
Dato' Maznah Binti Abdul Jalil ( <i>Senior Independent Non-Executive Director</i> )	Lot 2, Changkat Suria 1 The Residence Mont Kiara No.6 Jalan Kiara 2 Mont Kiara 50480 Kuala Lumpur Malaysia	Malaysian
Yang Amat Mulia Tengku Datin Paduka Setia Zatahah Binti Sultan Sharafuddin Idris Shah ( <i>Independent Non-Executive Director</i> )	Apt 7-15-2, Kirana Residence 7 Jalan Pinang 50450 Kuala Lumpur Malaysia	Malaysian
Foong Chuen Hoe ( <i>Non-Independent Non-Executive Director</i> ) ( <i>Alternate to Dato' Foong Choong Heng</i> )	2, Jalan Nusa Bukit Tunku 50480 Kuala Lumpur Malaysia	Malaysian

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Maznah Binti Abdul Jalil	Chairperson	Senior Independent Non-Executive Director
Dato' Foong Choong Heng	Member	Non-Independent Non-Executive Chairman
Yang Amat Mulia Tengku Datin Paduka Setia Zatahah Binti Sultan Sharafuddin Idris Shah	Member	Independent Non-Executive Director

**CORPORATE DIRECTORY** (cont'd)

**NOMINATING AND REMUNERATION COMMITTEE**

Name	Designation	Directorship
Dato' Maznah Binti Abdul Jalil	Chairperson	Senior Independent Non-Executive Director
Yang Amat Mulia Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah	Member	Independent Non-Executive Director
Dato' Foong Choong Heng	Member	Non-Independent Non-Executive Chairman

**COMPANY SECRETARIES**

: Seow Fei San (MAICSA 7009732)  
CCM Practising Certificate 201908002299  
A-17-16, Block A  
Kondominium Sterling  
No.3, Jalan SS7/19  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

(Chartered Secretary, Associate of the Institute of Chartered Secretaries and Administrators)

Loh Lai Ling (MAICSA 7015412)  
CCM Practising Certificate 201908002445  
No. J-2-14, PPR Taman Muhibbah  
Jalan 15/155, Taman Muhibbah  
58200 Kuala Lumpur  
Malaysia

(Chartered Secretary, Associate of the Institute of Chartered Secretaries and Administrators)

Tel No. : +603 7803 1126

**REGISTERED OFFICE**

: 802, 8th Floor, Block C  
Kelana Square, 17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel No. : +603 7803 1126

**HEAD OFFICE / HQ**

: No. 3 & 5, Jalan USJ 10/1C  
47620 Subang Jaya  
Selangor Darul Ehsan  
Malaysia

Tel No. : +603 5632 4313  
Email : corpcomm@innature.com.my  
Website : www.innature.com.my

**CORPORATE DIRECTORY** (cont'd)

**AUDITORS AND REPORTING ACCOUNTANTS** : KPMG PLT (LLP0010081-LCA & AF0758)  
10<sup>th</sup> Floor, KPMG Tower

No. 8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel No. : +603 7721 3388  
Partner-in-charge : Foong Mun Kong  
Approval No. : 02613/12/2020J

(Chartered Accountant, Malaysian Institute of Accountants;  
Certified Public Accountant, The Malaysian Institute of  
Certified Public Accountants)

**SOLICITORS FOR OUR IPO** : *To our Company as to Malaysian law*

Chooi & Company + Cheang & Ariff  
CCA @ BANGSAR  
Level 5, Menara BRDB  
285, Jalan Maarof  
Bukit Bandaraya  
59000 Kuala Lumpur  
Malaysia

Tel No. : +603 2055 3888

*To our Company as to Vietnamese law*

RHTLaw Vietnam  
(formerly known as RHTLaw Taylor Wessing Vietnam)  
Unit 1101, 11th Floor  
Sofitel Central Plaza  
17 Le Duan Boulevard, District 1  
Ho Chi Minh City  
Vietnam

Tel No. : +84 28 3820 6448

*To our Company as to Cambodian law*

R&T Sok & Heng Law Office  
Vattanac Capital Tower, Level 17  
No. 66, Preah Monivong Boulevard  
Sangkat Wat Phnom, Phnom Penh  
Cambodia

Tel No. : +855 23 963 112/113

**CORPORATE DIRECTORY** *(cont'd)*

<b>SOLICITORS FOR OUR IPO</b> <i>(cont'd)</i>		<i>To the Managing Underwriter, Joint Underwriters, and Sole Bookrunner</i>
		Zul Rafique & Partners D3-3-8 Solaris Dutamas No.1 Jalan Dutamas 1 50480 Kuala Lumpur Malaysia
		Tel No. : +603 6209 8221
<b>PRINCIPAL ADVISER, MANAGING UNDERWRITER, JOINT UNDERWRITER, AND SOLE BOOKRUNNER</b>	:	CIMB Investment Bank Berhad 17 <sup>th</sup> Floor Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia
		Tel No. : +603 2261 8888
<b>JOINT UNDERWRITER</b>	:	MIDF Amanah Investment Bank Berhad Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia
		Tel No. : +603 2173 8888
<b>ISSUING HOUSE</b>	:	Malaysian Issuing House Sdn Bhd 11 <sup>th</sup> Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
		Tel No. : +603 7890 4700 Fax No. : +603 7890 4680
<b>SHARE REGISTRAR</b>	:	Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) 11 <sup>th</sup> Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
		Tel No. : +603 7890 4700 Fax No. : +603 7890 4670

**CORPORATE DIRECTORY** *(cont'd)*

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**INDEPENDENT MARKET RESEARCH CONSULTANTS** : Frost & Sullivan GIC Malaysia Sdn Bhd  
Suite C-11-02, Block C,  
Plaza Mont' Kiara  
2 Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Malaysia

Tel No. : +603 6204 5800  
Name of IMR signee : June Liang Pui San  
Country Head, Malaysia  
Qualification : Bachelor of Laws (Hons) from  
University of Wales, Cardiff, UK; and  
Masters of Business Administration  
from Imperial College London, UK

(See Section 6 of this Prospectus for the profile of the IMR and the IMR signee)

**LISTING SOUGHT** : Main Market of Bursa Securities

**SHARIAH STATUS** : Approved by the Shariah Advisory Council of the SC

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**1. PROSPECTUS SUMMARY**

**THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.**

**1.1 Overview of our business**

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 21 October 1994 as a private limited company and deemed registered under the Act. We assumed our name InNature Sdn Bhd on 1 March 2018. On 25 July 2018, we became a public limited company to facilitate our Listing.

The principal activity of our Company is investment holding. We are principally involved in the retailing and distribution of The Body Shop® (“TBS”) products through our Subsidiaries, Rampai-Niaga, TBS Vietnam and Green Cosmetics who hold the TBS franchises in West Malaysia, Sabah and Labuan; Vietnam; and Cambodia respectively (“TBS Franchisees”). We were awarded with the franchise for TBS products in Cambodia in June 2019 and we opened our first point-of-sale in Cambodia in November 2019. The franchise rights under the Franchise Agreements, all dated 19 June 2019, are granted for a period of 10 years, commencing from 19 June 2019 with an option to renew the franchise for a further 5 years subject to the terms and conditions of the respective Franchise Agreements. In consideration of TBSI entering into the Franchise Agreements, TBSI and Etheco, Dato’ Simon and Datin Mina had on the same date of 19 June 2019 entered into the FFA. The FFA will terminate when all the Franchise Agreements and future franchise agreements are terminated or have expired.



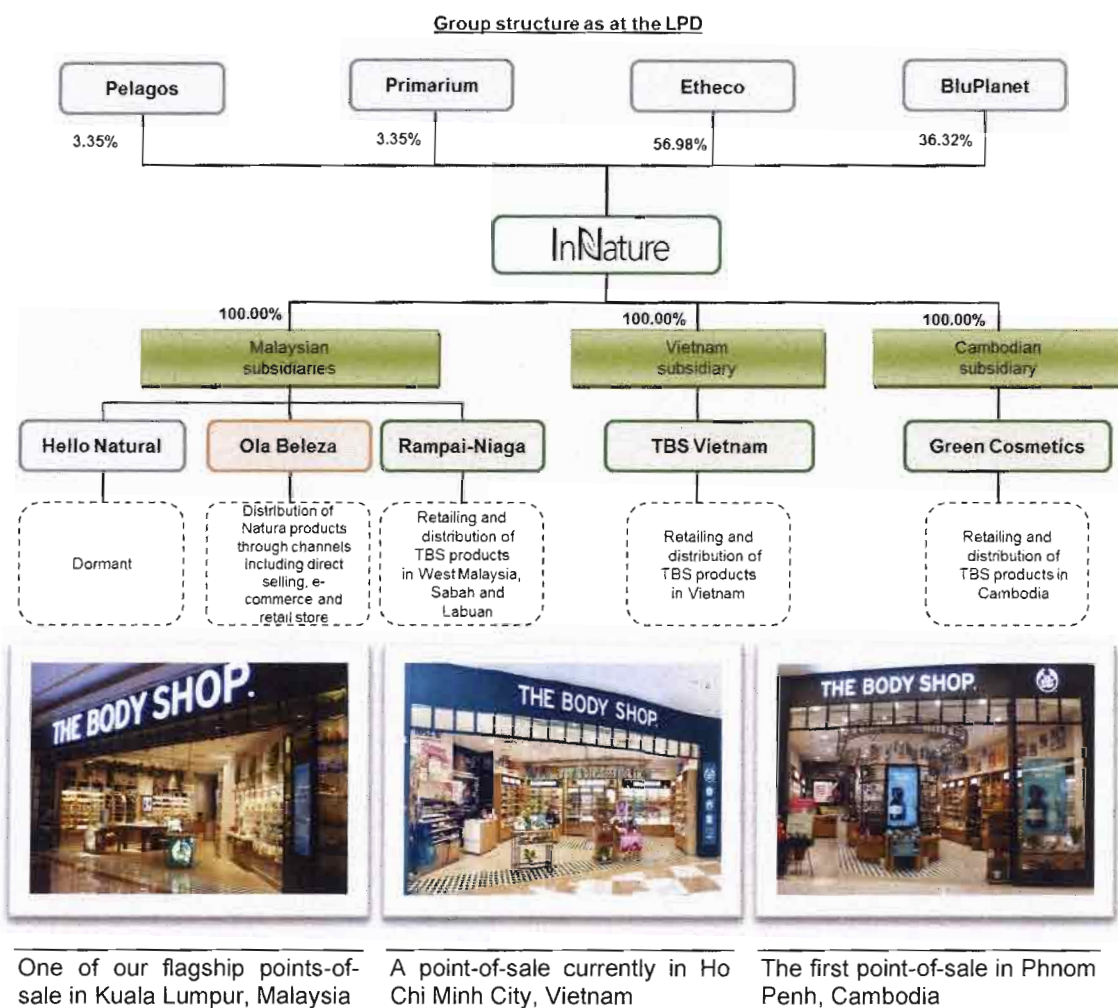
Our Franchisor, The Body Shop International (“TBSI”) is a global manufacturer and retailer of The Body Shop® skin and bodycare products, founded in the UK in 1976 by Dame Anita Roddick. It is one of the first brands in the world to embrace environmental and social consciousness which has resulted in the TBS products enjoying a high brand awareness and trust from consumers worldwide. This is evidenced by the multiple awards received by TBS throughout the years as well as its presence in various countries globally. TBSI has around 3,000 stores globally, spanning across Europe, North and South America, the Middle East, South Africa and Asia. TBSI is owned by the Natura Cosméticos S.A. which also owns the Natura and Aesop brands. In collaboration with Natura Cosméticos S.A., we have also recently introduced the Natura beauty brand into Malaysia. We have also entered into the Natura MOU in April 2019 and the Natura Supply Agreement in November 2019 to develop the Natura brand in Malaysia. As at the LPD, we have launched the Natura e-commerce website and opened a Natura pop-up store in Sunway Pyramid. We are also, as at the LPD, working with Natura Cosméticos S.A. on finalising the terms of the definitive agreement(s) in relation to our new Natura business, which is expected to be signed after our Listing.



1. PROSPECTUS SUMMARY (cont'd)

Similar to our TBSI's values, our Group believes that business can be a force for good. Over the years, we have initiated and organised many campaigns for the conservation and protection of the environment and animals, as well as for human rights and women's rights, both in Malaysia and Vietnam.

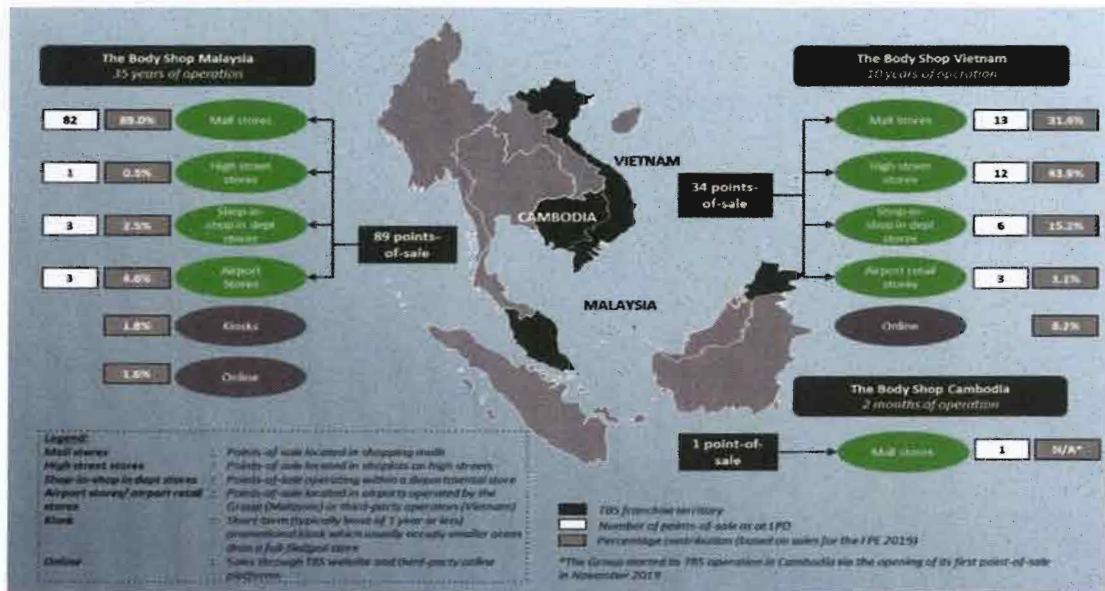
As at the LPD, our Group structure is as set out below:



We have over 35 years of experience in the TBS franchise business since we opened our first store in 1984 at Plaza Yow Chuan in Ampang, Kuala Lumpur. Within the CPC industry in Malaysia, we are a leading mono-brand beauty retailer of this segment with a 11.0% market share based on total market sales of RM1.48 billion as at 2018. In this segment, we are also the largest in terms of number of points-of-sale as at the LPD.

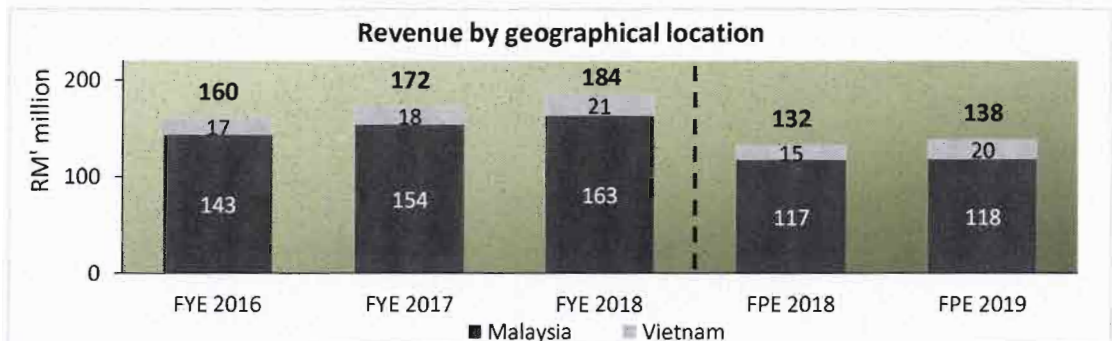
As at the LPD, we have 89 points-of-sale in West Malaysia, Sabah and Labuan, 34 points-of-sale in Vietnam and 1 point-of-sale in Cambodia. We also have online presence through online platform such as TBS's website in Malaysia, Vietnam and Cambodia, as well as via selected third-party online stores such as Hermo in Malaysia, Tiki in Vietnam, and Lazada in both markets. Further details on the breakdown of our points-of-sale in Malaysia, Vietnam and Cambodia, and our online platform are as depicted below:

1. PROSPECTUS SUMMARY (cont'd)



Revenue Contribution by Geographical Segment

As at the LPD, our principal markets are in Malaysia and Vietnam. The revenue contributed by our Malaysia and Vietnam operations for the FYE 2016, FYE 2017, FYE 2018, FPE 2018 and FPE 2019 are as set out in the chart below:



We have recently commenced operations in Cambodia by opening our first TBS point-of-sale in Cambodia in November 2019.

Further details of our Group and business, including our future plan and strategies are set out in Sections 4 and 5 of this Prospectus.

1.2 Our competitive advantages and key strengths

We believe our competitive advantages and key strengths are as follows:

- (i) we are a leading mono-brand beauty retailer in Malaysia via our TBS business;
- (ii) we have a strong track record and an established long-term work relationship with TBS;
- (iii) The TBS brand is globally recognised and known for its sustainably sourced high quality products;
- (iv) our ethical stance resonates with the growing socially conscious consumer base;
- (v) we are well-positioned to leverage on the growth of the naturals sector of the beauty industry;
- (vi) we are well-positioned in the “masstige” market;



## 1. PROSPECTUS SUMMARY *(cont'd)*

- (vii) we have a strong base of loyal customers who we can directly access;
- (viii) TBS is one of the leading beauty brands on Facebook in Malaysia and Vietnam; and
- (ix) we have an experienced management team who has developed a strong base of resources and competencies in retail management.

For further details of our competitive advantages and key strengths, please refer to Section 5.3.5 of this Prospectus.

### 1.3 Future plans and strategies

Moving forward, we will continue to grow our revenue and strengthen our leadership in the mono-brand beauty industry as well as the naturals beauty market, through our future plans and strategies as follows:

- TBS Malaysia: driving TBS Same Store Sales Growth, a performance measure used to analyse sales performance of our existing points-of-sale over a certain period, against the previous corresponding period, through an Omnichannel strategy. Through this strategy, we aim to provide our customers with an integrated shopping experience where both the online and offline shopping experience will be seamless;
- TBS Vietnam: achieving growth through the expansion of our TBS retail store network and continuing to build TBS brand awareness;
- TBS Cambodia: delivering new growth to our Group through the expansion of TBS in the Cambodian market; and
- Expanding the brand portfolio of our Group by developing a new business with the Natura brand in Malaysia. The Natura brand is under Natura Cosméticos S.A., a global beauty company which also owns The Body Shop® and Aesop brands of personal care products worldwide.

Please refer to Section 5.4 of this Prospectus for further information on our future plans and strategies.

### 1.4 Salient information of our IPO

The IPO of 177,274,000 IPO Shares, representing 25.1% of the enlarged issued share capital of our Company comprising 74,074,000 Issue Shares and 103,200,000 Offer Shares are offered by our Company and the Selling Shareholder respectively in the following manner:

#### 1.4.1 Institutional Offering

Our Company and the Selling Shareholder are offering 161,142,500 IPO Shares, representing 22.8% of the enlarged issued share capital of our Company, at the Institutional Price, to be allocated in the following manner:

- (i) 103,200,000 Offer Shares, representing 14.6% of the enlarged issued share capital of our Company will be offered to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by MITI; and
- (ii) 57,942,500 Issue Shares, representing 8.2% of the enlarged issued share capital of our Company will be offered to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by MITI.

## 1. PROSPECTUS SUMMARY *(cont'd)*

### 1.4.2 Retail Offering

Our Company is offering 16,131,500 Issue Shares, representing 2.3% of the enlarged issued share capital of our Company, at the Retail Price, to be allocated in the following manner:

- (i) 14,131,500 Issue Shares, representing 2.0% of the enlarged issued share capital of our Company, are available for application by Malaysian Public, of which 7,065,800 Issue Shares, representing 1.0% of the enlarged issued share capital of our Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions. Any Issue Shares not subscribed for by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering; and
- (ii) 2,000,000 Issue Shares, representing 0.3% of the enlarged issued share capital of our Company have been reserved and set aside for the Eligible Persons.

### 1.4.3 Moratorium on our Shares

In accordance with the Equity Guidelines, our Promoters will not be allowed to sell, transfer or assign its or their entire shareholdings of 528,607,488 Shares in our Company, representing 74.89% of the enlarged issued share capital as at the date of our Listing, within 6 months from the date of Listing of our Company on the Main Market ("**Moratorium Period**"), including all Shares, if any, issued to our Promoters during the Moratorium Period.

For detailed information relating to our IPO and moratorium on our Shares, please refer to Section 2.3 and Section 8.2 of this Prospectus.

## 1.5 Risk factors

**YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.**

### 1.5.1 Risks relating to our business and operations

Set out below are some of the key risks faced by us in our business operations:

- (i) We may not be able to renew or comply with the terms of our Franchise Agreements with TBSI.
- (ii) The continuity of our Franchise Agreements is dependent on the continued involvement of our Promoters, Datin Mina and Dato' Simon.
- (iii) We depend on the supply of goods from TBSI for TBS products and Indústria Natura for Natura products.
- (iv) Our success is closely linked to the value of the TBS brand which may be eroded by events beyond our control.
- (v) Our success depends on our ability to secure optimal locations and to renew the tenancies or leases of our present points-of-sale.
- (vi) We may not be able to successfully implement our future plans and strategies.

## 1. PROSPECTUS SUMMARY *(cont'd)*

### 1.5.2 Risks relating to the industry in which our Group operates

Set out below are some of the key risks faced by our industry:

- (i) We operate in a competitive environment.
- (ii) Our performance is dependent on the performance of economy and consumer spending patterns in the countries we operate in.

### 1.5.3 Risks relating to the investment in our Shares

Set out below are some of the key risks relating to your investment in our Shares:

- (i) There has been no prior market for our Shares and it is uncertain whether a sustainable market will ever develop.
- (ii) Our Shares are subject to capital market risks and share price volatility.
- (iii) The interest of our Promoters who control our Group may not be aligned with the interest of shareholders.
- (iv) The sale or the possible sale of a substantial number of Shares in the public market following our IPO could adversely affect the price of our Shares.

**Please refer to Section 7 of this Prospectus for further details and the full list of our risk factors.**

## 1.6 Directors, Key Senior Management, Promoters and Substantial Shareholders

### 1.6.1 Directors and Key Senior Management

As at the LPD, our Directors and Key Senior Management are as follows:

Name	Designation
<b>Directors</b>	
Dato' Simon	Non-Independent Non-Executive Chairman
Datin Mina	Non-Independent Executive Director / Managing Director
Molly Fong	Non-Independent Executive Director / Chief Executive Officer
Dato' Maznah	Senior Independent Non-Executive Director
Tengku Zatashah	Independent Non-Executive Director
Daryl Foong <i>(Alternate to Dato' Simon)</i>	Non-Independent Non-Executive Director
<b>Key Senior Management</b>	
Datin Mina	Managing Director
Molly Fong	Chief Executive Officer
Siew Lai Leng	Chief Operations Officer
Chia Cang Yang	Chief Financial Officer
Chan Nian Mei	Chief Revenue Officer
Leong Meng Leong	Head of Finance and Administration
Nguyen Thi Ngoc Hue	General Manager, TBS Vietnam
Wong Sook Hing	General Manager, Ola Beleza

## 1. PROSPECTUS SUMMARY (cont'd)

Due to the condition imposed by TBSI under the Franchise Framework Agreement that our Board must include Dato' Simon (and his alternate, Daryl Foong), Datin Mina, and executive directors nominated and appointed by Dato' Simon and Datin Mina ("**Selected Directors**"), and collectively, Dato' Simon (and his alternate, Daryl Foong), Datin Mina and the Selected Directors must comprise of a majority of the directors on our Board ("**Board Condition**"), our Company will not be able to adopt the recommendation of Paragraph 4.1 under Principle A of the Malaysian Code on Corporate Governance on the board composition for companies listed on Bursa Securities. Please refer to Section 3.1.1 of this Prospectus for further details of our Board. Notwithstanding the above, we have appointed Dato' Maznah as our Senior Independent Non-Executive Director to monitor and strengthen the governance of our Company. She is an experienced independent director who has sat on multiple listed company boards for over 2 decades. Please refer to Section 3.1.2 of this Prospectus for Dato' Maznah's profile.

In 2011, Dato' Simon had entered into a settlement with the SC in the sum of RM281,361, when Dato' Simon agreed without admission or denial of liability, to settle a claim that the SC was proposing to institute against him. Please refer to Section 3.5 of this Prospectus for the details of the settlement.

For further information on our Directors and Key Senior Management, please refer to Sections 3.1 and 3.3 of this Prospectus, respectively.

### 1.6.2 Promoters and Substantial Shareholders

Our Promoters and Substantial Shareholders and their respective shareholdings in our Company as at the date of this Prospectus and after our IPO are as follows:

Promoters and Substantial Shareholders	Nationality / Country of incorporation	As at the date of this Prospectus				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Etheco	Malaysia	360,000,000	56.98	-	-	360,000,000	51.00	-	-
BluPlanet	Malaysia	229,449,600	36.32	-	-	126,249,600	17.89	-	-
Pelagos	Malaysia	21,178,944	3.35	-	-	21,178,944	3.00	-	-
Primarium	Malaysia	21,178,944	3.35	-	-	21,178,944	3.00	-	-
Dato' Simon	Malaysian	-	-	610,628,544 <sup>(1)</sup>	96.65	-	-	507,428,544 <sup>(1)</sup>	71.89
Datin Mina	Malaysian	-	-	610,628,544 <sup>(2)</sup>	96.65	-	-	507,428,544 <sup>(2)</sup>	71.89
Daryl Foong	Malaysian	-	-	21,178,944 <sup>(3)</sup>	3.35	-	-	21,178,944 <sup>(3)</sup>	3.00
Dexter Foong	Malaysian	-	-	21,178,944 <sup>(4)</sup>	3.35	-	-	21,178,944 <sup>(4)</sup>	3.00

#### Notes:

- (1) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Etheco, BluPlanet, and Primarium respectively.
- (2) Deemed interested by virtue of Section 8(4) of the Act, through her shareholdings of more than 20.00% in Etheco, BluPlanet, and Pelagos respectively.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Pelagos.
- (4) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Primarium.

For further information on our Promoters and Substantial Shareholders, please refer to Section 3.2 of this Prospectus.

## 1. PROSPECTUS SUMMARY (cont'd)

### 1.7 Financial highlights

#### 1.7.1 Historical Consolidated Financial Information

The table below sets out the financial highlights based on the consolidated financial information for the FYE 2016, FYE 2017, FYE 2018, FPE 2018 and FPE 2019:

	FYE 31 December			FPE 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>159,902</b>	<b>171,919</b>	<b>184,474</b>	<b>132,322</b>	<b>138,195</b>
Gross profit <sup>(1)</sup>	106,304	115,495	121,986	88,308	93,229
Adjusted EBITDA <sup>(2)</sup>	60,118	63,685	69,912	50,284	49,790
<b>Profit before taxation</b>	<b>36,773</b>	<b>34,284</b>	<b>58,550</b>	<b>34,393</b>	<b>30,141</b>
<b>Profit after taxation</b>	<b>26,813</b>	<b>24,100</b>	<b>45,625</b>	<b>25,859</b>	<b>22,241</b>
Gross profit margin (%) <sup>(3)</sup>	66.5	67.2	66.1	66.7	67.5
Profit before tax margin (%) <sup>(4)</sup>	23.1	23.7	26.3	26.0	23.8
Profit after tax margin (%) <sup>(5)</sup>	16.9	17.8	19.6	19.5	18.0
Basic and diluted EPS (sen) <sup>(6)</sup>	4.24	3.81	7.22	4.09	3.52

#### Notes:

- (1) Computed based on revenue less changes in inventories (cost of goods sold).
- (2) Represents earnings before interest, taxation, depreciation and amortisation, after excluding our non-core earnings, which comprise listing-related expenses, fair value loss on other investments, impairment loss on other investments and fair value gain arising from distribution of non-cash assets to owners ("**Non-core Earnings**"), in which amounts are as follows for the FYE 2016, FYE 2017, FYE 2018, FPE 2018 and FPE 2019:

	FYE 31 December			FPE 30 September	
	2016	2017	2018	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Listing-related expenses	-	-	-	-	(2,683)
Fair value loss on other investments	(234)	(4,230)	-	-	-
Impairment loss on other investments	-	(2,239)	-	-	-
Fair value gain arising from distribution of non-cash assets to owners	-	-	10,030	-	-
<b>Total Non-core Earnings</b>	<b>(234)</b>	<b>(6,469)</b>	<b>10,030</b>	<b>-</b>	<b>(2,683)</b>

- (3) Computed based on gross profit divided by revenue.
- (4) Computed based on profit before taxation (after excluding our Non-core Earnings) divided by revenue.
- (5) Computed based on profit after taxation (after excluding our Non-core Earnings) divided by revenue.

## 1. PROSPECTUS SUMMARY (cont'd)

- (6) Calculated by dividing the profit for the year/period attributable to the equity holders of our Company by 631,807,488 Shares being the number of shares after the completion of the pre-listing Internal Restructuring Exercise as set out in Section 4.1.2 of this Prospectus.

## 1.7.2 Pro forma Consolidated Financial Position

	As at FYE 2016	As at FYE 2017	As at FYE 2018	As at FPE 2019	Proforma After the IPO
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Total non-current assets	106,851	94,399	87,680	95,122	129,622
Total current assets	146,208	164,701	56,527	53,431	51,074
<b>Total Assets</b>	<b>253,059</b>	<b>259,100</b>	<b>144,207</b>	<b>148,553</b>	<b>180,696</b>
<b>EQUITY AND LIABILITIES</b>					
Total equity	184,569	195,173	75,441	87,798	120,669
Total non-current liabilities	19,213	13,241	13,546	13,507	13,507
Total current liabilities	49,277	50,686	55,220	47,248	46,520
<b>Total Equity and Liabilities</b>	<b>253,059</b>	<b>259,100</b>	<b>144,207</b>	<b>148,553</b>	<b>180,696</b>
Total borrowings	12,062	10,000	20,505	5,703	5,703
Net assets	184,569	195,173	75,441	87,798	120,669
NA per Share	0.29 <sup>(1)</sup>	0.31 <sup>(1)</sup>	0.12 <sup>(1)</sup>	0.14 <sup>(1)</sup>	0.17 <sup>(2)</sup>
Gearing ratio (times) <sup>(3)</sup>	0.07	0.05	0.27	0.06	0.05

**Notes:**

- (1) NA per share is calculated based on the pre-IPO issued share capital of 631,807,488 Shares.
- (2) NA per share after the IPO is calculated based on the enlarged share capital upon our Listing of 705,881,488 Shares.
- (3) Computed based on total borrowings divided by total equity.

Please refer to Sections 11 and 12 of this Prospectus for detailed financial information relating to our Group.

## 1. PROSPECTUS SUMMARY *(cont'd)*

### 1.8 Utilisation of proceeds

The total gross proceeds from the Public Issue is approximately RM50.4 million, of which RM6.4 million is allocated for the listing expense. The remaining RM44.0 million will be utilised to cover both the existing TBS business and new Natura business as detailed out in the table below:

Details of the utilisation of proceeds	TBS existing business	New Natura business	Total amount of proceeds <sup>(1)</sup>		Estimated timeframe for utilisation from the date of Listing
	RM'000	RM'000	RM'000	%	
(i) Capital expenditure	27,300	7,200	34,500	68.5	Within 48 months
(ii) Working capital	1,600	2,200	3,800	7.5	Within 36 months
(iii) New business development	-	5,700	5,700	11.3	Within 48 months
(iv) Listing expenses	-	-	6,370	12.7	Within 3 months
<b>Total</b>			<b>50,370</b>	<b>100.0</b>	

**Note:**

- (1) We have assumed that the Institutional Price and the Retail Price will be equal to the Retail Price of RM0.68 per IPO Share.

Our Company will not receive any proceeds from the Offer for Sale. The Offer for Sale is anticipated to raise gross proceeds of RM70.2 million which will accrue entirely to BluPlanet as the Selling Shareholder.

Please refer to Section 2.8 of this Prospectus for further details on the use of proceeds from our IPO.

### 1.9 Dividend policy

It is the intention of our Board to recommend and distribute dividend of at least 30.0% of our annual audited PAT attributable to the shareholders of our Company. This will allow our shareholders to participate in our Group's profit. Any dividend declared will be subject to the approval of our Board.

Notwithstanding our intentions above, as a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions we receive from our Subsidiaries. Furthermore, our Group's ability to distribute dividends or make other distribution to our shareholders is subject to various factors such as our results of operations and cash flow, our expected financial performance and working capital needs, and other factors.

Under the Franchise Framework Agreement, in determining the dividend policies of InNature and the TBS Franchisees, our Board shall take into account InNature's and the TBS Franchisees' annual business plan in respect of each of the TBS Franchisees and the anticipated funding needs of each entity for the purposes of meeting the agreed targets set out within the relevant Franchise Agreements. The dividend policies of InNature and the TBS Franchisees should be provided to TBSI and TBSI should be notified of any changes to the dividend policies. Please see Section 5.15.2(m) of this Prospectus for the relevant provision under the Franchise Framework Agreement.

Any declaration and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the statements above as to our actual future profitability or our ability to pay dividends in future.

## 2. DETAILS OF OUR IPO

### 2.1 Opening and closing of applications

Application for our IPO Shares will open at 10:00 a.m. on 29 January 2020 and will remain open until 5:00 p.m. on 6 February 2020.

### 2.2 Indicative timetable

The indicative timetable of events leading up to our Listing is as follows:

Events	Dates
Opening of the Institutional Offering	29 January 2020
Opening of the Retail Offering	10:00 a.m., 29 January 2020
Closing of the Retail Offering	5:00 p.m., 6 February 2020
Closing of the Institutional Offering	7 February 2020
Price Determination Date	7 February 2020
Balloting of applications for our IPO Shares under the Retail Offering	10 February 2020
Allotment/transfer of our IPO Shares to successful applicants	19 February 2020
Listing	20 February 2020

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

### 2.3 Details of our IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in Section 2.3.3 of this Prospectus. Our IPO of 177,274,000 IPO Shares, representing 25.1% of the enlarged issued share capital of our Company comprising 74,074,000 Issue Shares and 103,200,000 Offer Shares are offered by our Company and the Selling Shareholder respectively in the following manner:

#### 2.3.1 Institutional Offering

Our Company and the Selling Shareholder are offering 161,142,500 IPO Shares, representing 22.8% of the enlarged issued share capital of our Company, to be allocated in the following manner:

- (i) 103,200,000 Offer Shares, representing 14.6% of the enlarged issued share capital of our Company will be offered to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by MITI; and
- (ii) 57,942,500 Issue Shares, representing 8.2% of the enlarged issued share capital of our Company will be offered to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by MITI.

With respect to the IPO Shares offered to Bumiputera investors approved by MITI as referred to above, 81,600,000 IPO Shares representing 11.5% of the enlarged issued share capital of our Company will be offered subject to the clawback and reallocation provisions as set out in Section 2.3.3 of this Prospectus.



## 2. DETAILS OF OUR IPO (cont'd)

### 2.3.2 Retail Offering

Our Company is offering 16,131,500 Issue Shares, representing 2.3% of the enlarged issued share capital of our Company, to be allocated in the following manner:

- (i) 14,131,500 Issue Shares, representing 2.0% of the enlarged issued share capital of our Company, are available for application by Malaysian Public, of which 7,065,800 Issue Shares, representing 1.0% of the enlarged issued share capital of our Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions. Any Issue Shares not subscribed for by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering; and
- (ii) 2,000,000 Issue Shares, representing 0.3% of the enlarged issued share capital of our Company (“**Pink Form Shares**”) have been reserved and set aside for the Eligible Persons under the Pink Form Allocation. The details of the number of Issue Shares set aside for the Eligible Persons are as follows.

Eligible Persons	Number of Eligible Persons	Aggregate number of Issue Shares allocated
Directors of our Group <sup>(1)</sup>	3	650,000
Eligible employees of our Group <sup>(2)</sup>	452	1,350,000
<b>Total</b>	<b>455</b>	<b>2,000,000</b>

**Notes:**

- (1) The criteria for allocation to our Directors (save for our Directors who are also our Promoters) are based on, among others, their respective roles and responsibilities in, and contribution to our Group. The number of Pink Form Shares to be allocated to our Directors are as follows:

Name	Designation	No. of Issue Shares to be allocated
Molly Fong	Executive Director / CEO	150,000
Dato' Maznah	Senior Independent Non-Executive Director	400,000
Tengku Zata Shah	Independent Non-Executive Director	100,000
<b>Total</b>		<b>650,000</b>

- (2) The basis and criteria for allocation of Issue Shares to our eligible employees of our Group (as approved by our Board) are based on the following factors:
  - (i) the eligible employee must be a full time confirmed employee and be on the payroll of our Group; and
  - (ii) the number of Issue Shares allocated to the eligible employees is based on their seniority and position as well as other factors considered relevant to our Board.

Any Issue Shares not taken up by Eligible Persons under the Pink Form Allocation in Section 2.3.2(ii) will be made available for application by other investors under Section 2.3.2(i), with any remaining Issue Shares thereafter underwritten by our Joint Underwriters, subject to the clawback and reallocation provisions as set out in Section 2.3.3 of this Prospectus.

**2. DETAILS OF OUR IPO (cont'd)**

Additionally, applicants who apply for the Pink Form Shares under Section 2.3.2(ii) above may also apply for the Issue Shares available under Section 2.3.2(i) above.

As at the LPD, we have yet to ascertain the specific allocation of Issue Shares to the eligible employees of our Group.

In summary, our IPO Shares offered under our Retail Offering and Institutional Offering (subject to clawback and reallocation provisions) are as follows:

Categories	Offer Shares		Issue Shares		Total	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
<b>Retail Offering</b>						
Malaysian public (via balloting):						
- Bumiputera	-	-	7,065,800	1.0	7,065,800	1.0
- Non-Bumiputera	-	-	7,065,700	1.0	7,065,700	1.0
Directors and eligible employees of the InNature Group	-	-	2,000,000	0.3	2,000,000	0.3
	-	-	16,131,500	2.3	16,131,500	2.3
<b>Institutional Offering</b>						
Bumiputera investors approved by MITI	52,623,200	7.4	28,976,800	4.1	81,600,000	11.5
Other Malaysian and foreign institutional and selected investors	50,576,800	7.2	28,965,700	4.1	79,542,500	11.3
	103,200,000	14.6	57,942,500	8.2	161,142,500	22.8
<b>Total</b>	<b>103,200,000</b>	<b>14.6</b>	<b>74,074,000</b>	<b>10.5</b>	<b>177,274,000</b>	<b>25.1</b>

The completion of the Retail Offering and the Institutional Offering are inter-conditional and are subject to our IPO meeting the minimum subscription level as set out in Section 2.3.6 of this Prospectus.

## 2. DETAILS OF OUR IPO (cont'd)

### 2.3.3 Clawback and reallocation

The Institutional Offering and Retail Offering are subject to the following clawback and reallocation provisions:

- (i) if our IPO Shares allocated to Bumiputera investors approved by MITI (“**MITI Tranche**”) are not fully taken up by such Bumiputera investors under the Institutional Offering, our IPO Shares which are not taken up will be allocated to other institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still not fully taken up under the Institutional Offering, and there is a corresponding over-application for Issue Shares by the public investors under the Retail Offering, the IPO Shares will be clawed back from the MITI Tranche and allocated first, to the Bumiputera public investors under the Retail Offering, and thereafter to the other public investors under the Retail Offering;

- (ii) subject to Section 2.3.3(i) above, if there is an over-application in the Retail Offering and an under-application in the Institutional Offering, the IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iii) if there is an under-application in the Retail Offering and an over-application in the Institutional Offering, the Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering. However, if there is an under-application in the Retail Offering but no over-application in the Institutional Offering, the remaining Issue Shares will be underwritten by the Joint Underwriters.

There will be no clawback and reallocation if there is an under-application in both the Institutional Offering and Retail Offering. Save for the allocations made available for application by the Eligible Persons under the Pink Form Allocation as disclosed in Section 2.3.2(ii) above, it is not known to our Company as to whether any of our Substantial Shareholders, Directors, or our Key Senior Management have the intention to subscribe for the Issue Shares allocated under Section 2.3.2(i) above for the Malaysian Public.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

### 2.3.4 Share capital

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

	<b>No. of Shares</b>	<b>RM</b>
After the Internal Restructuring Exercise <sup>(1)</sup>	631,807,488	4,387,552
To be issued under the Public Issue	<u>74,074,000</u>	<u>50,370,320</u> <sup>(2)</sup>
Enlarged number of issued shares and share capital upon Listing	<u>705,881,488</u>	<u>54,757,872</u> <sup>(3)</sup>

**Notes:**

- (1) As defined and discussed in further detail in Section 4.1.2 of this Prospectus.
- (2) Calculated based on the Retail Price of RM0.68 per IPO Share.

## 2. DETAILS OF OUR IPO (cont'd)

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- (3) The enlarged issued share capital upon Listing excludes the adjustment for listing expenses amounting to approximately RM1.6 million directly attributable to the Public Issue which is debited against the share capital of the Company under the pro forma financial position.

### 2.3.5 Classes of shares and ranking

There is currently and upon completion of our IPO, only one class of shares in our Company, namely ordinary shares.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable rules of Bursa Depository.

Our Offer Shares rank equally in all respects with our other existing Shares including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable rules of Bursa Depository.

Subject to any special rights (among others, taking priority over the Shares of our Company in terms of the distribution of dividends or other profits) attaching to any Shares which we may issue in the future, our shareholders are, in proportion to the amount paid on the Shares held by them, be entitled to share in the profits paid out by us in the form of dividends or other distributions. Similarly, if our Company is liquidated, our shareholders are entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

The issuance of any Shares with such special rights is subject to the relevant provisions of the Act, our Constitution as well as the restrictions under the Franchise Framework Agreement. Please refer to Sections 5.15.2(i) and 13.2(iv) of this Prospectus for the relevant provisions under the Franchise Framework Agreement and our Constitution respectively.

At any general meeting of our Company, each shareholder is entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may be moved and is intended to be moved at any general meeting, is to be voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have 1 vote for each Share held or represented. A proxy may but need not be a member of our Company. On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote.

### 2.3.6 Minimum subscription level

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

## 2. DETAILS OF OUR IPO (cont'd)

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 1,000 Public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the aforesaid public spread requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, we will return in full all monies paid in respect of all applications (without interest or any share of revenue or benefits arising therefrom) within 14 days.

### 2.4 Selling Shareholder

BluPlanet is the Selling Shareholder. It was incorporated in Malaysia under the Act on 5 March 2018 with its registered address at 802, 8<sup>th</sup> Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor. The principal activity of BluPlanet is investment holding.

BluPlanet is a company owned by Dato' Simon and Datin Mina, who are our Promoters and Substantial Shareholders, in equal proportion. Pursuant to the completion of the pre-listing Internal Restructuring Exercise further detailed in Section 4.1.2 of this Prospectus, as at the LPD, BluPlanet holds 229,449,600 Shares, representing 36.32% of the issued share capital of our Company.

BluPlanet will be offering for sale 103,200,000 Offer Shares under the IPO. Following the IPO, BluPlanet is expected to hold 126,249,600 Shares, representing 17.89% of the enlarged issued share capital of our Company. BluPlanet's shareholding in our Company before and after our IPO are set out below:

Selling Shareholder	After the Internal Restructuring Exercise and before the IPO/as at the LPD				After the IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	% <sup>(1)</sup>	No. of Shares held	%	No. of Shares held	% <sup>(1)</sup>	No. of Shares held	%
BluPlanet	229,449,600	36.32	-	-	126,249,600	17.89	-	-

**Notes:**

- (1) Based on our issued share capital of 631,807,488 Shares after the Internal Restructuring Exercise and before the IPO/as at the LPD.
- (2) Based on our enlarged issued share capital of 705,881,488 Shares after the Public Issue.

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## 2. DETAILS OF OUR IPO *(cont'd)*

### 2.5 Basis of arriving at the price of the IPO Shares

#### 2.5.1 Retail Price

The Retail Price of RM0.68 per IPO Share was determined and agreed upon between our Directors, the Selling Shareholder, the Principal Adviser/Sole Bookrunner and the Joint Underwriters, after taking into consideration the following factors:

- (i) our Group's EPS of 5.1 sen for the FYE 2018 based on our Group's Core PAT of RM36.1 million (excluding non-core items, please refer to Section 11.3.1 (c)(xiv) of this Prospectus) and our enlarged issued-share capital of 705,881,488 Shares, which translate into a PER multiple of 13.3 times for the FYE 2018;
- (ii) our financial performance and operating history as described in Sections 11 and 12 of this Prospectus;
- (iii) our competitive advantages and key strengths as outlined in Section 5.3.5 of this Prospectus;
- (iv) our future plans and strategies as outlined in Section 5.4 of this Prospectus;
- (v) the overview and the future outlook of the CPC industry in Malaysia, Vietnam and Cambodia, as described in Section 6 of this Prospectus; and
- (vi) the prevailing market conditions including market performance of key global indices and companies which are in businesses similar to ours, as well as investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is determined by way of bookbuilding on the Price Determination Date and will be the lower of:

- (i) the Retail Price of RM0.68 per IPO Share; and
- (ii) the Institutional Price.

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to successful Applicants, without any interest thereon. Further details on the refund mechanism are set out in Section 2.5.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM0.68 per Share.

The Final Retail Price and the Institutional Price are expected to be announced within 2 Market Days from the Price Determination Date via the Bursa Listing Information Network. In addition, all successful Applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

Applicants should also note that the vagaries of market forces and other uncertainties may affect the market price of our Shares after Listing.

## 2. DETAILS OF OUR IPO (cont'd)

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### 2.5.2 Institutional Price

The Institutional Price will be determined by way of a bookbuilding process where prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares that they would be prepared to acquire and the price that they would be prepared to pay for such IPO Shares. This bookbuilding process will commence on 29 January 2020 and will end on 7 February 2020. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Sole Bookrunner on the Price Determination Date.

### 2.5.3 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to successful Applicants without any interest thereon in the following manner:

- (i) If you have provided bank account information to Bursa Depository for the purposes of cash dividend/ distribution, the above refund will be credited into your bank account;
- (ii) If you have not provided such bank account information to Bursa Depository, the above refund will be despatched to you in the form of cheques and by ordinary post to your address as maintained with Bursa Depository;
- (iii) If you have made your applications via the Electronic Share Application, the above refund will be credited into your account with the Electronic Participating Financial Institutions; or
- (iv) If you have made your applications via the Internet Share Application, the above refund will be credited into your account with the Internet Participating Financial Institution.

The above refund will be carried out within 10 Market Days from the date of final ballot of application at your own risk.

Please refer to Section 14.10(v) of this Prospectus for further details of the refund mechanism.

### 2.5.4 Expected market capitalisation

Based on the Retail Price of RM0.68 per IPO Share, the total market capitalisation of our Company upon the Listing will be approximately RM480.0 million.

## 2. DETAILS OF OUR IPO (cont'd)

### 2.6 Objectives of our IPO

The objectives of our IPO are as follows:

- (i) to enable our Group to raise funds for the purposes set out in Section 2.8 of this Prospectus;
- (ii) to enable our Group to gain access to the capital market to raise funds for future business growth opportunities;
- (iii) to provide an opportunity for the eligible Directors and employees of our Group as well as the Malaysian investing public and institutions to participate in the future performance of our Company by way of equity participation;
- (iv) to establish liquidity of our Shares; and
- (v) to enhance our Company's profile.

### 2.7 Dilution

Dilution is the amount by which the price paid by the retail and institutional investors of our IPO Shares exceeds our pro forma consolidated NA per Share after our IPO.

Our pro forma consolidated NA per Share was approximately RM0.14 per Share, based on the NA as at 30 September 2019 and the issued share capital of 631,807,488 Shares after our pre-listing Internal Restructuring Exercise, as defined and set out in Section 4.1.2 of this Prospectus, before adjusting for the gross proceeds from our IPO.

Pursuant to the Public Issue of 74,074,000 Issue Shares at the Retail Price of RM0.68, our pro forma consolidated NA per Share (after adjusting for the gross proceeds and deducting the estimated listing expenses in relation to our IPO) based on the enlarged issued share capital upon our Listing of 705,881,488 Shares would be approximately RM0.17 per Share. This represents an immediate increase in the pro forma consolidated NA per Share of RM0.03 per Share to our existing shareholders and an immediate dilution in the pro forma consolidated NA per Share of RM0.51 per Share or approximately 74.9% to our new investors.

The following table illustrates the dilution per Share as at 30 September 2019:

	<u>RM</u>
Assumed Final Retail Price/Institutional Price	0.68
Pro forma consolidated NA per Share before our IPO <sup>(1)</sup>	0.14
Increase in the pro forma consolidated NA per Share	0.03
Pro forma consolidated NA per Share after our IPO <sup>(2)</sup>	0.17
Dilution in the pro forma consolidated NA per Share to new investors <sup>(3)</sup>	0.51
Dilution in the pro forma consolidated NA per Share to new investors as a percentage of our Retail Price	74.9%

#### Notes:

- (1) This is based on the NA as at 30 September 2019 and the issued share capital of 631,807,488 Shares after our pre-listing Internal Restructuring Exercise before adjusting for our IPO proceeds and the estimated listing expense.
- (2) This is based on the issued share capital of 705,881,488 Shares and the pro forma NA as at 30 September 2019 after our pre-listing Internal Restructuring Exercise, taking into considerations of our IPO proceeds and the estimated listing expense.



## 2. DETAILS OF OUR IPO (cont'd)

- (3) The dilution in the pro forma consolidated NA per Share is arrived at based on the difference between the Retail Price and the pro forma consolidated NA per Share based on the enlarged issued share capital upon our Listing and is computed solely for illustrative purposes only.

Other than the acquisition of Shares by Etheco, and the issuance of new Shares to BluPlanet, Pelagos and Primarium under the Internal Restructuring Exercise further detailed in Section 4.1.2 of this Prospectus, there has been no acquisition of any existing Shares by our Directors, Key Senior Management, Substantial Shareholders or persons connected to them, nor any transaction entered into by them which grants them the right to acquire any of our Shares, during the past 3 years prior to the date of this Prospectus.

### 2.8 Utilisation of proceeds

The total gross proceeds of approximately RM50.4 million from the Public Issue will be utilised by our Group in the following manner:

Details of the utilisation of proceeds	TBS existing business	New Natura business	Total amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	RM'000	RM'000	%	
(i) Capital expenditure	27,300	7,200	34,500	68.5	Within 48 months
(ii) Working capital	1,600	2,200	3,800	7.5	Within 36 months
(iii) New business development	-	5,700	5,700	11.3	Within 48 months
(iv) Listing expenses	-	-	6,370	12.7	Within 3 months
<b>Total</b>			<b>50,370</b>	<b>100.0</b>	

Details of our use of gross proceeds from our IPO are as follows:

#### 2.8.1 Capital expenditure

The capital expenditure of RM34.5 million covers both our existing TBS business as well as the new Natura business (see Section 5.4.4 of this Prospectus). The details of the capital expenditure for the TBS business and the new Natura business are as set out below:

##### (i) An overview of the capital expenditure for TBS business

Details of capital expenditure	MY <sup>(1)</sup>	VN <sup>(2)</sup>	CM <sup>(3)</sup>	Total
	RM'000	RM'000	RM'000	RM'000
(a) Office facility	-	700	-	700
• Expansion and upgrading of HQ in HCMC				
(b) Renovation of the existing TBS points-of-sale in Malaysia and Vietnam	6,000	2,400	-	8,400
• 15 TBS points-of-sale in Malaysia				
• 6 TBS points-of-sale in Vietnam				

## 2. DETAILS OF OUR IPO (cont'd)

	MY <sup>(1)</sup>	VN <sup>(2)</sup>	CM <sup>(3)</sup>	Total
Details of capital expenditure	RM'000	RM'000	RM'000	RM'000
<b>(c) IT network, infrastructure and website</b>	2,000	1,300	400	3,700
<ul style="list-style-type: none"> <li>• Upgrading IT network and Omnichannel infrastructure for TBS business in Malaysia</li> <li>• Upgrading IT network and Omnichannel infrastructure for TBS business in Vietnam</li> <li>• Setting-up of website and IT infrastructure for TBS business in Cambodia</li> </ul>				
<b>(d) Expansion of the number of TBS points-of-sale</b>	3,000	9,000	2,500	14,500
<ul style="list-style-type: none"> <li>• 6 new TBS points-of-sale in Malaysia</li> <li>• 18 new TBS points-of-sale in Vietnam</li> <li>• 5 new TBS points-of-sale in Cambodia</li> </ul>				
<b>Total capital expenditure for TBS business</b>	<b>11,000</b>	<b>13,400</b>	<b>2,900</b>	<b>27,300</b>

## Notes:

- (1) Malaysia ("MY")  
(2) Vietnam ("VN")  
(3) Cambodia ("CM")

**(a) Office facility**

We plan to use approximately RM700,000 from our IPO proceeds within 12 months from the date of our Listing in expanding and upgrading our HQ in HCMC to cater for the expansion of our business operations in Vietnam. This will increase the capacity of our existing office by about 45.0%. This includes, among others, the cost of:

- setting-up training and conference facilities, audio and visual equipment as well as a tele-conferencing system;
- increasing the capacity of our office space by upgrading, renovating and setting-up the new and additional space to be rented within the existing building which are not currently occupied by the Company; and
- purchasing the required office furnitures and equipments.

**(b) Renovations of the existing TBS points-of-sale in Malaysia and Vietnam**

In the bricks and mortar retail space, customer shopping experience is essential in driving traffic to our points-of-sale and garnering customer loyalty. As part of our strategy to increase Same Store Sales Growth in Malaysia as well as to accelerate our growth in Vietnam, we plan to spend a total of RM8.4 million over the course of 36 months from the date of our Listing in renovating some of our existing points-of-sale in Malaysia and Vietnam. The breakdown of the capital expenditure allocated for the renovations are as shown below.

## 2. DETAILS OF OUR IPO (cont'd)

Country	Renovation cost per point-of-sale (RM'000)	Number of point-of-sale to be renovated	Total cost (RM'000)
Malaysia	400	15	6,000
Vietnam	400	6	2,400
	<b>Total</b>		<b>8,400</b>

The renovation is expected to cost approximately RM400,000 per point-of-sale based on our historical renovation cost. The historical average renovation cost is the best current estimation for the current cost. Should there be any material variances in the future with regards to the renovation costs as a result of inflation, the shortfalls will be covered by future internally generated funds by the Group.

The estimated cost includes among others, the cost of:

- purchasing and installing new fixtures, fittings, lighting and flooring;
- renovation works which include structural constructions and renovations, and design fees; and
- new merchandising and display tools.

**(c) IT network, infrastructure and website****TBS business in Malaysia and Vietnam**

In line with our plan to drive Same Store Sales Growth in Malaysia and to open up to 18 new points-of-sale in Vietnam, we plan to utilise approximately RM2.0 million and RM1.3 million of our IPO proceeds respectively to improve our IT network and capabilities for our TBS business operations in Malaysia and Vietnam. This includes, among others:

- the implementation of the Omnichannel strategy through the integration of a new mobile application, e-commerce platform, the ERP System and the business intelligence analytics software for our operations in Malaysia and Vietnam;
- the acquisition of a new ERP System to support our future growth for our operations in Malaysia and Vietnam;
- upgrading our HQ's IT equipment in Malaysia and Vietnam;
- upgrading the existing EPOS system of our points-of-sale in Malaysia and Vietnam;
- upgrading the network of our security systems in our points-of-sale in Malaysia and Vietnam; and
- installing digital screens, tablets and skincare consultation tools to enhance our customers' experience across our points-of-sale in Malaysia and Vietnam.

The above IT infrastructure will be acquired, developed and installed within 36 months from the date of our Listing.

## 2. DETAILS OF OUR IPO (cont'd)

### TBS business in Cambodia

We have set up a TBS website in Cambodia in November 2019 to accelerate our growth in Cambodia. We have allocated RM400,000 to finance the development cost of our e-commerce site as well as the acquisition and installation of the required IT infrastructure. The allocation above also includes the cost of rolling out IT hardware and software for our HQ and the TBS stores in Cambodia.

#### (d) Expansion of the number of TBS points-of-sale

As at the LPD, we have 89 TBS points-of sale in Malaysia, 34 points-of-sale in Vietnam and 1 point-of-sale in Cambodia. Over the course of 36 months after our Listing, we plan to spend approximately RM14.5 million from our IPO proceeds to open up to 29 new TBS points-of-sale across 3 markets in tandem with our business development plan. The breakdown of the expansion of the number of TBS points-of-sale are as shown in the table below.

Country	Cost of opening a new TBS point-of-sale (RM'000)	Number of new TBS point-of-sale to be opened	Total cost (RM'000)
Malaysia	500	6	3,000
Vietnam	500	18	9,000
Cambodia	500	5	2,500
<b>Total</b>		<b>29</b>	<b>14,500</b>

The historical average cost of setting-up a new TBS point-of-sale is approximately RM500,000. As such we have used this historical cost as a basis for the capital expenditure required to open up a new TBS point-of-sale. The historical average renovation cost is the best current estimation for the current cost. Should there be any material variances in the future with regards to the renovation costs as a result of inflation, the shortfalls will be covered by future internally generated funds by the Group. The capital expenditure of approximately RM500,000 per store covers, among others, payment of lease deposits, renovation costs, fixtures and fittings, merchandising and display tools, IT equipment and related hardware. Please refer to Sections 5.4.1, 5.4.2, and 5.4.3 of this Prospectus for further details of our future plans and strategies in relation to the TBS business.

#### (ii) The new Natura business

As part of our continuing plan to diversify and expand our business portfolio, we have identified an opportunity to introduce the Natura beauty brand in Malaysia. The Natura brand is under Natura Cosméticos S.A., a global beauty company which also owns the The Body Shop® and Aesop brands of personal care products worldwide. The Natura brand was founded in 1969 in Brazil. Natura Cosméticos S.A. is not only Brazil's leading beauty company, but is also present in 6 LATAM countries as well as the USA and France. Natura develops personal care products which combines Brazil's unique biodiversity with science and innovation, according to Natura's philosophy of "bem estar bem" ("well being well"), which is a concept of the harmonious relationship of oneself with his/her body, with others, and with nature.

## 2. DETAILS OF OUR IPO (cont'd)

Our new business venture for Natura is based on the Natura MOU and the Natura Supply Agreement. In collaboration with the Natura Cosméticos S.A. management team, we have finalised a business plan and have entered into the Natura MOU which is non-binding, to enable both parties to negotiate and enter into a definitive agreement that will establish our commercial relationship for the purpose of implementing the distribution and commercialisation of certain Natura products in Malaysia. On 28 November 2019, we entered into the Natura Supply Agreement to formalise the terms and conditions for the supply and distribution of the Natura products. Prior to signing of the definitive agreement(s), our exclusivity to sell the Natura products in Malaysia through the approved channels are based on the agreed principles for our commercial relationship with Natura in the Natura MOU. Please refer to Sections 5.15.4, and 13.5 of this Prospectus for further details of the Natura MOU and the Natura Supply Agreement. We have launched the Natura e-commerce website in August 2019 and opened a pop-up store in Sunway Pyramid in October 2019 to introduce and promote the brand to the Malaysian market.

We will be adopting an Omnichannel strategy heavily focused on Natura's business model of social commerce and e-commerce, which will be supported by a digital platform as well as physical stores for showrooming and raising awareness through customer experience. This will be the major point of differentiation for the introduction of this new brand into the beauty industry in Malaysia, and we believe that this venture will further cement our market share and leadership in the "naturals" segment.

As such, we have allocated a total of RM7.2 million from the IPO proceeds as capital expenditure to develop the new Natura business in Malaysia. The details of the capital expenditure allocated to the new Natura business are as shown below.

Details of Natura capital expenditure	RM'000
<b>(a) Office facility</b>	<b>900</b>
<ul style="list-style-type: none"> <li>• Expanding and upgrading of our HQ in Subang Jaya, Malaysia for the new Natura business</li> </ul>	
<b>(b) IT network, infrastructure and website</b>	<b>1,500</b>
<ul style="list-style-type: none"> <li>• Setting-up of a new IT infrastructure for the new Natura business in Malaysia</li> </ul>	
<b>(c) Expansion of the number of points-of-sale</b>	<b>4,800</b>
<ul style="list-style-type: none"> <li>• 6 new Natura points-of-sale in Malaysia</li> </ul>	
<b>Total capital expenditure for the new Natura business</b>	<b>7,200</b>

**2. DETAILS OF OUR IPO (cont'd)**

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**(a) Office facility**

We plan to use approximately RM0.9 million from our IPO proceeds within 48 months from the date of our Listing in expanding and upgrading our HQ in Subang Jaya, Malaysia for the purpose of developing the new Natura business in Malaysia. The capital expenditure required includes, among others, the cost of:

- setting-up training and conference facilities, audio and visual equipment as well as a tele-conferencing system;
- further expanding the office space in our existing HQ to cater for the further expansion of our HQ team in Malaysia for the new Natura business. The Natura business will have a designated office space within the same HQ building and address; and
- purchasing additional office furnitures and equipments.

**(b) IT network, infrastructure and website**

As part of our plan to develop the Natura brand in Malaysia, we plan to use RM1.5 million of the IPO proceeds to set-up the IT infrastructure for this new business which is targeted to complete by December 2020. This includes the cost of integrating the ERP with Natura's sales and commercial platform for e-commerce and social selling via a website and mobile application. We have installed an EPOS system for all the offline stores which will be integrated with the main ERP. In line with our business strategy to ensure quality customer experience, we plan to invest in a customer service solution to manage customer enquiries and feedbacks. Additionally, we will be purchasing a business intelligence analytics software to enable us to process big data and identify trends and customer preferences which will assist us in forming the right strategies for the new Natura business.

**(c) Expansion of the number of points-of-sale**

For the new Natura business in Malaysia, we plan to spend approximately RM4.8 million from our IPO proceeds to open up an average of 2 new points-of-sale per year, totalling up to 6 new points-of-sale in Malaysia within 36 months from the date of our Listing. As at the LPD, our Group has opened the first pop-up store in Sunway Pyramid in October 2019. The Group has also identified and is finalising other locations for the Natura points-of-sales.

The capital expenditure of approximately RM800,000 per store covers, among others, payment of lease deposits, renovation costs, fixtures and fittings, merchandising and display tools, IT equipment and related hardware. As the Natura points-of-sale are intended for product showcasing and retail sales, they require a bigger space which contribute to a higher capital expenditure.

## 2. DETAILS OF OUR IPO (cont'd)

### 2.8.2 Working capital

The working capital of RM3.8 million covers both the existing TBS business as well as the new Natura business. The details of the working capital for the TBS business and the new Natura business are as set out below:

#### (i) Working capital for the TBS business

	MY <sup>(1)</sup>	VN <sup>(2)</sup>	CM <sup>(3)</sup>	Total
Details of working capital	RM'000	RM'000	RM'000	RM'000
(a) Initial inventory financing	-	-	1,000	1,000
• 5 new TBS points-of-sale in Cambodia				
(b) Warehousing and logistic facilities	-	600	-	600
• Upgrading the current TBS warehousing and logistic facilities in Vietnam				
<b>Total working capital for TBS business</b>	<b>-</b>	<b>600</b>	<b>1,000</b>	<b>1,600</b>

#### Notes:

(1) Malaysia ("MY")

(2) Vietnam ("VN")

(3) Cambodia ("CM")

#### (a) Initial inventory financing

We have set aside a total of RM1.0 million of our IPO proceeds as working capital to finance the initial inventory required for the new TBS points-of-sale in Cambodia within 36 months from the date of our Listing. The breakdown of the expenditure allocated for the initial inventory required are as shown below.

Business/ Country	Initial inventory cost per store (RM'000)	Number of new point- of-sale	Total cost (RM'000)
TBS Cambodia	200	5	1,000
<b>Total</b>		<b>5</b>	<b>1,000</b>

#### (b) Warehousing and logistic facilities

##### Vietnam

In line with our expansion plan for the TBS business in Vietnam, we will need to expand our current warehousing and logistic facilities to cope with the future business as the existing facilities are currently working at full capacity and need to be upgraded to meet future growth in demand. The outsourcing of the additional warehousing and logistic facilities for the TBS business in Vietnam is estimated to cost RM0.6 million and it is expected to be operational within 36 months. We will procure the services of an experienced supply chain and logistics solution provider, through a request for proposal exercise.

## 2. DETAILS OF OUR IPO (cont'd)

(ii) **Working capital for the new Natura business in Malaysia**

<u>Details of working capital</u>	<u>RM'000</u>
(a) Initial inventory financing	1,200
<ul style="list-style-type: none"> <li>• 6 new Natura points-of-sale in Malaysia</li> </ul>	
(b) Warehousing and logistic facilities	1,000
<ul style="list-style-type: none"> <li>• Outsourcing of new warehousing and logistic facilities for the new Natura business in Malaysia</li> </ul>	
<b>Total working capital for the new Natura business</b>	<b><u>2,200</u></b>

**(a) Initial inventory financing**

In setting up the new Natura business in Malaysia, we plan to allocate RM1.2 million to finance the initial inventory required for the 6 new Natura points-of-sale and the warehousing facility which will be set-up within 36 months from the date of our Listing.

**(b) Warehousing and logistic facilities**

To cater for the long-term expansion of the Natura business, we will need to expand our current warehousing and logistic facilities through the outsourcing of the additional warehousing and logistics facilities for Natura. This is estimated to cost RM1.0 million and it is expected to be a continuous upgrading exercise within 36 months from the date of our Listing, in tandem with the growth of the business. We will engage the warehousing and distribution service provider for our TBS business under a separate contract to cater for the expansion of the Natura business.

This integrated end-to-end distribution centre will provide support for the entire supply chain from management of inbound logistics which includes shipment receiving, breakbulk, labelling and bundling, to outbound logistics including processing of replenishment and on-demand orders for both online and retail stores, and transportation to all points-of-sale as well as door-to-door delivery to our customers in Malaysia. Deliveries will be traced by a web-enabled tracking system, and the warehouse management system will be integrated with our ERP System and e-commerce as well as social commerce platforms to ensure the visibility of stock location at all time. In addition to improving inventory control, we also aim to enhance our supply chain efficiency with the new facilities.



## 2. DETAILS OF OUR IPO (cont'd)

### 2.8.3 New business development for Natura in Malaysia

Details of new business developments	RM'000
<b>Business development costs for Natura in Malaysia</b>	
• Marketing and launch events	5,700
<b>Total</b>	<b>5,700</b>

We intend to allocate approximately RM5.7 million from the IPO proceeds to develop the new Natura business in Malaysia within 36 months from the date of our Listing. The costs related to the development of the New Natura business are mainly in relation to the marketing expenses budgeted for the launch and introduction of the brand to the market. These include the cost of organising launch events, cost of printing catalogues and other promotional materials, cost of distributing the catalogues and samples and the cost of digital marketing.

Any proceeds earmarked for the new Natura business in Malaysia, if not utilised for any reason whatsoever, will be reallocated for the development of our TBS business in Malaysia, Vietnam and Cambodia. This includes the implementation of initiatives that can further grow the existing TBS business, for example, marketing investments to further augment the brand presence in these markets and training investments to further increase the skills and competencies of our employees.

### 2.8.4 Estimated Listing expenses

The estimated expenses and fees incidental to our Listing amounting to approximately RM6.4 million shall be borne by our Company, the details of which are as follows:

Expenses	RM'000
Professional fees	4,081
Brokerage, placement fees and underwriting commission	908
Printing of Prospectus and advertising fees	480
Issuing house	81
Fees to the authorities	595
Miscellaneous expenses and contingencies	225
<b>Total</b>	<b>6,370</b>

If the actual listing expenses are higher than the estimated amount as set out above, the deficit will be funded out of the portion from the IPO proceeds allocated for working capital. Conversely, if the actual listing expenses are lower than the estimated amount, the excess will be utilised for working capital purposes.

The financial impact of the use of our Listing proceeds from the Public Issue on our pro forma consolidated financial information is as set out in Section 11.11 of this Prospectus.

The proceeds of our IPO will be denominated in RM whilst the use of proceeds for our expansion and business development plans in both Vietnam and Cambodia are in VND and KHR and/or USD respectively. In the event the actual RM payment amount required as at the payment date is higher than the RM amount set out above due to movements in exchange rate, the deficit will be funded out of the amount allocated for working capital. However, if the actual RM amount required as at the payment date is lower than the RM amount set out above due to movements in exchange rate, the excess will be utilised for working capital.

## 2. DETAILS OF OUR IPO (cont'd)

The actual proceeds accruing to our Group will depend on the Institutional Price and the Final Retail Price. If the actual proceeds are lower than budgeted above, the proceeds allocated for working capital will be reduced accordingly.

Pending the use of proceeds from the Public Issue, we intend to place the proceeds (including accrued interest, if any) or the balance thereof in interest-bearing accounts, money market instruments and/or deposits.

The Offer for Sale is anticipated to raise gross proceeds of RM70.2 million which will accrue entirely to BluPlanet as the Selling Shareholder. All expenses such as placement and miscellaneous fees incurred pursuant to the Offer for Sale estimated at RM1.0 million shall be borne by BluPlanet.

### 2.9 Brokerage, underwriting commission and placement fees

#### 2.9.1 Brokerage

We will pay brokerage fees in respect of the Issue Shares at the rate of 1.0% on the Final Retail Price per Issue Share for successful applications which bear the stamps of participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House. The brokerage fees are subject to SST.

CIMB is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, any brokerage fees payable under the Institutional Offering will not be borne by us nor the Selling Shareholder.

#### 2.9.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, we will pay the managing underwriting commission and underwriting commission at the rate of 0.50% and 1.75% respectively, of the amount equal to the Retail Price multiplied by the number of Issue Shares underwritten pursuant to the Retail Offering. The managing underwriting commission and underwriting commission are subject to SST.

#### 2.9.3 Placement fee

We will pay CIMB, our Sole Bookrunner a placement fee at the rate of 1.40% of the amount equal to the Institutional Price multiplied by the number of Issue Shares sold to Malaysian and foreign institutional and selected investors including Bumiputera investors approved by MITI pursuant to the Institutional Offering. The placement fees are subject to SST.

The Selling Shareholder will pay CIMB a placement fee and selling commission at the rate of 1.40% of the amount equal to the Institutional Price multiplied by the Offer Shares sold to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by MITI pursuant to the Institutional Offering. The placement fees are subject to SST.

## 2. DETAILS OF OUR IPO *(cont'd)*

### 2.10 Details of the underwriting, placement and lock-up arrangements

#### 2.10.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Joint Underwriters to underwrite 16,131,500 Issue Shares under the Retail Offering as set out in Sections 2.3.2(i) and 2.3.2(ii) of this Prospectus, subject to the clawback and reallocation provisions as set out in Section 2.3.3 of this Prospectus.

The salient terms of the Retail Underwriting Agreement are as follows:

- (i) The obligations of the Managing Underwriter and Joint Underwriters under the Retail Underwriting Agreement are conditional on certain conditions precedent being satisfied or fulfilled;
  - (ii) the Managing Underwriter (for and on behalf of the Joint Underwriters) may by notice to our Company given at any time before the date of Listing, terminate, cancel and withdraw the underwriting commitment if:
    - (a) there is a breach by our Company of any of our obligations or any of the warranties or undertakings under the Retail Underwriting Agreement in any respect;
    - (b) any of the Franchise Agreements or the Framework Franchise Agreement having been terminated or not being renewed or threatened to be terminated or not renewed;
    - (c) our Company withholds any information from the Managing Underwriter and the Joint Underwriters, which, in the opinion of the Managing Underwriter and Joint Underwriters, would have or is likely to have any change, effect, event or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on:
      - (aa) the condition (financial or otherwise), general affairs, business, assets, liquidity, liabilities, prospects, properties or results of operations of our Company and the Group, whether individually or taken as a whole, and whether or not arising in the ordinary course of business;
      - (bb) the ability of our Company and/or the Selling Shareholder to perform in any respect its or their obligations under or with respect to, or to consummate the transactions contemplated by this Prospectus, the Placement Agreement or the Retail Underwriting Agreement;
      - (cc) the ability of our Company or any of our Subsidiaries to conduct its businesses and to own or lease its assets and properties as described in this Prospectus; or
      - (dd) the IPO.
- ("Material Adverse Effect");**

## 2. DETAILS OF OUR IPO (cont'd)

- (d) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Managing Underwriter and the Joint Underwriters by reason of Force Majeure (as defined below) which would have or can be expected to have a Material Adverse Effect on the success of the IPO or which would have or is likely to have the effect of making any material obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes which are unpredictable and beyond the reasonable control of the party claiming Force Majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:
- (aa) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
  - (bb) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power; or
  - (cc) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God;
- (e) there shall have occurred any government requisition or other events whatsoever which would have or is likely to have a Material Adverse Effect on the business, operations, financial condition or prospects of our Group or the success of the IPO;
- (f) there shall have occurred any change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Managing Underwriter would have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
- (aa) on or after the date of the Retail Underwriting Agreement; and
  - (bb) on or prior to the Settlement Date (being the latest date the Joint Underwriters apply for and remit subscription monies for the unsubscribed underwritten Issue Shares under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement),

lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

**2. DETAILS OF OUR IPO (cont'd)**

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- (g) trading of all securities on Bursa Securities has been suspended or other form of general restriction in trading in securities is imposed for 3 consecutive Market Days or more;
- (h) there shall have announced or carried into force any new law or change in law in any jurisdiction which in the opinion of the Managing Underwriter and the Joint Underwriters may prejudice the success of the IPO or the Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer the Shares or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (i) the Institutional Offering and/or the Retail Offering is stopped or delayed by our Company or any regulatory authorities for any reason whatsoever (unless such delay has been approved by the Managing Underwriter and the Joint Underwriters);
- (j) the last date and time for applications and payment for the Issue Shares under the Retail Offering in accordance with this Prospectus and the Application Forms, including any extensions thereof in accordance with the Retail Underwriting Agreement ("**Closing Date**"), does not occur within 15 days from the issuance date of this Prospectus or such other extended date as may be agreed in writing by the Managing Underwriter (the agreement of which should not be unreasonably withheld);
- (k) the Listing does not take place by 25 February 2020 or such other extended date as may be agreed in writing by the Managing Underwriter (the agreement of which should not be unreasonably withheld);
- (l) any commencement of legal proceedings or action against any member of our Group or any of their directors which, in the opinion of the Managing Underwriter and the Joint Underwriters would have or is likely to have a Material Adverse Effect or make it impracticable to enforce contracts to allot and/or transfer the Shares;
- (m) the Placement Agreement shall have been terminated or rescinded in accordance with its terms;
- (n) any of the following approvals is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented (unless such variation or supplement is minor or is made to ensure consistency with the scheme for our Listing, or is made with the approval of the Managing Underwriter acting on the Joint Underwriters' behalf):
  - (aa) approvals of our Board and (where applicable) shareholders approving among others, the IPO and the Listing and the transactions contemplated by each of the same, the execution of the Retail Underwriting Agreement and authorising such person as the Board may resolve to execute the Retail Underwriting Agreement, the issue and allotment of the IPO Shares under the IPO, the issuance of this Prospectus, remaining in full force and effect as at the Closing Date and none having been rescinded, revoked or varied; or

## 2. DETAILS OF OUR IPO *(cont'd)*

- (bb) all approvals required in relation to the IPO, the Admission and the Listing, including but not limited to approvals from the SC, Bursa Securities and MITI having been obtained on terms and conditions acceptable to the Joint Underwriters and remaining in full force and effect and none have been amended, withdrawn, revoked, suspended or terminated or lapsed, and a certified true copy of each of such approvals having been provided to the Managing Underwriter, on behalf of the Joint Underwriters and all conditions to such approvals (except for any conditions which can only be complied with on or after Closing Date) shall have been complied with;
- (o) any material statements contained in this Prospectus and the Application Forms has become or been discovered to be untrue, inaccurate or misleading in any respect; or
- (p) any other event in which a Material Adverse Effect has occurred or which in the opinion of the Managing Underwriter is reasonably likely to occur.

### 2.10.2 Placement

Our Company and the Selling Shareholder expect to enter into the Placement Agreement with the Sole Bookrunner in relation to the placement of 103,200,000 Offer Shares and 57,942,500 Issues Shares under the Institutional Offering, subject to the clawback and reallocation provisions set out in Section 2.3.3 of this Prospectus. Our Company and the Selling Shareholder will be requested to give various representations, warranties and undertakings, and to indemnify the Sole Bookrunner against certain liabilities in relation to the IPO.

### 2.10.3 Lock-up arrangements

#### Lock-up letter by our Company

In connection with the Placement Agreement, we expect to agree, subject to certain exceptions, that a lock-up letter will be issued to the Sole Bookrunner agreeing that, for a period beginning on the date of the lock-up letter and ending on, and including, the date that is 6 months after the date of the Admission, we will not, without the prior written consent of the Sole Bookrunner directly or indirectly:

- (a) issue, allot, sell, offer to sell, contract or agree to sell, grant any option or right to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, conditionally or unconditionally any Shares or any other securities of our Company that are substantially similar to the Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for the Shares, or any warrants or other rights to purchase or subscribe, the foregoing whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge, derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of our Company that are substantially similar to the Shares, or any securities convertible into or exchangeable or exercisable for the Shares, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

## 2. DETAILS OF OUR IPO *(cont'd)*

- (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities; or
- (d) publicly announce an intention to effect any transaction specified in paragraph (a), (b) or (c) above.

except, in all cases, pursuant to the IPO.

### Lock-up letters by the Promoters

In connection with the Placement Agreement, the Selling Shareholder, together with Etheco, Primarium and Pelagos will issue a lock-up letter to the Sole Bookrunner agreeing that, for a period beginning on the date of the lock-up letter and ending on, and including, the date that is 6 months after the date of the Admission, each of them will not, without the prior written consent of the Sole Bookrunner directly or indirectly:

- (a) sell, offer to sell, contract or agree to sell, hypothecate, pledge, mortgage, charge, assign, grant any option or right to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, conditionally or unconditionally any Shares or any other securities of our Company that are substantially similar to the Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for the Shares, or any warrants or other rights to purchase or subscribe, the foregoing whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge, derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of our Company that are substantially similar to the Shares, or any securities convertible into or exchangeable or exercisable for the Shares, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities; or
- (d) publicly announce an intention to effect any transaction specified in (a), (b) or (c) above,

except, in all cases, pursuant to the IPO.

## 2. DETAILS OF OUR IPO (cont'd)

Our other Promoters, namely, Datin Mina, Dato' Simon, Dexter Foong and Daryl Foong will also issue similar lock-up letters to the Sole Bookrunner agreeing that, for a period beginning on the date of the lock-up letter and ending on, and including, the date that is 6 months after the date of the Admission, each of them will not, without the prior written consent of the Sole Bookrunner directly or indirectly:

- (a) sell, offer to sell, contract or agree to sell, grant any option or right to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, conditionally or unconditionally any shares held by all or any of us in Etheco, BluPlanet, Pelagos and Primarium (collectively, the "**Direct Shareholders**") or any other securities of the Direct Shareholders that are substantially similar to such shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for such shares, or any warrants or other rights to purchase or subscribe, the foregoing whether any such transaction is to be settled by delivery of such shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge, derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the shares in the Direct Shareholders or any other securities of the Direct Shareholders that are substantially similar to such shares, or any securities convertible into or exchangeable or exercisable for such shares, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of such shares or such other securities, in cash or otherwise;
- (c) deposit any shares in the Direct Shareholders (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, such shares) in any depository receipt facilities; or
- (d) publicly announce an intention to effect any transaction specified in paragraph (a), (b) or (c) above,

except, in all cases, pursuant to the IPO.

### 2.11 Trading and settlement in secondary market

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to their respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.



**2. DETAILS OF OUR IPO** *(cont'd)*

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Shares held in CDS accounts may not be withdrawn from the CDS except in the circumstances set out in the rules of Bursa Depository, which include the following:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of non-equity securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares shall trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place 3 Market Days following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities about 10 Market Days after the close of the Retail Offering. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfers to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, AND KEY SENIOR MANAGEMENT

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#### 3.1 Directors

##### 3.1.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (i) promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- (ii) reviewing, challenging and deciding on the management's proposals for the Company, which include its annual corporate plan (comprising among others our overall corporate strategy, marketing plans, financial plans and budgets) and monitoring its implementation by management;
- (iii) ensuring that the strategic plan of the Company supports long-term value creation including strategies on economic, environmental and social considerations underpinning sustainability;
- (iv) supervising and assessing management performance to determine whether the business is being properly managed;
- (v) reviewing the adequacy and effectiveness of the management of information and ensuring there is a sound framework for internal controls and risk management;
- (vi) identifying and understanding the principal risks of the Company's business and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;
- (vii) setting the risk appetite within which the Board expects management to operate and ensuring that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (viii) ensuring that senior management has the necessary skills and experience, and there are measures and appropriate policies for training, appointment and performance monitoring of management positions in place to provide for the orderly succession of Board and senior management;
- (ix) ensuring that the Company has in place policies and procedures to enable effective communication with stakeholders; and
- (x) ensuring the integrity of the Company's financial and non-financial reporting.

TBSI has made it a term of the Franchise Framework Agreement that our Board must include Dato' Simon (and his alternate, Daryl Foong), Datin Mina, and executive directors nominated and appointed by Dato' Simon and Datin Mina ("**Selected Directors**"). Collectively, Dato' Simon (and his alternate, Daryl Foong), Datin Mina and the Selected Directors must comprise of a majority of the directors on our Board ("**Board Condition**"). This is to enable TBSI to ensure that our TBS business continues to be built on the same values and belief that we presently share with TBSI. Please see Section 5.1.2 of this Prospectus for more details of our values.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

As such, unless this Board Condition is waived by our Franchisor, our Company will not be able to adopt the recommendation of Paragraph 4.1 under the Principle A of the Malaysian Code on Corporate Governance (“MCCG”) which states that for companies listed on Bursa Securities with a market capitalisation below RM2.0 billion, at least half of the board should comprise independent directors and for listed companies with a market capitalisation of RM2.0 billion or more (“Large Company”), the board should comprise of a majority independent directors. Our Board will also provide a statement on the extent of compliance with the MCCG in our first annual report as a listed entity.

Notwithstanding the above, we are in compliance with the Listing Requirements which requires that at least 1/3 of our Board or at least 2 of our Directors comprises independent directors. We have also appointed Dato’ Maznah, as our Senior Independent Non-Executive Director to monitor and strengthen the governance of our Company. She is an experienced independent director who has sat on multiple listed company boards for over 2 decades. Please refer to Section 3.1.2 of this Prospectus for Dato’ Maznah’s profile. In addition, although we are not deemed as a Large Company under the MCCG, our Board comprises 80.0% women, which exceeds the recommendation for at least 30.0% women directors for a Large Company pursuant to Paragraph 4.5 of the Guidance under Principle A of the MCCG. Our Board is committed to achieving and sustaining high standards of corporate governance.

Although currently the members of Nominating and Remuneration Committee and Audit and Risk Management Committee are the same, there are various assessment methods in place to ensure effective evaluation of the Audit and Risk Management Committee by the Nominating and Remuneration Committee, such as self-evaluation, peer evaluation, committee evaluation as a whole, and when necessary, the Nominating and Remuneration Committee may also escalate any matters to our Board.

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

Name	Age	Nationality	Designation	Date of appointment as Director	Date of expiration of the current term of office	No. of years and months in office (Approximate)
Dato’ Simon	65	Malaysian	Non-Independent Non-Executive Chairman	21.10.1994	Subject to retirement at the AGM in year 2020	25 years and 2 months
Datin Mina	59	Malaysian	Non-Independent Executive Director / Managing Director	21.10.1994	Subject to retirement at the AGM in year 2020	25 years and 2 months
Molly Fong	48	Malaysian	Non-Independent Executive Director / CEO	27.02.2019	Not subject to retirement at the AGM in year 2020	10 months

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

Name	Age	Nationality	Designation	Date of appointment as Director	Date of expiration of the current term of office	No. of years and months in office (Approximate)
Dato' Maznah	66	Malaysian	Senior Independent Non-Executive Director	27.02.2019	Not subject to retirement at the AGM in year 2020	10 months
Tengku Zata Shah	46	Malaysian	Independent Non-Executive Director	27.02.2019	Not subject to retirement at the AGM in year 2020	10 months
Daryl Foong (Alternate to Dato' Simon)	33	Malaysian	Non-Independent Non-Executive Director	27.02.2019	Not subject to retirement at the AGM in year 2020	10 months

According to Clause 106(1) of our Constitution, an election of Directors shall take place each year at an annual general meeting. At each annual general meeting, any Director appointed during the year and 1/3 of the other Directors for the time being, or if the number is not a multiple of 3, then the number nearest to 1/3 with a minimum of 1 shall retire from office and an election of Directors shall take place provided always that each Director shall retire from office once at least in every 3 years. A retiring Director shall retain office until the close of the meeting at which he retires. All Directors who retire from office shall be eligible for re-election according to Clauses 99 and 107 of our Constitution.

None of our Directors are representatives of any corporate shareholders.

For details on the associations of family relationship between our Promoters, Directors and Key Senior Management, please refer to Section 3.6 of this Prospectus.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

#### 3.1.2 Our Directors' Profile

**Dato' Simon** is our Non-Independent Non-Executive Chairman. He is also our Promoter and Substantial Shareholder.

Dato' Simon holds a Bachelor of Arts (Honours) degree in Business Studies, from Ulster Polytechnic, now part of Ulster University, United Kingdom, obtained in 1981. He also completed the Senior Management Development Program by Harvard Business School Alumni Club of Malaysia in 1994.

Dato' Simon is an entrepreneur with more than 30 years of business experience in the telecommunications, personal computers, personal care and lifestyle, and tourism related businesses.

Dato' Simon began his career with PMI Compex EDP (M) Sdn Bhd, a company involved in the distribution of Apple computers, where he was a Marketing Manager from 1982 to 1983. In 1984, he joined Jurudata Sdn Bhd as their Sales and Marketing Manager where he was responsible for the sales and marketing of computer equipment and other related services before leaving in 1991 to join Komtel Sdn Bhd ("**Komtel**") as its General Manager in charge of the management of business operations, dealership and expansion of its business.

In 1994, he left Komtel and in 1995, he took on the role of director at Rampai-Niaga, where he was responsible for the overall direction of the franchise business, a position he held until 2003. After Rampai-Niaga was disposed to Kejora Harta, a company then involved in investment holding and property development, Dato' Simon served as an Executive Director of Kejora Harta where he provided the overall direction for the development and expansion of Rampai-Niaga's franchise business from January 2004 until September 2006. Dato' Simon was also re-appointed as a director of Rampai-Niaga in November 2004. In November 2006 when Kejora Harta disposed its shares in Rampai-Niaga to our Company, Dato' Simon left his position at Kejora Harta and resumed his role as a director of Rampai-Niaga until to-date.

In April 2004, Dato' Simon also joined Aquawalk Sdn Bhd ("**Aquawalk**"), a turnkey aquarium construction, operation and management specialist company as a director, before taking on the role as their Group Managing Director in October 2006. In 2016, he was appointed as the Chairman and CEO of Aquawalk, a position he still holds currently. Aquawalk currently owns and operates Aquaria Kuala Lumpur City Centre, and Aquaria Phuket, Thailand. From February 2017 to April 2019, Dato' Simon was appointed as President Commissioner of PT Jakarta Akuarium Indonesia, where he was responsible for the supervision and provision of strategic oversight and consultancy to the board of directors of the company. In 2010, Dato' Simon took on the role as the co-founder and Group Managing Director of the Senja Aman Holdings Sdn Bhd group of companies ("**Senja Aman Group**"), a position he still holds currently. The Senja Aman Group is principally involved in property development and is currently developing a luxury wellness resort and hotel complex in Penang.

Dato' Simon served as a committee member for the Cosmetic, Toiletry and Fragrance Association of Malaysia from 1996 to 1997. He also served as the Vice Chairman and Trustee of the PT Foundation (previously known as Pink Triangle Sdn Bhd), a community-based, voluntary non-profit making organisation providing HIV/AIDS education, prevention, care and support programmes, sexual health awareness and empowerment programmes for vulnerable communities in Malaysia, from 2002 to 2014. He was elected as the President of the Malaysian Association of Amusement Themepark and Family Attractions in April 2015, an office he held till April 2019.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

He also served on the Advisory Board of Kuala Lumpur Tourism Bureau from 2015 to 2018. Dato' Simon was awarded Tatler's Diamond of Excellence award by Malaysia Tatler in December 2018 to recognise the positive impact he made in the country's retail and tourism industry and his efforts in helping to elevating the industry standards over the years.

He is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 3.1.4 of this Prospectus.

**Datin Mina**, is our Founder, Non-Independent Executive Director and Managing Director. She is also our Promoter and Substantial Shareholder.

Datin Mina obtained her Bachelor of Science (Honours) degree in Computational Science and Management Studies from University of Leeds, UK in 1982.

Datin Mina has more than 30 years of experience, both in retail as well as the cosmetics and toiletries industry. She is instrumental in providing strategic vision and growth strategies to our Group as well as ensuring the successful implementation of our Group's strategy and growth plans. Upon her return to Malaysia in 1982, she worked at Hewlett Packard from 1983 to 1984 as a Systems Engineer before starting the TBS franchise business in West Malaysia when she opened the first TBS point-of-sale in December 1984. Since then she has grown our Group from a single store to a multi-million ringgit business with a total of 89 points-of-sale in Malaysia, 34 points-of-sale in Vietnam and 1 point-of-sale in Cambodia, as at the LPD. She will continue to actively shape the strategic direction and development of our Group's business and promote the Group's values on environment, human rights and women's rights. Datin Mina was a member of the Board of Trustees of the Malaysian AIDS Foundation from 2000 to 2012 and held the position of Honorary Secretary from 2006 until 2012. She was invited to participate in the Malaysian Government Transformation Programme in 2012 and became the Laboratory Leader who was instrumental in developing the National Key Economic Areas for Wholesale and Retail. As at the LPD, Datin Mina serves as Honorary Auditor for the Bukit Bintang Kuala Lumpur City Center Tourism Association, a position she has held since 2017, where she is responsible for overseeing the financial statements prepared by the auditors.

Datin Mina accepted the Prime Minister's Corporate Social Responsibility Award on behalf of Rampai-Niaga in 2007 for its outstanding work in the small company category and again in 2009 for the contributions made towards the empowerment of women. In 2014, Forbes named Datin Mina as one of its 'Heroes of Philanthropy'. More recently, her contributions were again recognised when she was honoured with the Patron's award at the Malaysian AIDS Foundation Tun Dr Siti Hasmah Award 2018 for her dedicated long service with the Malaysian AIDS Foundation. Her corporate philosophy of active citizenship and community care is evident in the campaigns that our Group has initiated and it exemplifies her belief of "business as a force for good".

In the last 10 years, Datin Mina has climbed to Base Camp Everest, summited Mount Kilimanjaro, trekked along the Kalahari Desert and rafted through 41 rapids on the Zambesi River. These achievements demonstrate Datin Mina's entrepreneurial character in taking up new challenges, and steadfast leadership of our Group.

She is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 3.1.4 of this Prospectus.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

**Molly Fong**, is our Non-Independent Executive Director and CEO.

Molly Fong obtained her General Certificate of Education Advanced Level in 1990 and subsequently she pursued the Institute of Chartered Secretaries and Administrators (“**ICSA**”) programme and was admitted to the ICSA in 1999. She also obtained a Master of Business Administration degree from The University of Nottingham, UK, in 2013 which she pursued on a part-time basis while acting as the CEO of Rampai-Niaga. She was named the University of Nottingham - Malaysia Campus 2013 “Alumnus of the Year” at the Alumni Laureate Award ceremony held in Kuala Lumpur in 2013.

Molly Fong has been with our Group since 1995 and is responsible for the overall strategic direction and management of the business operations for Malaysia, Vietnam and Cambodia and other regions which the Group may operate in the future.

She started her career with Prosell Sdn Bhd, a below-the-line advertising agency as an Administration Executive in 1992. She left Prosell Sdn Bhd in 1995 to join Rampai-Niaga as a Communications Executive. From 1995 to 2003, she worked in various departments within Rampai-Niaga, from marketing and commercial, brand management, visual merchandising and store development, retail operations and sales management, to business development and was promoted as our General Manager in 2003. Molly Fong led the team in starting up operations in Vietnam in 2009. She was appointed as the CEO of Rampai-Niaga in 2011, and in January 2019, she was appointed in her current role as our CEO.

Throughout her tenure with our Group, Molly Fong’s passion for TBS brand values and her belief in “profits with principles” remain steadfast. She continues to ensure that positive social and environmental change remains high on the agenda of our Group.

**Dato’ Maznah** is our Senior Independent Non-Executive Director. Her role as the Senior Independent Non-Executive Director of InNature as stated in the Company’s Board charter would include, acting as a sounding board for the Chairman as well as the point of contact between the Independent Directors and the Chairman on sensitive issues. She will also be the focal point for the Board members for any concerns regarding the Chairman or the relationship between the Chairman, the Managing Director and the Chief Executive Officer; and acting as a designated contact to whom shareholders’ concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders.

She graduated with a Bachelor of Science in Business Administration from the Northern Illinois University, United States of America (USA) in 1977, and a Masters of Science in Business Administration (Finance) from the Central Michigan University, USA in 1979.

Dato’ Maznah began her career in Amanah Merchant Bank Berhad in October 1979 where she spent 13 years as an officer in corporate banking and project financing and later a manager in the corporate finance department. She left Amanah Merchant Bank Berhad in 1992 to join Master Carriage (Malaysia) Sdn Bhd (“**Master Carriage**”), an investment company holding subsidiaries which are involved in the distribution of motor vehicles, where she was employed as the Executive Director of Corporate Affairs from 1992 to 1995. In June 1992, she was also appointed as a director of Diversified Resources Berhad (“**DRB**”) (now known as DRB-HICOM Berhad (“**DRB-HICOM**”) and she held the directorship until July 2005.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

In November 1996, Dato Maznah was appointed as the Senior Group Director of DRB, where amongst others, she was involved in the take-over of HICOM Holdings Bhd (“**HICOM**”) by the shareholders of Master Carriage. Upon the completion of the take-over, Dato’ Maznah was transferred to HICOM as the Vice President in 1997 and later in 1998, she commenced her executive role as an Executive Director of DRB-HICOM, being the restructured entity, and was in charge of corporate finance and corporate advisory related activities until July 2005.

She left DRB-HICOM to serve on the board of UOB Bank (Malaysia) Berhad from September 2006 to March 2007. Thereafter she joined Hong Leong Financial Group Berhad as the Head, Corporate Finance and Principal Investment from 2007 to 2008. She then moved to Kenanga Investment Bank Berhad in 2009 as the Executive Vice President, Corporate Finance Advisory.

In 2011, she left Kenanga Investment Bank Berhad to join SCS Global Advisory (M) Sdn Bhd (formerly known as Moore Stephens AC Advisory Sdn Bhd) as the Chairman, a position she holds till to-date. In 2012, she joined Sona Petroleum Berhad (a special purpose acquisition company which is now dissolved) as the Executive Director and Chief Financial Officer up till dissolution of the company in April 2019.

Dato’ Maznah was formerly a Chairman of Uni. Asia General Insurance Berhad (now known as Liberty Insurance Berhad) group of companies and Uni. Asia Life Assurance Berhad (now known as Gibraltar BSN Life Berhad). In the past, Dato’ Maznah had served on the boards of Edaran Otomobil Nasional Berhad, EON Capital Berhad (now known as Amity Bond Sdn Bhd), EON Bank Berhad (now Promino Sdn Bhd), Gadek (Malaysia) Berhad, HICOM Holdings Berhad, Horsedale Development Berhad, Labuan Reinsurance (L) Ltd and Malaysian International Merchant Bankers Berhad (now Hong Leong Investment Bank Berhad). She was also formerly a Director of Universiti Teknologi Mara from 1996 to 2016. From 2012, she was appointed as an Independent Non-Executive Director and retired as Independent Non-Executive Chairman of Prestariang Berhad in November 2019. She was also a member of the Board of Governors of University Malaysia of Computer Science & Engineering, a wholly-owned subsidiary of Prestariang Berhad from May 2017 until November 2019.

Dato’ Maznah was a member of the Board of Trustees and Honorary Treasurer of the Malaysian AIDS Foundation from 1996 to 2018. In 2018, she received the patron’s long service award at the Malaysian AIDS Foundation Tun Dr Siti Hasmah Award for her contributions. Dato’ Maznah is also a member of the Asian Strategy & Leadership Institute (“**ASLI**”) since 1993, and a member of the Corporate Malaysian Roundtable, ASLI. In December 2019, Dato’ Maznah was also appointed as a director of Yayasan Felcra, which is a foundation set up by Felcra Berhad to carry out welfare and educational activities for benefit of Felcra Berhad employees.

As at the LPD, Dato’ Maznah is a non-executive board member of Felcra Berhad, Lembaga Tabung Angkatan Tentera and an Independent Non-Executive Director of Opus Asset Management Sdn Bhd. She is also currently an Independent Non-Executive Director of Pavilion Real Estate Investment Trust, Non-Independent Non-Executive Director of Boustead Heavy Industries Corporation Berhad, and Independent Non-Executive Director of Malayan Flour Mills Berhad.

Dato’ Maznah also chairs the board of several Felcra Berhad private limited subsidiaries and is a director of various other private limited companies in Malaysia, details of which are as set out in Section 3.1.4 of this Prospectus.



### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

**Tengku Zatashah**, is our Independent Non-Executive Director.

Tengku Zatashah graduated with a Bachelor of Arts (Honours) degree in Spanish with French Studies from Middlesex University, UK in June 1997, and subsequently she obtained the Certificate of Language and French Civilisation from Sorbonne University, Paris, France in December 2001. Tengku Zatashah then obtained a Master's degree in International Relations and Diplomacy and graduated Magna Cum Laude from the American Graduate School in Paris, France in 2007. She completed the Women Directorship Programme organised by the NAM Institute for the Empowerment of Women Malaysia, an institution under the purview of the Ministry of Women, Family and Community Development of Malaysia in 2013. In March 2014, she completed the Finance for Executives Programme from INSEAD Business School in Singapore.

Tengku Zatashah started her career as an Accounts Executive Trainee in BDDP Barcelona, an advertising agency in Barcelona, Spain in 1995. In 1996, she moved to the United Kingdom to join Ascott Hotel in London for a Front Desk Management role until 1997. After leaving Ascott Hotel in 1997, she took a career break until 2001. In 2001, she returned to Malaysia and joined the New Straits Times, Malaysia, as a feature journalist from 2001 to 2003. Tengku Zatashah subsequently moved to Paris, France in 2004 and served until 2009 as the International Corporate Communications Manager of L'Oréal SA at its headquarters in Paris, France.

In 2009, she left L'Oreal SA and co-founded Originalo Sdn Bhd, a leisure travel gift box company with partners in leisure, hospitality and food and beverages in Malaysia and served as the Managing Director until 2014. From 2009 to May 2014, she was also a contributing columnist for The Edge, Malaysia in its "Princess @work" column, as well as The Peak Malaysia in its "Jetsetter" and "Design Diary" columns.

She has been the Chairperson of Light Cibles Sdn Bhd, an international lighting design consultancy firm since November 2012 and a Senior Advisor of Klareco Communications (formerly Bell Pottinger Malaysia), a regional communications agency since 2015, both positions of which she holds till to-date.

She is presently the President of Alliance Francaise de Kuala Lumpur, a position she has held since June 2012. She has also been the Royal Patron to Make-A-Wish Malaysia, a not-for-profit charity that grants wishes to children with critical illnesses, since 2015. She is a member of Board of Trustee for the Selangor Youth Community (SAY) since 2017, a non-governmental organisation created by the Crown Prince of Selangor (Raja Muda Selangor) to foster interest and increase participation of Selangor youth through community-based initiatives, cultivate youth leadership, and create a sustainable ecosystem for the youth; a member of Board of Trustee for Yayasan Raja Muda Selangor since 2018, a non-governmental organisation set up to facilitate and encourage youth development (between 18 to 29 years of age) via counselling services, basic financial aid, training and mentoring; as well as a member of Board of Trustee for Yayasan Food Bank Malaysia since its formation in 2019, a foundation launched by the Government of Malaysia with the aim to catalyze the Government's efforts to reduce food waste and channel aid to the needy groups as well as addressing issues of rising cost of living of the people. In addition, she is also serving as the founding member of the Foundation Board of The Alice Smith School Foundation from 2019.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

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In 2017, Tengku Zatashah was awarded France's highest award Legion d'Honneur, as Chevalier Legion d'Honneur (Knight of the Legion of Honour) signifying recognition from the French government for her important role played as the President of Alliance Francaise de Kuala Lumpur. In Malaysia, she was awarded Ikon Wanita (Woman Icon) in the Year of Women Empowerment 2018 campaign launched by the Ministry of Women, Family and Community Development, Malaysia.

She also holds directorships in various other private limited companies in Malaysia, details of which are as set out in Section 3.1.4 of this Prospectus.

**Daryl Foong** is our Non-Executive Non-Independent Director and alternate director to Dato' Simon.

Daryl Foong holds a Bachelor's degree in Marketing from RMIT University, Australia, awarded in December 2009.

He began his career as a Public Relations Executive in RAPR Mileage Communications Sdn Bhd in November 2009 where he was responsible for public and media relations client servicing. Subsequently, he left to join L'Oréal Malaysia Sdn Bhd ("**L'Oréal Malaysia**") as Product Executive in 2010. During his tenure in L'Oréal Malaysia, he assisted in the overall management of the L'Oréal Paris Men Expert brand skincare line, and was responsible for the above-the-line and below-the-line production, marketing, advertising and promotion setting, business analysis and strategic planning, public and media relations as well as customer presentations of the L'Oreal Paris Men Expert brand. In 2012, he left L'Oréal Malaysia to join Rampai-Niaga as Marketing Manager. In January 2015, he was promoted as the Digital and Loyalty Manager. In this role, he was involved in implementing and managing our CRM loyalty programme, online store, our brand social media activities, public relations, and advertising campaigns across all platforms. He was subsequently re-designated as Rampai-Niaga's Business Development Manager in September 2015 and his portfolio expanded to include identifying and establishing new profitable business locations, managing the company's exit from unprofitable locations, managing rental renewals, maintaining a working relationship with the landlords and mall management, maintaining and managing the leasing process, and overseeing leasing budget and store profitability.

In 2016, Daryl Foong left Rampai-Niaga to join Aquawalk as the Head of Sales and Marketing Department overseeing the company's Education, Visual, and Creative departments. He was promoted as the General Manager in April 2018 and in April 2019, he was appointed to his current position as an Executive Director of Aquawalk. He is responsible for overseeing Aquawalk's overall business activities and financial performances.

Daryl Foong has approximately 10 years of experience working in the fast-moving consumer goods, retail and entertainment industries.

He is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 3.1.4 of this Prospectus.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

#### 3.1.3 Shareholdings of our Directors in our Company

The shareholdings of our Directors in our Company as at the date of this Prospectus and after our IPO are as follows:

Name	As at the date of this Prospectus				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Simon	-	-	610,628,544 <sup>(2)</sup>	96.65	-	-	507,428,544 <sup>(2)</sup>	71.89
Datin Mina	-	-	631,807,488 <sup>(3)</sup>	100.00	-	-	528,607,488 <sup>(3)</sup>	74.89
Molly Fong	-	-	-	-	150,000 <sup>(1)</sup>	0.02	-	-
Dato' Maznah	-	-	-	-	400,000 <sup>(1)</sup>	0.06	-	-
Tengku Zata Shah	-	-	-	-	100,000 <sup>(1)</sup>	0.01	-	-
Daryl Foong	-	-	21,178,944 <sup>(4)</sup>	3.35	-	-	21,178,944 <sup>(4)</sup>	3.00

#### Notes:

- (1) Assuming that she fully subscribes for the Pink Form Shares allocated to her. Notwithstanding the subscription for the Issue Shares under the IPO for our Directors, our Directors may subscribe for Issue Shares under the Retail Offering.
- (2) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.0% in Etheco, BluPlanet, and Primarium respectively; and by virtue of Section 59(11)(c) of the Act, through his son Dexter Foong's indirect shareholdings in InNature via Primarium.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through her shareholdings of more than 20.0% in Etheco, BluPlanet, and Pelagos respectively; and by virtue of Section 59(11)(c) of the Act, through her son Dexter Foong's indirect shareholdings in InNature via Primarium.
- (4) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.0% in Pelagos.

#### 3.1.4 Principal business activities performed outside of our Group

The principal business activities outside of our Group performed by our Directors as at the LPD and the principal directorships in companies outside of our Group held by our Directors within the past 5 years up to the LPD are as follows:

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Dato' Simon	<i>Directorships as at the LPD:</i> <ul style="list-style-type: none"> <li>• BluPlanet (Appointed on 5 March 2018)</li> </ul>	<ul style="list-style-type: none"> <li>• Activities of holding companies</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding               <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Dato' Simon (cont'd)	<ul style="list-style-type: none"> <li>Etheco (Appointed on 5 March 2018)</li> </ul>	<ul style="list-style-type: none"> <li>Activities of holding companies</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding               <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Primarium (Appointed on 14 January 2019)</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding in shares</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding direct interest of 70.00%<sup>(2)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Feliz Natur (Appointed on 13 July 1995)</li> </ul>	<ul style="list-style-type: none"> <li>Consultancy services and letting of real properties</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding               <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Vestmap (M) Sdn Bhd (Appointed on 12 September 2006)</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding company in shares and providing management services to Aquawalk Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 53.15%<sup>(3)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Aquawalk Sdn Bhd (Appointed on 8 April 2004)</li> </ul>	<ul style="list-style-type: none"> <li>Managing and operating AQUARIA@KLCC</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 74.48%<sup>(4)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Aquablu Technologies Sdn Bhd (Appointed on 24 June 2009)</li> </ul>	<ul style="list-style-type: none"> <li>Design services to construction of aquarium, supply fishes and aquatic accessories</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 70.00%<sup>(5)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Aquawalk Technology Sdn Bhd (Appointed on 7 January 2005)</li> </ul>	<ul style="list-style-type: none"> <li>Dormant since 2011 (previously engaged in the provision of Information and Communication (ICT) services)</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 100.00%<sup>(5)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Adventuria Sdn Bhd (Appointed on 1 June 2017)</li> </ul>	<ul style="list-style-type: none"> <li>Digital and physical adventure hub with virtual reality and augmented reality experiences e-sports and recreation activity</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 100.00%<sup>(6)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Steady Property Management Sdn Bhd (Appointed on 7 August 2008)</li> </ul>	<ul style="list-style-type: none"> <li>Letting of real properties</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding               <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>

3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Dato' Simon (cont'd)	<ul style="list-style-type: none"> <li>Senja Aman Holdings Sdn Bhd (Appointed on 30 July 2010)</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding company in shares, resorts, and properties</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 80.00%<sup>(8)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>SA Hotels &amp; Resorts Sdn Bhd (Appointed on 14 May 2013)</li> </ul>	<ul style="list-style-type: none"> <li>Properties for hotel operations and all kind of leisure facilities</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 100.00%<sup>(9)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Senja Aman Development Sdn Bhd (Appointed on 27 June 2011)</li> </ul>	<ul style="list-style-type: none"> <li>Property development</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 100.00%<sup>(9)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>SA Wellness Sdn Bhd (Appointed on 21 June 2013)</li> </ul>	<ul style="list-style-type: none"> <li>Wellness center ownership and operation</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 100.00%<sup>(9)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Aquascape Ventures Sdn Bhd (Appointed on 12 March 2013)</li> </ul>	<ul style="list-style-type: none"> <li>Dormant since incorporation (intended principal activity was aquarium construction)</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding direct interest of 50.00%</li> </ul>
	<ul style="list-style-type: none"> <li>Versatrad Agencies Sdn Bhd (Appointed on 30 October 1985)</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding in shares</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding - direct interest of 70.00% - indirect interest of 30.00%<sup>(1)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>Aquawalk Singapore Pte Ltd (Appointed on 27 June 2016)</li> </ul>	<ul style="list-style-type: none"> <li>Amusement theme parks – management and operation of aquarium-themed attractions in South East Asia</li> <li>Other amusement and recreation activities not elsewhere classified (including recreation parks/beaches and recreational fishing)</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding indirect interest of 75.00%<sup>(5)</sup></li> </ul>

3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Dato' Simon (cont'd)	<ul style="list-style-type: none"> <li>• Aquawalk (Thailand) Company Limited (Appointed on 18 August 2015)</li> </ul>	<ul style="list-style-type: none"> <li>• To engage in public zoo, aquarium, to exhibit aquatic animals, plants and other marine animals</li> <li>• To operate other business related to the zoo and museum including sale of souvenirs, food and beverage</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding               <ul style="list-style-type: none"> <li>- direct interest *</li> <li>- indirect interest of 99.99%<sup>(5)</sup></li> </ul> </li> </ul>
	<p><i>Other business involvement as a shareholder only:</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing of bitumen emulsion, solutions, compound and allied bituminous products</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Atlas Industries Sdn Bhd holding direct interest of 4.20%</li> </ul>
	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in shares and property trading</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Francis Tin Mining Sdn Bhd holding direct interest of 14.29%</li> </ul>
	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Property and share investment holding</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Kwong Hup Cheong (Kampar) Foundry Sdn Bhd holding direct interest of 8.92%</li> </ul>
	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding (in shares)</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Xzilaria Sdn Bhd holding               <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>

3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Dato' Simon (cont'd)	<i>Previous directorships in the past 5 years up to the LPD:</i>		
	<ul style="list-style-type: none"> <li>• Havson Group Berhad (Appointed on 10 April 2018 and resigned on 8 January 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• The holding company of technology development businesses, virtual reality, computer software or game, mobile application or game, art and design, business development</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 14.95%<sup>(7)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Dutajaya Media Sdn Bhd (Appointed on 8 May 2018 and resigned on 30 January 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Project consultant in the provision of organising event and campaign activities</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 30.00%<sup>(7)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Mediasoft Entertainment Sdn Bhd (Appointed on 8 May 2018 and resigned on 30 January 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Production of game development, educational and entertainment multimedia content, developing digital content for digital platforms, animation in 3D graphics</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 30.00%<sup>(7)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Exa Global Sdn Bhd (Appointed on 8 May 2018 and resigned on 30 January 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Management services and consultancy services for virtual reality park</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 5.63%<sup>(7)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• PT Jakarta Akuarium Indonesia (Appointed as President Commissioner on 27 February 2017 and resigned on 1 April 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Operates in the tourism industry that organises conservation activities, recreational facilities and show performances or other attractions</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 40.00%<sup>(10)</sup></li> </ul>

**3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)**

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Datin Mina	<i>Directorships as at the LPD:</i>		<i>Shareholder in:</i>
	<ul style="list-style-type: none"> <li>• BluPlanet (Appointed on 5 March 2018)</li> </ul>	<ul style="list-style-type: none"> <li>• Activities of holding companies</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding                             <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Etheco (Appointed on 5 March 2018)</li> </ul>	<ul style="list-style-type: none"> <li>• Activities of holding companies</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding                             <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Pelagos (Appointed on 14 January 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding in shares</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 70.00%</li> </ul>
	<ul style="list-style-type: none"> <li>• Feliz Natur (Appointed on 1 September 1993)</li> </ul>	<ul style="list-style-type: none"> <li>• Consultancy services and letting of real properties</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding                             <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Vestmap (M) Sdn Bhd (Appointed on 12 September 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding companies in shares and providing management services to Aquawalk Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 53.15%<sup>(3)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Aquawalk Sdn Bhd (Appointed on 20 October 2006)</li> </ul>	<ul style="list-style-type: none"> <li>• Managing and operating AQUARIA@KLCC</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 74.48%<sup>(4)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Adventuria Sdn Bhd (Appointed on 13 September 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• Digital and physical adventure hub with virtual reality and augmented reality experiences e-sports and recreation activity</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 100.00%<sup>(6)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Steady Property Management Sdn Bhd (Appointed on 7 August 2008)</li> </ul>	<ul style="list-style-type: none"> <li>• Letting of real properties</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding                             <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Versatrad Agencies Sdn Bhd (Appointed on 19 November 1990)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding in shares</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding                             <ul style="list-style-type: none"> <li>- direct interest of 30.00%</li> <li>- indirect interest of 70.00%<sup>(1)</sup></li> </ul> </li> </ul>



3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Datin Mina (cont'd)	<i>Other business involvement outside our Group as a shareholder only:</i>		
	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding in shares</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Xzilaria Sdn Bhd holding               <ul style="list-style-type: none"> <li>- direct interest of 50.00%</li> <li>- indirect interest of 50.00%<sup>(1)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Amusement theme parks – management and operation of aquarium-themed attractions in South East Asia</li> <li>• Other amusement and recreation activities not elsewhere classified (including recreation parks/beaches and recreational fishing)</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Aquawalk Singapore Pte Ltd holding indirect interest of 75.00%<sup>(5)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• To engage in public zoo, aquarium, to exhibit aquatic animals, plants and other marine animals</li> <li>• To operate other business related to the zoo and museum including sale of souvenirs, food and beverage</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Aquawalk (Thailand) Company Limited holding               <ul style="list-style-type: none"> <li>- direct interest *</li> <li>- indirect interest of 99.99%<sup>(5)</sup></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Operates in the tourism industry that organises conservation activities, recreational facilities and show performances or other attractions</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of PT Jakarta Aquarium Indonesia holding indirect interest of 40.00%<sup>(10)</sup></li> </ul>

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Datin Mina (cont'd)	• Nil	• Design services to construction of aquarium, supply fishes and aquatic accessories	• Shareholder of Aquablu Technologies Sdn Bhd holding indirect interest of 70.00% <sup>(5)</sup>
	• Nil	• Dormant since 2011 (previously engaged in the provision of Information and Communication (ICT) services)	• Shareholder of Aquawalk Technology Sdn Bhd holding indirect interest of 100.00% <sup>(5)</sup>
	• Nil	• The holding company of technology development businesses, virtual reality, computer software or game, mobile app or game, art and design, business development	• Shareholder of Havson Group Berhad holding indirect interest of 14.95% <sup>(7)</sup>
	• Nil	• Project consultant in the provision of organising event and campaign activities	• Shareholder of Dutajaya Media Sdn Bhd holding indirect interest of 30.00% <sup>(7)</sup>
	• Nil	• Production of game development, educational and entertainment multimedia content, developing digital content for digital platforms, animation in 3D graphics	• Shareholder of Mediasoft Entertainment Sdn Bhd holding indirect interest of 30.00% <sup>(7)</sup>
	• Nil	• Management services and consultancy services for virtual reality park	• Shareholder of Exa Global Sdn Bhd holding indirect interest of 5.63% <sup>(7)</sup>
	• Nil	• Investment holding company in shares, resorts, and properties	• Shareholder of Senja Aman Holdings Sdn Bhd holding indirect interest of 80.00% <sup>(8)</sup>

**3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)**

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Datin Mina <i>(cont'd)</i>	• Nil	• Properties for hotel operations and all kind of leisure facilities	• Shareholder of SA Hotels & Resorts Sdn Bhd holding indirect interest of 100.00% <sup>(9)</sup>
	• Nil	• Property development	• Shareholder of Senja Aman Development Sdn Bhd holding indirect interest of 100.00% <sup>(9)</sup>
	• Nil	• Wellness center ownership and operation	• Shareholder of SA Wellness Sdn Bhd holding indirect interest of 100.00% <sup>(9)</sup>
Molly Fong	<i>Directorships as at the LPD:</i>		<i>Shareholder in:</i>
	• Versatrad Agencies Sdn Bhd <i>(Appointed on 20 June 2005)</i>	• Investment holding in shares	• Nil
Dato' Maznah	<i>Directorships as at the LPD:</i>		
	• Felcra Berhad <i>(Appointed on 1 November 2018)</i>	• Rehabilitation and development of land  • Cultivation of commodities crop  • Processing and marketing commodities product	• Nil
	• Keris Maju Sdn Bhd <i>(Appointed on 24 June 2003)</i>	• Investment holding company (holding shares) <i>(in the process of striking off)</i>	• Shareholder holding direct interest of 99.99%
	• Opus Asset Management Sdn Bhd <i>(Appointed on 20 November 2017)</i>	• Fund management and the provision of financial advisory services	• Nil

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Dato' Maznah <i>(cont'd)</i>	<ul style="list-style-type: none"> <li>Pavilion Reit Management Sdn Bhd <i>(Appointed on 29 July 2011)</i></li> </ul>	To manage and administer Pavilion Real Estate Investment Trust ("Pavilion Reit") activities	<ul style="list-style-type: none"> <li>Nil</li> </ul>
	<ul style="list-style-type: none"> <li>SCS Global Advisory (M) Sdn Bhd <i>(Appointed on 23 March 2011)</i></li> </ul>	<ul style="list-style-type: none"> <li>Provision of professional advisory services</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding direct interest of 12.50%</li> </ul>
	<ul style="list-style-type: none"> <li>Felcra Education Services Sdn. Bhd <i>(Appointed on 23 April 2019)</i></li> </ul>	<ul style="list-style-type: none"> <li>Educational courses services</li> </ul>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>
	<ul style="list-style-type: none"> <li>Felcra Niaga Sdn Bhd <i>(Appointed on 13 May 2019)</i></li> </ul>	<ul style="list-style-type: none"> <li>Supplier of agriculture products, plantation equipment, provision of contract management services and others</li> </ul>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>
	<ul style="list-style-type: none"> <li>Boustead Heavy Industries Corporation Bhd <sup>(11)</sup> <i>(Appointed on 10 July 2019)</i></li> </ul>	<ul style="list-style-type: none"> <li>Investment holding</li> </ul>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>
	<ul style="list-style-type: none"> <li>Landston Property Sdn Bhd <i>(Appointed on 20 June 2019)</i></li> </ul>	<ul style="list-style-type: none"> <li>Investment holding in property</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder holding direct interest of 5.00%</li> </ul>
	<ul style="list-style-type: none"> <li>Felcra Daya Khas Plantation Sdn Bhd <i>(Appointed on 20 August 2019)</i></li> </ul>	<ul style="list-style-type: none"> <li>Joint venture estate</li> </ul>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>
	<ul style="list-style-type: none"> <li>Malayan Flour Mills Berhad <sup>(11)</sup> <i>(Appointed on 10 December 2019)</i></li> </ul>	<ul style="list-style-type: none"> <li>Business of milling and selling wheat flour and trading in grains and other allied products</li> </ul>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>

3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Dato' Maznah (cont'd)	<i>Other business involvement outside our Group as a shareholder only:</i>		
	<ul style="list-style-type: none"> <li>• Nil.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Eng Kah Corporation Berhad<sup>(11)</sup> holding direct interest of 0.42%</li> </ul>
	<ul style="list-style-type: none"> <li>• Nil.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding (in the process of winding up)</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder of Kumpulan Peniagaawati Berhad holding direct interest of 0.10%</li> </ul>
	<i>Previous directorships in the past 5 years up to the LPD:</i>		
	<ul style="list-style-type: none"> <li>• Starhill Season Sdn Bhd (Appointed on 9 June 2011 and resigned on 26 July 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment of properties</li> </ul>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
	<ul style="list-style-type: none"> <li>• UITM Art &amp; Design Sdn Bhd (Appointed on 1 March 2012 and resigned on 2 May 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• Art gallery, art collectors and showroom operators</li> </ul>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
	<ul style="list-style-type: none"> <li>• Prestariang Berhad<sup>(11)</sup> (Appointed on 2 July 2012 and resigned on 27 November 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding company</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder with direct interest of 0.50%</li> </ul>

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (*cont'd*)

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Tengku Zatashah	<i>Directorships as at the LPD:</i>		<i>Shareholder in:</i>
	<ul style="list-style-type: none"> <li>• Templer Powell Sdn Bhd (Appointed on 20 March 2015)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding (in shares)</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 20.00%</li> </ul>
	<ul style="list-style-type: none"> <li>• Jugra Automobile Sdn Bhd (Appointed on 19 November 2015)</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of industrial, commercial and agriculture vehicles – new stock, share and bond brokers, investment advisory services.</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 6.67%</li> </ul>
	<ul style="list-style-type: none"> <li>• Jugra Publication Sdn Bhd (Appointed on 1 March 2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Publisher of books</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 0.01%</li> </ul>
	<ul style="list-style-type: none"> <li>• Pioneer Highland Sdn Bhd (Appointed on 29 March 2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Activities of holding companies (investment holding in shares)</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding indirect interest of 75.00%<sup>(12)</sup></li> </ul>
		<ul style="list-style-type: none"> <li>• Export and import of a variety of goods without any particular specialization not elsewhere classified</li> </ul>	
		<ul style="list-style-type: none"> <li>• Other service activities not elsewhere classified</li> </ul>	
	<ul style="list-style-type: none"> <li>• SP VIE Sdn Bhd (Appointed on 18 September 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• Market research consultant and general consultancy (<i>In the process of striking off</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding - direct interest of 40.00%</li> <li>- indirect interest: 35.00%<sup>(12)</sup></li> </ul>
	<ul style="list-style-type: none"> <li>• Highlake Park Sdn Bhd (Appointed on 1 July 2015)</li> </ul>	<ul style="list-style-type: none"> <li>• Dormant</li> </ul>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>
	<ul style="list-style-type: none"> <li>• Idris Zarina and Sons Realty Sdn Bhd (Appointed on 3 December 2003)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding in real properties</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 15.00%</li> </ul>

**3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)**

Name of Director	Directorships	Principal activities	Involvement in business activities other than as a Director
Tengku Zatahah (cont'd)	<ul style="list-style-type: none"> <li>• Light Cibles Sdn Bhd (Appointed on 25 November 2011)</li> </ul> <p><i>Previous directorships in the past 5 years up to the LPD:</i></p> <ul style="list-style-type: none"> <li>• Kim Teck Cheong Consolidated Berhad<sup>(13)</sup> (Appointed as Independent Non-Executive Director on 2 December 2014 and resigned on 26 October 2018)</li> </ul> <p><i>Other business involvement outside our Group as a shareholder only:</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>	<ul style="list-style-type: none"> <li>• Lighting design consultancy</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 80.00%</li> </ul>
Daryl Foong	<p><i>Directorships as at the LPD:</i></p> <ul style="list-style-type: none"> <li>• Pelagos (Appointed on 14 January 2019)</li> <li>• Two Tigers Sdn Bhd (Appointed on 15 February 2019)</li> <li>• Xzilaria Sdn Bhd (Appointed on 6 July 2017)</li> <li>• Aquawalk Sdn Bhd (Appointed on 25 April 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding in shares</li> <li>• Activities of holding companies (investment holding in properties)</li> <li>• Investment holding in shares</li> <li>• Managing and operating AQUARIA@KLCC</li> </ul>	<p><i>Shareholder in:</i></p> <ul style="list-style-type: none"> <li>• Nil</li> <li>• Shareholder in Trappers Sdn Bhd holding direct interest of 10.00%</li> <li>• Shareholder holding direct interest of 30.00%</li> <li>• Shareholder holding direct interest of 50.00%</li> <li>• Nil</li> <li>• Nil</li> </ul>

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

**Notes:**

- \* Negligible.
- (1) Deemed interested by virtue of his/her spouse's direct shareholdings in the company.
- (2) Pursuant to Section 8(4) of the Act, as Dexter Foong holds the shares in Primarium in his own right and capacity and does not take instructions from Dato' Simon in relation to his shareholdings in Primarium, his interest will not be treated as Dato' Simon's interest in Primarium.
- (3) Deemed interested by virtue of his/her direct shareholdings and indirect shareholdings in Feliz Natur pursuant to section 8(4) of the Act.
- (4) Deemed interested by virtue of his/her direct shareholdings and indirect shareholdings in Feliz Natur and Versatrad Agencies Sdn Bhd, and indirect shareholdings in Vestmap (M) Sdn Bhd, pursuant to section 8(4) of the Act.
- (5) Deemed interested by virtue of his/her indirect shareholdings in Aquawalk Sdn Bhd pursuant to section 8(4) of the Act.
- (6) Deemed interested by virtue of his/her direct shareholdings and indirect shareholdings in Xzilaria Sdn Bhd and indirect shareholdings in Aquawalk Sdn Bhd pursuant to section 8(4) of the Act.
- (7) Deemed interested by virtue of his/her indirect shareholdings in Adventuria Sdn Bhd pursuant to section 8(4) of the Act.
- (8) Deemed interested by virtue of his/her direct shareholdings and indirect shareholdings in Steady Property Management Sdn Bhd pursuant to section 8(4) of the Act.
- (9) Deemed interested by virtue of his/her indirect shareholdings in Senja Aman Holdings Sdn Bhd pursuant to section 8(4) of the Act.
- (10) Deemed interested by virtue of his/her indirect shareholdings in Aquawalk Singapore Pte Ltd pursuant to section 8(4) of the Act.
- (11) Listed on Main Market of Bursa Securities.
- (12) Deemed interested by virtue of her direct shareholdings in Templer Powell Sdn Bhd pursuant to section 8(4) of the Act.
- (13) Listed on ACE Market of Bursa Securities.

Dato' Maznah and Tengku Zatashah, being our Senior Independent Non-Executive Director and Independent Non-Executive Director respectively, and Dato' Simon and Daryl Foong, being our Non-Independent Non-Executive Directors, are not involved in the day-to-day operations of our Group. Their involvement in other business activities outside our Company will not affect their contributions to our Group as the principal activities of these companies are not similar to our Group's business.

The involvement of Datin Mina and Molly Fong in other business activities outside our Group will not affect their contributions to our Group and would not be expected to affect their ability to act as our Executive Directors as they do not hold any executive positions in such businesses or corporations. The day-to-day management and operations of these businesses or corporations are managed by the other shareholders or have their own independent management team.



### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

#### 3.1.5 Interest of our Directors in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers and/or suppliers

As at the LPD, none of our Directors have any interest direct or indirect, in other businesses or corporations which are: (i) carrying on a similar trade as that of our Group; or (ii) our customer and/or suppliers. The investment holding companies in which our Directors have interests in do not hold investments which are involved in similar business as InNature. The Franchise Framework Agreement among others also contains provisions which restrict the Directors from acting or entering into any arrangements which will conflict with the interest of InNature and/or the TBS Franchisees. Please see section 5.15.2 of this Prospectus for more details of the Franchise Framework Agreement.

#### 3.1.6 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered to us in all capacities to our Group for the FYE 2019 and FYE 2020 are as follows:

Name	Fees and Allowances	Salaries	Bonuses/ Payments under Profit Sharing Award	Statutory Contributions <sup>(1)</sup>	Benefits -in-kind	Total
RM'000						
<b><u>FYE 2019<sup>(3)</sup></u></b>						
Dato' Simon	60	-	-	-	-	60
Datin Mina	-	526	-	96	-	622
Molly Fong	-	600	200 <sup>(4)</sup>	97	-	897
Dato' Maznah	90 <sup>(2)</sup>	-	-	-	-	90
Tengku Zatahah	80 <sup>(2)</sup>	-	-	-	-	80
Daryl Foong	-(2) <sup>(5)</sup>	-	-	-	-	-
<b><u>Proposed for the FYE 2020</u></b>						
Dato' Simon	60	-	-	-	-	60
Datin Mina	-	556	-	102	35	693
Molly Fong	-	636	106	89	35	866
Dato' Maznah	90	-	-	-	-	90
Tengku Zatahah	80	-	-	-	-	80
Daryl Foong <sup>(5)</sup>	-(5)	-	-	-	-	-

#### Notes:

- (1) Including contributions to EPF, SOCSO, EIS, and where relevant contributions to state plans required under Vietnamese laws.
- (2) Based on their respective appointment dates as our Directors on 27 February 2019 up to 31 December 2019.
- (3) As at the LPD, part of the remuneration for the FYE 2019 has yet to be paid to our Directors.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (4) This bonus sum is based on Molly Fong's performance as CEO of the Group.
- (5) There are no directors' fees or allowances proposed to be paid to Daryl Foong as he is an alternate Director to Dato' Simon.

Save as disclosed above, there are no benefits-in-kind paid or proposed to be paid for services rendered/ to be rendered by our Directors in all capacities to our Group for the FYE 2019 and FYE 2020.

The remuneration of our Directors must be considered and recommended by our Nominating and Remuneration Committee and subsequently be approved by our Board. Our Directors' fees are subject to shareholders' approval at a general meeting.

#### 3.1.7 Benefits paid or intended to be paid or given to our Promoters, Directors or Substantial Shareholders

Save as disclosed in Section 3.1.6 above, as well as dividends paid and dividends declared to be paid to Dato' Simon and Datin Mina, our Promoters and Directors, prior to the pre-listing Internal Restructuring Exercise as set out in Section 4.1.2 of this Prospectus, no other amounts or benefits were paid or intended to be paid or given to any Promoters, Directors or Substantial Shareholders by our Company within the 2 years preceding the date of this Prospectus.

#### 3.1.8 Audit and Risk Management Committee

Our Audit and Risk Management Committee was formed by our Board on 6 March 2019. The members of our Audit and Risk Management Committee consist of the following:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Dato' Maznah	Chairperson	Senior Independent Non-Executive Director
Dato' Simon	Member	Non-Independent Non-Executive Chairman
Tengku Zatashah	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee's terms of reference include the following:

- (i) to recommend the appointment or re-appointment of the external auditors, the audit fee and consider any questions of resignation or dismissal including whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- (ii) to review with the external auditors, the audit plan, the nature and scope of audit including any changes to the planned scope of the audit plan before the audit commences and the audit report;
- (iii) to review the evaluation of the system of internal control with the external auditors, including any suggestions for improvement and management's responses;
- (iv) to review the provision of non-audit services by external auditors;
- (v) to assess the objectivity and independence of the external auditors where the external auditors also provide non-audit services to the Group;
- (vi) to discuss problems and reservations arising from the audits and any matters the external auditors may wish to discuss (in the absence of management where necessary), including assistance given by the employees of the Group to the external auditors;

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (vii) to review the quarterly results and annual financial statements before the approval by the Board, focusing particularly on, inter-alia, changes in or implementation of major accounting policy and practices, significant adjustments arising from the audit, significant adjustments made by management, significant and unusual events or transactions, and how these matters are addressed, compliance with accounting standards and other legal requirements;
- (viii) to assess the financial risk and matters relating to related party transactions and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (ix) to ensure that the internal audit function is independent of the activities it audits, review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (x) to review the overall performance of the internal audit function, including the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, whether or not appropriate action is taken on the recommendations of the internal audit function and to ensure that the internal audit function reports directly to the Audit and Risk Management Committee;
- (xi) to assess the effectiveness of the risk management framework, review and monitor risk reporting; and
- (xii) to perform any other functions as may be requested by the Board.

#### 3.1.9 Nominating and Remuneration Committee

Our Nominating and Remuneration Committee was formed by our Board on 6 March 2019. The members of the Nominating and Remuneration Committee consist of the following:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Maznah	Chairperson	Senior Independent Non-Executive Director
Dato' Simon	Member	Non-Independent Non-Executive Chairman
Tengku Zatashah	Member	Independent Non-Executive Director

Our Nominating and Remuneration Committee's terms of reference include the following:

- (i) to recommend to the Board the nomination of candidates for all directorships, whether they are proposed by the shareholders or the Board;
- (ii) to consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder;
- (iii) to identify and/or recommend to the Board, eligible candidates to fill the seats on board committees when the need arises;
- (iv) to identify, evaluate and recommend candidates for appointment as company secretary;

**3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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- (v) to review annually the performance of the Audit and Risk Management Committee and the term of office and performance of each of the Audit and Risk Management Committee members;
- (vi) to assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual director and board committee members and thereafter, recommend its findings to the Board;
- (vii) to review annually the structure, size, composition of the board committees, required mix of skills and experience and other qualities, including core competencies and ability of each Director in carrying out their obligations and duties as a director and thereafter, recommend its findings to the Board;
- (viii) to review the implementation of an appropriate programme framework and succession planning for the Board; and
- (ix) to review and recommend to the Board, the remuneration packages of executive directors in all its forms, drawing from advice from external bodies that may be engaged as and when necessary.

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**3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)**

**3.2 Promoters and Substantial Shareholders**

The Promoters of our IPO are as follows:

- (i) Etheco, BluPlanet, Dato' Simon, and Datin Mina, who are also our Substantial Shareholders (being a person who holds not less than 5.0% of our Shares); and
- (ii) Pelagos, Daryl Foong, Primarium, and Dexter Foong, who are our shareholders.

**3.2.1 Promoters and Substantial Shareholders' shareholdings**

Our Promoters and Substantial Shareholders and their respective shareholdings in our Company as at the date of this Prospectus and after our IPO are as follows:

Shareholders	Nationality / Country of incorporation	As at the date of this Prospectus				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Etheco	Malaysia	360,000,000	56.98	-	-	360,000,000	51.00	-	-
BluPlanet	Malaysia	229,449,600	36.32	-	-	126,249,600	17.89	-	-
Pelagos	Malaysia	21,178,944	3.35	-	-	21,178,944	3.00	-	-
Primarium	Malaysia	21,178,944	3.35	-	-	21,178,944	3.00	-	-
Dato' Simon	Malaysian	-	-	610,628,544 <sup>(1)</sup>	96.65	-	-	507,428,544 <sup>(1)</sup>	71.89
Datin Mina	Malaysian	-	-	610,628,544 <sup>(2)</sup>	96.65	-	-	507,428,544 <sup>(2)</sup>	71.89
Daryl Foong	Malaysian	-	-	21,178,944 <sup>(3)</sup>	3.35	-	-	21,178,944 <sup>(3)</sup>	3.00
Dexter Foong	Malaysian	-	-	21,178,944 <sup>(4)</sup>	3.35	-	-	21,178,944 <sup>(1)</sup>	3.00

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)

**Notes:**

- (1) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Etheco, BluPlanet, and Primarium respectively.
- (2) Deemed interested by virtue of Section 8(4) of the Act, through her shareholdings of more than 20.00% in Etheco, BluPlanet, and Pelagos respectively.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Pelagos.
- (4) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Primarium.

Our Promoters and Substantial Shareholders do not have different voting rights from other shareholders of our Group.

Save as disclosed above, we are not aware of any person who, directly or indirectly, joint or severally, exercise control over our Company. There is no arrangement between our Company and our shareholders with any third parties, the operation of which may result in the change in control of our Company.

#### 3.2.2 Profiles of our Promoters and Substantial Shareholders

**(i) Etheco**

Etheco, a Promoter and Substantial Shareholder, was incorporated in Malaysia under the Act on 5 March 2018. The principal activity of Etheco is investment holding.

As at the LPD, Etheco's issued share capital is RM75,803,002 comprising 2,500,002 ordinary shares.

The directors of Etheco as at the LPD are Dato' Simon and Datin Mina. The particulars of Etheco's shareholders and their respective shareholdings are set out below:

Shareholders	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Dato' Simon	Malaysian	1,250,001	50.00	1,250,001 <sup>(1)</sup>	50.00
Datin Mina	Malaysian	1,250,001	50.00	1,250,001 <sup>(1)</sup>	50.00

**Note:**

- (1) Deemed interested by virtue of his/her spouse's direct shareholdings in the company.

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

#### (ii) BluPlanet

BluPlanet, a Promoter and Substantial Shareholder, was incorporated in Malaysia under the Act on 5 March 2018. The principal activity of BluPlanet is investment holding.

As at the LPD, BluPlanet's issued share capital is RM2 comprising 2 ordinary shares.

The directors of BluPlanet as at the LPD are Dato' Simon and Datin Mina. The particulars of BluPlanet's shareholders and their respective shareholdings are set out below:

Shareholders	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Dato' Simon	Malaysian	1	50.00	1 <sup>(1)</sup>	50.00
Datin Mina	Malaysian	1	50.00	1 <sup>(1)</sup>	50.00

**Note:**

(1) Deemed interested by virtue of his/her spouse's direct shareholdings in the company.

#### (iii) Pelagos

Pelagos, a Promoter and shareholder, was incorporated in Malaysia under the Act on 14 January 2019. The principal activity of Pelagos is investment holding.

As at the LPD, Pelagos's issued share capital is RM10 comprising 10 ordinary shares.

The directors of Pelagos as at the LPD are Datin Mina and Daryl Foong. The particulars of Pelagos's shareholders and their respective shareholdings are set out below:

Shareholders	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Datin Mina	Malaysian	7	70.00	-	-
Daryl Foong	Malaysian	3	30.00	-	-

### 3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT *(cont'd)*

#### (iv) **Primarium**

Primarium, a Promoter and shareholder, was incorporated in Malaysia under the Act on 14 January 2019. The principal activity of Primarium is investment holding.

As at the LPD, Primarium's issued share capital is RM10 comprising 10 ordinary shares.

The directors of Primarium as at the LPD are Dato' Simon and Dexter Foong. The particulars of Primarium's shareholders and their respective shareholdings are set out below:

Shareholders	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Dato' Simon	Malaysian	7	70.00	-	-
Dexter Foong	Malaysian	3	30.00	-	-

#### (v) **Dato' Simon, Datin Mina and Daryl Foong**

The profiles of Dato' Simon, Datin Mina and Daryl Foong are set out in Section 3.1.2 of this Prospectus.

#### (vi) **Dexter Foong**, Malaysian, aged 29, is our Promoter and shareholder.

He graduated with a Bachelor of Laws (Honours) degree from the London School of Economics and Political Science ("LSE"), UK in 2012. He then completed the Bar Professional Training Course from BPP Law School in 2013. Subsequently in 2014, Dexter Foong obtained a Master of Science in Organisational Behaviour from LSE.

Dexter Foong started his career in Rampai-Niaga in 2015 where he served as the Head of Digital and Loyalty. During his tenure in Rampai-Niaga, he was involved in the management of TBS's website in Malaysia and the TBS loyalty programme, as well as the development and implementation of the TBS loyalty mobile application. In 2017, he left Rampai-Niaga to join Adventuria Sdn Bhd, a developer and owner of virtual reality based attractions, as its Business Development Manager, a position he currently holds. His responsibilities include developing and executing project management for establishing virtual reality attractions, as well as providing overall strategic direction for the company.

Currently, Dexter Foong also holds directorships in Havson Group Berhad and several private limited subsidiaries under the Havson group, which is principally involved in technology development businesses, virtual reality, computer software or game, mobile application or game, art and design, business development.



**3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)**

**3.2.3 Changes in Promoters and Substantial Shareholders' shareholdings in our Company**

The changes in our Promoters' and Substantial Shareholders' shareholdings in our Company for the past 3 years and as at the date of this Prospectus are as follows:

Promoters and Substantial Shareholders	As at 31 December 2016 and 31 December 2017				As at 31 December 2018 <sup>(2)</sup>				After the InNature Acquisition <sup>(3)</sup>			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Etheco	-	-	-	-	-	-	-	-	2,500,000	100.00	-	-
BluPlanet	-	-	-	-	-	-	-	-	-	-	-	-
Pelagos	-	-	-	-	-	-	-	-	-	-	-	-
Primarium	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Simon	1	50.00	1	50.00 <sup>(1)</sup>	1,250,000	50.00	1,250,000	50.00 <sup>(1)</sup>	-	-	2,500,000	100.00 <sup>(3)</sup>
Datin Mina	1	50.00	1	50.00 <sup>(1)</sup>	1,250,000	50.00	1,250,000	50.00 <sup>(1)</sup>	-	-	2,500,000	100.00 <sup>(3)</sup>
Daryl Foong	-	-	-	-	-	-	-	-	-	-	-	-
Dexter Foong	-	-	-	-	-	-	-	-	-	-	-	-

**3. INFORMATION ON DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT (cont'd)**

Promoters and Substantial Shareholders	After the Promoters Share Issuance <sup>(8)</sup>				After the Subdivision of Shares <sup>(8)</sup> and as at the date of this Prospectus			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Etheco	2,500,000	56.98	-	-	360,000,000	56.98	-	-
BluPlanet	1,593,400	36.32	-	-	229,449,600	36.32	-	-
Pelagos	147,076	3.35	-	-	21,178,944	3.35	-	-
Primarium	147,076	3.35	-	-	21,178,944	3.35	-	-
Dato' Simon	-	-	4,240,476	96.65 <sup>(4)</sup>	-	-	610,628,544	96.65 <sup>(4)</sup>
Datin Mina	-	-	4,240,476	96.65 <sup>(5)</sup>	-	-	610,628,544	96.65 <sup>(5)</sup>
Daryl Foong	-	-	147,076	3.35 <sup>(6)</sup>	-	-	21,178,944	3.35 <sup>(6)</sup>
Dexter Foong	-	-	147,076	3.35 <sup>(7)</sup>	-	-	21,178,944	3.35 <sup>(7)</sup>

**Notes:**

- (1) Deemed interested by virtue of his/her spouse's direct shareholdings in the Company.
- (2) Subsequent to bonus issue of 1,249,999 Shares each to Dato' Simon and Datin Mina on 18 December 2018.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his/her shareholdings of more than 20.00% in Etheco.
- (4) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Etheco, BluPlanet, and Primarium respectively.
- (5) Deemed interested by virtue of Section 8(4) of the Act, through her shareholdings of more than 20.00% in Etheco, BluPlanet, and Pelagos respectively.
- (6) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Pelagos.
- (7) Deemed interested by virtue of Section 8(4) of the Act, through his shareholdings of more than 20.00% in Primarium.
- (8) Please refer to Section 4.1.2 of this Prospectus for further details of the InNature Acquisition, Promoters Share Issuance, and Subdivision of Shares under the Internal Restructuring Exercise.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

#### 3.2.4 Involvement of our Promoters and Substantial Shareholders in other businesses or corporations which carry on similar trade as that of our Group or which are our customers and/or suppliers

As at the LPD, none of our Promoters and Substantial Shareholders have any interest direct or indirect, in other businesses or corporations which are: (i) carrying on a similar trade as that of our Group; or (ii) our customer and/or suppliers.

### 3.3 Key Senior Management

#### 3.3.1 Key Senior Management team

Our Key Senior Management led by our Executive Director and Managing Director, Datin Mina, is set out below:

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Designation/Function</u>
Datin Mina	59	Malaysian	Managing Director
Molly Fong	48	Malaysian	Chief Executive Officer
Siew Lai Leng	47	Malaysian	Chief Operations Officer (“COO”)
Chan Nian Mei	48	Malaysian	Chief Revenue Officer (“CRO”)
Chia Cang Yang	37	Malaysian	Chief Financial Officer (“CFO”)
Leong Meng Leong	47	Malaysian	Head of Finance and Administration
Nguyen Thi Ngoc Hue	44	Vietnamese	General Manager, TBS Vietnam
Wong Sook Hing	43	Malaysian	General Manager, Ola Beleza

#### 3.3.2 Profiles of our Key Senior Management

The profiles of Datin Mina and Molly Fong, our Managing Director and CEO respectively who are also our Directors are set out in Section 3.1.2 of this Prospectus. The profiles of our other Key Senior Management are set out below:

**Siew Lai Leng (“Jesse Siew”)** is our COO and is responsible for managing the digital marketing and directing the operations and management of the support departments of our Group, including the product and promotions, supply chain, logistics and information technology departments.

Jesse Siew graduated from the National University of Malaysia, Malaysia in August 1996, with a Bachelor of Business Administration (First Class Honours) degree in marketing. While acting as our COO, Jesse also pursued on a part-time basis her Master of Business Administration degree from the University of Nottingham, UK, which was awarded to her in 2014.

Jesse Siew started her career with Tung Pao Sdn Bhd, a local distributor for brands such as Shiseido, ZA, Wacoal, Zotos and Caritas, in November 1996 as an Advertising and Public Relations Executive responsible for public relations and branding events for the various brands distributed by the company. She left Tung Pao Sdn Bhd in 1998 to join Rampai-Niaga as our Public Relations and Communications Executive. She was later promoted to be the Marketing Communications Manager in 2001 and COO in 2011 in Rampai-Niaga. In January 2019, she took up her current position in the Group as our COO.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

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Jesse Siew has organised and led numerous brand and values campaigns for TBS contributing to Rampai-Niaga being awarded the Prime Minister's Corporate Social Responsibility Award in 2007 and 2009.

**Chan Nian Mei ("Mae Chan")** is our CRO and is responsible for the overall growth and management of retail sales operations and business development of our Group.

Mae Chan graduated with a Diploma in Professional Training and Development from the University of Malaya, Malaysia in 2001. She also obtained an Advanced Certificate in Marketing from Sunway College, Malaysia, in 1998. Mae Chan pursued the aforementioned education on a part-time basis while she was in our Learning and Development department.

Mae Chan joined the workforce in 1990 as a Marketing Executive in KFC Holdings Malaysia Berhad, and was responsible for executing marketing and customer relationship events. She left KFC Holdings Malaysia Berhad in 1992 to join Rampai-Niaga as an Assistant Shop Manager tasked to oversee store sales growth, achievement of key performance targets, store operations including service standards, store display and inventory control. She later progressed into our Learning and Development department in 1995. She was promoted to be our Learning and Development Manager in 2002 and subsequently as our Retail Manager in 2006. Her 27 years of experience working in our Group entailing shop operations and staff training, has given her immense experience and expertise in managing retail sales, store operations, talent development and customer service. Mae Chan was appointed as the CRO of Rampai-Niaga in 2011 and subsequently she took up her current position as our CRO in January 2019.

**Chia Cang Yang ("Cang Yang")** is our CFO and is responsible for the overall finance function of our Group including corporate planning and governance. He is a member of CPA Australia since 2011 and a Chartered Accountant with the Malaysian Institute of Accountants ("MIA") since February 2012.

Cang Yang graduated with a Bachelor's Degree in Accountancy from Universiti Utara Malaysia, awarded in September 2006. He has 12 years of experience in the field of finance and accounting. He started his career with Ernst & Young Malaysia as an Audit Associate in May 2006, and left as Audit Manager in November 2012 to begin his career in the retail industry as the Finance Manager of Parkson Corporation Sdn Bhd in November 2012. He was subsequently appointed as the Chief Financial Officer of Parkson Retail Asia Limited ("**Parkson**"), a Singapore listed department store operator with presence in Malaysia, Indonesia, and Vietnam from 2017 to 2018. Cang Yang joined Rampai-Niaga in November 2018 as the Director of Corporate Finance & Governance. In January 2019, Cang Yang was appointed as our Director of Corporate Finance & Governance and he was re-designated as our CFO in May 2019.

**Leong Meng Leong ("Meng Leong")** is our Head of Finance and Administration and is responsible for managing the finance team and finance operations for our Group. He received his qualification from the Association of Chartered Certified Accountants in 1999 and was admitted to the MIA as a registered accountant in February 2001. He is also a Chartered Accountant with MIA since June 2001. Meng Leong has accumulated a total of 23 years of accounting and financial experience, comprising years spent in the fields of audit, banking, corporate accounting and finance.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

Meng Leong joined Ernst & Young Malaysia as an Audit Semi Senior in 1996, and moved on to ABN AMRO Bank N.V. ("**ABN AMRO**") as an Assistant Manager, Finance in 2000. He left ABN AMRO in 2002 and spent 7 years with AMP Corporation (M) Sdn Bhd as a Finance and Administrative Manager from 2002 to 2008 before joining Naza Bikes Sales & Distribution Sdn Bhd as a Finance & Accounts Manager in September 2008. He left Naza Bikes Sales & Distribution Sdn Bhd to join Bata Malaysia (Malaysia) Sdn Bhd as Chief Accountant in February 2010 before leaving to join us in end 2010.

As part of his role as our Head of Finance and Administration for the past 9 years, he is responsible for ensuring efficiency and effectiveness of financial processes, management accounting, treasury functions, taxation, financial reporting and budgeting, and financial controls to safeguard company assets and to ensure accuracy, completeness and integrity of financial records.

**Nguyen Thi Ngoc Hue ("Lily-Hue Nguyen")** is our General Manager of TBS Vietnam and is responsible for the overall management and growth of TBS brand in Vietnam through building a team of professionals to drive the TBS brand's market penetration and grow market share profitably.

Lily-Hue Nguyen graduated from the University of Economics, HCMC, Vietnam in 1997 with a Bachelor of Economics and Mathematics Department degree and she was also awarded a Chief Accountant Certificate by the same university in July 1997 after completing the chief accounting course in Vietnam. She holds a Master of Business Administration (Executive MBA) degree from the University of Hawaii, Hawaii, USA, which was awarded to her in 2010.

She has considerable experience in brand and business management in the Vietnam beauty and fast-moving consumer goods industry having spent 8 years with the Estée Lauder Cosmetics Companies in Vietnam ("**ELC**") and 5 years with Unilever Vietnam ("**Unilever**").

She started her career with AC Nielsen Vietnam (now The Nielsen Company (Vietnam), Ltd.) in Vietnam, a global consumer study measurement and data analytics company, in September 1997 as an Account Executive in the Retail Audit Department before she left in January 2000 to become the Regional Brand Manager for the "Pond's" brand with Unilever from January 2000 to May 2005. She left Unilever to join ELC in June 2005 as Business Development Manager cum General Manager, a position she held until February 2013. In April 2013, she left ELC to join Viet Tinh Anh Joint Stock Company ("**Viet Tinh**"), a distributor of toys, as Business Director responsible for strategic planning and implementation of sales and marketing. In 2014, she left Viet Tinh to join Grassroots Joint Stock Company, a distributor of aesthetic pharmaceutical and cosmeceutical products, as Deputy Managing Director. In 2015, she left to join Central Group Vietnam, a company focused on the activity of retail and brands, where she was the Senior General Manager of Sports from 2015 to May 2016. She joined TBS Vietnam in July 2016 in her current role as General Manager.

**Wong Sook Hing ("Julie Wong")** is our General Manager of Ola Beleza, our subsidiary which operates the Natura business in Malaysia. Prior to this appointment, Julie Wong was the General Manager of Marketing of Rampai-Niaga, reporting to the COO. In that position, she was responsible for leading the marketing and digital division of Rampai-Niaga, covering planning, developing and implementing overall marketing, e-commerce, social media and customer relationship management strategies.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

Julie Wong holds a Bachelor of Business Administration degree majoring in marketing, from the University of Nottingham Trent, UK, awarded in 2002. Julie Wong also holds a Diploma in Professional Makeup by Robin Makeup Academy and an Advanced Professional Makeup certification from Yves Saint Laurent France, which were awarded in 2006 and 2004 respectively.

She has 20 years of working experience with 16 years spent in marketing and promoting various cosmetics brands in Malaysia such as "Clinique", "Elianto" and "Aesop". Her retail career began soon after a 2 years work experience from 1998 to 2000 with City-Link Express (M) Sdn Bhd as Customer Care Officer when she moved on to BagOfClubs.com Sdn Bhd, an online golf club company, in May 2000 as the Manager for Marketing and Promotions, responsible for, among others, the public relations, event management, and sales and marketing activities of the company.

Subsequently, she left in 2001 to join Esplanade Avenue Sdn Bhd, a retailer of skincare, perfumes and cosmetics for brand names such as "Aesop", "T-LeClerc", "Annick Goutal" and "Laura Mercier", as its Sales and Marketing Manager, where her main job function included planning of sales target and ensuring achievement of targets at each counter, liaising with departmental stores on promotional planning and marketing mechanism and organising launches and public relations of new products.

She then left Esplanade Avenue Sdn Bhd in 2002 to become the Sales Manager for YSL Beaute Malaysia from October 2002 to June 2004, and from July 2004 to February 2005, she became the Assistant Sales Manager for Redual Cosmetics Sdn Bhd which carries Clinique brand products in Malaysia, both of which required her to perform responsibilities for, among others, achieving the net sales growth objectives in the country, managing all aspects in the domestic beauty consultant teams and monitoring the brand's profit and loss. From March 2005 to March 2007, she was the Brand General Manager for Classic Bonita Sdn Bhd responsible for spearheading the entire strategic direction of the "Elianto" brand, and executing the local and international expansion.

Julie Wong started her own company, Cosmo Charm Sdn Bhd in 2007, which was dissolved in December 2016, where she spent 3 years from April 2007 to April 2010 as the Managing Director of the company as well as the founder and creator of a masstige cosmetics brand, namely "Beautilicious". Subsequently, in May 2010, she took on the role as General Manager of Classic Bonita Sdn Bhd and was re-designated to Vice President for Research, Development and Academy from 2011. Her job functions at Classic Bonita Sdn Bhd included the development of, among others skincare, makeup tools, non-merchandising items, workshops training, as well as preparing the merchandising and product launching calendar and related budget planning. In 2012, she left to join COVO Cosmetics Sdn Bhd as General Manager and became the brand creator and marketer for "COVO" cosmetics in Malaysia, responsible for the creation of brand name, overall brand's profit and loss, strategic expansion and managing a team of managers for sales and marketing as well as merchandising and training before leaving in February 2015.

Prior to joining Rampai-Niaga as General Manager of Marketing in April 2016, Julie Wong was the Head of Beauty for HL Management Co Sdn Bhd from March 2015 to March 2016, a company which was involved in running Gemfive.com, a local online platform. She was mainly responsible for the entire portfolio of beauty category which included securing and managing the merchandising mix for the beauty category, and maximising revenue for the online platform. She was re-designated and assumed her current role in our Group on 1 April 2019.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

#### 3.3.3 Shareholdings of the Key Senior Management in our Company

The shareholdings of our Key Senior Management in our Company as at the date of this Prospectus and after our IPO are as follows:

Name	As at the date of this Prospectus				After our IPO <sup>(1)</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datin Mina	-	-	631,807,488 <sup>(2)</sup>	100.00	-	-	528,607,488 <sup>(2)</sup>	74.89
Molly Fong	-	-	-	-	150,000 <sup>(1)</sup>	0.02	-	-
Jesse Siew	-	-	-	-	100,000 <sup>(1)</sup>	0.01	-	-
Mae Chan	-	-	-	-	50,000 <sup>(1)</sup>	*	-	-
Cang Yang	-	-	-	-	100,000 <sup>(1)</sup>	0.01	-	-
Meng Leong	-	-	-	-	20,000 <sup>(1)</sup>	*	-	-
Lily-Hue Nguyen	-	-	-	-	-	-	-	-
Julie Wong	-	-	-	-	20,000 <sup>(1)</sup>	*	-	-

**Notes:**

\* Less than 0.01%

(1) Assuming that he/she fully subscribes for the Pink Form Shares allocated to him/her. Our Key Senior Management may subscribe for Issue Shares under both the Pink Form Allocation and the Issue Shares under the Retail Offering in Section 2.3.2(i) of this Prospectus.

(2) Deemed interested by virtue of Section 8(4) of the Act, through her shareholdings of more than 20.00% in Etheco, BluPlanet, and Pelagos respectively; and by virtue of Section 59(11)(c) of the Act, through her son Dexter Foong's indirect shareholdings in InNature via Primarium.

#### 3.3.4 Principal directorship of our Key Senior Management and principal business activities performed outside of our Group

The principal directorships in companies outside of our Group held by our Key Senior Management within the past 5 years up to the LPD and business activities outside of our Group performed by our Key Senior Management as at the LPD, other than Datin Mina and Molly Fong which are set out in Section 3.1.4 of this Prospectus, are as follows:

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

Name	Directorships	Principal activities	Involvement in business activities other than as a Director
Meng Leong	<i>Directorships as at the LPD:</i>		
	<ul style="list-style-type: none"> <li>Acro Data Sdn Bhd (Appointed on 12 September 2012)</li> </ul>	<ul style="list-style-type: none"> <li>Providing information technology solution and services</li> <li>Trading of generator sets</li> </ul>	Shareholder holding direct interest of 60.00%
	<ul style="list-style-type: none"> <li>Greenview Management Sdn Bhd (Appointed on 27 March 2012)</li> </ul>	<ul style="list-style-type: none"> <li>Property investment holding</li> </ul>	Shareholder holding direct interest of 33.33%
	<ul style="list-style-type: none"> <li>Greenview Ventures Sdn Bhd (Appointed on 11 May 2017)</li> </ul>	<ul style="list-style-type: none"> <li>Food and beverage outlet</li> </ul>	Shareholder holding direct interest of 33.33%
	<ul style="list-style-type: none"> <li>Vone Systems Sdn Bhd (Appointed on 1 March 2016)</li> </ul>	<ul style="list-style-type: none"> <li>Export and import of computer hardware, software and peripherals</li> </ul>	Shareholder holding direct interest of 50.00%

The involvement of Meng Leong in other business activities outside our Company will not affect his contributions to our Group and would not be expected to affect the operations of our Group as the day-to-day management and operations of these businesses or corporations are managed by the other shareholders or have their own independent management team. Meng Leong does not hold any executive positions in the companies set out above.

#### 3.3.5 Key Senior Management's remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Key Senior Management for services rendered/to be rendered to our Group for the FYE 2019 and FYE 2020, save for Datin Mina and Molly Fong of which are set out in Section 3.1.6 of this Prospectus are as follows:

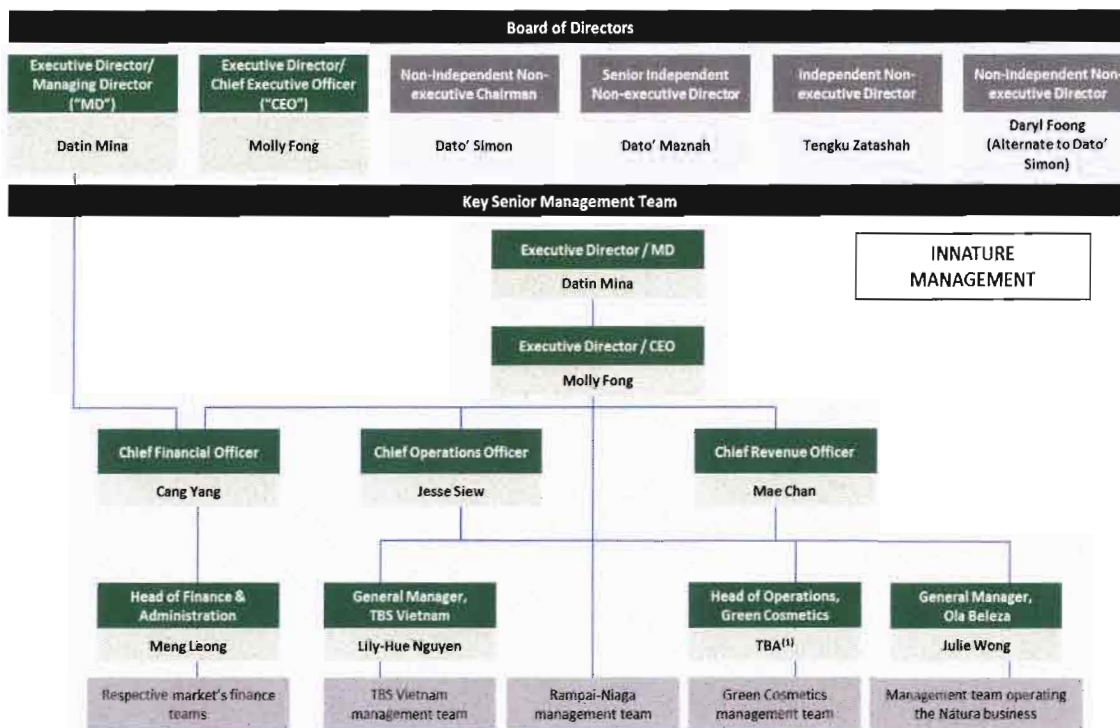
Name of Key Senior Management	In Bands of RM50,000	
	FYE 2019 (Actual)	FYE 2020 (Proposed)
	RM '000	RM '000
Jesse Siew	450-500	500-550
Mae Chan	350-400	400-450
Cang Yang	300-350	400-450
Meng Leong	250-300	250-300
Lily-Hue Nguyen	750-800	800-850
Julie Wong	300-350	300-350



### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

#### 3.4 Management reporting structure

The following chart illustrates the management reporting structure for our business operations:



**Note:**

- (1) TBA means to be appointed. During the start-up phase, our COO, Jesse Siew will be overseeing the TBS business operations in Cambodia under Green Cosmetics.

#### 3.5 Declarations by our Directors, Promoters and Key Senior Management

None of our Directors, Promoters and Key Senior Management is or has been involved in any of the following events (whether in or outside Malaysia):

- in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
- disqualified from acting as a director of any corporation, or from taking part, directly or indirectly, in the management of any corporation;
- in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) any unsatisfied judgment against him.

Notwithstanding the above, on 3 October 2011, the SC entered into a settlement with Dato' Simon in the sum of RM281,361 when Dato' Simon agreed without admission or denial of liability, to settle a claim that the SC was proposing to institute against him for insider trading in the shares of Crest Petroleum Berhad ("**Crest**") between 14 January 2003 and 21 January 2003 ("**Alleged Trading**"), contrary to section 89E of the Securities Industry Act 1983 ("**SIA**") ("**Claim**"). The settlement was reached following letters of demand sent by the SC pursuant to its civil enforcement powers under the securities laws, where the sum he was required to disgorge was equivalent to 3 times the gains he made from his trades in Crest shares. In accordance with the provisions of section 90A(7) of the SIA, the amount recovered from Dato' Simon was to be used first to reimburse the SC for all costs of investigations and proceedings. The remaining amount was to be used to compensate the sellers who sold their shares to him before the information became generally available. The Alleged Trading took place more than 16 years ago in 2003 and to the best of the Company's and Dato' Simon's knowledge, no charge or any criminal proceeding has been instituted against Dato' Simon in any court of law in relation to the Alleged Trading and no other claims were made by the SC against Dato' Simon subsequent to the Claim. This matter did not involve our Company, our other Directors nor any of our Subsidiaries.

#### 3.6 Relationships or associations between our Directors, Promoters, Substantial Shareholders and Key Senior Management

There are no family relationships or associations between our Directors, Promoters, Substantial Shareholders and Key Senior Management, save for the following:

- (i) Dato' Simon and Datin Mina are husband and wife. Dato' Simon and Datin Mina are our Directors, Promoters, and Substantial Shareholders through their shareholdings in Etheco and BluPlanet who are our Substantial Shareholders and Promoters, as well as Pelagos and Primarium who are our shareholders and Promoters. Dato' Simon is a director of Etheco, BluPlanet and Primarium; whilst Datin Mina is a director of Etheco, BluPlanet and Pelagos; and
- (ii) Dato' Simon and Datin Mina are the parents of Daryl Foong, our Promoter and our Non-Independent Non-Executive Director, and Dexter Foong, our Promoter. Daryl Foong is a substantial shareholder and director of Pelagos; and Dexter Foong is a substantial shareholder and director of Primarium.

#### 3.7 Service agreements

As at the LPD, there are no existing or proposed service agreements between our Group and Directors or Key Senior Management, excluding contracts expiring or determinable by our Company without payments or compensation (other than statutory compensation), which are not terminable by notice without payment or compensation (other than statutory notice).

## 4. INFORMATION ON OUR GROUP

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### 4.1 Our Company

#### 4.1.1 History and background

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 21 October 1994 as a private limited company under the name of Home Blockbuster Video Sdn Bhd and deemed registered under the Act. On 11 November 1997, we changed our name to Rampai Teknologi Sdn Bhd and subsequently to InNature Sdn Bhd on 1 March 2018. On 25 July 2018, our Company was converted into a public limited company to facilitate our Listing.

The principal activity of our Company is investment holding. We are principally involved in the retailing and distribution of The Body Shop® (“TBS”) products through our Subsidiaries Rampai-Niaga, TBS Vietnam and Green Cosmetics. Please refer to Section 4.3 of this Prospectus for more details of the principal activities of our Subsidiaries.

On 9 April 1984, our Promoter, Datin Mina together with her then partner acquired the right to establish and operate TBS retail stores in West Malaysia. The first TBS retail store was opened in Plaza Yow Chuan in December 1984. On 14 July 1995, pursuant to a novation agreement, the rights, interests, liabilities and obligations of Datin Mina’s then partner under the then existing franchise agreements were assigned, transferred and vested in Dato’ Simon with the consent of The Body Shop International. From 24 July 1995, the franchise for West Malaysia was granted by The Body Shop International to TBS Franchise Sdn Bhd (now known as Feliz Natur Sdn Bhd) (“**Feliz Natur**”), a company wholly owned by Datin Mina and Dato’ Simon before it was transferred in 2002 to our Malaysian subsidiary, Rampai-Niaga, which was at the time, a company wholly owned by Datin Mina and Dato’ Simon.

In 2009, our wholly-owned Vietnam subsidiary, TBS Vietnam was awarded the franchise for Vietnam, being the first TBS franchise granted by TBSI in Vietnam. Subsequently in 2012, we became one of the first cosmetics brands in Malaysia to launch our online platform for the sale of TBS products in Malaysia, through TBS’s website operated locally by us. Shortly thereafter, our online platform was launched in Vietnam in 2013. In 2015, Rampai-Niaga was also awarded the franchise for Sabah and Labuan, which was previously held by another franchisee of TBSI. Following the award, Rampai-Niaga holds the TBS franchise for Malaysia except for Sarawak, the franchise of which, is held by another franchisee of TBSI. In June 2019, The Body Shop International awarded the first TBS franchise for Cambodia to our Cambodian subsidiary, Green Cosmetics.

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#### 4. INFORMATION ON OUR GROUP (cont'd)

As at the LPD, our Group holds TBS franchises to establish and operate TBS points-of-sale in the following territories:

Subsidiary	Territory	Distribution channels	Exclusivity
Rampai-Niaga	West Malaysia, Sabah and Labuan	<ul style="list-style-type: none"> <li>• The retail points-of-sale and online channels mentioned in Section 5.3.4 of this Prospectus.</li> <li>• Subject to TBSI's approval, we have the right to operate via the following reserved and non-exclusive distribution channels:               <ul style="list-style-type: none"> <li>(i) Mail order catalogues;</li> <li>(ii) Direct selling in the home or at other non-retail locations; and</li> <li>(iii) Hotel chains.</li> </ul> </li> </ul>	The Body Shop International will not appoint any other third party as franchisee in the territories or grant equivalent rights to any third party in the territories under the respective Franchise Agreements.
TBS Vietnam	Vietnam		
Green Cosmetics	Cambodia		

For further details of the scope of our franchises and the terms of the Franchise Agreements entered into by Rampai-Niaga, TBS Vietnam and Green Cosmetics respectively, with TBSI, please refer to Section 5.15 of this Prospectus.

As at the LPD, we have a wide network of 89 points-of-sale throughout West Malaysia, Sabah and Labuan, and 34 points-of-sale in Vietnam. We have also ventured into Cambodia and opened our first point-of-sale in Cambodia in November 2019.

The Body Shop International does not have any equity interest in our Group as at the LPD.

##### 4.1.2 Pre-listing internal restructuring exercise

We carried out an internal restructuring exercise prior to our Listing which involved the following steps (“**Internal Restructuring Exercise**”):

- (a) on 24 September 2018, InNature had acquired the entire charter capital of TBS Vietnam for a purchase consideration of USD350,000 (equivalent to VND5.6 billion or RM1,447,000) from Feliz Natur (“**TBS Vietnam Acquisition**”). The purchase consideration for the TBS Vietnam Acquisition was arrived at based on the charter capital of TBS Vietnam i.e. capital contributed by the then shareholders of TBS Vietnam; namely Datin Mina and Dato’ Simon. Subsequent to the TBS Vietnam Acquisition, TBS Vietnam had become a wholly-owned subsidiary of our Group;
- (b) on 31 December 2018, our subsidiary, Rampai-Niaga, had carried out a distribution of dividend for the FYE 2018 to InNature, its sole shareholder (“**Rampai-Niaga 2018 Dividend**”) as follows:
  - (i) payment of dividend in the total amount of RM 71,923,644, comprising RM18,000,000 in cash and RM 53,923,644 by intercompany settlement through offsetting the amount due from InNature to Rampai-Niaga; and

**4. INFORMATION ON OUR GROUP** (cont'd)

- (ii) payment of dividend-in-specie comprising Rampai-Niaga's properties at fair value amounting to RM13,520,000 as detailed below ("**Rampai-Niaga Dividend-In-Specie**"), resulting in a transfer of ownership of such properties from Rampai-Niaga to InNature:

No.	Particulars	Consideration (RM'000)
(1)	Parcel No. Lot No. G41, Ground Floor, Mahkota Parade, Melaka which is erected on the Master Title Plot Perdagangan 1, being part of PN 6528, Lot No. 2 and Plot Perdagangan 5, being part of PN 6517 Lot No. 4, both in Bandar XLII (42), Daerah Melaka Tengah, Negeri Melaka	1,160
(2)	Unit 44, Ground Floor, Central Square Complex, Sungai Petani, Kedah held under Strata Title Hakmilik Strata G 145068/M1/1/0000044, No. Bangunan M1, No. Tingkat 1, No. Petak. 0000044, Lot 134 Seksyen 56, Bandar Sungai Petani, Daerah Kuala Muda, Negeri Kedah Darul Aman	360
(3)	No. 3, USJ 10/1C, 47620 UEP Subang Jaya, Selangor Darul Ehsan held under Geran 285215 Lot 37212, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan	4,900
(4)	No. 5, USJ 10/1C, 47620 UEP Subang Jaya, Selangor Darul Ehsan held under Geran 285214 Lot 37211, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan	4,900
(5)	Lot No. LG 20J, Lower Ground Floor, Subang Parade which is erected on the Master Title HS(D) 2227 for Lot No. P.T. 9120, Lot 014193 in the Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan	950
(6)	LG 03A, Summit City which is erected on all the leasehold land held under Master Title HS(D) 59989 PT 12201 and HS(D) 59990 PT 12202, both in Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan	1,250
<b>Total</b>		<b>13,520</b>

- (c) following the Rampai-Niaga 2018 Dividend, on 31 December 2018, our Company had carried out a distribution of dividend for the FYE 2018 for the total amount of RM138,884,000, comprising RM29,450,000 in cash and RM109,434,000 by offsetting amounts due from companies in which Dato' Simon and Datin Mina have interests in; and in specie of RM13,520,000 via distribution of the real properties under the Rampai-Niaga Dividend-In-Specie at fair value; to our Company's then shareholders, Dato' Simon and Datin Mina.

Their entitlement to the said real properties were transferred to Steady Property Management Sdn Bhd ("**Steady Property**"), a company which is also owned by Dato' Simon and Datin Mina. Please refer to Section 13.5 of this Prospectus for further details of the sale and purchase agreements for the transfer of the real properties above;

#### 4. INFORMATION ON OUR GROUP (cont'd)

- (d) on 10 April 2019, our Company had declared a dividend amounting to RM10,000,000 for the FYE 2018 in cash and the dividends have been paid to the entitled shareholders of our Company on 30 August 2019;
- (e) on 15 May 2019, Etheco had entered into a share sale agreement with our Promoters, Dato' Simon and Datin Mina to acquire their entire shareholdings in InNature, which is in aggregate the entire issued share capital of InNature of RM2,500,000 comprising 2,500,000 Shares ("**InNature Acquisition**"). The purchase consideration of RM75,803,000 for the InNature Acquisition was arrived at on a "willing-buyer-willing-seller" basis after taking into consideration the consolidated NA value of InNature as at 31 December 2018. The purchase consideration is to be satisfied entirely by the issuance of 2,500,000 ordinary shares in Etheco to Dato' Simon and Datin Mina in equal proportion. The InNature Acquisition shares were transferred to Etheco by share transfer forms dated 25 October 2019 which became effective on 13 December 2019 upon completion of stamping and registration of share transfers pursuant to the Act;
- (f) further to the InNature Acquisition, InNature had on 20 December 2019 issued new Shares to BluPlanet, Pelagos, and Primarium in the following proportions ("**Promoters Share Issuance**"):

Shareholders	Consideration (RM)	No. of Shares issued	% <sup>(1)</sup>
BluPlanet	1,593,400 <sup>(2)</sup>	1,593,400	36.32
Pelagos	147,076 <sup>(2)</sup>	147,076	3.35
Primarium	147,076 <sup>(2)</sup>	147,076	3.35

**Notes:**

- (1) Based on the issued share capital of 4,387,552 Shares before the IPO.
- (2) The new Shares were issued at a nominal price of RM1.00 per Share.
- (g) our Company had subsequently on 24 December 2019 carried out a subdivision of the entire issued share capital of RM4,387,552 comprising 4,387,552 Shares into RM4,387,552 comprising 631,807,488 Shares at a ratio of 1:144 Shares ("**Subdivision**"); and
- (h) on 26 November 2019, our Company had declared a dividend amounting to RM10,000,000 for the FYE 2019 in cash and the dividends has been paid to the entitled shareholders of our Company on 27 December 2019.

#### 4.1.3 Share capital

As at the LPD, our issued share capital is RM4,387,552 comprising 631,807,488 Shares. The changes in our Company's issued share capital since incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of Shares
21.10.1994	2	-	Cash (subscriber shares)	2	2
18.12.2018	2,499,998	Bonus issue	-	2,500,000	2,500,000

4. INFORMATION ON OUR GROUP (cont'd)

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of Shares
20.12.2019	1,887,552	New issuance of Shares	Cash	4,387,552	4,387,552
24.12.2019	631,807,488	Subdivision of Shares	-	4,387,552	631,807,488

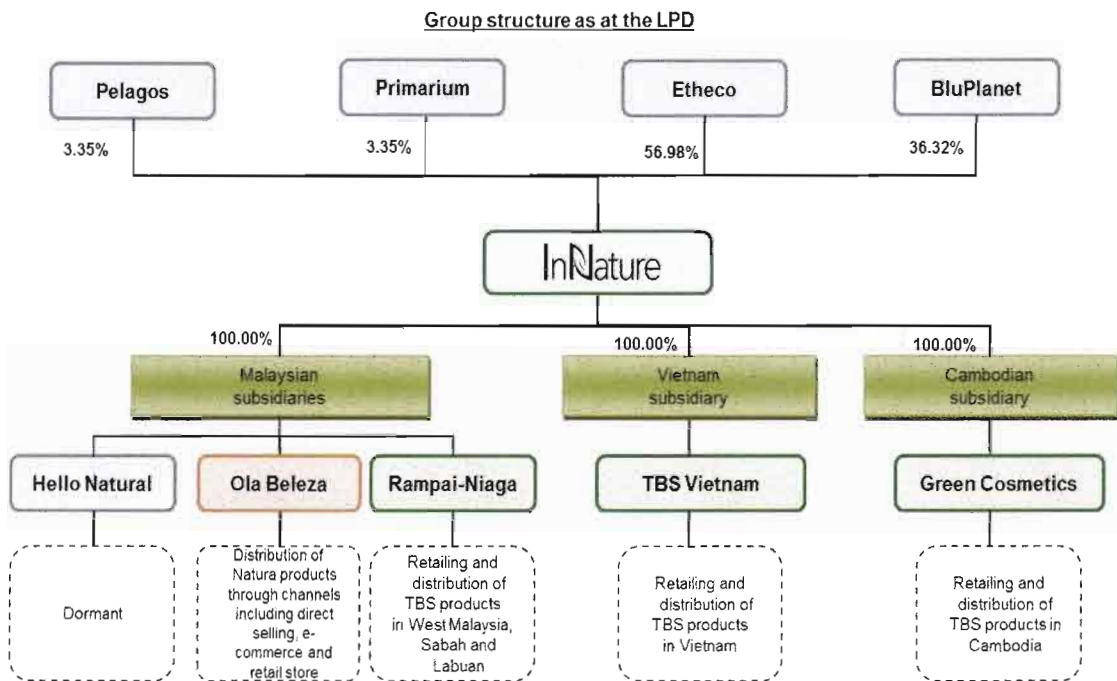
There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

Upon the completion of our IPO, our enlarged share capital will increase to RM53,208,000 comprising 705,881,488 Shares.

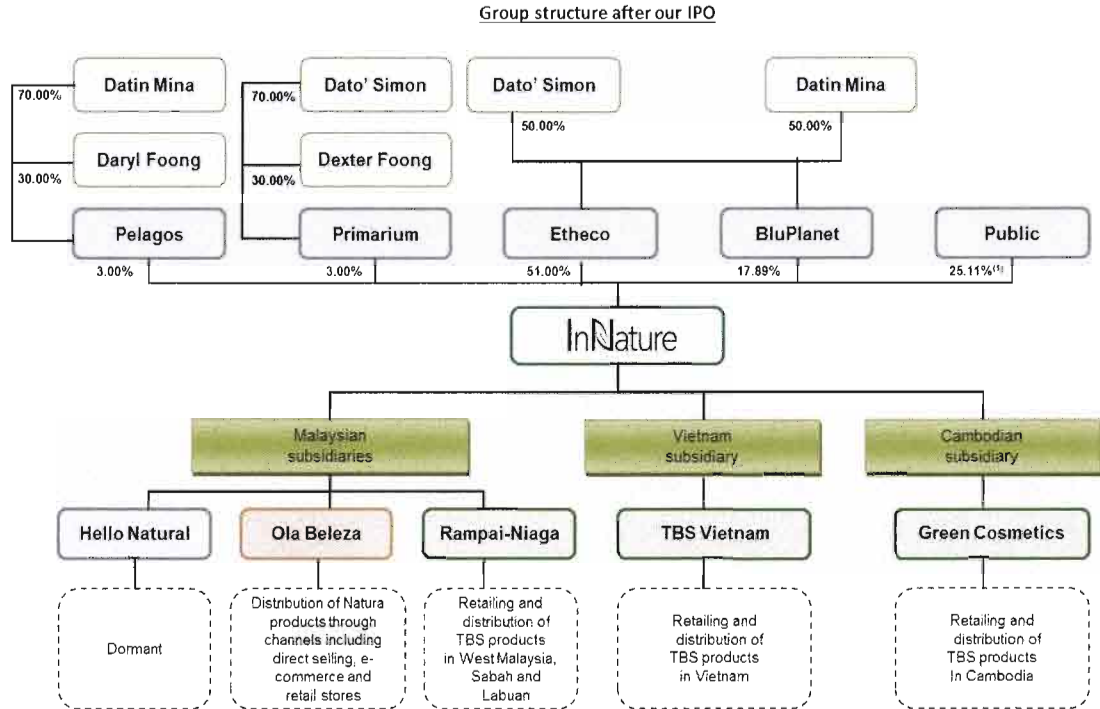
As at the LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital in respect of the Shares in our Company.

4.2 Group structure

Our group structure as at the LPD and after our IPO is as set out below:



4. INFORMATION ON OUR GROUP (cont'd)



Note:  
 1 This includes the Pink Form Shares allocated to the Directors of our Group amounting to 650,000 Shares or 0.09% of the enlarged issued share capital of our Company

Our Group was formed when our Company acquired the entire issued and paid-up share capital of Rampai-Niaga on 23 November 2006. Subsequently our Company acquired TBS Vietnam on 24 September 2018. Thereafter, Green Cosmetics, Hello Natural and Ola Beleza were incorporated as our wholly-owned Subsidiaries on 4 October 2018, 15 February 2019 and 21 February 2019 respectively (collectively the “**Incorporations**”). These Subsidiaries collectively hold all our business operations.

Rampai-Niaga and TBS Vietnam were acquired by InNature for cash, details of which are as follows:

Subsidiary	Total interests in subsidiary acquired (%)	Vendors	Consideration (RM'000)
Rampai-Niaga	100.0	Kejora Harta Berhad <sup>(1)</sup>	80,000
TBS Vietnam	100.0	Feliz Natur <sup>(2)</sup>	1,447 <sup>(3)</sup>

**Notes:**

- (1) Datin Mina and Dato' Simon originally held 50.0% shares each in Rampai-Niaga since 14 May 1986 and 15 July 1995 respectively. Their shares in Rampai-Niaga were sold to Kejora Harta Berhad, then a public listed company on 2 October 2003. Subsequently, InNature had on 23 November 2006 acquired the entire issued share capital of Rampai-Niaga from Kejora Harta Berhad for cash.
- (2) Datin Mina and Dato' Simon hold 50.0% shares each in Feliz Natur.
- (3) The Group acquired the entire charter capital of TBS Vietnam in September 2018 for a total consideration of USD350,000, which is equivalent to VND5.6 billion or RM1,447,000. Please refer to Section 4.1.2(a) of this Prospectus and Note 27 of the Accountants' Report in Section 12 of this Prospectus for further details.

Following the completion of the acquisition of Rampai-Niaga and TBS Vietnam and the Incorporations, each Subsidiary became a wholly-owned subsidiary of InNature.



#### 4. INFORMATION ON OUR GROUP (cont'd)

##### 4.3 Our Subsidiaries

Our Subsidiaries are as follows:

Name and registration no.	Date and country of incorporation	Issued share capital	Our Company's effective interest (%)	Principal activities/ Principal place of business
<b>Malaysia</b>				
Rampai-Niaga (198401005193 (117711-H))	09.04.1984 Malaysia	RM1.0 million	100.0	Retailing and distribution of TBS products in West Malaysia, Sabah and Labuan
Ola Beleza (201901005911 (1315238-V))	21.02.2019 Malaysia	RM2.6 million	100.0	Distribution of Natura products through channels including direct selling, e-commerce and retail stores.
Hello Natural (201901005135 (1314462-V))	15.02.2019 Malaysia	RM1.00	100.0	Dormant
<b>Vietnam</b>				
TBS Vietnam (Certificate of Investment No. 411043000899)	15.01.2009 Vietnam	Charter capital: VND5.6 billion	100.0	Retailing and distribution of TBS products in Vietnam
<b>Cambodia</b>				
Green Cosmetics (00036935)	04.10.2018 Cambodia	KHR20.0 million	100.0	Retailing and distribution of TBS products in Cambodia

The details of our Subsidiaries are set out below:

##### 4.3.1 Rampai-Niaga

###### (i) History and business

Rampai-Niaga was incorporated on 9 April 1984 in Malaysia under the Companies Act, 1965 as a private limited company under its present name and deemed registered under the Act.

Rampai-Niaga's principal business activity is the retailing and distribution of TBS products in West Malaysia, Sabah and Labuan. Rampai-Niaga commenced operations on 9 April 1984.

###### (ii) Share capital

As at the LPD, the issued share capital of Rampai-Niaga is RM1,000,000 comprising 1,000,000 Rampai-Niaga ordinary shares.

The changes in the issued share capital of Rampai-Niaga since its incorporation up to the LPD are as follows:

**4. INFORMATION ON OUR GROUP (cont'd)**

Date of allotment	No. of Rampai-Niaga shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of shares
09.04.1984	4	-	Cash	4	4
05.06.1984	20,000	-	Cash	20,004	20,004
06.09.1984	5,000	-	Cash	25,004	25,004
08.01.1985	25,000	-	Cash	50,004	50,004
01.03.1985	25,000	-	Cash	75,004	75,004
25.05.1988	49,996	-	Cash	125,000	125,000
03.04.1993	125,000	Bonus issue	-	250,000	250,000
06.10.2015	750,000	Bonus issue	-	1,000,000	1,000,000

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

As at the LPD, Rampai-Niaga does not have any outstanding warrants, options, convertible securities or uncalled capital.

**(iii) Shareholder and directors**

Rampai-Niaga is a wholly-owned subsidiary of our Company. For the past 3 years up to the LPD, there were no changes to the shareholder of Rampai-Niaga.

The directors of Rampai-Niaga are Dato' Simon and Datin Mina.

**(iv) Subsidiary and associated company**

Rampai-Niaga does not have any subsidiary or associated company.

**4.3.2 Ola Beleza****(i) History and business**

Ola Beleza was incorporated on 21 February 2019 in Malaysia under the Act as a private limited company under the name of Natura Beauty Sdn Bhd, and subsequently changed to its present name on 5 April 2019.

Ola Beleza's principal business activity is the distribution of Natura products through channels including direct selling, e-commerce and retail stores. Ola Beleza commenced its retail operations by launching the Natura e-commerce website in August 2019 and setting up a pop-up store in Sunway Pyramid in October 2019.

**(ii) Share capital**

As at the LPD, the issued share capital of Ola Beleza is RM2,600,000 comprising 2,600,000 Ola Beleza ordinary shares.

The changes in the issued share capital of Ola Beleza since its incorporation up to the LPD are as follows:

**4. INFORMATION ON OUR GROUP (cont'd)**

Date of allotment	No. of Ola Beleza shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of shares
21.02.2019	1	-	Cash	1	1
12.06.2019	2,599,999	-	Cash	2,599,999	2,600,000

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

As at the LPD, Ola Beleza does not have any outstanding warrants, options, convertible securities or uncalled capital.

**(iii) Shareholder and directors**

Ola Beleza is a wholly-owned subsidiary of our Company. From Ola Beleza's incorporation date of 21 February 2019 up to the LPD, there were no changes to the shareholder of Ola Beleza save for the transfer of the then entire issued share capital of RM1.00 comprising 1 ordinary share from Hello Natural to our Company on 9 April 2019.

The sole director of Ola Beleza is Datin Mina.

**(iv) Subsidiary and associated company**

Ola Beleza does not have any subsidiary or associated company.

**4.3.3 Hello Natural****(i) History and business**

Hello Natural was incorporated on 15 February 2019 in Malaysia under the Act as a private limited company under the name of Ola Natura Sdn Bhd, and subsequently changed to its present name on 5 April 2019. As at the LPD, the Group does not have any plan for Hello Natural.

Hello Natural was initially incorporated as an investment holding company with Ola Beleza as its wholly-owned subsidiary. On 9 April 2019, Ola Beleza became InNature's direct wholly-owned subsidiary and Hello Natural has since then become dormant.

**(ii) Share capital**

As at the LPD, the issued share capital of Hello Natural is RM1.00 comprising 1 Hello Natural ordinary share.

There are no changes in the issued share capital of Hello Natural since its incorporation up to the LPD.

As at the LPD, Hello Natural does not have any outstanding warrants, options, convertible securities or uncalled capital.

#### 4. INFORMATION ON OUR GROUP *(cont'd)*

##### (iii) Shareholder and directors

Hello Natural is a wholly-owned subsidiary of our Company. From Hello Natural's incorporation date of 15 February 2019 up to the LPD, there were no changes to the shareholder of Hello Natural.

The sole director of Hello Natural is Datin Mina.

##### (iv) Subsidiary and associated company

Hello Natural does not have any subsidiary or associated company.

#### 4.3.4 TBS Vietnam

##### (i) History and business

TBS Vietnam was incorporated in Vietnam on 15 January 2009 under the laws of Socialist Republic of Vietnam as a limited liability company with one member under its present name.

TBS Vietnam's principal business activity is the retailing and distribution of TBS products in Vietnam. TBS Vietnam commenced its operations on 8 December 2009.

##### (ii) Share capital

As at the LPD, the share capital of TBS Vietnam is VND5.6 billion (equivalent to RM1,026,000 as stated in InNature's consolidated accounting records).

The share capital of TBS Vietnam has not changed since incorporation up to the LPD.

As at the LPD, TBS Vietnam does not have any outstanding warrants, options, convertible securities or uncalled capital.

##### (iii) Shareholder and directors

TBS Vietnam is a wholly-owned subsidiary of our Company. The changes in the shareholders and their shareholdings in TBS Vietnam for the past 3 years up to the LPD are as follows:

Name	As at 2016 and 2017		As at 24 September 2018 and LPD	
	Capital held (VND billion)	%	Capital held (VND billion)	%
Feliz Natur	5.6	100.0	-	-
InNature	-	-	5.6	100.0

The general director of TBS Vietnam is Datin Mina. She is the sole director of TBS Vietnam.

##### (iv) Subsidiary and associated company

TBS Vietnam does not have any subsidiary or associated company.

**4. INFORMATION ON OUR GROUP** *(cont'd)*

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**4.3.5 Green Cosmetics****(i) History and business**

Green Cosmetics was incorporated in Cambodia on 4 October 2018 under the Law on Commercial Rules and Commercial Register, and Law on Commercial Enterprises as a single member private limited company under its present name.

Green Cosmetics' principal business activity is the retailing and distribution of TBS products in Cambodia. Green Cosmetics commenced its retail operations and opened the first TBS point-of-sale in Cambodia in November 2019.

**(ii) Share capital**

As at the LPD, the issued share capital of Green Cosmetics is KHR20.0 million (equivalent to RM21,000 as stated in InNature's consolidated accounting records) comprising 1,000 Green Cosmetics ordinary shares.

There has been no change to the issued share capital of Green Cosmetics since incorporation up to the LPD.

As at the LPD, Green Cosmetics does not have any outstanding warrants, options, convertible securities or uncalled capital.

**(iii) Shareholder and directors**

Green Cosmetics is a wholly-owned subsidiary of our Company. From Green Cosmetic's incorporation date of 4 October 2018 up to the LPD, there were no changes to the shareholder of Green Cosmetics.

The sole director of Green Cosmetics is Datin Mina.

**(iv) Subsidiary and associated company**

Green Cosmetics does not have any subsidiary or associated company.

As at the LPD, neither our Company nor our Subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

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## 5. BUSINESS OVERVIEW

### 5.1 Business overview

Our Group holds TBS franchises to establish and operate TBS points-of-sale in West Malaysia, Sabah and Labuan, Vietnam and Cambodia. Through our franchise with TBSI, our Subsidiaries, Rampai-Niaga, TBS Vietnam and Green Cosmetics are involved in the retailing and distribution of TBS brand of products (“**TBS products**”) in West Malaysia, Sabah and Labuan, in Vietnam and in Cambodia.

We are a leading mono-brand beauty retailer (beauty retailer that carries one brand at its points-of-sale such as the TBS points-of-sale) in Malaysia with a market share of 11.0% based on total market sales of RM1.48 billion as at 2018. We are also the largest in terms of number of points-of-sale in the same segment as at the LPD. (*Source: IMR Report*)

Our Group has recorded a revenue growth of 11.2% and 16.9% in Vietnam for the FYE 2017 and FYE 2018, and 35.3% for the FPE 2019. Pegged on the expected growth of the CPC industry in Vietnam as detailed in Section 6 of this Prospectus, as well as the past performance of our Company in Vietnam, we are well-positioned to grow our market share in Vietnam and to make inroads into Cambodia.

In collaboration with Natura Cosméticos S.A., we have also recently introduced the Natura beauty brand into Malaysia to expand our brand portfolio and strengthen our leadership in market share of the naturals sector of the beauty industry. We have launched the Natura e-commerce website in August 2019 and opened a pop-up store in Sunway Pyramid in October 2019 to introduce and promote the brand to the Malaysian market.

#### *Background on our Franchisor*

Founded in 1976 in Brighton, England, by Dame Anita Roddick, TBSI, our Franchisor, is a global beauty brand and retailer of The Body Shop® products. The Body Shop® seeks to offer high-quality, naturally inspired skincare, body care, hair care and make-up produced ethically and sustainably. Having pioneered the philosophy that business can be a force for good, this ethos is still the brand’s driving force. The Body Shop® spans around 3,000 retail locations in 70 countries. Along with Natura and Aesop, TBSI is part of Natura & Co, a global, multi-channel and multi-brand cosmetics group that is committed to generating positive economic, social and environmental impact.

#### *Our values: Business as a force for good*

Similar to our Franchisor’s values, our Group believes that business can be a force for good. Over the years, we have initiated and organised many campaigns for the conservation and protection of the environment and animals, as well as for human rights and women’s rights, both in Malaysia and Vietnam. We regularly collaborate with non-governmental organisations to campaign for these environmental and social causes. Please refer to Section 5.1.2 below for details of our campaigns.

#### *Our networks and growth*

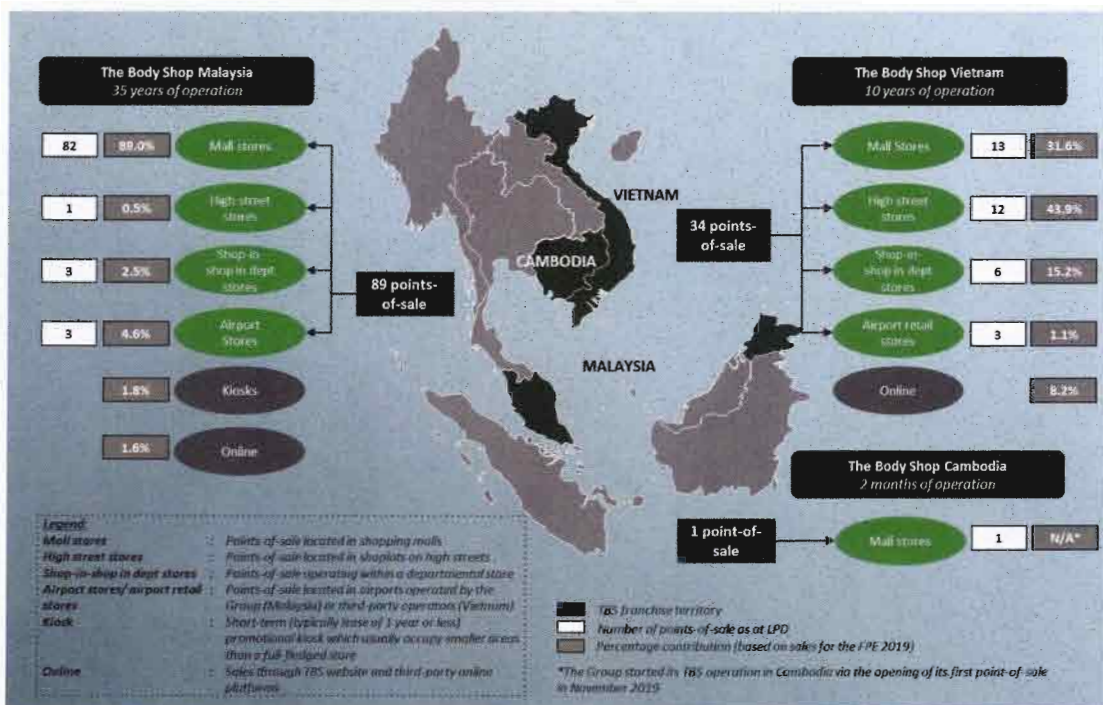
We have a wide network of 89 points-of-sale throughout West Malaysia, Sabah and Labuan, 34 points-of-sale in Vietnam and, 1 point-of-sale in Cambodia as at the LPD. The growth of our business is a reflection of our Group’s efforts in building the brand equity of TBS over 30 years, with the support of our Franchisor, TBSI.

5. BUSINESS OVERVIEW (cont'd)

The number of our points-of-sale and our sales revenue in Malaysia have grown over the years in line with the growth of Malaysia's economy and the rise in the disposable income of Malaysian consumers. By selling through our own points-of-sale, we have more flexibility and better control over the marketing, retailing and distribution of TBS products and this has enabled us to continue to grow our business throughout the years. Our points-of-sale consist of retail stores located within shopping malls, retail stores located on high streets, airport stores and stores within department stores ("shop-in-shop" format).

In February 2012, we became one of the first CPC brands in Malaysia to launch our online platform for the sale of TBS products in West Malaysia through TBS's website which we operate. We launched our online sales in Vietnam in March 2013. As at the LPD, besides operating TBS's websites in Malaysia and Vietnam, we also retail TBS products via selected third-party online stores such as Hermo in Malaysia, Tiki in Vietnam, and Lazada in both markets.

As at the LPD, the breakdown of our 89 points-of-sale in West Malaysia, Sabah and Labuan, and 34 points-of-sale in Vietnam as well as our online platform are depicted below:



We also have 1 TBS mall store in Cambodia which was opened in November 2019.

Please refer to Section 5.3.4 of this Prospectus for more details of our distribution channels.

Despite many new brand entrants into the highly competitive mono-brand beauty market, our revenue in Malaysia has sustained its growth and our audited revenue grew from RM143.3 million in the FYE 2016 to RM153.5 million in the FYE 2017, and to RM162.9 million in the FYE 2018. Our audited revenue in Malaysia for the FPE 2019 was RM117.8 million. In Vietnam, we have now garnered almost one decade of market penetration experience and our audited revenue grew from RM16.6 million in the FYE 2016 to RM18.4 million in the FYE 2017, and to RM21.5 million in the FYE 2018. For the FPE 2019, the audited revenue for Vietnam was RM20.4 million.

Based on the IMR Report, the market for CPC industry in Malaysia has been growing continuously during the period between 2013 and 2018, at a CAGR of 6.2%. The growth rate for the period between 2018 to 2023 is forecasted to accelerate to a CAGR of 8.0%, driven by growing disposable income, urbanisation and overall total population.

## 5. BUSINESS OVERVIEW (cont'd)

The market for CPC industry in Vietnam has been growing continuously during the period between 2013 to 2018, at a CAGR of 12.0%, from VND22.2 trillion (approximately RM3.9 billion) to VND39.2 trillion (approximately RM6.9 billion), while the growth rate is forecasted to slightly slow down to a CAGR of 11.6%, from VND39.2 trillion (approximately RM6.9 billion) to VND68.0 trillion (approximately RM12.0 billion) for the period between 2018 to 2023. (Source: IMR Report)

The market for CPC products in Cambodia grew fast during the period between 2013 and 2018, at a CAGR of 17.0%, driven by positive economic activity, which has given a boost to the disposable income of the population, thereby stimulating the growth of local commercial activities and attracting international brands to expand their presence in the country.

A summary of our audited revenue for Malaysia and Vietnam for the past 3 financial years and FPE 2019 is set out below:

	Revenue for Malaysia and Vietnam			
	FYE 2016 (RM'000)	FYE 2017 (RM'000)	FYE 2018 (RM'000)	FPE 2019 (RM'000)
<b>Retail channel sales</b>				
Malaysia	141,864	151,320	160,059	115,981
Vietnam	15,950	17,317	19,716	18,668
<b>Online sales</b>				
Malaysia	1,414	2,163	2,868	1,848
Vietnam	594	1,087	1,807	1,653
<b>Total</b>	<b>159,822</b>	<b>171,887</b>	<b>184,450</b>	<b>138,150</b>

### 5.1.1 Business milestones

Our key milestones are set out below:

Year	Event
1984	<ul style="list-style-type: none"> <li>Our Promoter, Datin Mina together with her then partner acquired the right to establish and operate TBS retail stores in West Malaysia and Rampai-Niaga opened its first store under the trade name of The Body Shop® in KL, Malaysia.</li> </ul>
1998	<ul style="list-style-type: none"> <li>The TBS franchise for West Malaysia was renewed with Feliz Natur, a company wholly-owned by Datin Mina and Dato' Simon with retrospective effect from 24 July 1995.</li> </ul>
2002	<ul style="list-style-type: none"> <li>The TBS franchise for West Malaysia was transferred to Rampai-Niaga.</li> </ul>
2009	<ul style="list-style-type: none"> <li>We were awarded the TBS franchise for Vietnam and opened our first point-of-sale under the trade name of The Body Shop® in HCMC, Vietnam.</li> </ul>
2010	<ul style="list-style-type: none"> <li>We launched TBS's website in Malaysia.</li> </ul>
2011	<ul style="list-style-type: none"> <li>We launched TBS's website in Vietnam.</li> </ul>



**5. BUSINESS OVERVIEW (cont'd)**

Year	Event
2012	<ul style="list-style-type: none"> <li>We commenced our e-commerce transactions for TBS in Malaysia.</li> </ul>
2013	<ul style="list-style-type: none"> <li>We commenced our e-commerce transactions for TBS in Vietnam.</li> </ul>
2015	<ul style="list-style-type: none"> <li>We were awarded the TBS franchise for Sabah and Labuan, and acquired the then existing TBS points-of-sale in Sabah from the previous franchise-holder.</li> </ul>
2019	<ul style="list-style-type: none"> <li>We were awarded the TBS franchise for Cambodia and opened our first point-of-sale under the trade name of The Body Shop® in Phnom Penh, Cambodia.</li> <li>We have launched the Natura website for Malaysia in August 2019 and opened a pop-up-store in Sunway Pyramid in October 2019 to introduce and promote the Natura brand to the Malaysian market. We commenced our e-commerce transactions in Malaysia for the Natura brand in September 2019.</li> </ul>

**5.1.2 Our values**

The culture of our Group embodied in every aspect of our business processes and operations is that business can be a force for good. We share the same belief as our TBS Franchisor, that as corporate citizens, we possess the power to make a difference. From the communities which we trade with, to the colleagues we work with, to customers we engage with; each one represents an opportunity to change, to inform, and to inspire through education. And through education, we aspire to progress greater equality of rights and opportunities. Creating shared value through sustainable practices and using our position to campaign for social and environmental change, has always been our guiding principle.

Over and above our ability to build our business, we stay true to the values and belief we share with Dame Anita Roddick that business can be a force for good. We have always believed that our Group has an active role to play in our society, because through our points-of-sale and our social media, we are able to reach out to consumers to create awareness on social and environmental issues and to speak out and effect social and environmental change. Our campaigns consist of local campaigns initiated and organised by our Group and global campaigns. Key campaigns initiated over the years include the following:

**Locally initiated campaigns**

Year	Campaign
<b>Malaysia</b>	
1994 and ongoing	<p>Annual Coastal Clean-up</p> <p>We have organised annual Beach Clean-Ups in Malaysia since 1994 as the official partner of the International Coastal Clean-Up, raising awareness on the need to keep beaches and marine life safe from pollution.</p>
2006 – 2010	<p>Save Belum Temengor Forest</p> <p>We campaigned for the protection of Belum Temengor forest with Malaysian Nature Society and obtained 80,000 signatures to present to the Perak state government, after which The Royal Belum state park was officially gazetted as a protected rainforest.</p>

## 5. BUSINESS OVERVIEW (cont'd)

Year	Campaign
2011 – 2012	<p>Where's My Mama Wildlife Conservation</p> <p>We collaborated with TRAFFIC South East Asia to create awareness on the threats of illegal wildlife trade and raised funds for the patrolling of our Malaysian forests to deter poachers.</p>
2013 – 2014	<p>Cruelty-free</p> <p>We campaigned against cruelty to animals and obtained 60,000 signatures in a campaign with the Society for the Prevention of Cruelty to Animals to call for reform to the Animal Welfare Act 2015 which was successfully passed in the Malaysian Parliament in 2016.</p>
2001 and ongoing	<p>Candles of Conscience Fund-raising</p> <p>We launched a range of candles which are sold to raise funds for a number of worthy causes. Over the years, we have partnered with several local non-governmental organisations, such as Women's Aid Organisation, Pink Triangle Foundation, Malaysian AIDS Foundation, Malaysian Nature Society and Sisters In Islam.</p>
2008 and ongoing	<p>"Kick The Bag Habit"</p> <p>We have been practising this ongoing campaign in-store since we started in 2008. As a retailer, we eliminated the usage of plastic bags early on, and pioneered the movement to encourage customers to use their own bags as we started charging for our paper bags, the funds of which go towards supporting various environmental projects, such as the Endau Rompin Bio-Bridge project currently.</p>
2014 and ongoing	<p>Be More Than Beautiful</p> <p>We conceptualised "Be More Than Beautiful" as a campaign to debunk the stereotype of beauty, in conjunction with International Women's Day, and have been running this campaign annually ever since to build awareness on the need for society to celebrate true role models.</p>
2015 and ongoing	<p>Earth Day Plant Give-away</p> <p>We have been partnering with Free Tree Society in giving away free plants every Earth Day since 2015 to encourage Malaysians to adopt and plant trees for a greener environment even in urban townships.</p>
2018 and ongoing	<p>End Child Marriage</p> <p>We have joined hands with Women's Aid Organisation, Sisters In Islam, and Association of Women's Lawyers to put an end to child marriage. Through our points-of-sale and social media, we raised awareness on the issue of child marriage in Malaysia and garnered close to 50,000 petitions from our customers and fans to call for the government to enact legislation for the minimum age of marriage of 18 years with no exceptions, regardless of gender, faith and ethnicity.</p>

5. BUSINESS OVERVIEW (cont'd)

Year	Campaign
2019	#Only200tigersleft  On 8 April 2019, together with Wildlife Conservation Society and Malaysian Conservation Alliance for Tigers, we started a "#only200tigersleft" petition in our TBS stores and online calling upon the Government to send 2,000 army personnel to patrol Peninsular Malaysia forests. We collected a total of 121,058 signatures and handed this over at the Parliament of Malaysia on 16 July 2019 to the Minister of Water, Land and Natural Resources.

**Vietnam**

2013, 2014 and 2018	Brighten Up A Woman's Future  In conjunction with International Women's Day, we collected pre-loved working clothes from our customers at TBS points-of-sale nationwide to donate to the women in need via partnership with Mekong Plus, a non-governmental organisation supporting marginalised women and children in Mekong Delta.
2015 and ongoing	Annual Coastal Clean Up  In partnership with Ocean Conservancy, TBS Vietnam has been holding the annual beach clean up events since 2015, with participation from all TBS Vietnam employees and customers.

**Global campaigns**

Year	Campaign
<b>Malaysia</b>	
1996 – 1997	Against Animal Testing  TBSI was one of the first cosmetics companies to not only ban animal testing, but also campaign globally for law reform on the inhumane practice of animal testing, ultimately leading to its ban in the European Union in 2013.
1998 – 2009	Prevention of HIV/AIDS  We raised early awareness on safe sex for the prevention of HIV/AIDS, in collaboration with Pink Triangle Foundation, Malaysian AIDS Foundation and subsequently with MTV Asia.
2000 – 2008	Stop Violence Against Women  TBSI was a pioneer globally, in the campaign to raise public consciousness on the issues of sexism, women's rights and self-esteem, violence against women and violence in the home. We also worked locally with Women's Aid Organisation to spread awareness, campaign for law reform, raise funds and provide assistance for victims of violence.
2009 – 2011	Stop Child Sex Trafficking  TBSI called for governments around the world to ratify the United Nations convention on Human Trafficking, particularly for the protection of children from the sex trade. We participated and after securing 10,000 signatures, the Malaysian government committed to ratifying the Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution, and child pornography.

5. BUSINESS OVERVIEW (cont'd)

Year	Campaign
2017 – 2018	<p>Forever Against Animal Testing</p> <p>TBSI are calling for all governments around the world to enforce the ban on animal testing, in a global campaign with Cruelty Free International. We collected 82,357 signatures in Malaysia, and together with the rest of the petitions from The Body Shop® stores around the world, TBSI presented over 8 million signatures to the United Nations, to end cosmetic testing on animals for good.</p>
2016 – 2019	<p>Bio-bridges Project</p> <p>In 2016, The Body Shop® embarked on a mission to build Bio-bridges, (restored and protected wildlife corridors in damaged or threatened areas) and protect endangered species. With the help of its customers, TBS has managed to support charities across continents, including in Vietnam, Malaysia, Indonesia, India, Nepal, Tanzania and Kyrgyzstan, contributing towards the building of over 75 million square metres of habitat.</p> <p>We are presently collaborating with Wildlife Conservation Society (“WCS”) on a long-term project in Malaysia, to build Bio-bridges in Endau-Rompin, and allow our wildlife to roam freely again. Additionally, we have been funding WCS to conduct anti-poaching controls to protect the Malayan Tigers.</p>
<b>Vietnam</b>	
2010	<p>Stop Sex Trafficking of Children and Young People</p> <p>We donated the profits from our Soft Hands Kind Heart Hand Cream’s sales to CEFACOM, a Vietnamese non-governmental organisation established in 2005 under the Vietnam Union of Science and Technology Associations (VUSTA), to support social activities for women and children.</p>
2011 – 2012	<p>Vote with Your Lips</p> <p>We donated the proceeds from our Dragonfruit Lip Butter’s sales to The Body Shop® Foundation, the brand’s global fund for corporate social responsibility (“CSR”) activation and campaigns.</p>
2016	<p>Quang Binh Bio-bridge Project</p> <p>For every transaction during 3 months in 2016, TBS Vietnam donated 0.4GBP to the Bio-bridge project in Khe Nuoc Trong, Quang Binh, Vietnam – a 10-year wildlife conservation and restoration project led by World Land Trust and Viet Nature Conservation Centre.</p>
2017 – 2018	<p>Forever Against Animal Testing</p> <p>Similar to our campaign in Malaysia, TBSI called for all governments around the world to enforce the ban on animal testing, in a global campaign with Cruelty Free International. After 14 months of campaigning, TBS Vietnam garnered 30,100 signatures.</p>

## 5. BUSINESS OVERVIEW (cont'd)

### 5.2 Awards

The tables below set out various awards that we and our Promoter, Datin Mina have received over the recent decade in connection with our activities:

- (a) In recognition of our commitment towards social and environmental change, we have received the following awards to-date:

<u>Year</u>	<u>Recipient</u>	<u>Award / certification</u>	<u>Awarding body</u>
2008 / 2009	• Rampai-Niaga	• Market with Best Integration of Values into Every Day Business	TBS Asia Pacific
2009	• Datin Mina	• Anugerah CSR Perdana Menteri - Empowerment of Women Category, Winner	Kementerian, Pembangunan Wanita, Keluarga dan Masyarakat, Malaysia
2010	• Rampai-Niaga	• 70th Anniversary Award for Environmental Leadership	Malaysian Nature Society
2014	• Rampai-Niaga	• Certificate of Appreciation for Active CSR	Society for Prevention of Cruelty to Animals
2014	• Datin Mina	• Heroes of Philanthropy	Forbes
2017	• Rampai-Niaga	• Wildlife Warriors Campaign on Against Animal Testing	Wildlife Warriors
2018	• TBS Vietnam	• Best Campaign of The Year 2017 – Forever Against Animal Testing	Dep Magazine, Vietnam
2018	• Datin Mina	• Malaysian AIDS Foundation Tun Dr Siti Hasmah Award – Patron award's recipient	Malaysian AIDS Foundation

- (b) In addition to the above, our Group has also been consistently recognised for our standards in sales excellence as evidenced by the awards, accolades and accreditations which we have received to-date which include the following:

<u>Year</u>	<u>Recipient</u>	<u>Award / certification</u>	<u>Awarding body</u>
2008, 2009, and 2011	• Rampai-Niaga	• Sales Excellence - highest sales per square foot in the retail category	The Curve Mall
2009	• Rampai-Niaga	• Window Display Outlet 2nd Runner Up	Sunway Pyramid
2011	• Rampai-Niaga	• Moment of Truth - Mystery Shopper: Customer Service Award	Malaysian Airports Berhad

5. BUSINESS OVERVIEW (cont'd)

<u>Year</u>	<u>Recipient</u>	<u>Award / certification</u>	<u>Awarding body</u>
2011	• Rampai-Niaga	• Head Franchise Winner Best Brand Attractor Window Event	TBS Asia Pacific
2011 and 2012	• Rampai-Niaga	• Out of the Box Award	Malaysian Airports Berhad
2013	• Rampai-Niaga	• Favourite Body Care and Skin Care - The Body Shop®	Brand Awards
2013	• Rampai-Niaga	• The Body Shop Asia Pacific Head Franchise Forum - Best Performing Pulse Store	TBS Asia Pacific
	• Rampai-Niaga	• Santa Awards for Best In-Store Execution	
2014	• Rampai-Niaga	• Retail Operations & Retail Academy Forum Strongest Leadership Development	TBS Asia Pacific
2015 / 2016	• Rampai-Niaga	• Outstanding Sales Achievement Platinum Award	Sogo, KL
2016	• Rampai-Niaga	• Touch Recognition (Customer Service) S6 KLIA • Touch Recognition (Customer Service) MTB KLIA	Malaysian Airports Berhad
2016	• Rampai-Niaga	• Best Christmas Execution	TBS Asia Pacific
2016 / 2017	• Rampai-Niaga	• Outstanding Sales Achievement Platinum Award	Sogo, KL
2017	• Rampai-Niaga	• Best Product Category (Sepang) • Best Customer Service (Sepang)	Malaysian Airports Berhad
2017 / 2018	• Rampai-Niaga	• Outstanding Sales Achievement Diamond Award	Sogo, KL

5. BUSINESS OVERVIEW (cont'd)

Year	Recipient	Award / certification	Awarding body
2018	<ul style="list-style-type: none"> <li>Rampai-Niaga</li> </ul>	<ul style="list-style-type: none"> <li>Top 10 Graduate's Choice Award</li> </ul>	HRINCAMPUS (Human resources platform to connect employers and graduates)

(c) TBS products are well recognised through numerous product awards over the years from leading magazines in Malaysia and Vietnam. In the last 3 years these awards include:

Year	Award / certification	Awarding body
2017	L'OFFICIEL de la Beaute Awards <ul style="list-style-type: none"> <li>Best Body Scrub: SPA OF THE WORLD™ Mediterranean Sea Salt Scrub (Reader's Choice)</li> <li>Best Face Exfoliator: Drops of Youth™ Liquid Peel (Reader's Choice)</li> <li>Best Hand Cream : British Rose Petal – Soft Hand Cream</li> </ul>	L'OFFICIEL Magazine, Vietnam
2017	Reader's Choice Winner <ul style="list-style-type: none"> <li>Best Bodycare Product: THE BODY SHOP SPA OF THE WORLD™ French Grapeseed Scrub</li> </ul>	Dep Magazine, Vietnam
2017	ELLE International Beauty Awards <ul style="list-style-type: none"> <li>International Beauty Awards : Bodycare Category : THE BODY SHOP SPA OF THE WORLD™ Hawaiian Kukui Cream</li> </ul>	ELLE Magazine, Vietnam
2018	ELLE Beauty Awards 2018 <ul style="list-style-type: none"> <li>Experts' Choice Winner, Best Anti-Acne Product: The Body Shop® Tea Tree Oil</li> <li>Readers' Choice Winner, Best Bodycare Product: The Body Shop® British Rose Instant Glow Body Essence</li> </ul>	ELLE Magazine, Vietnam
2018	CLEO Skin Savers Special Award <ul style="list-style-type: none"> <li>Skin Defence Essence – Best All Rounded Essence</li> <li>Japanese Matcha Mask – Best Superfood Infused mask</li> <li>Chinese Ginseng &amp; Rice Clarifying Powder Wash - Best Exfoliator Cleanser</li> </ul>	CLEO Magazine, Malaysia

**5. BUSINESS OVERVIEW** (cont'd)

<b>Year</b>	<b>Award / certification</b>	<b>Awarding body</b>
2018	Her Beauty Awards <ul style="list-style-type: none"> <li>Drops of Youth™ Liquid Peel – Exfoliating Peeling Scrub</li> </ul>	Her World Magazine, Malaysia
2018	Female Beauty Awards <ul style="list-style-type: none"> <li>Tea Tree Green Tea Anti-Imperfection Night Mask – Hydrating Category Sleeping Mask</li> <li>Ginger Scalp Care Shampoo – For Dry, Damaged Hair Category : Scalp Care/Treatment</li> </ul>	Female Magazine, Malaysia
2018	Marie Claire Beauty Award <ul style="list-style-type: none"> <li>Roots of Strength™ Moisturiser</li> <li>Roots of Strength™ Serum</li> <li>Drops of Youth™ Eye Mask</li> </ul>	Marie Claire Magazine, Malaysia
2018	Best Hair Scrub - Fuji Green Tea hair Scrub	CLEO Magazine, Malaysia
2018	<ul style="list-style-type: none"> <li>Best Rinse off Mask - Expert British Rose Plumping Mask</li> <li>Best Exfoliator/Peeling/Scrub – Drops Of Youth™ Liquid Peel</li> </ul>	<ul style="list-style-type: none"> <li>Her World Magazine, Malaysia</li> <li>Women Weekly Magazine, Malaysia</li> <li>Jelita Magazine, Malaysia</li> </ul>
2018	<ul style="list-style-type: none"> <li>Hydrating Category Sleeping Mask - Tea Tree Green Tea Anti-Imperfection Night Mask</li> <li>Scalp Care/Treatment - Ginger Scalp Care Shampoo</li> </ul>	Female Magazine, Malaysia
2019	<ul style="list-style-type: none"> <li>Female Beauty Awards</li> <li>Tea Tree Skin Clearing Body Wash for Body Wash category</li> </ul>	Female Magazine, Malaysia

**5.3 Our business****5.3.1 Our business activities**

Our principal business activity is the retailing and distribution of the TBS brand of products in West Malaysia, Sabah and Labuan, Vietnam and Cambodia under the brand name, The Body Shop®.

We are also expanding our brand portfolio by introducing the Natura beauty brand in Malaysia. Please see Sections 5.4.4, 5.15.4 and 13.5 of this Prospectus for further details of our collaboration with Natura Cosméticos S.A.



## 5. BUSINESS OVERVIEW *(cont'd)*

### 5.3.2 Our products

#### TBS Products

TBS products are 100% vegetarian and certified as “cruelty-free” by Cruelty Free International. It is entrenched in the company policy of TBSI that none of TBS products are tested on animals. This is in compliance with the Cruelty Free International Leaping Bunny Standard. This “cruelty-free” policy coupled with high product quality and continuing innovation to meet consumer trends has helped TBS brand garner a strong following among Malaysian consumers.

According to the IMR Report, the preference towards natural products is growing and therefore, the demand for such products is increasing, as they are considered safer, of a better quality, environmentally friendly and more effective.

TBS offers personal care products from head to toe, providing a variety of choices for both women and men. The types of products offered by us may be generally categorised as follows:

#### (a) Skincare

Skincare includes facial skincare such as facial cleansers, toners, moisturisers, serums, eye cream, lip care, face scrubs, masks, and other treatment products.

New product innovations over the last few years include Drops of Youth™ serum and Expert Facial Masks. In addition, TBS’s Tea Tree Oil range for blemished skin remains popular among younger customers, particularly in our Vietnam market.

#### (b) Bodycare and Bath and Shower

Bodycare includes body moisturisers, body scrubs, and hand and feet care products, as well as massage oils.

Bath and Shower includes shower gels, soaps, and bath fizzers.

TBS is well-known for its Bodycare and the Bath and Shower range. Our Body Butters are a perennial favourite of customers. Shea Body Butter, infused with hand-crafted shea butter from Ghana, is TBS’s best-selling Body Butter.

Apart from introducing seasonal limited editions to inject newness into product line-up, TBSI also launches new innovations such as Body Yogurt, a light refreshing body moisturiser that is suitable for hot climates. In addition, the Spa of the World™ range allows our customers to create their own “Spa at Home” with a complete range of spa products such as the African Ximenia body scrub, the Japanese Camellia body cream and the French Lavender massage oil.

#### (c) Fragrance

Fragrance includes perfume oil, eau de parfum, eau de toilette, and fragrance mist.

Our signature fragrance line, White Musk® is iconic as it is one of the first “cruelty-free” musk to be sold in the market. Other popular fragrance ranges include Japanese Cherry Blossom, Black Musk, and Kistna for men.

## 5. BUSINESS OVERVIEW *(cont'd)*

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### (d) **Make-up**

Make-up includes foundation, powder and concealers for the face, blushers, eye make-up such as eyeshadow, mascara, eye liners, brow liners, lip colours and make-up brushes.

We provide a range of different shades and textures in our make-up offering to cater to customers with different skin tones and colour preference. It does not contain bug shell extract to colour the product and our make-up brushes are made using artificial hair.

### (e) **Hair care**

Hair care includes shampoo, conditioner, hair scrub and hair serum.

TBS's hair care range was revamped in 2017 to strengthen the positioning on ingredient efficacy led hair care. The best-seller Ginger shampoo is the number 1 hair care product for TBS in Malaysia. Other flavours include Banana for nourishment and Shea for very dry hair.

### (f) **Men's personal grooming**

Men's personal grooming includes facial skincare, fragrances and deodorants.

TBS also offers products that cater to men's facial and grooming needs as well as fragrance. Our bestselling fragrances for men are Kistna eau de toilette, and White Musk Sport eau de toilette for men. The men's skincare range was revamped in 2018, bringing forth new lead ingredients such as guarana, coffee, green tea, and lemon.

### (g) **Gifts**

Gifts includes pre-packed gifts supplied by TBSI and gifts made to order.

We are also a destination store for gifts, especially during the festive seasons. Our points-of-sale offer a large variety of gifts to attract customers to buy gifts for colleagues, friends and family. Our points-of-sale also offer a customised gift wrapping service for those who would like to select their own products to make up a gift. This service is popular for customers in Malaysia wishing to create personalised gifts according to certain colour themes, in particular as wedding gifts or as part of a wedding trousseau.

### (h) **Other products**

Other product categories which we offer include hand and feet care products, facial and bath accessories and home fragrance.

### Natura Products

As at the LPD, the type of Natura personal care products offered at the promotional pop-up store in Sunway Pyramid and on the Natura e-commerce website in Malaysia are such as skin care, hair care, bath and body, and fragrances, personal care product series for mothers and babies as well as men. All Natura products sold in Malaysia are 100% vegan.

## 5. BUSINESS OVERVIEW *(cont'd)*

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The Natura brand is under Natura Cosméticos S.A., a global beauty company which also owns the The Body Shop® and Aesop brands of personal care products worldwide. Natura Cosméticos S.A. is a public company with a market capitalisation of R\$21.5 billion as at February 2019 (equivalent to RM21.9 billion) on the Brazilian stock exchange (“B3”), in the Novo Mercado segment, which requires the highest standards in corporate governance. It is also one of only 8 Brazilian companies included in the Dow Jones Sustainability Index, given its social and environmental practices incorporated in its triple bottom line business model.

The Natura brand was founded in 1969 in Brazil, and apart from being the country's leading beauty brand, it is also present in 6 LATAM countries as well as USA and France. In 2018, net sales of Natura Cosméticos S.A reached R\$13.4 billion (approximately RM13.6 billion), of which Natura represented 63%, achieving net sales of R\$8.4 billion (approximately RM8.5 billion), through its' multichannel operations. Natura's proven success formula lies in its relationship-selling model, which aims to create value for both consumers and consultants.

Natura develops personal care products which combines Brazil's unique biodiversity with science and innovation, according to Natura's philosophy of “bem estar bem” (“well being well”), which is a concept of the harmonious relationship of oneself with his/her body, with others, and with nature. In pursuit of its sustainable values, Natura works with suppliers to reduce the environmental impact of its products, such as increasing the use of recycled materials in product packaging, and to use sustainable production techniques which preserve the ecosystem of the Amazon forest. Over 80% of the product formulas are plant-based, and therefore, renewable.

### 5.3.3 Our customer groups

Our business garners customers from all walks of life, and the majority of our customers are urban, young, and women.

According to the IMR Report, in the CPC industry, the TBS brand is positioned at the “masstige” level, i.e. those products that differ positively from mass products as they provide value-added benefits to consumers, but are priced at a lower level compared to other prestige products. This value-for-money strategy, where we charge a mid-range price for quality products, is a growth enabler for the business, vis-a-vis the increasing band of middle-income consumers in Malaysia, Vietnam and now in Cambodia.

## 5. BUSINESS OVERVIEW (cont'd)

### 5.3.4 Our principal markets and distribution channels

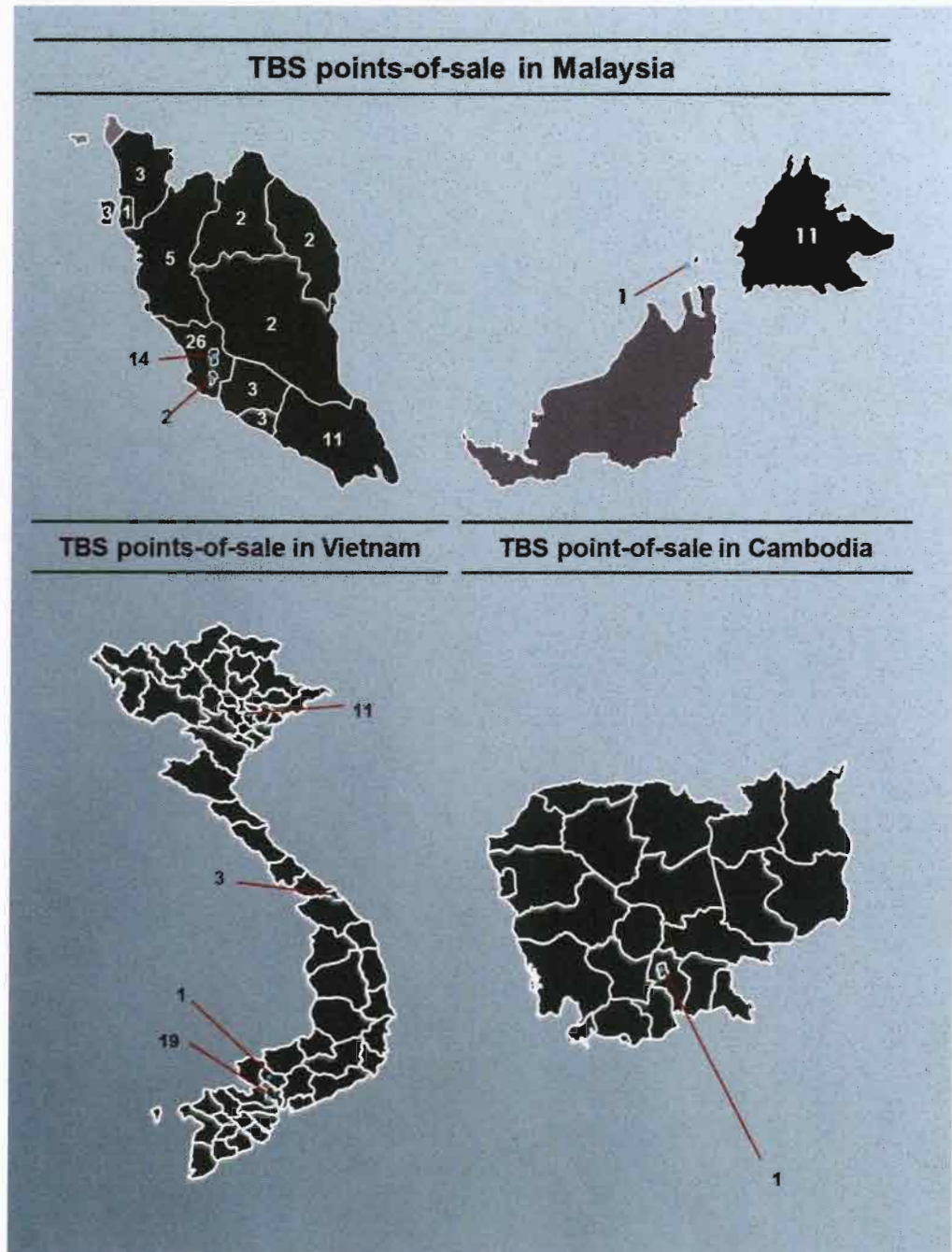
We generate an average of over 115,000 transactions and 12,000 transactions per month in Malaysia and Vietnam respectively based on the number of transactions recorded at our points-of-sale for the FYE 2018, via both online and retail channels.

TBS products are distributed to the end customers in Malaysia and Vietnam through our retail channel and online channels. In Cambodia, TBS products are distributed to the end customers through our mall store in Phnom Penh which was opened in November 2019. The following table sets out the channels of distribution in Malaysia and Vietnam and their contribution to our total sales revenue in the respective franchise territories for the FYE 2018 and FPE 2019.

Distribution channel	No. of points-of-sale (As at LPD)	Revenue contribution FYE 2018 (%)	Revenue contribution FPE 2019 (%)
<b>Malaysia (other than Sarawak)</b>			
Retail channel			
Mall stores	82	87.6	89.0
High street store	1	0.4	0.5
Stand-alone airport stores	3	6.4	4.6
Department stores (Shop-in-shop)	3	2.0	2.5
<b>Total</b>	<b>89</b>	<b>96.4</b>	<b>96.6</b>
Promotional kiosks		1.8	1.8
Online channel		1.8	1.6
<b>Total</b>		<b>100.0</b>	<b>100.0</b>
<b>Vietnam</b>			
Retail channel			
Mall stores	13	16.3	31.6
High street stores	12	51.7	43.9
Third-party airport retail operators	3	1.0	1.1
Department stores (Shop-in-shop)	6	22.6	15.2
<b>Total</b>	<b>34</b>	<b>91.6</b>	<b>91.8</b>
Online channel		8.4	8.2
<b>Total</b>		<b>100.0</b>	<b>100.0</b>

5. BUSINESS OVERVIEW (cont'd)

The following map depicts the locations of our points-of-sale in Malaysia, Vietnam and Cambodia as at the LPD:



**Notes:**

- (1) Malaysia: in all states other than Sarawak and Perlis
- (2) Vietnam: in Hanoi, HCMC, Binh Duong and Danang
- (3) Cambodia: in Phnom Penh

**5. BUSINESS OVERVIEW (cont'd)**

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**5.3.4.1 Mall stores and high street stores****(i) Malaysia**

In Malaysia, our main retail channel is through our mall stores. As at the LPD, our 82 mall stores are strategically located in shopping malls within urban areas throughout West Malaysia, Sabah and Labuan. We also operate 1 high street store in Sabah.

This channel is highly effective as we distribute TBS products directly to and engage directly with our end customers. This allows us to control the manner in which TBS brand is presented and the products are sold which enables us to better manage our ability to meet our customers' preferences.

We have managed to expand our points-of-sale openings over the years with the expansion of the retail industry in Malaysia. According to the IMR Report, shopping malls are preferred due to the high traffic and concentration of potential customers. Although saturated, the country's retail industry continues to flourish despite the onset of online retail, as the "mall" culture is popular among Malaysians, particularly due to the harsh tropical weather. Malaysian shoppers frequent shopping malls not only for shopping, but for "retail-tainment", a concept in which the shopping mall offers a place for consumers to be entertained, to dine, and to meet and spend time with others. Therefore, our mall stores are expected to continue to be a key contributor to our performance in future.

All our mall stores and high street store in West Malaysia, Sabah and Labuan are rented from the mall owners or operators on a rental and/or percentage turnover basis.

**(ii) Vietnam**

As at the LPD, 13 of our points-of-sale in Vietnam are mall stores and 12 of our points-of-sale are high street stores, which are leased. Due to the lack of modern retail space within shopping malls, we lease shoplots in prominent locations on high streets, i.e. main shopping streets in the urban districts of HCMC and Hanoi. In addition to having high foot traffic, these high street locations also provide good branding exposure.

According to the IMR Report, the retail culture in Vietnam is different from that of Malaysia. While in Malaysia the "mall" culture is prominent, in Vietnam the majority of consumers still prefer to shop in high street stores. This is due to the lack of development in shopping malls in Vietnam. Nevertheless, the rate of development of shopping malls in Vietnam has been accelerating over the last few years and will continue to do so in the near future.

## 5. BUSINESS OVERVIEW (cont'd)

### Business agency arrangement in Vietnam

In Vietnam, we have established a business agency arrangement with one of our employees Ms. To Thanh Nga (“**Ms. Nga**”) through her locally incorporated company, GC Vietnam, to accelerate the process of opening new points-of-sale. Ms Nga does not have any family relationship with our Promoters nor Substantial Shareholders of our Group. Under the business agency agreement, GC Vietnam acts only as an agent to TBS Vietnam pending the issuance of retail outlet licenses to TBS Vietnam.

The issuance of retail outlet licenses to TBS Vietnam as a foreign owned enterprise has a longer processing timeframe of 3 months or more compared to local Vietnam companies due to the different licensing procedures applied to foreign owned enterprises. As such, pending the issuance of retail outlet licenses to TBS Vietnam, TBS Vietnam sells TBS products through GC Vietnam as its agent, at retail outlets licensed to GC Vietnam. Concurrently, TBS Vietnam proceeds with its own applications for the requisite retail outlet licenses. This expedites the distribution process and enables TBS Vietnam to make TBS products available earlier to its customers in Vietnam. Thereafter, upon TBS Vietnam being granted the respective retail outlet licence, the agency arrangement will cease for that particular outlet. The rental costs for the points-of-sale operated by GC Vietnam would be paid by GC Vietnam. GC Vietnam would receive commission from TBS Vietnam to cover the operating cost of the respective points-of-sale. The rental rates for the points-of-sale in Vietnam varies according to respective points-of-sale; (i) fixed; (ii) percentage of sales or (iii) fixed rate or percentage of sales, whichever is higher.

We involve GC Vietnam in the opening of certain new points-of-sale in Vietnam as and when there is a need to expedite the store opening process. As at the LPD, there are 14 outlets included in our total points-of-sale for Vietnam, for which GC Vietnam acts as our agent. For the FYE 2018, the revenue contribution of the outlets under this business agency arrangement was VND10.5 billion (approximately RM1.9 million) or approximately only 1.0% of our Group’s total sales revenue. For the FPE 2019, the revenue contribution of the outlets operated by GC Vietnam was VND 22.9 billion (approximately RM4.0 million) or approximately only 3.0% of our Group’s total sales revenue for the FPE 2019. As such the contracts under the business agency agreement are not materially dependent contracts for the Group.

Our solicitors as to Vietnamese laws has opined that this business agency arrangement is legal and recognised under the Law on Commerce No. 36/2005/QH11 of Vietnam. Also, the prevailing laws do not prohibit the principal and the agent to execute the material contracts relating to the business agency agreement, as set out in Section 13.5(vi) and (vii) of this Prospectus to protect the legitimate rights of the principal. While changes in laws of Vietnam may be difficult to predict, the changes are likely to have a limited impact on the business agency arrangement given that the principal-agent model has been common in retail business in Vietnam, and in case of any changes, the new laws enacted from time to time tend to recognise the legal effect of the transactions entered prior to the effective dates of the new relevant laws.

## 5. BUSINESS OVERVIEW (cont'd)

Our solicitors as to Vietnamese laws have also opined that GC Vietnam is not considered a subsidiary of TBS Vietnam, based on the current ownership structure of GC Vietnam. Ms. Nga is the sole owner of GC Vietnam.

### (iii) Cambodia

In Cambodia, we opened the first TBS point-of-sale in Aeon Mall Phnom Penh in November 2019.

#### 5.3.4.2 Airport retail

In the travel retail channel in Malaysia, we are present in the KLIA airport satellite building and klia2 airport main terminal building, as well as KKIA airport main terminal building. The travel retail channel contributed approximately 6.4% and 4.6% of our total sales revenue in Malaysia for the FYE 2018 and FPE 2019 respectively.

In Vietnam, we sell TBS products through a third-party airport retail operator who retails our products in its counters within Tan Son Nhat airport in HCMC, Danang airport and Noi Bai airport in Hanoi.

#### 5.3.4.3 Department store (“Shop-in-shop”)

In the department store channel in Malaysia, we operate on a leased-space basis within the SOGO Department Store (“Sogo”) in KL, Shah Alam and Johor Bahru. Our point-of-sale in Sogo KL alone contributed approximately 2.0% for the FYE 2018 and approximately 2.5% for the FPE 2019 to our total sales in West Malaysia, Sabah and Labuan. The TBS brand is consistently ranked as a leading brand in Sogo in terms of sales, and has won Sogo’s annual award for Outstanding Sales Achievement consecutively from 2015 to 2018. This is testament to the popularity and performance of the TBS brand, in a highly competitive trading space such as Sogo.

In Vietnam, we are presently located in major department stores including Diamond, Parkson, Lotte and Robins. There are 6 of these points-of-sale as at the LPD. These points-of-sale together contributed approximately 22.6% for the FYE 2018 and 15.2% for the FPE 2019 to our sales revenue in Vietnam.

#### 5.3.4.4 Promotional kiosks

We operate short term promotional kiosks which usually occupy smaller retail areas than our full-fledged stores and do not carry the full range of TBS products. The tenure of tenancy for our kiosks is not more than a year compared to the tenure for our full-fledged stores which range between 1 to 3 years. These promotional kiosks contribute approximately 1.8% and 1.8% to our total sales revenue in Malaysia in FPE 2018 and FPE 2019 respectively.

#### 5.3.4.5 Online

In the online channel, we distribute TBS products via TBS’s websites at [www.thebodyshop.com.my](http://www.thebodyshop.com.my) and [www.thebodyshop.com.vn](http://www.thebodyshop.com.vn), as well as through third-party online marketplaces such as Hermo in Malaysia, Tiki in Vietnam, and Lazada in both markets. Breakdown of the revenue contribution from our online channel are as follows:



## 5. BUSINESS OVERVIEW (cont'd)

Type of online channel	Online sales for the FYE 2018					
	Malaysia		Vietnam		Total	
	RM'000	%	RM'000	%	RM'000	%
TBS website	2,580	90.0	1,315	72.8	3,895	83.3
Third-party marketplaces	288	10.0	492	27.2	780	16.7
<b>Total</b>	<b>2,868</b>	<b>100.0</b>	<b>1,807</b>	<b>100.0</b>	<b>4,675</b>	<b>100.0</b>

Type of online channel	Online sales for the FPE 2019					
	Malaysia		Vietnam		Total	
	RM'000	%	RM'000	%	RM'000	%
TBS website	1,663	90.0	1,141	69.0	2,804	80.1
Third-party marketplaces	185	10.0	512	31.0	697	19.9
<b>Total</b>	<b>1,848</b>	<b>100.0</b>	<b>1,653</b>	<b>100.0</b>	<b>3,501</b>	<b>100.0</b>

The majority of our online sales contribution is from TBS's websites in Malaysia and Vietnam which contributed 83.3% for the FYE 2018 and 80.1% for the FPE 2019 to our total online sales. According to the IMR Report, as at 2018, in Malaysia, we are a leading mono-brand beauty retailer in Malaysia with a market share of 19.6% within this segment.

The geographic distribution of customers and lack of modern retail development in Vietnam also result in online stores playing a more instrumental role in market penetration for our business. The rise of e-commerce in Vietnam is further supported by mobile phone penetration and internet penetration, according to the IMR Report. Thus, in the FYE 2018 and FPE 2019 respectively, online sales in Vietnam accounted for approximately 8.4% and 8.2% of our total revenue in Vietnam, whilst in Malaysia, it contributed approximately 1.8% and 1.6% to our revenue for the FYE 2018 and FPE 2019 respectively in Malaysia.

Nevertheless, as with most developing and developed markets, the online channel is forecasted to generate an increased share of revenue in both Malaysia and Vietnam in the future. According to the IMR Report, in Malaysia, the online channel recorded a higher growth rate compared to the offline retail channel, between 2013 and 2018, and the online retailing landscape continues to grow healthily in Malaysia; and in Vietnam, the online channel is growing fast, as it provides ease of purchase for consumers that are located outside of major urban centers, and far from main cities, where the key shopping areas are located. The online channel therefore provides a valuable avenue for retailers to reach the consumers in rural and sub-urban areas, reducing the need to establish a physical presence in a large market such as the Vietnamese market.

### 5.3.5 Our competitive advantages and key strengths

#### (i) We are a leading mono-brand beauty retailer in Malaysia

We possess over 35 years of experience in retailing and developing the TBS brand in Malaysia, starting with a single store in 1984. Over time, we have become a leading mono-brand beauty retailer in Malaysia with a market share of 11.0% based on total market sales of RM1.48 billion as at 2018. Among the brands, we are also the largest in Malaysia by geographical coverage, with 89 points-of-sale. (Source: IMR Report)

## 5. BUSINESS OVERVIEW (cont'd)

In addition, we were one of the first mono-brand beauty retailers to establish an online store in the Malaysian market in 2012, and as at 2018, we are a leading mono-brand beauty with a market share of 19.6% in terms of online sales by mono-brand beauty retailers. (Source: IMR Report)

### (ii) **We have a strong track record and an established long-term work relationship with TBSI**

Our Group and the Promoter have been the exclusive franchise holder for the TBS brand in West Malaysia for more than 30 years, since the commencement of our business operations in 1984. We have set high standards in retail excellence in Malaysia and this is evidenced by the numerous awards and accolades we have garnered over the years, as set out in Section 5.2 of this Prospectus.

Our strong track record and work relationship are evidenced by repeated renewals of our Franchise Agreements with our Franchisor. Over the years, Rampai-Niaga has entered into 4 franchise agreements with TBSI in 2002, 2007, 2015 and 2019. Additional franchises were also awarded to us by our Franchisor - first, in Vietnam in 2009, subsequently renewed in 2019, in Sabah and Labuan in 2015 and in Cambodia in June 2019.

The current Franchise Agreements granted to our Group are valid for a period of 10 years with an option to renew for a further term of 5 years.

### (iii) **The TBS brand is globally recognised and known for its sustainably sourced high quality products**

Our TBS franchise carries with it an international brand reputation and a connotation of quality which gives customers assurance of the high standard of TBS product offerings.

TBSI's research and development teams are dedicated to creating high quality products. The production methods of TBS products are guided by the Cosmetics Good Manufacturing Practice (ISO22716) and The Body Shop Contract Manufacturing Quality Charter ("**Quality Charter**") which sets out strict procedures and guidelines from sourcing of raw materials to the control testing of raw materials, components and finished products. This gives TBSI control and visibility into the quality of TBS products during the sourcing and production cycle. The finished product including packaging must meet adequate quality control, and performance tests before it can be marketed.

In addition, through its Community Trade programme, TBSI is able to source traceable quality ingredients and gift and accessory products from its suppliers in more than 20 countries which directly benefits thousands of people in marginalised communities around the world.

In line with TBSI's Forever Against Animal Testing Campaign, TBS products are not tested on animals. As such, even though all TBS products undergo extensive testing to ensure they are safe and effective, all testing carried out is still Cruelty-free.

We believe that as a result of these attributes, the TBS brand has become an ethical icon with strong customer recognition and loyalty globally and a brand that customers associate with quality and high standards. This brand recognition, in turn, enables us to differentiate ourselves from our competitors and attract more customers.

## 5. BUSINESS OVERVIEW *(cont'd)*

### (iv) **Our ethical stance resonates with the growing socially conscious consumer base**

Upholding the ethical values that we share with our Franchisor that business can be a force for good, is essential to how we operate. Through this approach, we seek to create and maximise shared values for our stakeholders, be it our customers, shareholders, employees and our society as a whole, in the long term. We believe that our social and environmental commitments such as our campaigns against animal testing, and for the empowerment of women, resonate with the growing socially conscious consumer base. See Section 5.1.2 of this Prospectus for further details of values and our campaigns and Section 5.2(a) for further details of our awards.

Our public campaigns are intrinsic to the influence we have on customers who try to make ethical purchase decisions. This helps to build trust and positive customer affinity too.

### (v) **We are well-positioned to leverage on the growth of naturals sector of the beauty industry**

According to the IMR Report, naturals is a key trend going forward in the industry and a growing segment of the market as consumers are looking for skincare solutions that do not harm their skin or the environment. Consumers with a preference for traditional remedies prefer products with high natural ingredient content or vegetarian-friendly products. The benefits include the lower risk of side effects, lower toxicity, and overall healthier and safer products. The growth of naturally-based products in the market indicates the growing demand for these products. A growing number of Vietnamese consumers are opting for natural CPC products, in particular due to the recent scandals about counterfeit products and harmful ingredients. The preference towards natural products is growing, as they are considered, safer, of a better quality, environmentally friendly and more effective. With rising disposable income, consumers are willing to pay more for better quality products. *(Source: IMR Report)*

Based on the above trends, we believe that these consumers could prefer our 100% vegetarian TBS products as vegetarian products are often associated with natural contents which are deemed safer and of better quality.

Our Franchisor, TBSI, is one of the leaders in the naturals sector of the beauty industry. This augurs well for our continued growth and development, as our Franchisor continues to ensure that all TBS products are 100% vegetarian, whilst investing substantial research and development to take TBS products a step further by innovating 100% vegan products.

### (vi) **We are well-positioned in the “masstige” market**

Our value-for-money approach and “masstige” positioning i.e. between mass and prestige, in terms of pricing and brand perception, will continue to be the driver of growth in the markets in which we operate, where the overall disposable income of the population in Malaysia, Vietnam and Cambodia is forecasted to grow at a CAGR of 7.2% for the period between 2018 and 2023, according to the IMR Report.

## 5. BUSINESS OVERVIEW *(cont'd)*

According to the IMR Report, the growth in disposable income is contributing to a higher discretionary buying power for the middle-income class in ASEAN countries. The percentage of people with income of USD5,000 (approximately RM20,465) and above is expected to increase across ASEAN countries during the period between 2018 and 2023. In line with growing disposable income and the growth of the middle-income class, the total consumer expenditure in major ASEAN countries has increased continuously from 2013 to 2018, and it is forecasted to continue on the same trend until 2023.

### (vii) **We have a strong base of loyal customers who we can directly access**

Due to the appeal of our "masstige" pricing, we have garnered a strong customer base of members in Malaysia and Vietnam. In Malaysia, our Love Your Body™ members contributed approximately 71.0% and 63.6% of our annual sales for the FYE 2018 and FPE 2019 respectively. Our Love Your Body™ members in Vietnam contributed approximately 66.4% and 64.7% of our annual sales in Vietnam for the FYE 2018 and FPE 2019 respectively. As at the LPD, our customer loyalty programme, Love Your Body™ has 298,999 active members in Malaysia and 43,352 in Vietnam. In Cambodia, we have 875 members on our Love Your Body™ programme. Our Love Your Body™ programme ensures sustainability of the business going forward and provides further growth opportunities to increase the average spending and frequency of visit of each member. Our customer base is also wide in terms of demographics, thereby our growth is not limited to only certain sections of society.

Related to the above factor, is that we operate direct channels to our customers, and this direct reach eliminates reliance on third-party distributors. By selling through our own points-of-sale, we have more flexibility and better control over the marketing, retailing and distribution of TBS products.

We will continue to strengthen our customer base through our Omnichannel strategy. Please refer to Section 5.4 of this Prospectus for further details of our future plans and strategies.

### (viii) **TBS is one of the leading beauty brands on Facebook in Malaysia and Vietnam**

We are a leading mono-brand beauty retailer on Facebook in Malaysia, and among the top 3 in Vietnam, as at the LPD in terms of fan base on the local Facebook page, according to the IMR Report. Facebook is a social media platform with a large number of users in the focus countries of the report, the number of likes on FB page are observed as a quantifiable and publicly verifiable measure to represent the fan base on social media. As such, it can provide a quantifiable measure as reference in terms of market acknowledgement of the TBS brand. Based on the IMR Report, as at January 2019, FB is the most active social networking platform in Malaysia and Vietnam with a penetration of approximately 91% and 95% of internet users respectively, according to the report "Digital Malaysia 2019" and "Digital Vietnam 2019" by We are Social and Hootsuite. The 2nd and 3rd most active social networking platforms with the highest penetration rate among internet users are: Instagram (Malaysia:70%, Vietnam:51%) and Twitter (Malaysia:44%, Vietnam:37%). Social networking excludes video-sharing platforms such as YouTube and social messenger platforms such as WhatsApp, FB Messenger, WeChat and Zalo (Vietnam).

## 5. BUSINESS OVERVIEW *(cont'd)*

According to the IMR Report, we have more than 475,000 likes and 698,000 likes on Facebook in Malaysia and Vietnam respectively as at the LPD. This is evidence of our popularity among our target market of consumers in both markets and allows us to communicate with our fans in an interactive manner on a wide scale of topics, from marketing promotions to activities to our values and campaigns. In addition to Facebook, we also utilise other social media platforms such as Instagram and YouTube in Malaysia and Vietnam.

**(ix) We have an experienced management team who has developed a strong base of resources and competencies in retail management**

Our knowledgeable and experienced management team has been the main drivers to our Company's success over the years. Our CEO, COO and CRO have been with us for more than 20 years.

Over the years, we have developed a strong base of resources and competencies in retail management:

- Sales management – we have a strong focus on constant key performance index monitoring, such as Same Stores Sales Growth and conversion of browsers into buyers, which are tied in with incentive-based remuneration and rewards. We combine these holistically with various training and motivational programmes.
- Location selection – we have built long-term relationships with our landlords and our experience in negotiating retail space is a key competency. Our points-of-sale are in prime locations in major shopping malls, such as Suria KLCC and Midvalley Megamall in Malaysia and Aeon Mall Phnom Penh in Cambodia, and in high street locations such as Mac Thi Bui in the centre of District 1, HCMC in Vietnam. These locations not only create awareness and brand exposure, they are crucial in attracting the traffic needed to generate the sales volume for our business.
- Inventory management – in a volume business such as ours, productivity is crucial to ensure profitability. Therefore, our key competencies in inventory management are in ensuring optimal inventory levels via efficient systems and processes, as well as managing a smooth supply chain and timely delivery logistics.
- Retail marketing – we have a strategic event plan which is rolled out throughout the year, timed according to the seasonalities of the market such as Chinese New Year, Hari Raya, Christmas and Tet (Vietnam New Year) promotions. We use our points-of-sale as a marketing vehicle, to create the in-store ambiance and promotions, driving successful new product launches and seasonal themes.
- Retail operations – we enforce standard operating procedures according to international standards as required by TBSI, such as the standards of training, and staff management and ensure management of smooth operations across the chain.
- Visual merchandising – the mantra of "Retail is detail" is a principle we uphold in maintaining the highest standards of visual merchandising in our points-of-sale – it is crucial to attracting customer traffic into our points-of-sale, and assisting self-service, as well as ensuring proportionality to sales, vis-à-vis productive inventory management.

## 5. BUSINESS OVERVIEW *(cont'd)*

### 5.4 Our future plans and strategies

Our main focus is to continue to grow our revenue and strengthen our leadership in the mono-brand beauty industry as well as the “naturals” beauty market. This will be achieved through the following strategies in each of the various markets which we operate as set out below. The source of funds and timeframe for each strategy are set out in Section 2.8 of this Prospectus.

#### 5.4.1 TBS in Malaysia - Drive TBS Same Store Sales Growth through an Omnichannel strategy

As the TBS store network presence is considered well-penetrated with 89 points-of sale in West Malaysia, Sabah and Labuan, our plan is to drive Same Store Sales Growth and transactions by increasing the frequency and lifetime value of our existing customers, as well as recruiting new customers.

In line with this, we plan to implement an Omnichannel strategy to increase both online and web-influenced retail channel sales. Our loyalty data research for the period between November 2018 and October 2019, showed that our multichannel customers spent 91.6% more than our single channel customers. Based on this, we plan to enrich our customers' Omnichannel experience with the TBS brand in order to increase the growth in spend per customer.

Therefore, we plan to improve our IT network and capabilities including upgrading the servers and hardware, building real-time infrastructure and deploying the latest retail technologies as well as improving our ERP System and e-commerce platform. An example of the Omnichannel capabilities enabled by these IT improvements is a “click & collect” feature on our website which will allow online shoppers to purchase items for pick-up at their preferred local points-of-sale. Another enhanced feature would be to allow our loyalty members to earn points for referrals (member get member) and reviews of our products through the TBS mobile application.

In conjunction with this, our digital marketing initiatives will be focused on driving both our online and web-influenced retail channel customer traffic. We also intend to invest in big data management by building our in-house capabilities for data analytics for our CRM management programmes. At the same time, we will invest in smart inventory management technologies coupled with a forecasting system which will allow us to improve accuracy of supply to demand, availability and turnover of stock. We commenced all these IT developments in 2019, with the aim for full completion by 2022.

Whilst we focus on the Same Store Sales Growth of our existing points-of-sale in West Malaysia, Sabah and Labuan, we also need to keep up with shopper traffic movement and the continued urbanisation of the country. Thus, we are constantly evaluating new locations in Klang Valley and other major cities as opportunities present for the potential to improve our reach. In the course of our business, we also closely monitor the performance of our existing points-of-sale including opening new points-of-sale or closing under-performing points-of-sale when required, to ensure optimal performance.

Further, we believe that customer shopping experience is one of the key drivers of store traffic and customer loyalty. We target to carry out upgrading and renovation works on 5 to 6 of our existing points-of-sale each year to continuously refresh the appearance and ambience of our stores.

## 5. BUSINESS OVERVIEW *(cont'd)*

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### 5.4.2 TBS in Vietnam - Achieve growth through the expansion of our TBS retail store network and continue to build TBS brand awareness

For the Vietnam market, we aim to continue to build brand awareness and achieve greater market penetration through new openings of points-of-sale in the major cities.

According to the IMR Report, the outlook for the CPC market in Vietnam is positive, with total sales forecasted to grow at a CAGR of 11.6% in the period of 2018 to 2023. The growth of the economy is contributing to the growth of the disposable income and the emergence of the middle-income class. The number of shopping malls in Vietnam is also expected to grow to cater to the changing preferences by Vietnamese consumers, who are increasingly attracted by shopping malls not only as a destination for shopping, but also for entertainment and to socialise.

Therefore, we plan to continue the expansion in the key cities of HCMC and Hanoi in 2020, and extend the expansion to other provinces thereafter. We plan to open a minimum of 6 stores per year from 2020 to 2022, depending on the availability of suitable locations. We will ensure that we build up the capacity and competencies of our human resource to cope with our future growth objectives.

At the same time, to increase productivity of our existing stores, we are constantly working to improve our in-store standards. Towards this end, we intend to invest in staff training and development to improve our staff performance in terms of product knowledge, selling skills and customer service.

With the growth of internet users in Vietnam, we will continue to invest in targeted online advertising to boost TBS brand visibility and improve search engine optimisation to drive traffic to TBS's websites to ensure TBS brand is actively present on social media. In addition, through aggressive activity on social media and digital marketing including user generated content and social influencers, we aim to drive recruitment of new customers, in particular millennial customers, to our stores.

As part of our plan to open up more points-of-sale in Vietnam, we plan to further augment our current IT infrastructure in order to support this expansion plan. This includes the installation of digital screens across our top performing stores. We will also be implementing an Omnichannel infrastructure in all our points-of-sale in Vietnam through the integration of the mobile application with our e-commerce platform and the ERP System as well as the business intelligence analytics system.

To cater for the increased demand, we intend to expand our current warehousing and logistic facility. We will procure the services of an experienced supply chain and logistic solution provider to support this expansion.

We also intend to constantly upgrade our existing stores in Vietnam with a targeted number of 2 store renovations per year. This ensures that our customers' shopping experience in Vietnam is continuously enhanced.

## 5. BUSINESS OVERVIEW *(cont'd)*

### 5.4.3 TBS in Cambodia - Deliver new growth to the Group through the expansion of TBS in the market

According to the IMR Report, Cambodia is a country that is undergoing economic and business landscape reforms with only a few large international mono-brand beauty retailers present in Cambodia in 2018. This presents a favourable opportunity for first-mover CPC players to build loyalty with the younger population, who has a growing disposable income, a more consumerist attitude, and a greater attention to the lifestyle. Based on the above, we believe that Cambodia is a promising marketplace poised to deliver new growth for the expansion of the TBS brand. We are confident that with our track record in Malaysia and experience in developing the Vietnam market, we will be able to achieve the successful expansion of TBS brand in this new market.

We opened our first point-of-sale in Phnom Penh in November 2019. By end 2021, we plan to open up to 5 more points-of-sale in Cambodia, subject to the availability of locations that will suit The Body Shop® brand positioning and are situated in areas where there is a market for TBS products and the relevant licences and approvals being obtained such as approvals from the Ministry of Commerce and Ministry of Health, Cambodia related to the opening up points-of-sale and relevant tax registration.

We will develop the retail business by first establishing retail operations standards, training and inculcating a culture of service and salesmanship. As with Vietnam, it is our aim to develop a local management team with strong retail operations expertise. We will establish systems and structure similar to that of our existing business adapted to the Cambodian market.

In terms of marketing, the brand will be introduced and promoted to Cambodian consumers via an integrated strategy of digital marketing, in-store and out-of-store marketing. We have also launched TBS's website in Cambodia in November 2019 and plan to commence e-commerce transactions by the first half of 2020.

### 5.4.4 Expand brand portfolio of our Group by developing a new business with the Natura brand in Malaysia

We aim to further strengthen our leadership of the naturals sector, and at the same time, expand our share of this segment, by developing the Natura beauty brand in Malaysia.

This new business portfolio will be complementary to our current business, and we have already obtained the approval from TBSI to develop the Natura brand in Malaysia.

In collaboration with the Natura Cosméticos S.A. management team, we have finalised a business plan and have entered into the Natura MOU and the Natura Supply Agreement on which our new business venture for Natura is based on. See Section 5.3.2 of this Prospectus for further details of the Natura brand and products and Sections 5.15.4 and 13.5 of this Prospectus for further details of the Natura MOU and the Natura Supply Agreement. We have launched the Natura e-commerce website in August 2019 and opened a pop-up store in Sunway Pyramid in October 2019 to introduce and promote the brand to the Malaysian market. We will grow the new brand through an Omnichannel approach, focusing on the online channel of social commerce. According to the IMR Report, social network penetration in ASEAN is one of the highest in the world, and together with the fast pace of digital evolution in Malaysia, we believe that the development of the social commerce channel presents a high growth opportunity. The choice of this distribution channel will also be a key differentiating factor for the new brand.



## 5. BUSINESS OVERVIEW (cont'd)

To capture this opportunity, we will be developing a commercial model to harness the entrepreneurial aspirations of individuals within a social network. This commercial model will be focused on developing the business through social selling. Individuals can leverage on their own social network to promote and sell our products to their network of friends or family or followers, and earn an income. This will be enabled by Natura's robust proprietary digital platform which includes a C2C mobile application and a B2C e-commerce website for online retailing to end consumers as well. This mobile application enables individuals who sign up as our consultants (distributors of the Natura products) to customise content and promote the Natura products to their customers who are their contacts on their social network. The online channel will be complemented by strategically-located physical stores for showrooming and raising awareness through customer experience, enabling consumers to access the brand through different interfaces. We have also identified and are finalising the locations for the Natura points-of-sale.

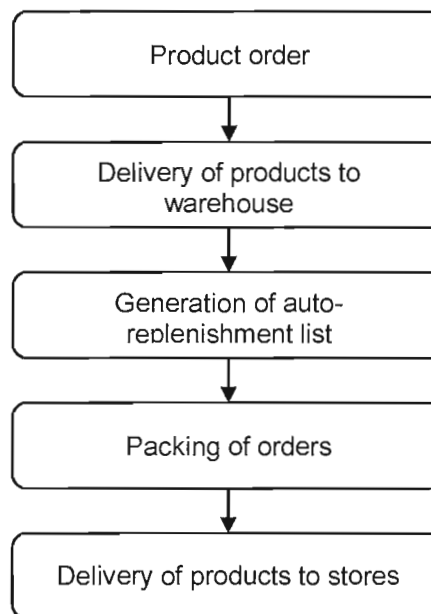
We believe that our digital capabilities garnered from being a first-mover in the online beauty industry coupled with our experience in the naturals sector will be the key driving factors in the growth of our new business in Malaysia.

### 5.5 Operational process

#### 5.5.1 TBS products

##### (i) Points-of-sale

The following diagram summarises our operation process involving product procurement, replenishment and supply process for our points-of sale:



##### *Product orders*

We submit our product orders to our Franchisor and supplier, TBSI, on a monthly basis. The products will be invoiced in GBP and shipped from TBS DCs in UK and Singapore to Port Klang, Malaysia, HCMC, Vietnam, and Phnom Penh, Cambodia respectively. All products shipped from TBS DCs in the UK and Singapore are of the same standards as well as range and categories, according to the respective orders from the points-of-sale in Malaysia, Vietnam and Cambodia.

## 5. BUSINESS OVERVIEW *(cont'd)*

Shipment of products from both DCs to our warehouse in Malaysia, Vietnam and Cambodia are based on TBSI's supply chain schedule. Products shipped from TBS DC in UK generally takes approximately 1.5 months to arrive whilst products shipped from TBS DC in Singapore will take approximately 2 weeks. The location from which the products are shipped is at the discretion of TBSI depending on stock availability in the respective DCs.

### *Delivery of products to warehouse*

Once the products arrive and are cleared by the customs department, the products will be delivered to a warehouse which we lease from a third-party logistics company. We outsource our logistics functions to a third-party logistics company. We also lease the warehouse from them and they manage our DC operations and ensure our shipments are checked, processed, labelled and stored once they are delivered into the DC after customs clearance. Storage in our DCs in Malaysia, Vietnam and Cambodia are segregated to a pallet storage area or a cold room. Products which are sensitive to temperature are stored in the cold room and the rest of the products are stored in the pallet storage area.

### *Generation of auto-replenishment list*

Our replenishment process of products is automated. Once the sales order from each point-of-sale are extracted at a pre-determined cut-off time, our ERP System would generate a packing list for each point-of-sale that contains information on product SKUs and quantities ordered to enable order processing at the warehouse.

### *Packing of orders*

Once the warehouse receives the packing list for each point-of-sale, the orders will be packed and sealed for delivery to our points-of-sale. A delivery order will then be generated by the relevant personnel in the warehouse and they will process and arrange for third-party transporters to deliver the products according to the region where our points-of-sale are located.

### *Delivery of products to points-of-sale*

Upon receipt of the products at our points-of-sale, the store manager conducts a physical check of the stocks ordered to ensure that the order is complete and that the products arrive in marketable condition. The store manager confirms receipt of the stock and sometimes issues a variance note if the products are found to be damaged upon arrival at points-of-sale, or if there is a discrepancy in any order in terms of type or quantity of products ordered. Thereafter, the store manager proceeds to update the store inventory via electronic point-of-sale system.

As for our airport retail channel in Vietnam, we sell TBS products to the airport retail operators who will place a monthly purchase order with TBS Vietnam to replenish stocks. A packing list, delivery order and invoice are issued once stock availability is confirmed. Thereafter, the DC in Vietnam proceeds to pack the order in accordance with the packing list and deliver the stocks with the delivery order and invoice to the respective airport retail operators.

## (ii) **Online**

Stocks allocated for our online operations are placed in a separate room in the DC in Malaysia and Vietnam, as the case may be, and managed and operated by our local third-party logistics providers.

## 5. BUSINESS OVERVIEW (cont'd)

All orders from TBS's websites in Malaysia and Vietnam, and online marketplaces that operate on drop-shipping model are captured in our ERP System. Orders from TBS's websites and these online platforms are processed daily, picked and packed into delivery boxes and labelled with the right courier dockets and addresses to be sent out to our customers.

Conversely, orders from an online marketplace in Malaysia which purchases TBS products outright from us, are placed by way of a purchase order to us directly as and when they need stock replenishment. Once the orders are entered into our ERP System, our local third-party logistics providers process, pick and deliver the products with the invoice to the designated warehouse of the online marketplace in Malaysia.

The online retailing of TBS products in Vietnam via online marketplace is based on a consignment arrangement. Once their orders are sent to us, we will deliver the stocks to the designated warehouses of the marketplace. We issue invoices directly to the customers within 7 days from the date of orders of customers. To facilitate returns and order placement from the marketplace, stocks are reviewed periodically. In the event of discrepancy in terms of quantities ordered or returned products, the variances are invoiced to the marketplace after we perform our periodic stock take.

### 5.5.2 Natura products

As at the LPD, we have yet to set up a point-of-sale for the Natura brand products and have so far opened a pop-up store in Sunway Pyramid and launched the Natura website to introduce and promote the brand in Malaysia. The operational processes for the Natura brand products both for the pop-up store and the online channel via the Natura website in Malaysia, is similar to the process for the TBS brand products at this point in time. Product orders are submitted directly to Indústria Natura on monthly basis and the products will be invoiced in USD and shipped to Port Klang, Malaysia from Port Santos, Brazil taking approximately 2 months to arrive.

Please see Section 2.8 of this Prospectus for further details of the IPO proceeds which we intend to use among others, to set up new IT infrastructure and expand warehousing and logistics facilities (via outsourcing) for our new Natura business in Malaysia. Our future plans and strategies in relation to the Natura business are also set out in Section 5.4.4 of this Prospectus.

## 5.6 Technologies

We use various IT systems to conduct our business and assist us in, among others, managing inventories, sales orders, online sales, supply chain and financial reporting.

Our ERP System, which includes the EPOS system is integrated with the online system, business intelligence system and accounting software. This system integrates processes such as purchasing, inventory, product management, retail management and operations, sales, marketing, logistics, warehouse management, finance and human resources that support our retail and online sales channels.

## 5.7 Cash management

We practise a standardised and strict cash and credit card transaction management policy emphasizing on security, accountability and accurate reconciliation of payment received at our points-of-sale as well as from sales through our online platform including third-party online marketplaces. As at the LPD, the percentage contribution of cash sales and credit or debit card sales for the Malaysia, Vietnam and Cambodia markets are 48:52, 58:42, and 72:28 respectively.

## 5. BUSINESS OVERVIEW *(cont'd)*

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The control measures under our cash and credit card transaction management policy stipulate a multi-layered check and balance process in the handling of cash and the reconciliation of credit card transactions at all levels of our operations. The responsibilities of staff authorised to receive, reconcile and deposit cash are specifically outlined with the required cross-checks and stipulated timelines for daily reconciliation of cash deposits. An investigative measure is also set for the event of any detection of variances by enquiring with the responsible point-of-sale manager and area manager. Our finance team is tasked with responsibilities to perform manual reconciliation checks and highlight variances, if any, on a weekly basis for payments received from online sales through TBS's websites as well as third-party online marketplaces, and the Natura website.

### 5.8 Security and loss prevention

We are susceptible to pilferage, shoplifting, theft and robbery at all our points-of-sale. We conduct our monthly management meetings with our shop managers and area managers, during which, we review loss prevention reports on different aspects of the retail operations. These include among others, stock take results, sales monies banking-in dates, membership exceptional transactions and cancelled bills. If there are any queries or anomalies arising from the loss prevention reports, our management would request our shop managers and area managers to provide the explanations on the queries or anomalies.

To further mitigate risks against pilferage, shoplifting, theft and robbery, we have in place insurance policies to cover inventories in our DC and points-of-sale, money in transit, money in premises, burglary and fidelity. We are presently also embarking on a review exercise on our closed-circuit television security system for our Malaysia and Vietnam TBS points-of-sale network. In addition, we hire security guards to safeguard our TBS high street stand-alone retail stores in Vietnam.

From time to time, we carry out random stocktake at our points-of-sale to ensure our inventories are monitored closely and to prevent theft by employees and shoplifting incidents. Penalties are also imposed on staff in the event the stocktake outcome shows a shortfall between the actual number of stocks in our points-of-sale and the records in our system. As for inventories in the warehouse, our third-party logistics provider in Malaysia has provided us with an undertaking to indemnify us for any discrepancy of stocks with a variance above 0.5%. For the past 3 financial years and FPE 2019, there has not been any material incidents of pilferage, shoplifting, theft and robbery at our points-of-sale.

### 5.9 Insurance

We purchase insurance policies for our inventories in DC and points-of-sale, money in transit, money in premises, burglary and fidelity. Please refer to Section 7 of this Prospectus which sets out a discussion of the risk factors which we are susceptible to. We believe that our current insurance coverage undertaken is adequate for our business needs and current level of operations. We conduct reviews of our insurance coverage from time to time.

### 5.10 Marketing and promotion activities

Over the years, we have developed our expertise in retail marketing, which is a key competency in attracting shopper traffic into our points-of-sale and converting browsers into buyers. We leverage on the prime locations of our stores in major shopping malls or high streets as marketing vehicles, in almost the same way as advertising billboards on busy high streets. Therefore, we place great emphasis on ensuring brand visibility through these stores. It follows then, that in order to engage the customers who step into our stores, we need to bring the brand to life in-store.

## 5. BUSINESS OVERVIEW (cont'd)

We do this by developing a comprehensive event plan throughout the year to drive new product launches, reinforce bestseller products and to celebrate seasonal themes timed according to the seasonalities of the market. The event plan is a holistic plan involving, among others, visual merchandising, promotions, training, social media, public relations and customer loyalty programmes. In executing this event plan in our stores, we change the look of our TBS stores almost every month, in terms of the visual displays and promotional materials, and even the uniform of our staff and the music played in-store. Over and above our in-store marketing strategies, we also actively deploy external marketing activities to reach our targeted audience, through roadshows to schools, colleges and other companies, collaborations with our landlords and other organisations such as corporate partnerships and sponsorships, and sampling. Some of our core marketing activities are as set out below.

### 5.10.1 Customer loyalty programme for TBS

We actively recruit customers in-store to join our customer loyalty programme called the Love Your Body™ programme. As at the LPD, a customer is eligible to become a TBS Love Your Body™ member with a minimum purchase of RM100 in Malaysia, VND1.0 million (RM177) in Vietnam, and KHR200,000 (RM201) respectively. They enjoy member's privileges such as points collection to redeem product vouchers, birthday discounts and exclusive offers in-store all-year round. Membership is valid for 1 year from the date of joining and renewable with a minimum purchase of RM300, VND2.0 million (RM353) or KHR400,000 (RM401) in a year. The qualifying value and mechanics of the programme are devised so that members are rewarded and therefore, incentivised to increase their purchases. As at the LPD, the average transaction value of members is 17.8%, 20.3%, and 66.3% higher than the average transaction value of all customers in Malaysia, Vietnam, and Cambodia respectively.

When we started the programme more than a decade ago in Malaysia, we employed the MyKad technology in-store, to eliminate the use of plastic membership cards, therefore also benefiting customers who do not wish to carry another card in their wallet. Our CRM programme is customised and housed within our ERP System which gives us greater cost-efficiencies and eliminates dependency on external CRM vendors. Customer data ownership resides with our Group and our customer data privacy statement complies with the PDPA.

As at the LPD, our Love Your Body™ programme has 298,999 active members (defined as members who have shopped in the last one year) in Malaysia and 43,352 in Vietnam. In Cambodia, we have 875 members on our Love Your Body™ programme. In Malaysia, our Love Your Body™ members in Malaysia contribute approximately 71.0% and 63.6% of our annual sales for the FYE 2018 and FPE 2019 respectively. Our Love Your Body™ members in Vietnam contributed approximately 66.4% and 64.7% of our annual sales in Vietnam for the FYE 2018 and FPE 2019 respectively. Total LYB active members in Malaysia grew to 343,423 in FYE 2018 as compared to 324,766 in FYE 2016, and 324,024 in FYE 2017. The percentage contributions of LYB members to the total sales in Malaysia are 70.5%, 69.9%, 71.0% and 63.6% for the FYE 2016, FYE 2017, FYE 2018 and FPE 2019, respectively. Total LYB active members in Vietnam grew to 39,459 in FPE 2019 from 31,336 in FYE 2018 as compared to 21,025 in FYE 2016, and 25,954 in FYE 2017. The percentage contributions of LYB members to the total sales in Vietnam are 59.0%, 64.5%, 66.4%, and 64.7% for the FYE 2016, FYE 2017, FYE 2018 and FPE 2019, respectively.

## 5. BUSINESS OVERVIEW (cont'd)

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In addition to fostering customer loyalty, the database of our members allows us to employ data analytics to attain in-depth knowledge of the TBS brand's customer demographics, product preferences and purchasing behaviour. As a result, we are able to shape our marketing communications strategically to engage with our customers via a suite of targeted communications and media programmes, to retain customer interest and increase purchase frequency and amount purchased. Customer contactability is also key and we use a multitude of communication methods, from electronic mail, short messaging service, and mobile applications to online advertising, to connect with our customers.

In addition, we deploy predictive segmentation, hypertargeting, cross-category campaigning and churn management to manage our customer loyalty programme. We also invest in targeting "look-alike" audiences on social media, based on the mapping we have created of our existing online customers.

### 5.10.2 Digital marketing

We have as early as 2012 recognised the need to embrace a digital strategy in order to grow both online and web-influenced retail channel sales. Web-influenced retail channel sales are driven by our digital marketing initiatives such as targeted online advertising to boost brand visibility, which focus on maintaining top-of-mind brand awareness to increase initial consideration and drive walk-ins to both the points-of-sale and online stores.

We also focus on improving search engine optimisation to drive traffic to TBS's and Natura's websites and ensuring that both the TBS and Natura brands are actively present on social media. As at the LPD, according to the IMR Report, we have more than 475,000 likes and 698,000 likes on Facebook for TBS in Malaysia and Vietnam respectively. TBS has also the largest fan base, among mono-brand beauty retailers, based on our Malaysian Facebook page and has one of the largest fan base among the mono-brand beauty retailers through their Vietnamese Facebook page. To maintain our position, we are aware that the TBS brand needs to remain relevant, particularly to the millennial audience.

Therefore, as at the LPD, we have a dedicated digital marketing team consisting 7 personnel in Malaysia, 5 personnel in Vietnam, and 1 personnel in Cambodia for the TBS business and 3 personnel in Malaysia for the new Natura business that constantly renews its tactical strategies in social media and digital marketing. These strategies range from investing in targeted posts on both Facebook and Instagram according to our event plan, to engaging our digital audience through contests, giveaways and sampling.

Our digital marketing team may also collaborate with social influencers who have large followings on social media by providing them with product samples for review and inviting them to events organised by us, thus generating user-generated content which helps to increase even more brand awareness online. As at the LPD, approximately 69.0% of our TBS fan base in Malaysia are millennials (fans aged 18 to 34). In Vietnam, the demographics of our TBS fan base is even younger, with fans aged 18 to 24 accounting for approximately 53.0% of the fan base.

## 5. BUSINESS OVERVIEW *(cont'd)*

### 5.10.3 Sales and promotions

Our in-store promotions for TBS generates traffic throughout the year, particularly our bi-annual storewide sale event which coincides with the school holidays and festive seasons. Aside from increasing sales and clearing inventories, our bi-annual sale event encourages our customers to try new products and attracts new customers to our points-of-sale.

In addition, we also conduct seasonal promotional activities, both in-store and online, from time to time, such as discounted prices for selected items, bundled offers, incentives to purchase more units, and other special offers. We also provide complimentary sample products to our customers as a form of product promotion in our points-of-sale, promotional kiosks and websites with a minimum amount of purchase of products.

### 5.11 Seasonality

The retail industry is a cyclical industry with peaks and troughs in revenue generated throughout the year, according to certain seasons. In Malaysia, as with most other retailers, our business peaks are around the festive seasons of Chinese New Year, Hari Raya, Deepavali and Christmas as well as public and school holiday seasons. Thus, we always ensure that the ambiance at our points-of-sale reflects the festive mood of the season. Christmas is the biggest festive season for us as we are a destination store for gifts. During this season, we receive the patronage of our regular customers as well as customers who specifically drop into our points-of-sale to purchase gifts even though they are not our regular customers. Other than Christmas, Hari Raya has also become a major festive season, during which our customers shop generally for personal grooming products, particularly fragrance. Sales of wedding gifts also peak during the holiday periods as weddings are usually held during this time.

In Vietnam, sales increases around Tet (Vietnam New Year) and International Women's Day, as well as Vietnam Women's Day, when our Vietnamese customers traditionally purchase gifts for the women in their lives.

Other than festive and holiday seasons, the highest sales made in the year for TBS brand products are during our bi-annual sale. As we have only launched the Natura e-commerce website in August 2019 and opened the Natura pop-up store in October 2019, other than the general seasonality for the retail industry above, we have not determined any particular seasonality for the Natura brand products at this point in time.

### 5.12 Pricing

Our business model depends on volume. For the TBS brand, we generate an average of over 115,000 transactions per month in Malaysia and more than 12,000 transactions per month in Vietnam for the FYE 2018. In Vietnam, accessibility in terms of pricing, is key to the ability of TBS brand to reach out to more Vietnamese consumers.

Cost price of products from TBSI are usually constant throughout the year. TBSI may increase its prices pursuant to the Franchise Agreements. Our retail prices would therefore change in the event the cost price at which we purchase TBS products change, and also if there are any changes in local tariffs or taxes, or if there is a considerable movement in the currency exchange rate between GBP and RM or VND as the case may be.

Similarly, our retail prices of the Natura products would change arising from any changes to the cost price, tariffs or taxes or considerable currency exchange rate movements between USD and the RM.

## 5. BUSINESS OVERVIEW (cont'd)

### 5.13 Major customers

Our customer base is primarily walk-in retail customers and there are no major customers as at the LPD. As such, we do not have any material exposure to nor are we dependent on any particular customer.

### 5.14 Major suppliers

We source our TBS products from a single supplier, which is our Franchisor, TBSI. We have been their sole franchisee in West Malaysia since the commencement of our business in 1984 and in Vietnam, and Sabah and Labuan, since 2009 and 2015 respectively.

The value of our purchases from our major supplier for the FYEs 2016, 2017 and 2018, and FPE 2019 in respect of Malaysia and Vietnam are as follows:

	FYE 2016	Percentage	FYE 2017	Percentage	FYE 2018	Percentage	FPE 2019	Percentage
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	49,708	93.3	46,280	91.4	56,021	89.1	43,400	87.7
Vietnam	3,544	6.7	4,337	8.6	6,834	10.9	6,100	12.3
Total	53,252	100.0	50,617	100.0	62,855	100.0	49,500	100.0

Details of our dependency on our major supplier are set out in Section 5.15 of this Prospectus.

## 5.15 Material dependency on commercial contracts, agreements and other arrangements

### 5.15.1 Franchise Agreements

The marketing and selling of TBS products under the TBS franchise in Malaysia, Cambodia and Vietnam are materially dependent on the respective Franchise Agreements entered into by each of the TBS Franchisees in its ordinary course of business with TBSI. The franchise of TBSI was granted to Rampai-Niaga in Malaysia in respect of West Malaysia, Sabah and the Federal Territory of Labuan, TBS Vietnam in respect of Vietnam, and Green Cosmetics in respect of Cambodia ("**Territories**").

In addition to the above Franchise Agreements, TBSI had entered into a Franchise Framework Agreement dated 19 June 2019 with Etheco (Promoter and controlling shareholder of InNature), and Dato' Simon and Datin Mina, (our Promoters) ("**Franchise Framework Agreement**" or "**FFA**") to put into place certain control provisions to ensure the sustainability of the TBS business carried out by our Group and to ensure that the Promoters remain in control of TBS franchise in the Territories.

The salient terms of the Franchise Agreements and the FFA are set out below and in Section 5.15.2 of this Prospectus.

#### Scope of the Franchise Agreements

Under the Franchise Agreements, TBSI granted to the TBS Franchisees the right and license to operate the TBS Business in Malaysia (except Sarawak), Vietnam and Cambodia respectively. The Business refers to a business dedicated to the sale of TBS products and the provision of services in the Territories under TBSI's Proprietary Marks and in accordance with the System. This may be carried out via the distribution channels allowed under the respective Franchise Agreements (either through Approved Channels or Non-Exclusive Channels, as defined below).



**5. BUSINESS OVERVIEW** (cont'd)

As at the LPD our Group holds TBS franchises to establish and operate TBS points-of-sale in the following territories and distribution channels:

Subsidiary	Territory	Distribution channels	Exclusivity
Rampai-Niaga	West Malaysia, Sabah and Labuan	<ul style="list-style-type: none"> <li>The retail points-of-sale and online channels mentioned in Section 5.3.4 of this Prospectus.</li> </ul>	The Body Shop International will not appoint any other third party as franchisee in the territories or grant equivalent rights to any third party in the territories under the respective Franchise Agreements.
TBS Vietnam	Vietnam	<ul style="list-style-type: none"> <li>Subject to TBSI's approval, we have the right to operate via the following reserved and non-exclusive distribution channels:                             <ul style="list-style-type: none"> <li>(i) Mail order catalogues;</li> <li>(ii) Direct selling in the home or at other non-retail locations; and</li> <li>(iii) Hotel chains.</li> </ul> </li> </ul>	
Green Cosmetics	Cambodia		

**“Approved Channels”** refer to any approved channels which includes the respective points-of-sale mentioned in Section 5.3.4 of this Prospectus;

**“System”** refers to the distinctive business format and method developed and implemented by TBSI utilising and comprising the Proprietary Marks and certain standard operational procedures, plans, directions specifications, technology, codes of conduct when dealing with customers and advertising techniques and other similar guidance provided by TBSI;

**“Non-Exclusive Channels”** refer to any e-commerce, catalogue sales and any other distance selling (off-premises) channel of distribution via electronic, telephone, or other means of communication;

**“Proprietary Marks”** refer to the TBS trademark and any patents, trade names, know-how, formulae and other similar rights owned by TBSI;

**“Reserved Channels”** refer to any future channels (not currently in existence) and any direct selling in any non-retail locations, hotel chains, points-of-sale located in areas dedicated to travel, areas located in tax-exempt, free trade zones or cross-border areas, or areas reserved for a specific clientele (e.g. sales to personnel from the armed forces) exclusively reserved for TBSI or its designated parties to operate.

**Term and renewal of Franchise Agreements**

The franchise rights under the Franchise Agreements are granted for a period of 10 years, commencing from the date of the respective Franchise Agreements (**“Commencement Date”**) and we have the option to renew the franchise for a further 5 years (**“Term”**) subject to the terms and conditions of the respective Franchise Agreements.

We may renew our franchise provided that:

- (a) we give TBSI 6 months prior written notice of our intention to extend the term of the respective franchise before the expiry of the Franchise Agreements' initial terms;

**5. BUSINESS OVERVIEW** *(cont'd)*

- (b) our TBS Franchisees, at the time of notice of renewal, are not in default of any provision of the respective Franchise Agreements and any other agreement between TBSI and the respective TBS Franchisees;
- (c) we agree to execute TBSI's form of the franchise agreement; and
- (d) we agree to any terms and conditions as TBSI may require with the renewal.

**Franchise fee**

An initial franchise fee is imposed upon the signing of each of the Franchise Agreements exclusive of applicable taxes. Additionally, for any renewal of the Franchise Agreements, TBSI may impose a renewal fee.

**Our obligations as TBS Franchisees**

As franchisees under the respective Franchise Agreements, among others, we have to:

- (a) operate the Business in strict conformity with TBSI's System;
- (b) maintain sufficient volume of TBS products to ensure that the annual forecast of the gross turnover is achieved for each operative period of 12 consecutive calendar months from the Commencement Date;
- (c) continuously operate the Business, including the points-of-sale and any other Approved Channel on such days and between such hours as TBSI reasonably specifies and as allowed by applicable laws and regulations;
- (d) ensure that all personnel employed at each points-of-sale or Approved (or Non-Exclusive) Channel project a professional image and render service that complies with TBSI's guidelines;
- (e) maintain effective insurance coverage at our own cost such as public liability, fire and marine insurance;
- (f) indemnify TBSI, its subsidiaries, affiliates, related companies together with its shareholders, partners, officers, directors and employees against any claims, actions, liabilities, losses and expenses incurred by TBSI arising out of or in connection with among others, any third party demand, claim or action arising out of any misrepresentation, negligence or breach of statutory duty by any of the TBS Franchisees or its employees, agents or contractors; and
- (g) pay to TBSI, without demand and under a regular payment schedule as may be mutually agreed, such fees for the management, consultation, advice, service and training provided by TBSI in respect of the use of the System and the Proprietary Marks as TBSI may from time to time prescribe, calculated as a percentage of TBS Franchisees' turnover, and which is in accordance with TBSI's policy. By a letter dated 19 June 2019 entered into between TBSI with Dato' Simon and Datin Mina, Dato' Simon and Datin Mina jointly and severally undertake to ensure that TBSI will be paid fees equivalent to 1.0% of the total annual retail sales of each business line of the Group for the management, consultation, advise, service and training provided by TBSI in respect of the use of the System and Proprietary Marks. The payment is to be made by end of January each year, in accordance with TBSI's or its related corporations' retail calendar year, with the first payment to be made by end January 2020.

## 5. BUSINESS OVERVIEW (cont'd)

### Purchase and sale of TBS products and provision of services

TBSI's maximum aggregate liability in respect of any defect in TBS products and services provided in accordance with the System or by reference to the Proprietary Marks or otherwise in connection with the Franchise Agreements ("Service"), is in the case of a defect of the TBS product, based on a price multiple of the TBS product or Service in question and for all other claims against TBSI, the transactions carried out between the relevant TBS Franchisee and TBSI.

### Restrictions on us as TBS Franchisees

We are further bound by the following restrictions:

**(a) Restriction on engaging in any business which is competitive or similar to the existing business of the TBS Franchisees**

The TBS Franchisees covenants not to be engaged, interested or concerned in any business, which is competitive or similar to the business of the TBS Franchisees. The TBS Franchisees have to ensure that no member, shareholder, director and employee of the TBS Franchisees or other individual having a degree of control or influence over the TBS Franchisees, is or becomes so engaged during the term of the Franchise Agreements and for the following period after the end of the Term of the Franchise Agreements:

- (i) 2 years for Rampai-Niaga in Malaysia;
- (ii) 1 year for TBS Vietnam in Vietnam; and
- (iii) 1 year for Green Cosmetics in Cambodia.

In the case of Malaysia, the above restriction extends to the spouses and immediate family of the directors of Rampai-Niaga.

**(b) Restriction on non-solicitation of any person employed by TBSI or its other franchisees**

The TBS Franchisees undertake not to directly or indirectly solicit (whether alone or together with another person) or entice away from TBSI or any of its franchisees any TBSI's or its franchisees' employees. TBS Franchisees also undertake to ensure that no member, shareholder, or director of the TBS Franchisees or other individual having a degree of control or influence over the TBS Franchisees shall engage in the solicitation of any TBSI's or its franchisees' employees.

Additionally, for Rampai-Niaga in Malaysia, TBSI has undertaken not to solicit any employee from Rampai-Niaga and to ensure that no member, shareholder or director of TBSI does the same. TBSI also undertake to ensure that no member, shareholder, or director of the TBSI or other individual having a degree of control or influence over the TBSI shall engage in the solicitation of any Rampai-Niaga employee.

## 5. BUSINESS OVERVIEW *(cont'd)*

### (c) Confidentiality on all information and knowledge relating to the System

In Malaysia, Rampai-Niaga covenants that it will procure that its directors and their spouses and immediate family, officers, staff or any other person employed by or affiliated with Rampai-Niaga shall at all times maintain the confidentiality of all information and knowledge relating to the Business and the System during the term of the Rampai-Niaga Franchise Agreement, and for 2 years after the termination or expiry of its Franchise Agreement. For Vietnam and Cambodia, TBS Vietnam and Green Cosmetics covenant that they shall not and they procure that no other person will, at any time without TBSI's consent, whether before or after the termination of the TBS Vietnam Franchise Agreement or Green Cosmetics Franchise Agreement (as may be applicable), divulge or use for their own benefit or that of any other person, any of such information or knowledge relating to the System or the Business which may be communicated to or otherwise acquired by TBS Vietnam or Green Cosmetics, their respective directors, agents or employees.

### (d) Restriction on the sale or transfer of business

The TBS Franchisees may not assign or transfer the rights and benefits under the Franchise Agreements without the written consent of TBSI. They may only sell the Business with TBSI's consent if all obligations under the respective Franchise Agreements are complied with, subject to the following conditions:

- (i) any proposed purchaser must be bona fide and at arm's length and meet TBSI's standards with respect to business experience, financial status, ability and compatibility with TBSI and its values;
- (ii) to notify TBSI of certain details relating to the proposed purchaser and the proposed terms of sale prior to the TBS Franchisees making any binding commitment;
- (iii) to seek TBSI's approval of the proposed purchaser and the proposed purchaser's business plan and evidence that it has adequate financial resources to implement the same;
- (iv) to bear all reasonable costs incurred by TBSI in relation to the sale of the TBS Franchisees' business;
- (v) if the proposed purchaser is a corporation, TBSI must be satisfied that the purchaser's controlling shareholders meets TBSI's criteria, with the suitability of the proposed directors or shareholders, with the shareholding structure of the proposed purchaser; and that the proposed purchaser is willing to enter into the then current form of franchise agreement with TBSI; and
- (vi) TBS Franchisees to ensure that there are no outstanding sums and obligations due under the respective Franchise Agreements.

In the event of a proposed sale of the business, TBSI shall have an option to purchase the Business for the same amount and same terms which is exercisable within 30 days of the receipt of such notice.

## 5. BUSINESS OVERVIEW (cont'd)

### (e) Restriction upon the death or permanent disability of any person with controlling interest

Upon the death or permanent incapacity (mental or physical) of any person who beneficially owns shares carrying an aggregate majority of votes exercisable at a general meeting of the respective TBS Franchisee, or has the right to appoint or dismiss a majority of directors, and in respect of any other business or entity, where that person is beneficially entitled to a majority of share of the assets, proceeds or distribution of the same ("**Controlling Interest**"), the executor, administrator or personal representative of that person will transfer such interest to a third party to be approved by TBSI at its sole and absolute discretion within 6 months after such death or permanent incapacity. If the transfer is unable to be effected within the 6 months stipulated above, then provided that the relevant TBS Franchisee has been consistently achieving its performance objectives, then the personal representative of the deceased will have 2 years to dispose of the deceased's interest in the respective Franchise Agreements. If the TBS Franchisee has not been consistently achieving its performance objectives, then the personal representative will have 1 year to do so.

Furthermore, immediately upon such death or permanent incapacity, TBSI has the right, but not the obligation, to appoint a manager to operate the Business at the respective TBS Franchisee's cost and expense reasonably incurred by the manager.

### (f) Requirement of written approval from TBSI for any change of management, ownership or control

TBSI's written approval must be obtained before any change in the management, ownership or control of the respective TBS Franchisees including without limitation:

- (i) any change in the shareholders or their respective shareholdings; and
- (ii) the grant of any option, encumbrance, security, interest, lien or pledge in relation to such shareholdings or interests.

### (g) Termination of Franchise Agreement

TBSI may terminate the respective Franchise Agreements by giving notice in writing in the following events:

- (i) if a TBS Franchisee is in breach of its respective Franchise Agreement and fails to remedy within 28 days from notification of breach, except that no notice is required to be given in the case of a persistent breach which has occurred twice in any 12 month period, or in the case of any 3 different breaches occurring within any 12 month period;
- (ii) if there is any change in the management, ownership or control of the TBS Franchisees without the TBSI's prior written approval;
- (iii) if the TBS Franchisees directly or indirectly and/or any other persons named in the Franchise Agreements shall directly or indirectly engage in or is guilty of conduct which TBSI considers to be prejudicial to its interests or the interests of the Business;
- (iv) if the TBS Franchisees have failed to achieve certain performance objectives agreed upon between TBSI and the TBS Franchisees and such targets continue not to be achieved within 3 months after the TBS Franchisees is notified of failure effect;

**5. BUSINESS OVERVIEW** *(cont'd)*

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- (v) if the TBS Franchisees or any of their officers or employees gives to TBSI any false or misleading information or makes any misrepresentation in obtaining the Franchise Agreements or at any time during the continuance of the Franchise Agreements, in connection with the Business;
- (vi) if the TBS Franchisees fail to secure a guarantor to secure the performance of the TBS Franchisors' obligations to TBSI within 3 months from TBSI's request to do so;
- (vii) if the TBS Franchisees fail to obtain TBSI's written consent prior to any assignment or transfer of the TBS Franchisees' rights and benefits under the Franchise Agreements; or
- (viii) if the TBS Franchisees fail to procure each of its shareholders to execute a deed of undertaking required under the Franchise Agreement in relation to the shareholders' undertakings to TBSI to notify TBSI of the details of any proposal received to purchase the shareholdings of the Franchisees, and to grant TBSI an option to purchase such shareholdings for the same amount and upon the same terms as offered by the proposed purchaser, which option may be exercised by TBSI within 14 days of receipt of such notice in the event of any change of management, ownership or control of Franchisees.

Additionally, the respective Franchise Agreements may terminate immediately upon any of the following events occurring:

- (i) upon written notice by TBSI if the TBS Franchisees become bankrupt or insolvent;
- (ii) if any person successfully takes action to enforce any legal action or foreclosure proceedings in respect of any property of the TBS Franchisees;
- (iii) upon written notice by TBSI if the TBS Franchisees has violated the Franchise Agreements terms relating to confidentiality post termination of employment, anti-corruption, economic sanction and repudiatory breaches of the Franchise Agreements and purchase of merchandise from authorised suppliers; or
- (iv) upon the termination of the FFA.

**(h) Governing law**

The construction, validity and performance of the Franchise Agreements and all non-contractual obligations arising from or connected with the Franchise Agreements shall be governed by English law.

**Other miscellaneous provisions**

**(a) Interest on overdue amount**

If any payment under the respective Franchise Agreements are overdue, the TBS Franchisees will pay TBSI, in addition to the overdue amount, daily interest on such amount from the date it was due until it is paid at a rate which is four percent (4%) per annum over the London Inter-bank Offered Rate ("LIBOR") (as determined on the payment due date, or if such date is not a business day, the next business day), calculated on a daily basis.

## 5. BUSINESS OVERVIEW (cont'd)

### (b) Addendum to Franchise Agreements - Software licence

Pursuant to the Franchise Agreements, the TBS Franchisees have been granted a franchise for the operations of TBS outlets pursuant to the System. As part of the System, TBSI has developed certain software. TBSI grants the TBS Franchisees a non-exclusive non-transferable licence to the software pursuant to an Addendum to Franchise Agreements (“**Software Licence Addendum**”). The TBS Franchisees are permitted to run the software exclusively on hardware which meet the minimum system requirements. The licence commences on 19 June 2019, and automatically terminates upon:

- (i) termination of the Franchise Agreements for whatever reason; or
- (ii) upon 30 days prior written notice by TBSI to the TBS Franchisees; or upon 7 days prior written notice by the TBS Franchisees to TBSI subject to TBSI having approved in writing a proposed substitute software.

### 5.15.2 FFA

The FFA was entered into simultaneously with the Franchise Agreements and the salient terms of the FFA are as follows:

#### (a) Board representation in Etheco, BluPlanet and InNature

The existing directors of Etheco, BluPlanet and the non-independent directors of InNature must remain in their respective designations; and Datin Mina and Dato' Simon must also each undertake to ensure that directors appointed by them, collectively with Dato' Simon (or his alternate, Daryl Foong) and Datin Mina, shall comprise of a majority of the board of InNature. Such persons nominated by Datin Mina and Dato' Simon to be on the Board of InNature must at all times be executive directors.

Dato' Simon and Datin Mina will also procure that TBSI be notified of any changes in the board of Primarium and Pelagos.

#### (b) Capital maintenance/ownership

Except with TBSI's prior written consent, Datin Mina and Dato' Simon must directly, legally and beneficially, own 100.0% interest in Etheco and Etheco must in turn directly, legally and beneficially own at least a 51.0% interest in the ordinary share capital of InNature.

Dato' Simon and Datin Mina will also procure that TBSI be notified of any changes to Dato' Simon and Datin Mina's shareholding in Bluplanet, Primarium and Pelagos.

#### (c) Guarantee on Etheco

Dato' Simon and Datin Mina each irrevocably and unconditionally agrees, undertakes and guarantees the obligations of Etheco under the FFA and also the obligations of the TBS Franchisees under the respective Franchise Agreements.

#### (d) Constitution

TBSI's written approval is required for any changes in Etheco's constitution.

## 5. BUSINESS OVERVIEW (cont'd)

### (e) Restriction on encumbrance over assets and shares

Dato' Simon, Datin Mina and Etheco must not and must procure that InNature and the TBS Franchisees must not create or permit the creation of any encumbrance, i.e. any interest, equity of any person (including any right to acquire, option or right of pre-emption or mortgage, charge, pledge, lien, assignment or other similar encumbrances over the respective TBS Franchisees' assets, undertakings and/or property) without TBSI's approval.

Prior written approval from TBSI is required for the creation and/or grant of any option, pledge, of any encumbrance, security, interest or lien over the Promoters' 100.0% shareholding in Etheco and Etheco's 51.0% in InNature as well as InNature's 100.0% shareholding in each of the TBS Franchisees.

Dato' Simon and Datin Mina will also procure that TBSI be notified of any creation of encumbrance of the shares in Bluplanet, Primarium and Pelagos, or over any shares held by Bluplanet, Primarium and Pelagos.

### (f) Restrictions on debts and other covenants

Dato' Simon, Datin Mina and Etheco shall each ensure and procure that each of InNature and the TBS Franchisees will not obtain any loans, credit facilities, financing or borrowings exceeding the leverage ratio threshold as agreed in the FFA and that Etheco does not issue, grant or provide any guarantee or security to any person in respect of any third party obligations.

Dato' Simon and Datin Mina will also procure that TBSI be notified of any issue, grant or provision of guarantee or security for any third party obligations by Bluplanet, Primarium and Pelagos.

### (g) Removal of a director who is a director of a competitor

Each of Dato' Simon, Datin Mina and Etheco shall ensure that the Directors in InNature do not act or enter into any arrangements which will conflict with the interest of InNature and/or the TBS Franchisees.

Each of Dato' Simon, Datin Mina and Etheco shall also ensure and procure that InNature does not appoint a director who is also a director of TBS Franchisees' competitor(s), and that InNature will do all things to remove or procure InNature to remove any directors who subsequently becomes a director of TBS Franchisees' competitor(s) after their appointment onto the board of InNature.

From the day each of Dato' Simon, Datin Mina and Etheco becomes aware that a director is a competitor's director until the director's removal from the Board, each of Dato' Simon, Datin Mina and Etheco shall ensure that no board meeting is convened and no board papers or written resolutions relating to any proprietary information pertaining to the System and/or the TBS franchise or Business of the Company is circulated for approval unless TBSI's prior written consent has been obtained.

### (h) Focus on existing business

Dato' Simon, Datin Mina and Etheco shall each procure that InNature (whether through itself or another member of the Group) will not operate any other type of business (other than The Body Shop® franchise) without TBSI's prior written approval which shall not be unreasonably withheld.



## 5. BUSINESS OVERVIEW *(cont'd)*

### (i) Issuance of other classes of shares by InNature

Consistent with their roles and responsibilities as Directors and shareholder of InNature respectively, Dato' Simon, Datin Mina and Etheco shall each procure that InNature does not issue other classes of shares (including any debt or quasi equity classes of shares) without TBSI's prior written approval.

### (j) Non-solicitation and non-competing business

Save with TBSI's prior written consent, Dato' Simon and Datin Mina each undertakes and covenants that they shall not, whether directly or indirectly do or procure any or all of the following:

- (i) solicit or entice away from TBSI or any of the TBS Franchisees or any other franchisee of TBSI, any person who is their employee, either to take up employment with Dato' Simon and/or Datin Mina or any other person or entity or for any other purpose;
- (ii) be employed, interested or concerned in any capacity (including through the ownership of equity interests or as a director) in any business similar to that of or in competition with TBSI (save for a non-substantial financial interest in any publicly held corporation listed on a recognised stock exchange and which does not allow Dato' Simon or Datin Mina to influence the conduct of such a business);
- (iii) seek to obtain, from a customer of any of the TBS Franchisees or TBSI, or such persons who are in the habit of dealing with any of the TBS Franchisees or TBSI, orders for any goods and/or services which would be in competition with that of TBSI or any of the TBS Franchisees nor will Dato' Simon and Datin Mina represent themselves to any such person or entity as being in any way connected or having been formerly connected with or interested in the business of TBSI and/or any of the TBS Franchisees with the intent of pursuing any of the foregoing; and
- (iv) seek to place orders with any supplier of TBSI or any of the TBS Franchisees, or such persons who are in the habit of dealing with TBSI or any of the TBS Franchisees, and with whom Dato' Simon and Datin Mina have had contact or about whom Dato' Simon and Datin Mina have received Proprietary Information (defined below) in respect of any goods supplied to TBSI or any of the TBS Franchisees nor will Dato' Simon and Datin Mina represent themselves to any such person or entity as being in any way connected or having been formerly connected with or interested in the business of TBSI and/or any of the TBS Franchisees with the intent of pursuing any of the foregoing,

during the term of the Franchise Agreements and for a further period of 2 years thereafter.

In addition, Dato' Simon and Datin Mina shall each procure that their direct family members (namely, parents, children and their children's spouses), any of the directors of InNature and persons connected (as defined in the Franchise Framework Agreement) to any of the directors of InNature shall not own, maintain, engage, be employed, interested or have any equity interest in a competing or similar business in the territories where the TBS Franchisees are operating, save where such interest is an insubstantial interest in publicly held listed corporation during the term of the Franchise Agreements and for a further period of several years thereafter.

## 5. BUSINESS OVERVIEW *(cont'd)*

Dato' Simon and Datin Mina also each undertakes to ensure that their siblings, their siblings' spouses or their siblings' children shall not be involved (directly or indirectly and whether through themselves or through their associated companies) ("**Specific Categories of Persons**") in the TBS business, in InNature or the TBS Franchisees unless a separate deed of undertaking (containing non-compete and confidentiality undertakings) has been executed by these Specific Categories of Persons directly with TBSI.

TBSI undertakes and covenants that, save with the prior written consent of Dato' Simon, Datin Mina, Etheco or any of the TBS Franchisees, during the term of the Franchise Agreements and for a period of several years thereafter that it shall not solicit or entice away from any of the TBS Franchisees any person who is an employee of any of the TBS Franchisees to take up employment with TBSI.

Dato' Simon, Datin Mina and Etheco shall undertake to fully indemnify, defend and hold harmless TBSI against and from any and all claims, damages, liabilities, costs and expenses arising out of any breach in the aforesaid obligations.

### (k) **Subsidiaries and joint venture**

Dato' Simon, Datin Mina and Etheco shall each ensure and procure that the TBS Franchisees will not establish any entities without TBSI's approval.

### (l) **Assumption of liabilities**

Dato' Simon, Datin Mina and Etheco shall each procure that InNature and the TBS Franchisees will not assume any obligations, charges, losses or liabilities (financial or otherwise) of any person and will notify TBSI of any intra-group loans to subsidiaries once every 3 months simultaneous with the release of any announcement by InNature on its financial statements in compliance with applicable laws.

### (m) **Declaration of dividend**

Dato' Simon, Datin Mina and Etheco shall each ensure and procure that InNature's and the respective TBS Franchisees' dividend policies be provided to TBSI, and that TBSI is notified of any changes to the dividend policy. The Promoters and Etheco also undertakes to ensure that the board of InNature, in determining the dividend policy of InNature and the TBS Franchisees, and any decisions to pay out a dividend shall take into account:

- (i) InNature's and the TBS Franchisees' annual business plan in respect of each of the TBS Franchisees; and
- (ii) anticipated funding needs each entity for the purposes of meeting the agreed targets set out within the relevant Franchise Agreements.

### (n) **Acquisition and disposal by third party (substantial shareholdings)**

Dato' Simon, Datin Mina and Etheco each undertakes to and shall procure that InNature notifies TBSI in writing of any changes in the substantial shareholdings of InNature.

## 5. BUSINESS OVERVIEW *(cont'd)*

### (o) Termination of the FFA

TBSI may terminate the FFA forthwith by giving notice in writing to Dato' Simon, Datin Mina or Etheco in any of the following events:

- (i) upon the winding up, insolvency, administration, dissolution or bankruptcy of Dato' Simon, Datin Mina or Etheco or upon the appointment of a liquidator, receiver, administrator, trustee or similar officer over all or any part of any of Dato' Simon's, Datin Mina's or Etheco's, business or assets;
- (ii) any event which has an effect equivalent or similar to any of the above events occurs in relation to Dato' Simon, Datin Mina or Etheco;
- (iii) where in the case of the breach capable of being remedied, failure to remedy such breach within 28 days of being notified to remedy the breach by TBSI, provided that TBSI shall not be obliged to give such notice in the case of a persistent breach which shall be one which has occurred twice in any 12 month period and/or any 3 different breaches occurring within any 12 month period of the FFA; or
- (iv) in the event that the exclusion of any provisions of the FFA will in the opinion of TBSI, adversely affect TBSI's rights under the FFA, then TBSI shall have the right to terminate the FFA by way of a 30 days' written notice to Dato' Simon, Datin Mina and Etheco.

The FFA shall also automatically terminate in the event of a termination or expiration of all of the Franchise Agreements.

The parties to the FFA agree that:

- (i) The FFA shall cease to have any force or effect upon the termination of the FFA but such termination shall be without prejudice to the rights and remedies of any party prior to the termination;
- (ii) upon termination of FFA, all of the Franchise Agreements and any future franchise agreements will also automatically be deemed to have terminated on the same day and shall cease to have any force or effect, save in respect of any antecedent breaches;
- (iii) Datin Mina, Dato' Simon and Etheco will, upon termination of the FFA:
  - (1) immediately pay to TBSI the full amount of all monies due under the FFA; and
  - (2) continue to perform and observe the covenants and obligations which survive termination and such provisions (including confidentiality of proprietary information, representations and warranties, events of default, consequences of termination, confidentiality, and arbitration) will continue in full force and effect after termination or expiration of the FFA.

## 5. BUSINESS OVERVIEW (cont'd)

### (p) Confidentiality of Proprietary Information

Each of Dato' Simon, Datin Mina and Etheco undertakes and shall procure that InNature and the TBS Franchisees shall:

- (i) hold in strict confidence all confidential, proprietary information or know-how that was developed compiled or derived by TBSI ("**Proprietary Information**");
- (ii) not to disclose any Proprietary Information to any third party without TBSI' prior written consent, and even if with such consent, such disclosure must be on a strictly need-to-know basis, and shall be subject to such third party undertaking to maintain confidentiality;
- (iii) not to make use of any Proprietary Information for any purposes other than for the operation of the Business in accordance with the Franchise Agreements; and
- (iv) use their best endeavours (including appropriate security measures) to prevent unauthorised disclosure or access to the Proprietary Information.

Notwithstanding the above, Dato' Simon, Datin Mina, Etheco and InNature may reveal the Proprietary Information only to such persons lawfully entitled to require any such disclosure if required by law, any court of competent jurisdiction, the rules and regulations of the recognised stock exchange on which the shares of InNature and/or any of the TBS Franchisees are or will be listed, or pursuant to any enquiry to investigation by any regulatory or public authority.

Dato' Simon, Datin Mina and Etheco agree that the abovementioned undertaking shall survive the termination of the FFA, cessation of their employment or appointment with, or disposal of any interests in InNature or the TBS Franchisees; and that they shall fully indemnify, defend and hold harmless TBSI (together with its directors, officers, employees and agents) against and from any claims, damages, liabilities, costs and expenses arising from the breach of the aforesaid obligations.

### (q) Confidentiality

Each party to the FFA undertakes to the other party that any information of a confidential nature which relates to a party ("**Confidential Information**") disclosed to any party by the other shall be kept strictly confidential.

The above confidentiality requirement shall not extend to confidential information:

- (i) which is at the relevant time within the public domain (otherwise than by reason of its wrongful disclosure); or
- (ii) where such information was lawfully available to that party on a non-confidential basis from a source other than any of the parties before any disclosure of the same information by any of the parties to the other .

## 5. BUSINESS OVERVIEW *(cont'd)*

### (r) Governing Law

The construction, validity and performance of the FFA and all non-contractual obligations arising from or connected with the FFA shall be governed by English law.

#### 5.15.3 Business continuity

As mentioned above, in the event of the death or permanent incapacity of Dato' Simon and Datin Mina, the Franchise Agreements provide that their Controlling Interests can only be transferred to their successors, i.e. Daryl Foong and Dexter Foong, with TBSI's approval. Please refer to Section 7.1.2 of this Prospectus on the risk that the continuity of the Franchise Agreements is dependent on the continued involvement of our Promoters, namely Datin Mina and Dato' Simon.

Daryl Foong and Dexter Foong, the sons of Datin Mina and Dato' Simon, are also our shareholders through their direct shareholdings in Pelagos and Primarium respectively. Both of them have had working experiences in Rampai-Niaga, and their respective profiles are set out in Sections 3.1.2 and 3.2.2 of this Prospectus. In addition, Daryl Foong is also our Non-Independent Non-Executive Director, alternate to Dato' Simon. Further to the above, we also have an experienced management team who have been the main drivers to our Company's success over the years. Our CEO, COO and CRO have been with us for more than 20 years and will continue to manage our Group's business in the above event.

The Franchise Framework Agreement requires that our Board must include Daryl Foong as Dato' Simon's alternate. His appointment as an alternate director is also part of the Company's succession plan. Daryl Foong is appointed as a Non-Executive Director in our Company due to his role as the Executive Director of Aquawalk Sdn Bhd, where he is involved in the day-to-day operations of the company.

#### 5.15.4 Natura MOU and Natura Supply Agreement

It is one of our future plans and strategies to expand our Group's brand portfolio by developing a new business with the Natura brand in Malaysia. Our new business venture for Natura is based on the Natura MOU and the Natura Supply Agreement. On 17 April 2019, InNature entered into the Natura MOU with Natura Cosméticos S.A. The Natura MOU is a non-binding agreement entered into to enable the parties to enter into a definitive agreement that will establish the parties' commercial relationship for the purpose of implementing the distribution and commercialisation of certain Natura products in Malaysia. The Natura MOU is effective until 31 March 2020. The initial term of 90 days from 17 April 2019 (being the date of the Natura MOU) had been extended to 31 March 2020 by way of supplemental amendments thereto dated 11 July 2019 and 11 December 2019.

Ola Beleza, entered into the Natura Supply Agreement on 28 November 2019 with Indústria E Comércio De Cosméticos Natura LTDA ("**Indústria Natura**"), a subsidiary of Natura Cosméticos S.A. The Natura Supply Agreement formalises the terms and conditions for the supply and distribution of the Natura products for the period commencing from 1 October 2019 until the execution of the definitive agreement(s) mentioned above. As at the LPD, we are working with Natura Cosméticos S.A on finalising the terms of the relevant definitive agreement(s) which is expected to be signed after our Listing.

## 5. BUSINESS OVERVIEW (cont'd)

The salient terms of the Natura Supply Agreement are as set out below:

### (a) Scope of the Natura Supply Agreement

Under the Natura Supply Agreement, Ola Beleza shall operate the business of selling the Natura products in Malaysia using the Natura Trademark (“**Natura Business**”) through retail stores, department stores, e-commerce and social selling subject to Indústria Natura’s agreement and pursuant to applicable laws and regulations. Prior to signing of the definitive agreement(s), our exclusivity to sell the Natura products in Malaysia through the approved channels are based on the agreed principles for our commercial relationship with Natura in the Natura MOU.

“**Natura Trademark**” means any Natura® trade names, trademarks, service marks, logos, designs, symbols, emblems, insignia, slogans, get-up, whether or not registered or capable of registration, and all other proprietary rights whatsoever owned by or available to Indústria Natura, its affiliates or any other party designated by Indústria Natura, adopted or designated by Indústria Natura or any other party designated by Indústria Natura for use in connection with the Natura Business.

### (b) Supply of Natura products

Indústria Natura shall be the sole and exclusive supplier of the Natura products to Ola Beleza and Ola Beleza shall be prohibited from acquiring or importing the Natura products from any other person unless otherwise expressly authorised by Indústria Natura. The purchase and sale of the Natura products are intended only for the sale and distribution in Malaysia during the duration of the Natura Supply Agreement and Ola Beleza shall not be allowed to use, distribute, promote or sell the Natura products for other purposes.

### (c) Term of the Natura Supply Agreement

The Natura Supply Agreement shall take effect from 1 October 2019 and shall remain in full force and effect up until 31 March 2020 unless terminated earlier in accordance with the terms and conditions of the Natura Supply Agreement. The Natura Supply Agreement may be renewed upon the parties’ mutual agreement in writing.

### (d) Termination

Each party is entitled to terminate the Natura Supply Agreement in the following events:

- (i) for cause if the other party fails to comply with any condition or obligation of the Natura Supply Agreement and does not cure such failure within a period of 90 consecutive days after the other party delivers written notice of the failure or any such longer term provided under the Natura Supply Agreement;
- (ii) if any of the parties:
  - (1) becomes insolvent;
  - (2) makes an assignment for the benefit of creditors;
  - (3) admits its inability to pay its obligations as they become due;
  - (4) files a voluntary petition for bankruptcy;
  - (5) is declared bankrupt or insolvent; or

## 5. BUSINESS OVERVIEW *(cont'd)*

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(iii) upon the mutual agreement of the parties.

### (e) Consequences of termination

In the event the Natura Supply Agreement is terminated:

- (i) Ola Beleza shall immediately pay all outstanding invoices and amounts owed to Indústria Natura;
- (ii) Indústria Natura shall have the sole discretion to determine the manner in which the residual inventory of Natura products shall be dealt with and in the event Indústria Natura's decision on the inventory caused unreasonable expenses to be incurred by Ola Beleza, Ola Beleza shall be reimbursed;
- (iii) at Indústria Natura's election, Ola Beleza shall cancel or transfer all approvals or product registrations received from any regulatory authority pertaining to the sale of the Natura products; and
- (iv) the Natura Supply Agreement shall cease to have further effect (save for the provisions which will survive termination) and no party shall have any claim against each other save in respect of any antecedent breach of any provision of the Natura Supply Agreement.

### (f) Indústria Natura's obligations

During the term of the Natura Supply Agreement, Indústria Natura shall be responsible for, among others:

- (i) product development, manufacture and packaging for international market; and
- (ii) the registration of the Natura Trademark in Malaysia.

### (g) Ola Beleza's obligations

During the term of the Natura Supply Agreement, Ola Beleza shall be responsible to, among others:

- (i) comply with the licensing and business set-up regulatory affairs, including product registration and interacting with governmental authorities in Malaysia with respect to the Natura products;
- (ii) create and maintain a customer service centre;
- (iii) conduct promotions strategies in accordance with Indústria Natura's policies and guidelines;
- (iv) participate in training agendas developed by Indústria Natura and be responsible for staff and consultant recruitment, training and management;
- (v) implement local operations management, including inventory replenishment and supply chain management;
- (vi) allow Indústria Natura to conduct audits on the Natura Business, inspect the inventory of products and inspect the facilities of Ola Beleza to verify compliance with the Natura Supply Agreement and Indústria Natura's guidelines;

## 5. BUSINESS OVERVIEW *(cont'd)*

- (vii) not (without prejudice to its freedom to determine the sale price of the Natura products) charge its customers a price which is higher than the maximum recommended retail price (which will be communicated by Indústria Natura from time to time and subject to consultation between the parties twice a year); and
- (viii) comply with such other obligations which may be mutually agreed between the parties from time to time in writing.

### (h) **Liabilities and indemnification**

Indústria Natura and Ola Beleza shall indemnify, defend and hold each other and their respective affiliates, directors, employees, agents, successors, assignees, clients and consumers harmless from any and all claims resulting from, directly or indirectly, in whole or in part, with the breach of any provision of the Natura Supply Agreement or any applicable law; or any torts, actions or omissions in performing their respective obligations under the Natura Supply Agreement.

Either party shall not have any liability to the other party for any indirect or consequential loss or damage of any kind howsoever arising, whether such loss or damage was foreseeable or in the contemplation of the parties, unless such loss is awarded to a third party by a court or tribunal of competent jurisdiction in connection with a claim filed by such third party; or arises from the wilful misconduct, tort or gross negligence.

Indústria Natura's total liability in connection with any Natura product which is adulterated, tainted, contaminated, spoiled, unsafe, hazardous, expired, not of satisfactory quality or otherwise unfit to be used for its intended purpose or otherwise declared to be unfit pursuant to the quality standards provided under the Natura Supply Agreement ("**Defective Product**") is limited to the replacement of the Defective Product or reimbursement of its regular price. Indústria Natura's liability arising out of the manufacture, sale or supply of the Natura products or their delivery, commercialisation or use shall not exceed the purchase price paid by Ola Beleza for the purchase of the Natura products.

The parties' overall liability for any breach or default under the Natura Supply Agreement shall be limited to a specific value in accordance to a formula to be agreed between the parties.

### (i) **Non-competition**

Other than the TBS brand, Ola Beleza shall not distribute, commercialise or enter into any agreements with any competitor of Indústria Natura or the Natura products. The operational teams that manage each TBS brand and Natura brand shall be segregated and the TBS products shall not be sold or distributed in any Natura points-of-sale and vice versa.

### (j) **Assignment**

The parties shall not assign the Natura Supply Agreement to any other person without the prior consent of the other. Notwithstanding the foregoing, Indústria Natura shall be allowed to assign the rights granted under the Natura Supply Agreement to its affiliate, without prior written consent of Ola Beleza, by means of simple notice to Ola Beleza.



## 5. BUSINESS OVERVIEW *(cont'd)*

### (k) Intellectual property

All intellectual property rights in and to any and all designs, formulations and artworks with respect to Natura products will be solely and exclusively owned by Indústria Natura through itself or its affiliates. Ola Beleza shall take all reasonably expected actions in relation to the use of any of the Natura Trademarks in the Natura Business as Indústria Natura or any other party designated by it may from time to time direct in order to make clear that the Natura Trademarks are the subject of intellectual property rights owned by Indústria Natura or any other party designated by it and used under licence by Ola Beleza.

### (l) Governing law and arbitration

The Natura Supply Agreement and any dispute arising out of or related to the Natura Supply Agreement will be resolved in accordance with Singapore laws.

The Parties will first attempt to resolve any claim by entering into negotiations by or among the key persons to be determined by the parties. Such negotiations shall commence no later than 10 business days after the receipt a notice of such claim, and will terminate 2 business days after such commencement. If the claim is not resolved within such period, the claim shall be finally settled under arbitration.

If the parties do not reach an amicable solution, any party may request the commencement of the arbitration before the Singapore International Arbitration Centre ("**SIAC**") to resolve the controversy or dispute, in accordance with the SIAC's rules of arbitration through a notice sent to the other parties.

The arbitration proceeding shall be governed by Singapore law.

### 5.16 Quality control procedure for TBS products

TBS products are controlled by the standards set in the Quality Charter of our Franchisor. TBS products are manufactured by appointed manufacturers using raw materials sourced in accordance with the technical dossier of our Franchisor which regulates, among others, the formulation, the raw materials and the method of manufacture.

The control of quality is based on, among others, Compliance with Good Manufacturing Practices in accordance with standard ISO 22716 and quality surveillance. The Quality Charter regulates all aspects of production setting the standards for:

- staff training;
- production facilities and equipment;
- utilities such as process water;
- transfer, storage and weighing of raw materials;
- packaging components;
- bulk manufacturing and batching;
- microbiological testing, physico-chemical testing, sampling and control testing, quality-of-use testing, and packing characteristic testing;

## 5. BUSINESS OVERVIEW *(cont'd)*

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- non-conforming batches of finished products and procedures for rework and/or destruction;
- filling and packing of products; and
- recall procedure.

The Quality Charter also sets standards for shipping requiring records of production of a finished product batch whereby information of each component, raw materials, semi-finished product and bulk batch used in the finished product can be traced, and standards for archiving records related to the quality of the finished products including the test results.

We maintain a set of comprehensive quality control procedures that are intended to ensure that the quality and condition of all TBS products sold through various distribution channels are regularly monitored and maintained. In general, we adopt the following approaches and measures for our points-of-sale operations:

- physical inspection on incoming stocks upon arrival in our points-of-sale where stocks are inspected for damage, missing items, faulty packaging or product, inaccurate labelling and use-by date;
- our retail operations manual requires our points-of-sale to perform quarterly audit to identify expired products or products which are close to their use-by date by at least 6 months. Expired products are returned to the DC for disposal, whereas products which are near their use-by date but are still useable will be offered to our staff or donated to non-governmental organisations for distribution;
- we maintain standard product display guidelines to ensure that TBS products are displayed in a consistent manner throughout all points-of-sale; and
- we provide induction programmes for newly joined staff as well as product training to retail staff as and when new products are launched.

### 5.17 Research and development

We do not carry out any product research and development as we do not manufacture any of the products that we sell.

### 5.18 Interruptions to the business for the past 12 months

We have not experienced any interruptions to our business having a significant effect on our Group's operation for the past 12 months prior to the LPD.

## 5. BUSINESS OVERVIEW (cont'd)

### 5.19 Employees

#### 5.19.1 Number of employees

As at the LPD, we have a total workforce of 784. In Malaysia, we have 599 permanent employees, of whom 88 are based in our HQ in Subang Jaya. In Vietnam, we have 177 permanent employees and 37 of them are based in our HQ in HCMC. We have 8 permanent employees in Cambodia, out of which 2 are based in our HQ in Phnom Penh. As at the LPD, our Group has 1 contract employee based in Malaysia and 114 contract employees based in Vietnam. The contract employees in Vietnam are in various roles and currently under a definite 1-year contract. They may be offered an indefinite contract after the completion of the 1-year contract. The term definite contract in Vietnamese context refers to contract with fixed term from 12 months to 36 months, whereas for indefinite contract, employees are offered for permanent positions in TBS Vietnam.

The following table sets out the breakdown of our employees in our Group by job function and geographical location as at the LPD:

#### Number of employees as at the LPD<sup>(1)</sup>

##### Malaysia

HQ	
- Executive directors and senior management	18
- Managerial	31
- Non-managerial	31
- Clerical and administrative staff	8
Points-of-sale	
- Store manager	59
- Staff <sup>(1)</sup>	452
<b>Total</b>	<b>599</b>

##### Vietnam

HQ	
- Senior management	6
- Managerial	13
- Non-managerial	16
- Clerical and administrative staff	2
Points-of-sale	
- Store manager	14
- Staff	126
<b>Total</b>	<b>177</b>

##### Cambodia

HQ	
- Senior management	-
- Managerial	-

5. BUSINESS OVERVIEW (cont'd)

<b>Number of employees as at the LPD<sup>(1)</sup></b>	
- Non-managerial	2
- Clerical and administrative staff	-
Point-of-sale	
- Store manager	-
- Staff	6
<b>Total</b>	<b>8</b>
<b>Total workforce</b>	<b>784</b>

**Note:**

(1) Excluding part-time staff employed during peak times to assist with the varying peak time rest. On average, there would be approximately 8 part timers during peak times.

None of our employees in Malaysia belong to any trade unions and there has been no labour dispute in Malaysia or Vietnam since we commenced operations in these 2 countries. In Vietnam, establishment of trade unions is not compulsory. However, our employees have formed a trade union as provided for under the Labour Code and the Law on Trade Union of Vietnam as they will be able to enjoy the benefits of the company's contribution to the trade union funds.

We comply with the governing laws in Malaysia and Vietnam in providing all the statutory contributions such as social insurance for our employees, including medical, personal accident and work injury insurance in compliance with applicable local laws and regulations concerning social insurance. For the past financial years under review, there has been no non-compliances with the relevant laws in relation to employee statutory contributions. In Vietnam, we also contribute to the trade union fund formed by the employees. The fund monies are mostly used to provide welfare benefits to the staff, among others, birthday gifts, year-end parties and Women's Day gifts.

With respect to Cambodia, we are also in the process of attending to labour registration and compliance with the Ministry of Labour and Vocational Training of Cambodia. In addition, we have complied with the obligation to attend to the registration with National Social Security Fund of Cambodia and are also required to contribute on a monthly basis to the National Social Security Fund of Cambodia for our employees.

**5.19.2 Health and Safety**

We value the health of our employees and place great emphasis on safety in our HQ and points-of-sale. This means taking practical steps to ensure that the products, services and operations do not harm or pose an unacceptable risk to the health and safety of any person affected by our activities, including our employees.

Some of the steps we take include providing our employees with training on fire, health and safety. Our safety programme and training focus on the following priorities:

- **Competence** – people knowing how to work safely
- **Communication** – talking about health and safety
- **Culture** – health and safety is everyone's responsibility
- **Controls**- having effective procedures that manage risks and accident reporting

## 5. BUSINESS OVERVIEW (cont'd)

### 5.20 Approvals, major licences and permits obtained

Details of the approvals, major licences and permits obtained by our Group as at the LPD are set out below:

#### 5.20.1 Approvals, major licences and permits obtained in respect of our business operations in Malaysia

##### (i) Franchise registration

The Rampai-Niaga Franchise Agreement was entered into on 19 June 2019. Following thereto, we had submitted as franchisee our franchise registration application on 21 June 2019 to the Ministry of Domestic Trade and Consumer Affairs (“**MDTCC**”) and have obtained the approval from MDTCC on 30 September 2019. The registration for the The Body Shop® franchise in West Malaysia, Federal Territory of Labuan and Sabah by Rampai-Niaga as franchisee with the MDTCC is pursuant to section 6A of the Franchise Act 1998.

##### (ii) Business and signage licences of our points-of-sale

It is a legal requirement under the Local Government Act 1976 (“**LGA**”), Trades Licensing Ordinance 1949 of Sabah and the by-laws of the respective local councils and authorities applicable to where our points-of-sale are located that business and signage licences shall be obtained prior to commencement of operations of our points-of-sale, with the exception that there is no requirement under the respective by-laws of Dewan Bandaraya Kota Kinabalu, Sabah and Majlis Perbandaran Sandakan, Sabah to obtain signage licences for our points-of-sale located in these 2 locations. Generally, these business and signage licences are renewable on a yearly basis. For our points-of-sale in KL, a licence is also required when we exhibit advertisements on any wall, building and street.

As at the LPD, all of our points-of-sale and promotional kiosks in Malaysia have the valid and subsisting business and signage licences, where applicable, issued by the relevant local councils and authorities, save for the business and signage licence in respect of 1 point-of-sale which has yet to be obtained. We are also pending a local council licence for the exhibition of a digital signboard at 1 of our points-of-sale in KL. For our points-of-sale in KL, Johor Bahru and Shah Alam which we operate on a leased-space basis within the department store, the business and signage licences are held under the department store.

In accordance with subsection 107(6) of the LGA, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both. Under the LGA, a fine of not exceeding RM2,000 or a term of imprisonment not exceeding 1 year or both will be imposed on anyone who is guilty of any offence against the LGA or any by-law, rule or regulation for which no penalty is expressly provided. Further, pursuant to the Trades Licensing Ordinance 1949 of Sabah, a fine of 4 times the amount of the licence fee and a further fine of RM10 for each day or part of a day during which the continuance of the contravention will be imposed on persons who carry on any business in Sabah without a valid licence.

5. BUSINESS OVERVIEW (cont'd)

(iii) Direct sales licence

As part of our future plans and strategies further detailed in Section 5.4.4 of this Prospectus, we plan to develop our Natura business through social selling, which will involve the use of a C2C mobile application by individuals who sign up as our consultants for the sale and distribution of the Natura products to the consumers. Pursuant to the Direct Sales and Anti-Pyramid Scheme Act 1993, a licence is required to carry on any sale of goods or services through place visits, telephone calls, mailing, or electronic transactions ("Direct Sales") ("Direct Sales Licence"). Any person who carries on any Direct Sales business without a valid Direct Sales Licence shall be liable to a fine not exceeding RM1,000,000 and for a second or subsequent offence, to a fine not exceeding RM 2,000,000.

As at the LPD, we have obtained the Direct Sales Licence from MDTCC as further detailed below:

Company	Licence no.	Issuing authority	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
Ola Beleza	AJL 932292	MDTCC	Direct Sales Licence to carry on a direct sales business	29 October 2019	28 October 2021	<ol style="list-style-type: none"> <li>1. Ola Beleza shall not:                             <ol style="list-style-type: none"> <li>(i) transfer the Direct Sales Licence to any other person.</li> <li>(ii) practice a marketing plan which has not been approved by the Controller of Direct Sales.</li> <li>(iii) market products or services other than those which have been approved by the MDTCC.</li> <li>(iv) amend any part of the approved marketing plan for a period of 2 years.</li> </ol> </li> <li>2. Ola Beleza shall obtain the approval from MDTCC to:                             <ol style="list-style-type: none"> <li>(i) commence any campaign, promotion, or any type of advertisement for the purpose of marketing the products.</li> </ol> </li> </ol>	Complied

5. BUSINESS OVERVIEW (cont'd)

Company	Licence no.	Issuing authority	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
						(ii) market new products, or amend the pricing structure and other matters related to the products, before marketing the products.	Complied
						(iii) make any changes to the name, equity structure and directors of the company.	Complied
						3. Ola Beleza shall commence full business operation within 6 months from the date of issuance of the Direct Sales Licence;	Complied
						4. Ola Beleza shall provide training to its distributors or members.	Complied
						5. Ola Beleza shall display the Direct Sales Licence number on all billboards, all types of advertisements, print materials and company letterhead.	Complied

5. BUSINESS OVERVIEW (cont'd)

(iv) Other operational licences / approvals

The business and signage licences in respect of our HQ are valid and subsisting as at the LPD. Such licences are issued by Majlis Perbandaran Subang Jaya and are typically valid for a period of 1 year and renewable annually upon expiry.

We also hold a non-exclusive music licence issued by Music Rights Malaysia Berhad to play copyright music at our retail outlets listed under the music licence. When new retail outlets are opened subsequent to the renewal of such music licence, separate music licences will be issued for the new retail outlet.

Company	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
Rampai-Niaga	186971832B	Majlis Perbandaran Subang Jaya	Business and signage licence in respect of our HQ in Subang Jaya	Nil	31 December 2020	Nil	N/A
InNature	MPSJ/LES/600/03/07607-19	Majlis Perbandaran Subang Jaya	Temporary business and signage licence in respect of our HQ in Subang Jaya	Nil	21 February 2020	Nil	N/A
Ola Beleza	MPSJ/LES/600/03/07608-19	Majlis Perbandaran Subang Jaya	Temporary business and signage licence in respect of our HQ in Subang Jaya	Nil	21 February 2020	Nil	N/A
Rampai-Niaga	IN18012452/IN19006666/IN19011950	Music Rights Malaysia Berhad	Non-exclusive music licence for our retail channel points-of-sale and promotional kiosks (excluding department stores)	1 January 2019, 17 January 2019, 22 November 2019	31 December 2019	Nil	N/A



**5. BUSINESS OVERVIEW (cont'd)**

**(v) Product notification**

It is a legal requirement under the Control of Drugs and Cosmetics Regulations 1984 ("CDCR 1984") that any cosmetic imported and sold in Malaysia must be a notified cosmetic, and the person responsible for placing the cosmetic in the market must be an authorised person under the notification note issued under the CDCR 1984. The notification notes are issued by the Director of Pharmaceutical Services, Ministry of Health Malaysia. Generally, these notification notes are valid for 2 years and are renewable upon expiry.

For TBS products, TBSI registers the notifications for TBS products in Malaysia and Rampai-Niaga is named as an authorised importer under such notification notes. For Natura products in Malaysia, Ola Beleza registers the notifications for the Natura products and is also named as an authorised importer under such notification notes. As at the LPD, Ola Beleza has obtained 154 notification notes for the Natura products and will be required to do so from time to time for new Natura products to be imported into Malaysia.

**(vi) Mandatory registration as data user under the PDPA for our Natura Business**

Ola Beleza, in the course of operating the Natura business, collects and processes personal data from various third parties including its customers or social commerce consultants. As a Direct Sales Licence holder under the Direct Sales and Anti-Pyramid Scheme Act 1993, Ola Beleza is required to be registered as a data user pursuant to the Personal Data Protection (Class of Data Users) Order 2013. As at the LPD, Ola Beleza's registration as a data user has been approved by the Personal Data Protection Commissioner. Ola Beleza also has a data privacy statement in place which complies with the PDPA.

**5.20.2 Approvals, major licences and permits obtained in respect of our business operations in Vietnam**

**(i) Franchise registration**

Our franchise of The Body Shop® is registered by TBSI in Vietnam as follows:

Franchise Holder	Issuing authority	Subject purpose	matter /	Issue date	Expiry date / Validity period	Major conditions imposed	Status of compliance
TBS Vietnam	Ministry of Industry and Trade, Vietnam	Registration of Body franchise in Vietnam by TBSI	"The Body Shop®"	9 July 2009	10 calendar years from the date of Vietnam's first store opening (i.e. 8 December 2009)	TBS Vietnam shall operate TBS stores in Vietnam pursuant to terms conditions under TBS Vietnam Franchise Agreement.	Complied

**5. BUSINESS OVERVIEW (cont'd)**

The above franchise registration is in relation to our previous franchise agreement dated 14 August 2009 between TBS Vietnam and TBSI. On 19 June 2019, TBS Vietnam and TBSI have entered into the TBS Vietnam Franchise Agreement which is valid for a term of 10 calendar years from the signing date. Further to the entering of the TBS Vietnam Franchise Agreement, TBSI is required under Vietnamese laws (Decree No. 35/2006/ND-CP detailing Law on Commercial 2005 regarding franchising) to update the registrations by lodging relevant notifications with the Ministry of Industry and Trade Vietnam within 30 days from 19 June 2019. As at the LPD, the notifications by TBSI has been lodged.

**(ii) Business license**

It is a legal requirement under Decree No. 09/2018/ND-CP guiding trading and trading related activities of foreign owned companies that TBS Vietnam shall obtain a business license prior to implementation of retail activities. Generally, the business license has perpetual term.

As at the LPD, the business licence of TBS Vietnam (No. 0306717450/KD-0242) is in full force and effect.

**(iii) Business location registration certificate**

It is a legal requirement under Decree No. 50/2016/ND-CP regarding settlement of administrative violations against regulations on planning and investment of the Vietnamese government applicable to where our points-of-sale are located that TBS Vietnam shall obtain business location registration certificates prior to commencement of operations of the points-of-sale. Generally, these business location registration certificates have perpetual term.

As at the LPD, all of our points-of-sale which are directly operated by TBS Vietnam, and the 14 points-of-sale operated by its agent, GC Vietnam, in Vietnam have valid and subsisting business location registration certificates.

**(iv) Outlet retail license**

It is a legal requirement under Decree No. 09/2018/ND-CP guiding trading and trading related activities of foreign owned companies of the Vietnamese government that outlet retail licenses shall be obtained prior to commencement of operations of our points-of-sale directly operated by TBS Vietnam. Generally, these outlet retail licenses are renewable upon expiry of their respective term which range from 7 months to 5 years.

As at the LPD, all of our points-of-sale directly operated by TBS Vietnam have valid and subsisting outlet retail licenses.

5. BUSINESS OVERVIEW (cont'd)

(iv) Other operational licences / approvals

Company	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue Renewal date /	Expiry date / Validity period	Major conditions imposed	Status of compliance
TBS Vietnam	4307141580 – 3 <sup>rd</sup> amendment	Department of Planning and Investment of Ho Chi Minh City	Investment Certificate / To allow TBS Vietnam to carry out its investment project to retail products and provide beauty consultancy services in HCMC	Issue date: - 1 <sup>st</sup> issuance on 27 November 2015; - 3 <sup>rd</sup> amendment on 24 October 2018	Subject to the expiry of the operation term which is 50 years from 15 January 2009	To comply with regulations on trading activities and related trading activities of foreign owned enterprises (i) Decree 09/2018/ND-CP regarding trading activities and trading related activities of foreign-owned company in Vietnam, (ii) Circular No. 08/2013/TT-BCT detailing licensing procedures to obtain the relevant licences, (iii) Circular No. 34/2013/TT-BCT providing list of goods which are subject to restriction on import, export and distribution, and (iv) and other relevant regulations.	Complied
TBS Vietnam	5482537601 – 4 <sup>th</sup> amendment	Department of Planning and Investment of Hanoi City	Investment Certificate / To allow the branch of TBS Vietnam in Hanoi City to carry out its investment project to retail products and provide beauty consultancy services in Hanoi	Issued date: - 1 <sup>st</sup> issuance on 17 October 2011; - 4 <sup>th</sup> amendment on 6 November 2018	Subject to the expiry of the operation term which is 50 years from 15 January 2009	To satisfy the conditions on investment in accordance with the prevailing laws, and only conduct the conditional investment business after obtaining relevant certificates.	Complied
TBS Vietnam	0306717450-001 – 4 <sup>th</sup> amendment	Department of Planning and Investment of Hanoi City	Operation Certificate / To allow the branch of TBS Vietnam in Hanoi City to represent TBS Vietnam in the following transactions with individuals, enterprises and authorities of Vietnam:	Issue date: - 1 <sup>st</sup> issuance on 17 October 2011; - 4 <sup>th</sup> amendment on 4 May 2017	Nil	Nil	Not applicable

5. BUSINESS OVERVIEW (cont'd)

Company	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
			<ul style="list-style-type: none"> <li>- To retail distribute, wholesale distribute goods coming with the Harmonized System Codes listed in the Business License of TBS Vietnam;</li> <li>- To provide consultancy services regarding beauty care; consultancy services regarding use of The Body Shop® cosmetics and consultancy services regarding The Body Shop® beauty care products; and</li> </ul>				
			<ul style="list-style-type: none"> <li>Consultancy services regarding business management: consultancy service regarding management in general, consultancy service regarding marketing management; and other consultancy service regarding management.</li> </ul>				

5. BUSINESS OVERVIEW (cont'd)

Company	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
TBS Vietnam	0306717450-002 - 1 <sup>st</sup> amendment	Department of Planning and Investment of Ho Chi Minh City	Operation Certificate / To allow the branch of TBS Vietnam in Ho Chi Minh City to represent TBS Vietnam in the following transactions with individuals, enterprises and authorities of Vietnam:  - To retail distribute, wholesale distribute goods coming with the Harmonized System Codes listed in the Business License of TBS Vietnam;  - To provide consultancy services regarding beauty care, consultancy services regarding use of The Body Shop® cosmetics and consultancy services regarding The Body Shop® beauty care products; and  - Consultancy services regarding business management, consultancy service regarding management in general, consultancy service regarding marketing management, and other consultancy service regarding management.	Issue date: - 1 <sup>st</sup> issuance on 14 February 2015; - 1 <sup>st</sup> amendment on 9 May 2017	Nil	Nil	Not applicable

**5. BUSINESS OVERVIEW** (*cont'd*)

**5.20.3 Approvals, major licences and permits obtained in respect of our business operations in Cambodia**

**(i) Franchise registration**

On 19 June 2019, Green Cosmetics has entered into the Green Cosmetics Franchise Agreement which is valid for a term of 10 calendar years from the signing date. As at the LPD, our The Body Shop® franchise registration in Cambodia is in progress and has yet to be registered in Cambodia.

Under the Law on Unfair Competition and Notification on Recordal of Franchise Contract in Cambodia, for a franchise agreement to be legally enforceable against any third party, it must be submitted for registration and recordal with the Ministry of Commerce ("MOC"). The regulated timeline for the filing for recordal of a franchise agreement in Cambodia is 60 business days or longer. In addition, the exclusive right of the franchisee to use the mark granted under the franchise agreement shall also be acquired by the franchisee via registering the franchise agreement with the MOC. These registrations can be done by either TBSI as the franchisor or Green Cosmetics as the franchisee, after the mark is registered with the MOC by TBSI or any its authorised persons and a Certificate of Mark Registration is obtained. Nonetheless, the registration of the Green Cosmetics Franchise Agreement and the exclusive right to use the marks granted therein is not a pre-requisite requirement for the validity of the Green Cosmetics Franchise Agreement and the non-registration will not impede Green Cosmetics' rights as franchisee granted under the Green Cosmetics Franchise Agreement to commence the franchise operations in Cambodia.

As at the LPD, 12 of TBSI's marks are in the process of registration with the MOC in Cambodia and 7 of TBSI's marks have been registered.

**(ii) Office location registration**

Filing for office location registration is a practical requirement imposed by the local authority in Cambodia. After the registration with the MOC and the General Department of Taxation ("GDT"), Green Cosmetics shall register its office location with local authority of the jurisdiction where its office is located. The application shall be processed from the village (lowest level) to city/provincial hall (highest level). This letter of registration of office location is issued by the governor of the city/province. Generally, this letter has a validity period of 1 to 2 years (depending on each local authority) and shall be renewed regularly.

From the legal perspective, failure to apply for and obtain or renew the approval would cause Green Cosmetics to be considered as not fully in compliance with the practical requirement. Failing to register office location would risk having the local authority (i.e. the Phnom Penh Municipality): (i) prohibiting any display of signage and/or signboards; and/or (ii) ordering Green Cosmetics to move its office out of that jurisdiction.

5. BUSINESS OVERVIEW (cont'd)

As a matter of practice, the requirement for registration of the office location with local authority has not been strictly implemented and it can easily be rectified, when required, by filing for such registration with the Phnom Penh Municipality where the office of Green Cosmetics is located, and no penalty will be imposed on any non-compliance. As at the LPD, Green Cosmetics has filed for office location registration with the Phnom Penh Municipality and has complied with such obligation.

(iii) Other operational licences / approvals

Company	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal / date	Expiry date / Validity / period	Major conditions imposed	Status of compliance
Green Cosmetics	Permit on the Establishment of a Cosmetic Product Import-Export Enterprise	Ministry of Health Cambodia ("MOH")	Permit to set up a cosmetic trading company in Cambodia	Issued for the first time on 6 March 2019	2 years with an expiry date on 11 January 2021	1. The warehouse of the cosmetic products shall be technically suitable for storing the products, and approved by the Sangkat/Commune authority. 2. Green Cosmetics must: - Be responsible for all business activities; - Import, showcase, and distribute the product with quality, effectivity, safety to the consumers; - Ensure that the product has a minimum period of 6 months for usage when sold; and - Obtain the product notification for the cosmetic products to be imported into Cambodia from the MOH.	Complied

**5. BUSINESS OVERVIEW** *(cont'd)*

**Cosmetic product notification**

In order for TBS products to be legally imported into Cambodia, Green Cosmetics needs to register TBS products with the Department of Drug, Food, Medical Equipment and Cosmetic Product of MOH to obtain a Cosmetic Product Notification Certificate for each TBS product. As at the LPD, Green Cosmetics has obtained the Cosmetic Product Notification Certificates for 482 TBS products. The Cosmetic Product Notification Certificates carry a 2-year validity period. Green Cosmetics will also be required to do so from time to time for any new TBS products to be introduced in Cambodia. When Green Cosmetics intends to import the TBS products into Cambodia, in addition to the cosmetic product notification, it will also need to obtain necessary import approvals. As at the LPD, Green Cosmetics has obtained all the necessary approvals for the TBS products to be brought into Cambodia thus far.

**5.21 Brand names, patents and trademarks**

Save for the intellectual property licences under the Franchise Agreements disclosed in the Section 5.15 of this Prospectus below, we do not own any brand name, trademark or patent and have not paid or received any royalties for any license or use of any intellectual property material.

**5.22 Property, plant and equipment**

**5.22.1 Properties owned by our Group**

The Group does not own any real properties as at the LPD.

**5.22.2 Material properties rented by our Group**

**(i) Properties rented by our Group in Malaysia**

The table below provides an overview of the number of properties as at the LPD rented by our Group in Malaysia according to location, including the approximate total rented area and tenure of the tenancies.



5. BUSINESS OVERVIEW (cont'd)

(a) Points-of-sale and promotional kiosks

Location	Points-of-sale			Promotional kiosks	Approximate total rented area / Approximate rented area per property	Tenure
	Mall store	Department store (Shop-in-shop)	Airport			
Selangor	23	1	2	5 <sup>(3)</sup>	16,367 / 100 to 1,044	3 months (in relation to the airport points-of-sale) to 3 years
Federal Territories <sup>(1)</sup>	16	1	-	-	11,049 / 391 to 1,455	2 to 3 years
Sabah	10 <sup>(2)</sup>	-	1	-	7,771 / 411 to 1,231	3 months (in relation to the airport point-of-sale) to 3 years
Johor	10	1	-	-	6,265 / 324 to 1,356	1 to 3 years
Penang	4	-	-	-	1,821 / 409 to 500	3 years
Perak	5	-	-	-	2,723 / 349 to 727	2 to 3 years
Melaka	3	-	-	-	1,572 / 463 to 600	2 to 3 years
Kedah	3	-	-	1	1,238 / 200 to 463	1 to 3 years
Negeri Sembilan	3	-	-	-	1,836 / 544 to 746	2 to 3 years
Pahang	2	-	-	-	1,111 / 500 to 611	3 years
Terengganu	2	-	-	-	1,167 / 500 to 667	1 to 3 years
Kelantan	2	-	-	-	1,101 / 444 to 657	2 to 3 years
<b>Total</b>	<b>83</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>54,021 / 100 to 1,455</b>	

5. BUSINESS OVERVIEW (cont'd)

Notes:

- (1) Including Kuala Lumpur, Putrajaya and Labuan.
- (2) Including 1 high street store.
- (3) Including the pop-up store in Sunway Pyramid for our Natura business.

As at the LPD, all of our points-of-sale are rented from the mall owners or operators on a rental basis and/or percentage turnover basis. This includes our 3 stand-alone retail stores located in the KLIA, klia2 and KKIA airports in Malaysia and our 3 points-of-sale in Sogo in KL, Shah Alam and Johor Bahru which are rented on a leased-space basis. Most of the tenancies for our points-of-sale are usually for terms not exceeding 3 years with an option to renew for a further period of 2 years.

As at the LPD, the total tenanted area for our points-of-sale is approximately 54,021 sq. ft., ranging from approximately 100 sq. ft. to 1,455 sq. ft. for each point-of-sale in Malaysia. The distribution of our points-of-sale by each region of Malaysia as at the LPD is set out in Section 5.3.4 of this Prospectus. The total rental paid by our Group for the FYEs 2016, 2017 and FYE 2018, and FPE 2019 for our rented points-of-sale in Malaysia is approximately RM16.1 million, RM17.4 million, RM17.5 million, and RM13.4 million respectively.

(b) Our HQ

Tenant	Landlord	Postal address	Description/ Existing use	Tenure of tenancy / Date of expiry tenancy	Yearly Rental (RM)	Approximate rented area (Total built up area) (sq. ft.)	Date of issuance of CF/CCC
Rampai-Niaga	Steady Property	No.3 Jalan USJ 10/1C, 47620 UEP, Subang Jaya, Selangor	3 storey shop-office / Office premises	2 years/ 1 January 2019 to 31 December 2020 for all 3 floors	123,300	7,152	28 April 1994 <sup>(1)</sup>
		No. 5 Jalan USJ 10/1C, 47620 UEP, Subang Jaya, Selangor	3 storey shop-office / Office premises	2 years / First and second floor: 1 January 2019 to 31 December 2020	115,000	8,294	28 April 1994 <sup>(1)</sup>
				1.5 years / Ground floor, 1 July 2019 to 31 December 2020			

5. BUSINESS OVERVIEW (cont'd)

Note:

(1) **Municipal council permit for renovation at the HQ in Subang Jaya**

To facilitate access by InNature's personnel who move between the adjoining Unit No. 3 and Unit No. 5 of the HQ, our Group had earlier carried out renovation works to knock down part of a section of the wall between Unit No.3 and Unit No. 5, on the 1st and 2nd floors respectively of the HQ ("Renovation"). Under By-Law 87 of the Uniform Building By-Laws 1984 ("UBBL"), openings may be made in a 'party wall' if it is made with the consent and in accordance with the requirements of the local authority, and the written permission of the properties' owner. A penalty will be imposed for any openings made without a permit from Majlis Perbandaran Subang Jaya ("MPSJ") ("MPSJ Permit") and such penalty will be calculated based on the size of the area being demolished or removed.

The relevant permits for the Renovation were not obtained at that point in time as our Group had not been adequately advised on the relevant laws and regulations in relation to such Renovation by the renovation contractors.

Upon discovery of the above non-compliance, Rampai-Niaga had taken steps to rectify the non-compliance and had submitted an application in relation to the Renovation to MPSJ on 12 April 2019. As at the LPD, the application is pending approval from MPSJ. The InNature Group will continue to work on obtaining the approval for the Renovation from MPSJ. Our Group anticipates to obtain the MPSJ Permit by August 2020. As at the LPD, no fine had been imposed on the Group nor any order been issued by the relevant regulatory authority in relation to the Renovation. In the event MPSJ imposes a penalty on the non-compliance, the estimated penalty amount payable is RM28,500 comprising enforcement compound of RM12,500 and building fine of RM16,000, being estimated based on the size of the area of wall being knocked down, which is not material. In the event that the MPSJ Permit is not obtained, the cost of restoring the access is negligible and is estimated to be less than RM10,000.

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## 5. BUSINESS OVERVIEW (cont'd)

As at the LPD, 3 of our points-of-sale and our HQ office are rented from a related party, Steady Property Management Sdn Bhd. Please see Section 9.1.1 of this Prospectus for the details of these transactions. These tenancy agreements are carried out at market value and on an arm's length basis

As at the LPD, we are operating all of the rented properties as our retail outlets and HQ office. As at the LPD, all the tenancies for the rented properties are valid and subsisting, save for 2 of our retail outlets which are pending renewal.

As at the LPD, save for the MPSJ Permit which is pending approval, none of the existing use of the properties rented by us in Malaysia breach any laws, regulations, rules and requirements in relation to land and buildings.

### (ii) Properties rented by our Group in Vietnam

The table below provides an overview of the number of properties rented by our Group in Vietnam according to location, including the approximate total rented area and tenure of the tenancies.

Location	Points-of-sale			Approximate total rented area / Approximate rented area per property (sq. ft.)	Tenure
	Shopping mall	High street	Department store (Store-in-store)		
HCMC <sup>(1)</sup>	2	6	1	16,834 / 409 to 2,949.31	1 to 7 years
Hanoi <sup>(1)</sup>	2	2	2	6,973 / 311.91 to 4,430.4	1 to 3 years
<b>Total</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>23,807 / 311.9 to 4,430.4</b>	

#### Note:

- (1) Including our HQ which is operated from one of the points-of-sale in HCMC and Hanoi respectively.

We do not own any of our points-of-sale in Vietnam. Of our 34 points-of-sale in Vietnam, 3 of our points-of-sale in the airports and 2 of our points-of-sale in the department stores are operated by the third-party airport counters and department stores owners respectively, and 14 points-of-sale are operated by GC Vietnam. The remaining 15 points-of-sale are directly operated by TBS Vietnam and TBS Vietnam rents the respective premises from third parties and mall owners. The terms of our tenancies in Vietnam ranges from 1 to 7 years in HCMC and 1 to 5 years in Hanoi. All the tenancies for points-of-sale in Vietnam rented by TBS Vietnam may be renewed subject to agreements between the parties.

As at the LPD, the total tenanted area for our points-of-sale by TBS Vietnam is approximately 23,807 sq. ft., ranging from approximately 311.9 sq. ft. to 4,430.4 sq. ft. for each point-of-sale-in Vietnam. The total rental paid by our Group for the FYEs 2016, 2017, and 2018 and FPE 2019 for our rented points-of-sale in Vietnam is approximately RM1.9 million, RM2.9 million, RM3.4 million, and RM2.9 million respectively.

## 5. BUSINESS OVERVIEW *(cont'd)*

As at the LPD, all the tenancies for the properties rented by TBS Vietnam are valid and subsisting. None of the existing use of the properties rented by us in Vietnam breach any laws, regulations, rules and requirements in relation to land and buildings as at the LPD.

### 5.23 Regulatory requirements and environmental issues

#### 5.23.1 Governing laws and regulations

##### (a) Malaysia

Our Group's business operations in Malaysia are subject to the following governing laws and regulations:

- (i) Franchise Act 1998 which services to provide for the registration of, and to regulate, franchises, and for incidental matters;
- (ii) the Local Government Act 1976, Trades Licensing Ordinance 1949 of Sabah and the by-laws of the respective local councils and authorities setting out the requirements to obtain business and signage licences;
- (iii) the Sale of Drugs Act 1952, Control of Drugs and Cosmetics Regulations 1984, the Guidelines for Control of Cosmetic Products in Malaysia which serves as reference for notification process including quality control, inspection and post market surveillance activities of cosmetics;
- (iv) the Sales Tax Act 2018 which governs the imposition and collection of sales tax, and for matters connected therewith;
- (v) the Service Tax Act 2018 which governs the imposition and collection of service tax, and for matters connected therewith;
- (vi) the Sale of Goods Act 1957 governing the sale of goods;
- (vii) the Price Control and Anti-Profitteering Act 2011 which serves to control prices of goods and charges for services and to prohibit profiteering and to provide for matters connected therewith or incidental thereto;
- (viii) the Customs Act 1967 and regulations made thereunder which imposes import tariff between 5.0% to 25.0% on selected products;
- (ix) the prevailing taxation policies in Malaysia;
- (x) Personal Data Protection Act 2010 governing the processing of personal data in Malaysia;
- (xi) Employment Act 1955 governing employment laws in Peninsular Malaysia;
- (xii) Sabah Labour Ordinance governing employment laws in Sabah;
- (xiii) the Occupational Safety and Health Act 1994 which regulates amongst others safety, health and welfare of persons at work and protection of workers against risks to safety or health in relation to his activities at work; and
- (xiv) Direct Sales and Anti-pyramid Scheme Act 1993 which governs direct sales business in Malaysia.

## 5. BUSINESS OVERVIEW *(cont'd)*

### (b) Vietnam

Our Group's business operations in Vietnam are subject to the following governing laws and regulations:

- (i) Law No. 67/2014/QH13 on Investment (as amended by Law No. 03/2016/QH14) governing foreign investment in Vietnam;
- (ii) Law No. 68/2014/QH13 governing enterprises;
- (iii) Labor Code No. 10/2012/QH13 governing the employment laws in Vietnam;
- (iv) Law No. 58/2014/QH13 governing social insurance of employees in Vietnam;
- (v) Law No. 25/2008/QH12 (as amended by Law No. 46/2014/QH13) governing the health insurance of employees in Vietnam;
- (vi) Law No. 14/2008/QH12 (as amended by Law No. 32/2013/QH13 and Law No. 71/2014/QH13 and as guided by Decree No. 218/2013/ND-CP and Circular No. 78/2014/TT-BTC) governing Corporate Income Tax;
- (vii) Law No. 13/2008/QH12 (as amended by Law No. 31/2013/QH13, Law No. 71/2014/QH13, Law No. 106/2016/QH13 and as guided by Decree No. 209/2013/ND-CP and Circular No. 219/2013/TT-BTC) governing the imposition of value added tax;
- (viii) Law No. 04/2007/QH12 (as amended by Law No. 26/2012/QH13, Law No. 71/2014/QH13) governing Personal Income Tax;
- (ix) Law No. 107/2016/QH13 (as guided by Decree No. 134/2016/ND-CP) governing Export and Import Tax;
- (x) Circular No. 103/2014/TT-BTC governing the imposition of withholding taxes;
- (xi) Decree No. 139/2016/ND-CP governing business registration tax;
- (xii) Circular No. 186/2010/TT-BTC governing repatriation of profit;
- (xiii) Circular No. 19/2014/TT-NHNN guiding foreign currency in connection with foreign direct investment;
- (xiv) Decree No. 20/2017/ND-CP prescribing tax administration for enterprises engaged in transfer pricing;
- (xv) Civil Code No. 91/2015/QH13 governing civil laws;
- (xvi) Law No. 36/2005/QH11 governing commercial matters;
- (xvii) Decree No. 09/2018/ND-CP governing trading activities and directly related activities by foreign investors and economic organisations with foreign invested capital in Vietnam;
- (xviii) Law No. 51/2005/QH11 (as guided by Decree No. 52/2013/ND-CP) governing e-transactions;

**5. BUSINESS OVERVIEW** (cont'd)

- (xix) Law No. 50/2005/QH11 (as amended by Law No. 36/2009/QH12) governing intellectual property;
- (xx) Law No. 88/2015/QH13 (as guided by Decree No. 174/2016/ND-CP) governing accounting matters;
- (xxi) Law No. 67/2011/QH12 governing independent audit;
- (xxii) Decree No. 41/2018/ND-CP guiding penalties for administrative violations in the fields of accounting and independent audit;
- (xxiii) Law No. 16/2012/QH13 (as guided by Decree No. 181/2013/ND-CP) governing advertising;
- (xxiv) Circular No. 06/2011/TT-BYT providing cosmetic management;
- (xxv) Decree No. 43/2017/ND-CP governing matters on good labels;
- (xxvi) Decree No. 81/2018/ND-CP detailing the commercial law regarding trade promotion activities; and
- (xxvii) Decree No. 69/2018/ND-CP on guidelines for the Law on Foreign Trade Management.

**(c) Cambodia**

Our Group's business operations in Cambodia are subject to the following governing laws and regulations:

- (i) Law on Commercial Rules and Commercial Register dated 18 November 1999;
- (ii) Law on the Amendment to Law on Commercial Rules and Commercial Register dated 18 November 1999;
- (iii) Law on Commercial Enterprises dated 19 June 2005;
- (iv) Prakas No.299 MOC.CRD.P on Online Commercial Registration dated 29 December 2015;
- (v) Prakas No.107 MOC.CRD.P on Filing of Annual Declaration for Commercial Enterprise Online dated 05 April 2017;
- (vi) Prakas No.142 MOC.CRD.P on Formality and Procedure for Registration of any Change and Amendment in the Enterprise-Company dated 03 June 2015;
- (vii) Law on Mark, Trade Name & Unfair Competition dated 07 February 2002;
- (viii) Notification No.0738 MOC.IP on License Contract and Franchise Contract dated 12 March 2015;
- (ix) Prakas No.172.P on Display of Trade Name Boards, Billboards and Signboards dated 12 June 2002;
- (x) Labour Law dated 20 July 2007;
- (xi) Law on the Amendment to Labour Law dated 26 June 2018;

**5. BUSINESS OVERVIEW** (cont'd)

- (xii) Law on Trade Union dated 17 May 2016;
- (xiii) Law on Social Security Regime under Labour Law Provisions dated 25 September 2002;
- (xiv) Law on Taxation dated 24 February 1997;
- (xv) Law on the Amendment to Law on Taxation dated 31 February 2003;
- (xvi) Law No.57 DL promulgating Law on Tax on Export & Import Products dated 26 July 1989;
- (xvii) Law on the Amendment to the Law on Management of Pharmaceutical dated 28 December 2007;
- (xviii) Sub-Decree No. 122 SD.P on Cosmetic Products Control Sub-Decree dated 28 August 2008;
- (xix) Prakas No. 0187 MOH on the Formality and Procedure of the Issuance of Notification Number for Cosmetic Products dated 09 March 2010;
- (xx) Notification No. 058 on Online Registration of Visa for Cosmetic Products Notification dated 20 January 2018;
- (xxi) Sub-Decree No. 122 SD.P on Cosmetic Products Control Sub-Decree dated 28 August 2008;
- (xxii) Prakas No. 0318 MOH on the Request for the Trading of Cosmetic Products in Cambodia dated 29 April 2010;
- (xxiii) Joint-Ministerial Prakas on Conditions of Ads of Medicines, Cosmetic, Feeding Products for Infants and Children, Tobacco and Private Medical, Paramedical and Medical Aid Services dated 21 February 2006;
- (xxiv) Prakas No.1158 GDHT.MP on Formalities and Conditions of Applying for Cosmetics Advertisement from Ministry of Health dated 03 October 2002;
- (xxv) Prakas No.1160 GDHT.MP on Formalities and Conditions of Cosmetic Products Registration dated 03 October 2002;
- (xxvi) Prakas No. 093 GDHT.MP on the Amendment of Prakas No. 1031 GDHT.MP dated 03 November 2008 on Formalities of Import-Export of Medicines dated 09 February 2015;
- (xxvii) Civil Code dated 08 December 2007;
- (xxviii) Law on Management of Quality and Safety of Products, Goods and Services dated 21 June 2000;
- (xxix) Prakas No. 415 on Provisions on Technical Inspection on Quality and Labelling of Manufactured and Packaged Products dated 19 May 2014;
- (xxx) Law on Foreign Exchange dated 22 August 1997; and
- (xxxi) Joint-Ministerial Prakas on Public Services and Fines by the Ministry of Health No. 1358 MEF. PrK dated 18 November 2016.



**5. BUSINESS OVERVIEW** *(cont'd)*

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As at LPD, we are not in breach of laws and regulations governing our business that may have a material adverse impact on our business operations.

**5.23.2 Environmental issues**

As at the LPD, there are no environmental issues which may materially affect our Group's operations and utilisation of our assets.

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## 6. INDUSTRY OVERVIEW

F R O S T &amp; S U L L I V A N

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Date: 10 JAN 2020

Board of Directors

**InNature Berhad**

1st Floor, No. 5 Jalan USJ 10/1C,  
47620 UEP Subang Jaya,  
Selangor Darul Ehsan,  
Malaysia

Dear Sirs / Madams,

**Independent Market Research Report on the Cosmetics and Personal Care Industry in Malaysia and Vietnam, and Brief Overview for Cambodia for InNature Berhad ("InNature" or the "Company")**

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("Frost & Sullivan"), have prepared this Independent Market Research ("IMR") report on the Cosmetics and Personal Care ("CPC") Industry in Malaysia and Vietnam, and Brief Overview for Cambodia ("Report") for inclusion in InNature's Prospectus dated 29 JAN 2020 ("Prospectus") in relation to the initial public offering of ordinary shares in InNature in conjunction with the listing of and quotation for the entire enlarged ordinary shares in InNature ("Shares") on the Main Market of Bursa Malaysia Securities Berhad comprising an offer for sale of existing Shares and a public issue of new Shares.

We are aware that this Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007. We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause InNature to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Frost & Sullivan has prepared this Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective looking at the industry trends in their totality and these trends may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this Report or otherwise.

For and on behalf of Frost &amp; Sullivan GIC Malaysia Sdn Bhd:



June Liang Pui San  
Country Head, Malaysia

## 6. INDUSTRY OVERVIEW (cont'd)

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### **Methodology**

*For the purpose of preparing this Report, Frost & Sullivan has conducted primary research encompassing interviews with industry experts and participants, and secondary research, which included reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/authorities/international organisations, and information from Frost & Sullivan research database. Unless being made available in the publicly available sources, projected data was derived by Frost & Sullivan using historical data analysis with the consideration of the social, economic, and political environments in the relevant markets from 2019 to 2023.*

*Comparable key mono-brand beauty retailers identified in this report have been selected with long list of brands developed by screening directories and visiting key shopping malls in each respective country. Subsequently, the list was presented and discussed with industry players and experts<sup>1</sup> that agreed to be interviewed for the purpose of the analysis. Information were further validated by contacting identified brands via official channels (e.g. social media platform, telephonic method, among others) and fine-tuned via public information through secondary research (which covers reviews of company reports, official websites/social media channels, independent research reports, information from industry associations/authorities/internal organisations, as well as information from Frost & Sullivan research database).*

### **Profile of Frost & Sullivan GIC Malaysia Sdn Bhd**

*FROST & SULLIVAN is a global independent industry research and consulting organisation headquartered in the United States of America with over 60 years of establishment. In Malaysia, FROST & SULLIVAN's subsidiary, Frost & Sullivan GIC Malaysia Sdn Bhd, operates two offices (Kuala Lumpur and Iskandar Malaysia) with more than 200 employees offering market research, marketing and branding strategies and business advisory services across 12 industries. FROST & SULLIVAN is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other related fund-raising and corporate exercises.*

### **Profile of the IMR signee, June Liang Pui San**

*June Liang is the Country Head, for Frost & Sullivan GIC Malaysia Sdn Bhd. June Liang possesses over 22 years of experience in market research and consulting, including over 12 years in independent market research and due diligence exercises for capital markets across the Asia Pacific region. June Liang holds a LLB (hons) from University of Wales, Cardiff and MBA from Imperial College.*

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<sup>1</sup> Industry players are individuals currently or previously working for key mono-brand beauty retailers. Industry experts are individuals with in-depth knowledge on the industry (e.g. industry analysts).

## 6. INDUSTRY OVERVIEW (cont'd)

## F R O S T &amp; S U L L I V A N

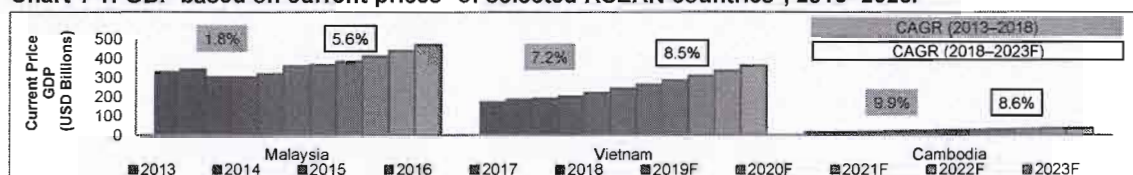
## 1 MACROECONOMIC OVERVIEW OF MALAYSIA, VIETNAM AND CAMBODIA

Malaysia's economy grew during the period 2013-2018 with its GDP increasing from RM1,033.1 billion in 2013 to RM1,446.9 billion in 2018 at a CAGR of 7.0%<sup>2</sup>. However, due to the depreciation of the Ringgit Malaysia ("RM") against the United States Dollar ("USD"), the GDP recorded a lower growth rate in the same period in USD terms<sup>3</sup>, moving from USD327.9 billion in 2013 to USD358.6 billion in 2018 at a CAGR of 1.8%. The International Monetary Fund ("IMF") forecasts Malaysia's economy to grow at a CAGR of 5.6% from USD358.6 billion in 2018 to USD470.2 billion in 2023, as the economic activity is expected to be further supported specifically by the private sector's expenditure, household spending and stable labour market conditions<sup>4</sup>.

Vietnam's GDP grew from USD170.4 billion in 2013 to an estimated USD241.3 billion in 2018 at a CAGR of 7.2%. The on-going shift of labour from the agriculture to the manufacturing and services sectors and the strong inflow of foreign direct investments ("FDIs") are expected to support Vietnam's GDP growth from USD241.3 billion in 2018 to USD363.0 billion in 2023 at a CAGR of 8.5%.

Cambodia's GDP grew from USD15.2 billion in 2013 to USD24.4 billion in 2018 at a CAGR of 9.9%. The supply of affordable and low-skilled labour in Cambodia has attracted FDIs into the country, particularly for the production of garments and footwear for export, in addition to its construction and services sectors which are the main drivers of their economy. Cambodia's GDP is forecasted to grow from USD24.4 billion in 2018 to USD37.0 billion in 2023 at a CAGR of 8.6%.

Chart 1-1: GDP based on current prices<sup>5</sup> of selected ASEAN countries<sup>6</sup>, 2013-2023F



Note: Nominal GDP measured at current prices excludes changes in inflation and fluctuations of the foreign exchange.  
Source: IMF (World Economic Outlook ("WEO"), October 2019); Frost & Sullivan

As of 2018, the population of Malaysia, Vietnam, and Cambodia was 143.2 million, and it is expected to reach 151.1 million by 2023, achieving a 1.1% CAGR during 2018-2023<sup>7</sup>. The population of Malaysia, Vietnam and Cambodia is also on average younger compared to that in some other ASEAN countries. Malaysia has a higher urbanisation rate compared to Vietnam and Cambodia, with the urban population estimated to grow from 76.0% in 2018 to 78.7% in 2023. In terms of labour participation rate, all three countries are above the global average as of 2018, due to strong economic performance and resilience to external economic impacts. The positive economic situation is contributing to rising incomes and the emergence of the middle-income class. The percentage of people with annual income of USD5,000 and below is forecasted to decrease steadily across ASEAN countries during 2018-2023, and the average household disposable income is forecasted to rise, with Malaysia and Vietnam expected to be the fastest-growing. From 2018 to 2023, the overall disposable income in Malaysia, Vietnam and Cambodia is forecasted to continue increasing at a CAGR of 7.2%. The growth of the disposable income and the growth of the middle-income class have contributed to the growth of the total household final consumption expenditure from 2013 to 2018. Household final consumption expenditure per capita in Cambodia and Malaysia registered a CAGR of 3.6% and 5.3%, respectively, from 2013 to 2018, while Vietnam grew at a faster pace at a CAGR of 6.3%<sup>9</sup>. The ASEAN economies are coming out as strong players in the fast-moving digital economy and social commerce<sup>10</sup> is growing in these countries. It is a trend that is uniquely suited to the ASEAN environment, where social network user penetration is one of the highest in the world<sup>11</sup>.

## 2 INTRODUCTION TO THE CPC INDUSTRY IN MALAYSIA, VIETNAM AND CAMBODIA

Cosmetics and Personal Care ("CPC") forms part of the Personal Products sub-industry in the Global Industry Classification Standards<sup>12</sup>. CPC products satisfy all types of personal hygiene, and beauty needs. It comprises two main types of products, namely: **Cosmetics** (products used to enhance a person's appearance) and **Personal Care** (products used for personal hygiene and/or beautification purposes).

CPC products can, among others, be classified based on their pricing and distribution channels. **Prestige**: CPC products sold at a high price and generally distributed at stand-alone stores, multi-brand beauty retailers, beauty service providers and department stores. **Mass**: CPC products sold at a low price and generally distributed at supermarkets, supermarkets and drugstores. **Masstige**: CPC products that carry higher value-

<sup>2</sup> Based on GDP at current price (national currency). Source: IMF (WEO October 2019)

<sup>3</sup> Due to the depreciation of the Malaysian Ringgit against the US Dollar in the period 2013-2018

<sup>4</sup> Bank Negara Malaysia, BNM Quarterly Bulletin 2Q 2019, July 2019

<sup>5</sup> Refers to GDP at prices of the current reporting period. It is also known as nominal GDP.

<sup>6</sup> Selected ASEAN countries is referring to Malaysia, Vietnam and Cambodia where InNature Berhad is present

<sup>7</sup> IMF (WEO, October 2019)

<sup>8</sup> World Bank, "World Development Indicators"

<sup>9</sup> Social commerce: usage of social networks to support e-commerce transactions of purchasing products and services.

<sup>10</sup> Frost & Sullivan analysis

<sup>12</sup> MSCI and Standard & Poors: Global Industry Classification Standard, Personal Products (code 30302010)

## 6. INDUSTRY OVERVIEW (cont'd)

## F R O S T &amp; S U L L I V A N

added benefits<sup>13</sup> compared to mass products, and they are distributed similarly to prestige products but are priced at a lower level. **Distribution:** Mass, masstige and prestige CPC products are distributed through various channels.

Table 2-1: Main distribution channels of CPC products

Channel	Type	Examples of points-of-sale in Malaysia, Vietnam and Cambodia
<b>Traditional retail</b>	Mini markets, grocers, wet markets	Mom and pop convenience stores, local grocery stores, wet markets.
<b>Modern retail</b>	Hypermarkets, supermarkets, convenience stores; <u>department stores</u>	Tesco, AEON, Giant, 7-Eleven, Parkson, SOGO, Big C, Intimex, Superstore
<b>Drugstores / parapharmacies</b>	Independent, chain stores	Guardian, Watsons, Pharmacy, Ucare Pharma
<b>Beauty service providers</b>	Hair salons/spa brands	Sothys, AsterSpring, Cat Moc Spa, Bodia Spa
<b>Beauty retailers</b>	Multi-brand	Sephora, Sasa
	<u>Mono-brand</u>	The Body Shop, L'Occitane, Kiehl's, The Face Shop, Innisfree, Aesop, Yves Rocher, Elianto
<b>Online retailers</b>	<u>Brand's websites</u>	The Body Shop, L'Occitane
	<u>Third-party websites</u>	Lazada, Zalora, Hermo, Tiki
<b>Direct selling</b>	Multi-level marketing	Nu Skin, Avon, Amway, Mary Kay, Oriflame, Elken

Note: Marked in bold and underlined are the types of channels which will be the focus of this report. They are the channels used by mono-brand beauty retailers for the sales of their CPC products.

Source: Frost & Sullivan

This report focuses on the market where InNature operates. InNature is a **mono-brand beauty retailer**. It sells its CPC products mainly via its own mono-brand physical points-of-sale, via department stores, or via online points-of-sale (both its own and third-party online websites).

### 3 ANALYSIS OF THE MALAYSIAN MONO-BRAND BEAUTY RETAILING INDUSTRY

#### 3.1 DEMAND DRIVERS

**Growing population and growth of the middle-income class:** Total population grew from 30.2 million in 2013 to 32.4 million in 2018 with increasing employment rate over the same period being driven by the positive economic performance of the country. Simultaneously, the upper income group with annual income of more than USD30,001 are expected to increase from 25.7% of population in 2018 to 39.6% of population by 2023<sup>15</sup>.

**Rise in spending power by female consumers:** Over the last five years, the number of employed women increased from 5.0 million in 2013 to 5.7 million in 2018 at a CAGR of 2.7%. Disposable income per capita for the female population grew at a CAGR of 10.6% during 2013-2018, which is at a faster rate compared to the male population, which grew at a CAGR of 6.4%. The growth trend is expected to continue between 2018 and 2023 at a CAGR of 8.1% for the female population and 7.4% for the male population<sup>16</sup>.

**Growth of the online market for CPC products:** The increase in e-commerce participation by consumers coupled with the higher ease of selling products online has supported the growth of the online market for CPC products via different channels: via own-brand websites, business-to-consumer channels such as Zalora or Hermo or consumer-to-consumer channels such as Shopee or Lazada. This has encouraged the entry of more CPC brands, to cater to the increased demand for CPC products.

**Improving consumer confidence index ("CCI"):** Malaysia's CCI registered 127.0 points during the third quarter of 2018<sup>17</sup>, attributed to post-election optimism as well as the zerorisation of the Goods and Services Tax on 1<sup>st</sup> June 2018. In 4Q 2018, the re-introduction of Sales and Services Tax in September 2018 may have also contributed to lower CCI. The lower CCI figure reported in 3Q 2019 (109.0) comparing to 3Q 2018 (127.0), indicates challenging market conditions and poor consumer sentiments based on job prospects, household spending, and intentions to spend<sup>18</sup>. Although CCI has recorded steady quarter-on-quarter decline in 2019 as compared to Q3 2018, it remained above the 100 point mark<sup>19</sup> indicating overall stabilising market conditions and cautious optimism approach among consumers.

**Growing demand for natural-based ethically-sourced products and positive ethical consumerism behavior:** The benefits of using products with high natural ingredient content include lower risk of side effects<sup>20</sup> which encourages consumer to opt for products that are natural-based or vegetarian-friendly. Malaysian consumers are also becoming more conscious about environmental sustainability issues and are believed to increasingly make purchase decisions based on sentiments to support conservation movements, purchasing products that are cruelty-free, vegan-friendly, have recyclable packaging, produced naturally, support wildlife conservation, or promote environmental sustainability<sup>21,22</sup>. The Malaysian Government has introduced, among other initiatives, recycling campaigns, as well as the movement to ban and limit the usage of single-use plastics such as plastic straws and plastic bags.

<sup>13</sup> Value-added benefits defined as either delivered to or perceived by consumers (e.g. health benefits, status, branding).

<sup>15</sup> Data based on income at purchasing power parity. Source: IMF and Frost & Sullivan analysis

<sup>16</sup> Frost & Sullivan analysis

<sup>17</sup> Nielsen, Malaysia's Q4 Consumer Confidence Dips, February 2019

<sup>18</sup> The Star, "Consumer confidence stable in third quarter", December 2019

<sup>19</sup> Malaysia's CCI surpassed the 100 point mark in Q1 2018 for the first time since Q3 2013.

<sup>20</sup> US National Library of Medicine National Institutes of Health "Cosmetic benefits of natural ingredients", 2014

<sup>21</sup> Mintel, "2018 Global Beauty and Personal Care Trends", 2018

<sup>22</sup> HalalFocus.net, "Malaysia: Ethical Consumerism and the Importance of Halal Cosmetics", April 2018

## 6. INDUSTRY OVERVIEW (cont'd)

# F R O S T & S U L L I V A N

**Growing demand for halal-compliant products among consumers:** Halal products are based on the concept that, among others, products must be clean, manufactured and handled with proper hygiene and do not intoxicate or cause harm to consumers. Ethically sourced and natural-based products address some of these concerns and are therefore more suitable to the wider population in Malaysia who favour safe and environmentally friendly products.

**Higher added value benefits:** Masstige CPC products carry higher value-added benefits compared to mass products but are affordably priced compared to premium or luxury CPC products. These products would appeal to the growing middle-income group who looks for premium quality at an affordable price.

**Product visibility for brands with international presence:** Masstige CPC products which have international presence tend to portray a synchronised international image that is more exclusive and appealing to consumers who associate international brands with premium quality. These brands usually have elaborate and distinctive product display and retail outlet designs at all points-of-sale.

**Expanding personal care routines:** Consumers are increasingly following a multi-step skin care routine and practicing a proactive approach towards skin care and appearance. The number of products used in skin care routine for Asian consumers can expand up to 10 to 15 items<sup>23</sup> and consumers are likely to purchase from more than one established and trusted CPC brand name for their personal care routines.

**Strong purchasing power from tourists:** In 2018, the top three visitor arrivals by nationality were from Singapore (10.6 million), Indonesia (3.3 million), and China (2.9 million), all with a strong propensity to spend. Evidently, tourist spending grew at a CAGR of 5.2% from RM65.4 billion in 2013 to RM84.1 billion in 2018. The growth of tourist arrivals with strong spending power from neighbouring countries is likely to increase the purchases on established consumer brands, including branded CPC products, as such brands may not be available in their country.

### 3.2 RESTRAINTS

**More consumers buy mass CPC products:** Majority of consumers prefer to buy mass CPC products due to convenience and accessibility. Consumers who prefer to purchase mass CPC products may not easily convert to buying products from mono-brand beauty retailers as they are likely to have different needs, are more cost-conscious and do not prioritise ethical consumerism behaviour.

**Rising cost of doing business:** The costs of doing business in Malaysia such as rental fee, staff cost and distribution cost are increasing which can narrow the margins for mono-brand beauty retailers, especially those in the masstige segment as CPC products in the masstige segment are priced at a lower level. Nonetheless, masstige brands with a high number of physical points-of-sale can achieve better economies of scale, and therefore can stay competitive and profitable.

### 3.3 SUPPLY DYNAMICS

The growth of the market has supported the expansion of CPC brands during 2013-2018, across multiple retail channels; through the opening of physical stores and expansion of their online presence. Offline channels are still the main distribution channels, accounting for an estimated 99.8% of total sales as at 2018. Nonetheless, the online channel recorded the highest growth rate between 2013 and 2018, growing at a CAGR of 24.3% from RM6.0 million in 2013 to RM17.8 million in 2018<sup>24</sup>.

**Total retail sales:** CPC products are heavily distributed in department stores, pharmacy and personal care stores, and by beauty retailers, among others. According to Retail Group Malaysia ("RGM"), the personal care section is the main driver of growth under the pharmacy and personal care distribution channel with Korean and luxury brands opening beauty stores in Malaysia.

**Shopping malls:** The total space (in square meters ("sqm")) of shopping complexes grew from 12.4 million sqm in 2013 to 16.0 million sqm in 2018, at a CAGR of 5.2%. The market slightly softened in 2018, with the total existing space increased by 2.9% as compared to 2017, but the availability rate grew to 20.7%. Shopping malls are highly favoured by mono-brand beauty retailers due to the high traffic and concentration of potential customers. The highly saturated retail landscape has led to a decline in retail sales but Malaysians are still expected to visit shopping malls and the malling culture still remains popular as shoppers could enjoy the combination of shopping, entertainment, wellness, dining, and learning among other activities ("retail-tainment") without being under a hot weather.

**Shop units:** With the increasing number of townships being developed across the country, the stock of shop units increased from 392,304 in 2013 to 517,337 in 2018, growing at CAGR of 5.7%. Townships are deemed to be attractive for retailers, as they have high customer traffic by combining the residential, commercial, recreational, and leisure components. The growth of townships may benefit the CPC market as beauty retailers are able to establish their own mono-brand outlets in these shop lots.

**Airport retail:** The growth of airport retailing is supported by the growing number of passengers which grew from 68.3 million people in 2013 to 88.1 million people in 2018 at a CAGR of 5.2%. MAHB is also planning to

<sup>23</sup> Skin Care in Asia Pacific, "Key Trends and Opportunities, In-Cosmetics Asia Presentation Summary", 12 April 2018.

<sup>24</sup> Frost & Sullivan analysis

## 6. INDUSTRY OVERVIEW (cont'd)

## F R O S T &amp; S U L L I V A N

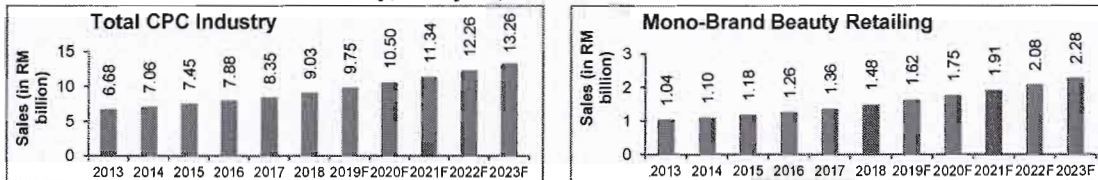
revamp the retail space in five Malaysian international airports<sup>25</sup>, for the airports to become a shopping destination, aside from being solely a transportation hub.

**Online retail:** The online channel recorded the highest growth rate between 2013 and 2018 and the online retailing landscape is growing healthily in Malaysia. More mono-brand beauty retailers are launching their own online stores and engaging third-party online stores. Both mono-brand beauty retailers' online store and third-party websites are adapting to the changing needs of consumers by offering greater ease of purchase, incentives, and value-added services.

## 3.4 INDUSTRY SIZE AND GROWTH

The CPC industry has grown continuously during 2013-2018, at a CAGR of 6.2%. In the period 2018-2023, Frost & Sullivan estimates that the growth rate is forecasted to accelerate to a CAGR of 8.0%, driven by growing disposable income, urbanisation and overall total population<sup>26</sup>. Out of the total CPC industry<sup>27</sup>, mono-brand beauty retailing is estimated to account for 16.4% (RM1.48 billion) of the total market sales in 2018. Driven by continuous launches of new physical points-of-sale, this segment has grown at a CAGR of 7.3%, outpacing the growth of the total CPC industry which recorded a CAGR of 6.2% between 2013-2018. Moving forward, the mono-brand beauty retailing market is forecasted to grow at a CAGR of 9.0% as compared to a CAGR of 8.0% for the total CPC industry between 2018-2023.

Chart 3-1: Size of the CPC industry, Malaysia, 2013 – 2023F



Source: Frost &amp; Sullivan analysis

## 3.5 COMPETITIVE LANDSCAPE

The mono-brand beauty retailers market is dominated by international brands. The Body Shop is among the pioneer mono-brand beauty retailers to be established in Malaysia and also one of the first mono-brand beauty retailers to establish an online store in the Malaysian market. Among all mono-brand beauty retailers in Malaysia, The Body Shop (under Rampai-Niaga Sdn Bhd) has the widest geographical coverage in Malaysia, with 89 points-of-sale in 11/13 states and 3/3 federal territories as at 31st December 2019. The Body Shop's Malaysian FB<sup>28</sup> page has the largest fan base<sup>29</sup> compared to the Malaysian FB page of other mono-brand beauty retailers in Malaysia.

Table 3-1: Physical and online presence of key mono-brand beauty retailers with 10 or more points-of-sale, Malaysia, December 2019

Brand (year of brand launched in Malaysia)	Company in Malaysia <sup>(1)</sup>	Brand HQ (# of countries of presence)	# of physical points-of-sale in Malaysia <sup>(2)(3)</sup>	Likes on the official Malaysian FB page <sup>(4)</sup>
The Body Shop (1984)	Rampai-Niaga	UK(58)	89	475k likes
Shiseido (1959)	Shiseido Malaysia	Japan(29)	52	no MY FB page
The Face Shop (2006)	LG Household & Health Care	South Korea(35)	50	204k likes
Elianto (2005)	Elianto Make Up	Malaysia(5)	46	200k likes
Lancôme (N/A)	L'Oreal Malaysia	France(130)	41	no MY FB page
KOSÉ (1972)	Kose Malaysia	Japan(N/A)	40	no MY FB page
Laneige (2007)	Amorepacific Malaysia	South Korea(9)	38	300k likes
SK-II (N/A)	Procter & Gamble (Malaysia)	Japan(11)	31	376k likes
Estée Lauder (N/A)	Estée Lauder Malaysia	US(135)	30	209k likes
Clarins (1990)	Clarins	France(141)	26	no MY FB page
Clinique (N/A)	Estée Lauder Malaysia	US(51)	25	no MY FB page
L'Occitane (2004)	L'Occitane Malaysia	France(90)	23	no MY FB page
M.A.C Cosmetics (N/A)	Estée Lauder Malaysia	US(120)	22	no MY FB page
Kiehl's (N/A)	L'Oreal Malaysia	US(42)	20	no MY FB page
Bath & Body Works (2014)	Naresh Global Concepts	US(32)	19	no MY FB page
Biotherm (N/A)	L'Oreal Malaysia	France(19)	19	no MY FB page
Innisfree (2014)	Amorepacific Malaysia Sdn Bhd	South Korea (11)	16	314k likes
Sulwhasoo (2013)	Amorepacific Malaysia	South Korea(9)	15	no MY FB page
Kanebo (2011)	Kanebo Cosmetics Malaysia	Japan(14)	13	no MY FB page

<sup>25</sup> This refers to KLIA, KLIA2, Langkawi International Airport, Kuching International Airport, and Kota Kinabalu International Airport

<sup>26</sup> Frost & Sullivan analysis

<sup>27</sup> On top of mono-brand beauty retailing, the CPC industry includes: Traditional Grocery Retail, Modern Grocery Retail, Drugstores / Parapharmacies, Beauty Service Providers, Multi-brand Beauty Retailers, Online Retailers, Direct Selling, Beauty and Treatment

<sup>28</sup> As at January 2019, FB is the most active social networking platform in Malaysia with a penetration of approximately 91% of internet users according to the report "Digital Malaysia 2019" by We are Social and Hootsuite. (The 2<sup>nd</sup> and 3<sup>rd</sup> most active social networking platforms with the highest penetration rate among internet users are: Instagram (70%) and Twitter (44%). Social networking excludes video-sharing platforms such as YouTube and social messenger platforms such as WhatsApp, FB Messenger, and WeChat).

<sup>29</sup> Number of fans referred to as the number of "likes" on the Malaysian FB page. As at 31<sup>st</sup> December 2019 not all key mono-brand beauty retailers have a Malaysian FB page. Instead, they rely on their global FB page which covers multiple countries.

## 6. INDUSTRY OVERVIEW (cont'd)

## F R O S T &amp; S U L L I V A N

Brand (year of brand launched in Malaysia)	Company in Malaysia <sup>(1)</sup>	Brand HQ (# of countries of presence)	# of physical points-of-sale in Malaysia <sup>(2)(3)</sup>	Likes on the official Malaysian FB page <sup>(4)</sup>
TonyMoly (N/A)	TonyMoly (M)	South Korea(50)	13	41k likes
Bobbi Brown (N/A)	Estée Lauder Malaysia	US(32)	12	no MY FB page
Shizens (2010)	Shizens Cosmetic Marketing (Malaysia)	Malaysia (6)	11	109k likes
Shu Uemura (N/A)	L'Oreal Malaysia	Japan(N/A)	10	no MY FB page

Note: (1) All companies are Sdn Bhd; (2) The # of physical points-of-sale is as at 31st December 2019; (3) Physical points-of-sale include stand-alone retail stores (mono-brand beauty retailing store) and counters in department stores (store-in-store); (4) The # of likes is as at 31st December 2019.

Source: Frost & Sullivan

The mono-brand beauty market is largely fragmented. There are numerous companies with multiple brands under their portfolio. No company holds a market share of more than 20%. The top two companies, Estée Lauder Malaysia Sdn Bhd and L'Oreal Malaysia Sdn Bhd have 9 and 5 mono-brands under their portfolio respectively. Rampai-Niaga Sdn Bhd is a leading mono-brand beauty retailer, with a market share of 11.0%<sup>30</sup> based on total market sales of RM1.48 billion as at 2018.

Chart 3-2: Market share of total sales by key mono-brand beauty retailers, Malaysia, 2018

Company name	# of mono-brands	Brand Names	Market share
Estée Lauder Malaysia	9	Clinique, Estée Lauder, M.A.C, Bobbi Brown, Jo Malone, La Mer, Lab Series, Origins, Aveda	16.2%
L'Oreal Malaysia	5	Lancôme, Kiehl's, Shu Uemura, Biotherm, Urban Decay	14.6%
Rampai-Niaga	1	The Body Shop	11.0%
AmorePacific Malaysia	5	Laneige, Sulwhasoo, Innisfree, Etude House, Mamonde	9.8%
Shiseido Malaysia	4	Shiseido, Laura Mercier, NARS, Clé de Peau Beauté	7.5%
Procter & Gamble (Malaysia)	1	SKII	6.9%
L'Occitane Malaysia	2	L'Occitane, Melvita	5.0%
LG Household & Health Care	3	The Face Shop, The History Of Whoo, Belif	3.9%
Naresh Global Concepts	1	Bath & Body Works	2.9%
Clarins	1	Clarins	2.7%
Elianto Make Up	1	Elianto	1.9%
Kose Malaysia	2	KOSÉ, DECORTÉ	1.8%
Kanebo Cosmetics Malaysia	1	Kanebo	0.9%
Others	N/A	E.g. Lush, Aesop, The Olive Tree, Caudalie, L'erbolario, Murad, Neal's Yard Remedies, TonyMoly, Shizens, etc	15.0%

Note: The brands listed for each company include: (a) key mono-brand beauty retailers listed in Table 3-1 and (b) key mono-brand beauty retailers with less than 10 physical points-of-sale as at LPD. The market share is estimated by Frost & Sullivan based on the available public information (e.g. number of stores, past industry reports), primary interviews (e.g. with selected industry players) and analysis of revenue from the latest available financial statements of key mono-brand beauty retailers, which as at LPD is as follows: Financial Year Ended ("FYE") March 2019 (L'Occitane Malaysia Sdn Bhd); June 2018 (Procter & Gamble (Malaysia) Sdn Bhd, and Estée Lauder Malaysia Sdn Bhd); FYE September 2018 (Naresh Global Concepts Sdn Bhd); December 2018 (Rampai-Niaga Sdn Bhd, LG Household and Health Care Sdn Bhd, L'Oreal Malaysia Sdn Bhd, Shiseido Malaysia Sdn Bhd, Amorepacific Malaysia Sdn Bhd, Clarins Sdn Bhd, Kose Malaysia Sdn Bhd, Elianto Make Up Sdn Bhd and Kanebo Cosmetics Malaysia Sdn Bhd).

Source: Frost & Sullivan

The total online market for mono-brand beauty retailers is estimated at RM14.7 million as at 2018. Rampai-Niaga Sdn. Bhd. is estimated to be the market leader, with a market share of 19.6% as at 2018<sup>31</sup>.

### 3.6 INDUSTRY OUTLOOK AND PROSPECTS

While the CPC industry is considered to be highly competitive in a saturated retail landscape, the outlook for the CPC market is positive as there are still opportunities to grow for mono-brand beauty retailers. Frost & Sullivan forecasts the total sales to grow at a CAGR of 8.0% during 2018-2023 due to the higher disposable income of consumers, driven by favourable demographic and economic prospects. During this period, the sales by mono-brand beauty retailers are forecasted to grow at a CAGR of 9.0%. The retail landscape for CPC products by mono-brands beauty retailers is highly driven by shopping malls, due to the popularity of the mall culture among Malaysians. Online retailing is growing due to higher internet penetration, improvement of logistics capabilities and customers are becoming more accustomed to online purchases. Additionally, airport retailing is also growing due to the increasing traffic of outbound and inbound passengers at the Malaysian airports.

<sup>30</sup> Based on total sales of RM162.9 million by Rampai-Niaga Sdn Bhd, over the total industry size of RM1,483.5 million in 2018

<sup>31</sup> Based on online sales of RM2.87 million by Rampai-Niaga Sdn Bhd, over the estimated industry online sales at RM14.7 million in 2018