

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LEAP MARKET”)**

**THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SHAREHOLDERS OF OUR COMPANY AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN THE CORPORATE EXERCISES UNDERTAKEN BY OUR COMPANY. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.**

This circular has been reviewed by TA Securities Holdings Berhad, being the Adviser for the Proposals (as defined herein) and the Sponsor for the Proposed Transfer (as defined herein).

Bursa Securities takes no responsibility for the contents of this circular, valuation certificate and report if any, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**CARLO RINO GROUP BERHAD**  
*(formerly known as CRG Incorporated Berhad)*  
Registration No: 200901037127 (880257-A)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:**

**PART A**

- (I) PROPOSED TRANSFER; AND**  
**(II) PROPOSED WITHDRAWAL OF LISTING**  
**(COLLECTIVELY, “PROPOSALS”)**

**PART B**

**INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSALS AND  
THE PROPOSED EXIT OFFER (AS DEFINED HEREIN)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser and Sponsor for Part A*  
**TA SECURITIES**  
AN UNWAVERING COMMITMENT  
**TA SECURITIES HOLDINGS BERHAD**  
(Registration No.: 197301001467 (14948-M))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Independent Adviser for Part B*  
**MainStreet**  
MainStreet Advisers Sdn Bhd  
Registration No. 200701032292 (790320-P)

The Notice of the Extraordinary General Meeting of our Company (“EGM”) and Proxy Form are enclosed in this Circular. The details of our EGM are set out below:

Date and time of our EGM : Thursday, 28 December 2023 at 10.45 a.m. or any adjournment thereof  
Last date and time for lodging of the Proxy Form : Tuesday, 26 December 2023 at 10.45 a.m.  
Venue of our EGM : Cheras 2 Room, Silka Cheras Hotel, No. 100, Jalan Cheras, Phoenix Business Park, 56000 Kuala Lumpur, Malaysia (<https://www.silkahotels.com/silka-cheras>)

If you are unable to attend and vote at our EGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete the Proxy Form in accordance with the instructions contained therein and deposit it at the office of the Share Registrar of our Company, Bina Management (M) Sdn. Bhd., at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding our EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting at our EGM should you subsequently decide to do so.

This Circular is dated 6 December 2023

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:**

**PART A**

- (i) PROPOSED TRANSFER OF THE LISTING AND QUOTATION OF THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF CARLO RINO GROUP BERHAD (*FORMERLY KNOWN AS CRG INCORPORATED BERHAD*) (“CRG” OR “COMPANY”) FROM THE LEAP MARKET TO THE ACE MARKET OF BURSA SECURITIES (“PROPOSED TRANSFER”); AND**
- (ii) PROPOSED WITHDRAWAL OF OUR COMPANY’S LISTING FROM THE OFFICIAL LIST OF THE LEAP MARKET PURSUANT TO RULE 8.06 OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“PROPOSED WITHDRAWAL OF LISTING”)**

**(COLLECTIVELY, “PROPOSALS”)**

**PART B**

**INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSALS AND THE PROPOSED PRE-CONDITIONAL VOLUNTARY GENERAL OFFER IN ACCORDANCE WITH THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ON THE REMAINING ORDINARY SHARES IN CRG NOT ALREADY HELD BY DATO’ SRI CHIANG FONG YEE, CHIANG SANG SEM AND FREEWAY TEAM SDN BHD**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“ACE LR”	:	ACE Market Listing Requirements of Bursa Securities
“ACE Market”	:	ACE Market of Bursa Securities
“Act”	:	Companies Act 2016
“Adjusted Exit Offer Price”	:	RM0.225 per Offer Share, being the Exit Offer Price adjusted for the CRG Dividend
“Announcement”	:	Announcement in relation to the Proposals on 14 August 2023
“BHSB”	:	Bonia Holdings Sdn Bhd
“Board”	:	Board of Directors of our Company
“Bonia”	:	Bonia Corporation Berhad
“Bonia Group”	:	Bonia and its subsidiaries, collectively
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CAGR”	:	Compounded annual growth rate
“Circular”	:	This circular to our shareholders dated 6 December 2023 in relation to the Proposals
“Closing Date”	:	Being as at 5.00 p.m. on a date to be determined and fixed by the Joint Offerors at a later date on which the Proposed Exit Offer closes for acceptances, in accordance with the Rules
“CMSA”	:	Capital Markets and Services Act 2007
“COVID-19”	:	Coronavirus disease, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
“CRG” or “Company”	:	Carlo Rino Group Berhad ( <i>formerly known as CRG Incorporated Berhad</i> )
“CRG Dividend”	:	Interim single tier dividend of 0.5 sen per CRG Share in respect of FYE 2024 with entitlement date and payment date of 1 September 2023 and 15 September 2023, respectively
“CRG Group” or “Group”	:	Our Company and our subsidiaries, collectively
“CRG Share” or “Share”	:	Ordinary share in our Company
“CSS”	:	Chiang Sang Sem
“DCF”	:	Discounted cash flow
“Director”	:	A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in subsection 2(1) of the CMSA and Section 2(1) of the Act
“Distributions”	:	Any dividend and/or other distribution declared, made or paid by our Company on or after the date of the Proposal Letter but prior to the Closing Date and of which the holder of the Offer Shares is entitled to retain

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**DEFINITIONS (CONT'D)**

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“DSCFY”	:	Dato’ Sri Chiang Fong Yee
“EBITDA”	:	Earnings before interest, tax, depreciation and amortisation
“EGM”	:	Extraordinary general meeting of our Company
“EPS”	:	Earnings per Share
“Exit Offer Price”	:	RM0.23 per Offer Share
“FTSB”	:	Freeway Team Sdn Bhd
“FYE”	:	Financial year ended/ending 30 June, as the case may be
“GP”	:	Gross profit
“IAC”	:	Independent advice circular in relation to the Proposed Exit Offer to be issued by the Independent Adviser
“IAL”	:	Independent advice letter prepared by the Independent Adviser dated 6 December 2023 as set out in Part B of this Circular
“IMR Report”	:	Independent Market Research Report on the Fashion Industry in Malaysia dated 23 November 2023 prepared by Infobusiness
“Infobusiness”	:	Infobusiness Research & Consulting Sdn Bhd
“Information Memorandum”	:	Our information memorandum dated 28 September 2018 in relation to the LEAP Listing
“IPO Price”	:	Issue/offer price per IPO Share
“IPO Share”	:	Our Share to be issued/offered pursuant to the Proposed IPO
“IT”	:	Information technology
“Joint Offerors”	:	The offerors for the Proposed Exit Offer, i.e., DSCFY, CSS and FTSB, collectively
“LEAP Listing”	:	Listing of our Company on the LEAP Market by way of introduction on 28 November 2018
“LEAP LR”	:	LEAP Market Listing Requirements of Bursa Securities
“LEAP Market”	:	LEAP Market of Bursa Securities
“LMD”	:	11 August 2023, being the market day prior to the date of the Proposal Letter
“LPD”	:	23 November 2023, being the latest practicable date prior to the printing and despatch of this Circular
“Main Market”	:	Main Market of Bursa Securities
“MainStreet” “Independent Adviser”	or	MainStreet Advisers Sdn Bhd
“MITI”	:	Ministry of Investment, Trade and Industry of Malaysia
“NA”	:	Net assets attributable to owners of our Company

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**DEFINITIONS (CONT'D)**

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“Notice”	:	Notice on the Proposed Exit Offer to be served on our Board by the Joint Offerors
“Offer Document”	:	Offer document in relation to the Proposed Exit Offer
“Offer Period”	:	Being the period commencing from the date of the Proposal Letter until the Closing Date
“Offer Share”	:	Our Share not already held by the Joint Offerors
“PACs”	:	Persons acting in concert with the Joint Offerors pursuant to subsections 216(2) and 216(3) of the CMSA and as set out in <b>Section 2.2 of Part A</b> of this Circular
“PAT”	:	Profit after tax
“PB Multiple”	:	Price-to-book multiple
“PBT”	:	Profit before tax
“PE Multiple”	:	Price earnings multiple
“Pre-Conditions” or “Relevant Approvals”	:	The approvals from the following parties for the Proposals, which shall be obtained prior to the implementation of the Proposed Exit Offer: (i) our shareholders at our forthcoming EGM; (ii) Bursa Securities for the following: (a) Proposed Withdrawal of Listing; (b) admission of the entire enlarged issued share capital of our Company to the Official List of the ACE Market; and (c) listing and quotation of the following on the ACE Market: (aa) 805,651,400 Shares; and (bb) any such number of new Shares to be issued pursuant to the Proposed Public Issue; (iii) the SC for the resultant equity structure under the equity requirement for public listed companies pursuant to the Proposed Transfer; and (iv) MITI for taking note and having no objections to the Proposed Transfer
“Proposal Letter”	:	The letter dated 14 August 2023 from the Joint Offerors to our Board proposing to undertake the Proposed Exit Offer to facilitate the Proposals
“Proposals”	:	Proposed Transfer and Proposed Withdrawal of Listing, collectively
“Proposed Exit Offer”	:	Proposed cash exit offer which will be extended through a pre-conditional voluntary general offer by the Joint Offerors in accordance with the Rules on the Offer Shares
“Proposed IPO”	:	Proposed initial public offering of our Shares, comprising the Proposed Public Issue and Proposed Offer for Sale, where applicable
“Proposed Offer for Sale”	:	Proposed offer for sale of Offer Shares to be received by DSCFY pursuant to valid acceptances under the Proposed Exit Offer (in board lots) by DSCFY to identified non-Bumiputera investors by way of private placement
“Proposed Public Issue”	:	Proposed issuance of new Shares to be allocated to the Malaysian public, Independent Directors of our Company and selected Bumiputera investors approved by MITI
“Proposed Transfer”	:	Proposed transfer of the listing and quotation of the entire enlarged issued share capital of our Company from the LEAP Market to the ACE Market

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**DEFINITIONS (CONT'D)**

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“Proposed Withdrawal of Listing”	:	Proposed withdrawal of our Company’s listing from the Official List of the LEAP Market pursuant to Rule 8.06 of the LEAP LR
“Prospectus”	:	Prospectus in relation to the Proposed IPO
“Rules”	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
“SC”	:	Securities Commission Malaysia
“Scenario 1”	:	Assuming none of the entitled shareholders of our Company accepts the Proposed Exit Offer and therefore, there is no Proposed Offer for Sale under the Proposed IPO. The Proposed IPO shall only comprise the Proposed Public Issue
“Scenario 2”	:	Assuming all entitled shareholders of our Company (excluding the Undertaking Shareholders) accept the Proposed Exit Offer and all Offer Shares to be received pursuant to valid acceptances under the Proposed Exit Offer are offered for sale (in board lots) pursuant to the Proposed Offer for Sale. The Proposed IPO shall comprise the Proposed Public Issue and the Proposed Offer for Sale
“TA Securities” or “Adviser” or “Sponsor”	:	TA Securities Holdings Berhad
“Undertaking Shareholders”	:	Our shareholders who are the PACs and have provided irrevocable and unconditional undertakings, amongst others, not to accept the Proposed Exit Offer (as disclosed in <b>Section 2.2 of Part A</b> of this Circular)
“VWAP”	:	Volume weighted average market price
“Warner Bros”	:	Warner Bros. Consumer Products Inc.

All references to “we”, “us”, “our” and “ourselves” are to our Company. All references to “you” in this Circular are to the shareholders of our Company.

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 neuter genders and vice versa. References to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group’s plans and objectives will be achieved.

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**PART A**

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS**



## EXECUTIVE SUMMARY

**THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION ON THE PROPOSALS AND THE PROPOSED EXIT OFFER, WITH FULL DETAILS IN PART A OF THIS CIRCULAR. PLEASE READ THIS CIRCULAR IN ITS ENTIRETY (INCLUDING THE IAL AS SETS OUT IN PART B OF THIS CIRCULAR) FOR FURTHER DETAILS ON THE PROPOSALS AND THE PROPOSED EXIT OFFER BEFORE VOTING.**

Our Board (save for DSCFY) recommends that you vote **in favour** of the resolutions in relation to the Proposals to be tabled at our forthcoming EGM.

<b>PROPOSED TRANSFER</b>															
<b>Details</b>	<p>: The proposed transfer of the listing and quotation of the enlarged issued share capital of our Company from the LEAP Market to the ACE Market.</p> <p>In conjunction with the Proposed Transfer, we plan to undertake the Proposed IPO. The final IPO Price will be determined by our Board and the underwriter(s) at a later date. The final details of the Proposed IPO (including the listing scheme, IPO Price, utilisation of proceeds and underwriting arrangement) will be set out in the Prospectus. Please refer to <b>Section 2.1 of Part A</b> of this Circular for further details.</p>														
<b>Indicative utilisation of proceeds</b>	<p>: The proceeds from the Proposed Public Issue will be used for, amongst others, the following purposes:</p> <ul style="list-style-type: none"> <li>(i) construction and the fitting out of a new flagship boutique and other facilities (e.g., IT and security systems);</li> <li>(ii) refurbishment of boutiques and counters at departmental stores;</li> <li>(iii) maintenance of IT infrastructure;</li> <li>(iv) working capital requirements of our Group (such as purchase of inventory, expenses for advertisement and promotions, and rental payment for boutiques); and</li> <li>(v) defrayment of expenses for the Proposals.</li> </ul> <p>Please refer to <b>Section 2.1.4 of Part A</b> of this Circular for further details.</p>														
<b>Rationale</b>	<p>: </p> <ul style="list-style-type: none"> <li>• Signifies the financial strength and growth of our Group subsequent to our LEAP Listing.</li> <li>• Enhances our credibility, prestige and reputation, and accords us with greater recognition and acceptance amongst investors, while reflecting our Group's current scale of operations.</li> <li>• Enhances the attractiveness, liquidity and marketability of our Shares.</li> <li>• Enhances the confidence of our Group's customers, suppliers, business associates, employees and shareholders through our profile as a company listed on the ACE Market.</li> </ul> <p>Please refer to <b>Section 3.1 of Part A</b> of this Circular for further details.</p>														
<b>PROPOSED WITHDRAWAL OF LISTING</b>															
<b>Details</b>	<p>: The proposed withdrawal of our listing from the Official List of the LEAP Market pursuant to Rule 8.06 of the LEAP LR, via the Proposed Exit Offer, to facilitate the Proposed Transfer.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>Brief details on the Proposed Exit Offer</b></th> </tr> </thead> <tbody> <tr> <td style="width: 25%;"><b>Joint Offerors</b></td> <td>DSCFY, CSS and FTSB.</td> </tr> <tr> <td><b>Adjusted Exit Offer Price</b></td> <td>RM0.225 per Offer Share. The cash exit offer price for each Offer Share is subject to adjustment of any cash distribution or dividend payment if such payment was made during the Offer Period, in accordance with the Rules.</td> </tr> <tr> <td><b>Offer Period</b></td> <td>Commencing from 14 August 2023 (being the date of the Proposal Letter) until the Closing Date, in accordance with the Rules.</td> </tr> <tr> <td><b>No. of Offer Shares</b></td> <td>383,580,002 Offer Shares (or approximately 47.61% of the total issued share capital of our Company which are not already held by the Joint Offerors, as at the LPD).</td> </tr> <tr> <td><b>Valid acceptances</b></td> <td>DSCFY will receive all valid acceptances pursuant to the Proposed Exit Offer.</td> </tr> <tr> <td><b>Undertaking Shareholders</b></td> <td>Our shareholders (who are the PACs) holding in aggregate 295,595,646 Shares (or approximately 36.69% direct equity interest in our Company as at the LPD) have provided irrevocable and unconditional undertakings, amongst others, not to accept the Proposed Exit Offer.</td> </tr> </tbody> </table>	<b>Brief details on the Proposed Exit Offer</b>		<b>Joint Offerors</b>	DSCFY, CSS and FTSB.	<b>Adjusted Exit Offer Price</b>	RM0.225 per Offer Share. The cash exit offer price for each Offer Share is subject to adjustment of any cash distribution or dividend payment if such payment was made during the Offer Period, in accordance with the Rules.	<b>Offer Period</b>	Commencing from 14 August 2023 (being the date of the Proposal Letter) until the Closing Date, in accordance with the Rules.	<b>No. of Offer Shares</b>	383,580,002 Offer Shares (or approximately 47.61% of the total issued share capital of our Company which are not already held by the Joint Offerors, as at the LPD).	<b>Valid acceptances</b>	DSCFY will receive all valid acceptances pursuant to the Proposed Exit Offer.	<b>Undertaking Shareholders</b>	Our shareholders (who are the PACs) holding in aggregate 295,595,646 Shares (or approximately 36.69% direct equity interest in our Company as at the LPD) have provided irrevocable and unconditional undertakings, amongst others, not to accept the Proposed Exit Offer.
<b>Brief details on the Proposed Exit Offer</b>															
<b>Joint Offerors</b>	DSCFY, CSS and FTSB.														
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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Requirements under Rule 8.06(1) of the LEAP LR</b>	Pursuant to Rule 8.06(1) of the LEAP LR, our Company may not request to withdraw our listing from the LEAP Market, unless: (i) our Company convenes a general meeting to obtain our shareholders' approval and the circular sent to our shareholders includes the information set out in Appendix 8B of the LEAP LR; (ii) the passing of the special resolution for the Proposed Withdrawal of Listing, subject to conditions set out in <b>Section 2.2.1 of Part A</b> of this Circular; (iii) our shareholders are offered a reasonable cash alternative or other reasonable alternative; and (iv) our Company appoints an independent adviser to advise and make recommendations for the consideration of our shareholders in connection with the Proposed Withdrawal of Listing as well as the fairness and reasonableness of the Proposed Exit Offer.
Please refer to <b>Section 2.2 of Part A</b> of this Circular for further details.	
<b>Rationale</b>	: To facilitate the Proposed Transfer pursuant to paragraph 2.1 of Guidance Note 15A of the ACE LR, whereas the Proposed Exit Offer is an avenue for our shareholders to realise their investment in our Company at the Adjusted Exit Offer Price. Please refer to <b>Section 3.2 of Part A</b> of this Circular for further details.
<b>PROPOSALS</b>	
<b>Risk factors</b>	: The Proposals are subject to the following risk factors: (i) the completion of the Proposals is subject to approvals from relevant authorities. If the Proposals are not fully implemented and/or aborted, our Company would have incurred the relevant expenses for the Proposals (e.g., professional fees and authorities' fees); (ii) investment risks as there could be a difference in the final IPO Price and the Adjusted Exit Offer Price, as illustrated below: <ul style="list-style-type: none"><li>• opportunity loss to realise higher return on your investment in our Shares upon our listing on the ACE Market and upon accepting the Proposed Exit Offer in respect of all your Offer Shares if (i) the final IPO Price is higher than the Adjusted Exit Offer Price; and (ii) our Shares (including IPO Shares) are traded at market price which is higher than the Adjusted Exit Offer Price upon our listing on the ACE Market.</li><li>• If the final IPO Price is below the Adjusted Exit Offer Price and if you have opted not to accept the Proposed Exit Offer in respect of all of your Offer Shares, you lost the opportunity to realise your investment in our Shares with a higher return at the Adjusted Exit Offer Price.</li><li>• You are subject to the aforementioned risks if there are differences between the illustrative IPO Price and the final IPO Price as compared to the Adjusted Exit Offer Price.</li></ul> (iii) There is no prior market for our Shares on the ACE Market and it is uncertain whether a sustainable market for our Shares on the ACE Market will ever develop. (iv) The market price of our Shares is subject to market vagaries. (v) There can be no assurance that our Shares (including the IPO Shares) may trade at or above the final IPO Price or current share price on the LEAP Market upon our listing on the ACE Market. There is potential immediate paper loss of holding our Shares upon completion of the Proposals. (vi) Our existing shareholders' shareholdings and voting interest in our Company will be diluted proportionately upon issuance of new Shares pursuant to the Proposed Public Issue. (vii) We may not be able to successfully implement our Group's future plans.
<b>Further, as there is a time gap between the despatch/issuance of this Circular, the Notice, Offer Document and Prospectus, the final IPO Price to be disclosed in the Prospectus may be different from the illustrative IPO Prices as set out in this Circular, Notice and Offer Document. Hence, you should exercise caution and seek appropriate independent advice when dealing in our Shares in relation to the Proposals.</b> Please refer to <b>Section 5 of Part A</b> of this Circular for further details.	

**EXECUTIVE SUMMARY (CONT'D)**

**Approvals Required** : The completion of the Proposals is subject to the approvals being obtained from the following:

- (i) our shareholders at our EGM to be convened for the Proposals as well as the issuance of new Shares pursuant to the Proposed Public Issue to be implemented in conjunction with the Proposed Transfer;
- (ii) Bursa Securities for the following:
  - (a) Proposed Withdrawal of Listing;
  - (b) admission of the entire enlarged issued share capital of our Company to the Official List of the ACE Market; and
  - (c) listing and quotation of the following on the ACE Market:
    - (aa) 805,651,400 Shares; and
    - (bb) any such number of new Shares to be issued pursuant to the Proposed Public Issue;
- (iii) the SC for the resultant equity structure under the equity requirement for public listed companies pursuant to the Proposed Transfer;
- (iv) MITI for taking note and having no objections to the Proposed Transfer;
- (v) Bursa Securities for the registration of the Prospectus; and
- (vi) the approval/consent from any other relevant authorities and/or parties, if required.

Please refer to **Section 10 of Part A** of this Circular for further details.

**Financial effects** : The proforma effects of the Proposals and the Proposed Exit Offer are as follows:

	<b>Proposed Withdrawal of Listing</b>	<b>Proposed Exit Offer</b>	<b>Proposed Transfer</b>				
<b>Share capital</b>	None	None	Increase from RM68,000,000 to RM119,559,710 due to issuance of IPO Shares at the illustrative IPO Price				
<b>NA and NA per Share</b>			<table border="1"> <tr> <td>NA of our Group</td> <td>Increases from RM100.18 million to RM147.54 million</td> </tr> <tr> <td>NA per Share</td> <td>Increases from RM0.12 each to RM0.15 each</td> </tr> </table>	NA of our Group	Increases from RM100.18 million to RM147.54 million	NA per Share	Increases from RM0.12 each to RM0.15 each
NA of our Group			Increases from RM100.18 million to RM147.54 million				
NA per Share			Increases from RM0.12 each to RM0.15 each				
<b>Gearing</b>			Reduces from 0.20 times to 0.13 times				
<b>EPS</b>	Dilutive to EPS due to increase in number of Shares in issue						
<b>Substantial shareholders' shareholdings</b>	Increase only for DSCFY upon receipt of valid acceptances	Dilution due to increase in number of Shares in issue					

Please refer to **Section 7 of Part A** of this Circular for further details.

**Other impact** : The price discovery mechanism as set out in **Section 2.1.3 of Part A** of this Circular seeks to determine a share price of our Share that is reflective of the valuation of our Group. Therefore, the resultant share price arising from the price discovery mechanism may result in a share price that differs significantly from the current market price of our Shares, which would be expected to have an impact to the value of our shareholders' shareholdings. Please refer to **Section 8.3 of Part A** of this Circular for further details.



**CARLO RINO GROUP BERHAD**  
*(formerly known as CRG Incorporated Berhad)*  
Registration No: 200901037127 (880257 – A)  
(Incorporated in Malaysia)

**Registered office:**  
No. 5-1, Jalan Radin Bagus 9  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

6 December 2023

**Board of Directors**

Datuk Ng Peng Hong @ Ng Peng Hay (*Independent Non-Executive Chairman*)  
Dato' Sri Chiang Fong Yee (*Managing Director*)  
Ong Boon Huat (*Executive Director*)

**To: Our shareholders**

Dear Sir/Madam,

- (I) PROPOSED TRANSFER; AND**
- (II) PROPOSED WITHDRAWAL OF LISTING**

---

**1. INTRODUCTION**

On 14 August 2023, on behalf of our Board, TA Securities announced that we proposed to undertake the Proposals. On the same day, the Joint Offerors had, vide the Proposal Letter, informed our Board that they proposed to undertake the Proposed Exit Offer to facilitate the Proposals.

On 15 August 2023, on behalf of our Board, TA Securities announced that our Board (save for DSCFY) had appointed MainStreet as the Independent Adviser to advise and make recommendations for the consideration of our shareholders in connection with the Proposals as well as the fairness and reasonableness of the Proposed Exit Offer. Upon implementation of the Proposed Exit Offer, the Offer Document and IAC will be despatched to our shareholders as required under the Rules. The Independent Adviser will provide its views and recommendations to the non-interested Directors and non-interested shareholders of our Company in relation to the Proposed Exit Offer.

On 18 August 2023, our Company announced the CRG Dividend, which was payable to our shareholders whose names appear in the Record of Depositors of our Company on 1 September 2023. The CRG Dividend was subsequently paid on 15 September 2023. Pursuant to note (3) to paragraph 6.03 of the Rules (as set out in **Section 2.2.3 of Part A** of this Circular), the Joint Offerors had, via a letter dated 23 October 2023 ("**Adjustment Letter**"), informed our Board that the Exit Offer Price has been adjusted to RM0.225 per Offer Share, after adjusting for the CRG Dividend. On the same day, on behalf of our Company, TA Securities announced the Adjusted Exit Offer Price.

For information purpose, our shareholders whose names appeared in the Record of Depositors of our Company on 1 September 2023 were entitled to retain the benefits of the CRG Dividend and accordingly, the Exit Offer Price on Offer Shares held by these shareholders will be reduced to the Adjusted Exit Offer Price as the total value derived from Offer Shares held by these shareholders remains unchanged. On the other hand, if you have acquired our Shares on 'ex-dividend' basis or after the entitlement date for the CRG Dividend, the theoretical value of our Shares would have been adjusted and accordingly, the Offer Shares held by these shareholders will be subject to the Adjusted Exit Offer Price.

Further details of the Proposals are set out in the ensuing sections in **Part A** of this Circular. The IAL containing the Independent Adviser's evaluation and recommendation on the Proposals as well as its opinion on the fairness and reasonableness of the Proposed Exit Offer is set out in **Part B** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS ON THE PROPOSALS AND THE PROPOSED EXIT OFFER, AND TO SEEK YOUR APPROVAL ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF OUR EGM AS WELL AS THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSALS**

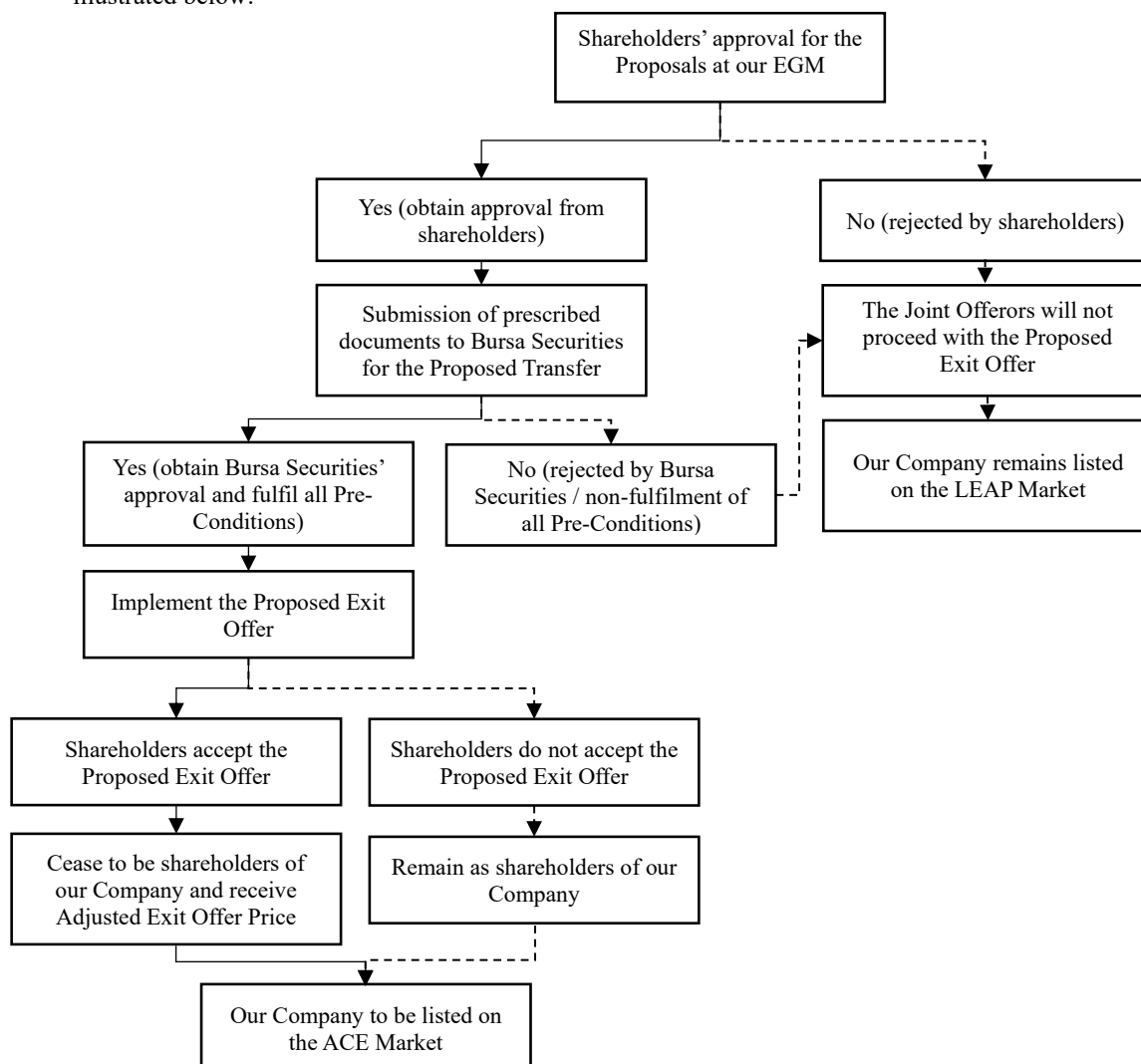
The Proposals involve the withdrawal of our Company's listing from the Official List of the LEAP Market and the transfer of the listing and quotation of the enlarged issued share capital of our Company from the LEAP Market to the ACE Market, subject to our Company obtaining the Pre-Conditions as set out in **Section 10 of Part A** of this Circular.

Pursuant to Rule 8.06(1)I of the LEAP LR and paragraph 2.1 of Guidance Note 15A of the ACE LR, the Joint Offerors had, vide the Proposal Letter dated 14 August 2023, proposed to undertake the Proposed Exit Offer to facilitate the Proposals. The Proposed Exit Offer shall only be implemented by the Joint Offerors when all the Pre-Conditions have been fulfilled. If and when all the Pre-Conditions have been fulfilled, the Joint Offerors will serve the Notice on our Board and the Offer Document will be despatched to the entitled shareholders of our Company upon obtaining notification from the SC that they have no further comments on the Offer Document.

If you wish to participate in the Proposed Transfer, you shall vote for the Proposals at our forthcoming EGM in relation to the Proposals and opt not to accept the Proposed Exit Offer in respect of all or any part of your Offer Shares during its implementation and consequently, the existing Shares held or remain to be held by you and the new IPO Shares will be transferred, listed and quoted on the ACE Market upon completion of the Proposals. If we fail to fulfil all the Pre-Conditions, the Joint Offerors will not implement the Proposed Exit Offer and consequently, our Shares will remain listed, quoted and traded on the LEAP Market. The Proposed Transfer is inter-conditional with the Proposed Withdrawal of Listing.

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The impact of the Proposals and the Proposed Exit Offer on our Company and our shareholders is illustrated below:



The Proposals and the Proposed Exit Offer will not have any impact to the existing corporate structure of our Company. However, there will be changes to the shareholding structure of our Company upon completion of the Proposals and the Proposed Exit Offer due to the issuance of the new IPO Shares and the Proposed Offer for Sale.

## 2.1 Proposed Transfer

### 2.1.1 Requirements under the ACE LR

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

No.	Requirements	Status of compliance
(a)	A transfer applicant must have been listed for at least 2 years on the LEAP Market at the time of application for transfer of listing;	Met. Our Company was listed on the LEAP Market on 28 November 2018.

No.	Requirements	Status of compliance
(b)	A transfer applicant must be considered as suitable for listing after the assessment by a Sponsor (as defined in the ACE LR) or both the Sponsor and Recognised Approved Adviser (as defined in the ACE LR) as Joint Transfer Sponsor (as defined in the ACE LR) pursuant to Rule 4.07 of the ACE LR;	Met. Our Company is suitable to be listed on the ACE Market after TA Securities (as the Sponsor) had assessed, amongst others, our business prospects; systems, procedures, policies, controls and resources to comply with the ACE LR as well as governance, internal control and risk management systems; and that our Company's admission to the Official List of ACE Market is not detrimental to the interest of investors or does not undermine public interest.
(c)	A transfer applicant must comply with Chapters 3 and 3A of the ACE LR, as the case may be, subject to the additional requirements, modifications or exceptions set out in Chapter 3A of the ACE LR;	To be met. TA Securities, as the Sponsor, shall ensure that the implementation of the Proposals comply with the ACE LR.
(d)	A transfer applicant must undertake an issue of shares to the general public as part of its transfer of listing; and	To be met. The Proposed Transfer shall involve issuance of new Shares to be allocated to the Malaysian public via balloting. Refer to further details in <b>Section 2.1.3 of Part A</b> of this Circular.
(e)	A transfer applicant must comply with the relevant admission procedures and requirements as may be prescribed by Bursa Securities.	To be met.
	<i>Cross reference: Guidance Notes 15 (listing procedures for initial admission and prospectus registration) and 15A (procedures and other requirements relating to an application for transfer of listing pursuant to Rule 3A.02) of the ACE LR</i>	TA Securities, as the Sponsor, shall ensure that the implementation of the Proposals comply with the ACE LR.

### 2.1.2 Information on our Group

Our Group is principally involved in the business of designing, promoting, marketing, distributing and retailing of women's handbags, footwear and accessories under the "Carlo Rino" and "C.Rino" (for eyewear only) brands; property development and property investment; investment holding of securities; and provision of management services. We have been listed on the LEAP Market for more than 4 years since our LEAP Listing.

As at the LPD, the issued share capital of our Company is RM68,000,000 comprising 805,651,400 Shares, and we do not have any treasury shares, other class of securities or convertible securities.

The profit and dividend record of our Group for the FYEs 2020, 2021, 2022 and 2023 are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	80,613	76,460	101,787	113,534
GP	43,678	44,392	63,043	70,064
Other operating income	2,471	3,324	3,431	3,392
Finance costs	(887)	(596)	(717)	(749)
Share of profit/(loss) of an associate, net of tax	-	150	(269)	(909)
PBT	5,288	8,073	29,033	31,450
Tax expense	(2,287)	(4,089)	(6,803)	(7,597)

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT	3,001	3,984	22,230	23,853
PAT attributable to owners of our Company	3,001	3,984	22,230	23,853
EBITDA <sup>(1)</sup>	15,370	16,993	37,511	40,004
GP margin (%) <sup>(2)</sup>	54.18	58.06	61.94	61.71
PBT margin (%) <sup>(3)</sup>	6.56	10.56	28.52	27.70
PAT margin (%) <sup>(4)</sup>	3.72	5.21	21.84	21.01
Number of Shares in issue ('000)	805,651	805,651	805,651	805,651
Basic / Diluted EPS (sen) <sup>(5)</sup>	0.37	0.49	2.76	2.96
Dividend paid <sup>(6)</sup>	4,028	4,028	4,028	14,099

(Source: Published annual audited accounts of our Group for the financial years under review)

Notes:

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

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>PBT</b>	<b>5,288</b>	<b>8,073</b>	<b>29,033</b>	<b>31,450</b>
<u>Adjusted for:</u>				
Finance costs	887	596	717	749
Depreciation of property, plant and equipment	2,658	2,252	1,997	2,208
Depreciation of right-of-use assets	7,167	6,553	6,254	6,314
Interest income	(630)	(481)	(490)	(717)
<b>EBITDA</b>	<b>15,370</b>	<b>16,993</b>	<b>37,511</b>	<b>40,004</b>

(2) GP margin is computed based on the GP over revenue.

(3) PBT margin is computed based on the PBT over revenue.

(4) PAT margin is computed based on the PAT attributable to owners of our Company over revenue.

(5) Computed based on PAT attributable to owners of our Company over the number of Shares in issue as at the end of the respective reporting period. The diluted EPS is equal to the basic EPS as our Company does not have any outstanding convertible securities.

(6) Being dividends paid by our Company during the financial years under review.

The macroeconomic condition in Malaysia and the spending power of consumers in Malaysia are factors which affect the business operations and financial performance of our Group.

#### **FYE 2023 vs FYE 2022**

Our Group's total revenue grew 11.53% to RM113.53 million (FYE 2022: RM101.79 million), mainly attributable to the increased retail sales due to higher domestic spending as Malaysia transitioned into the endemic phase of COVID-19 outbreak, coupled with higher tourist arrivals which boost customer footfall to boutiques and shopping malls. In tandem with the increased revenue, our Group's PBT increased by 8.34% to RM31.45 million (FYE 2022: RM29.03 million).

#### **FYE 2022 vs FYE 2021**

Our Group's total revenue grew 33.13% to RM101.79 million in FYE 2022 (FYE 2021: RM76.46 million) which was mainly attributable to the increased retail sales from in-store shopping due to pent-up demand for consumer products and the progressive relaxation of the movement control order restrictions imposed by the Malaysian government during FYE 2022. Retail sales via boutiques, departmental stores and e-commerce recorded a year-on-year growth of 46.07% (FYE 2022: RM51.71 million; FYE 2021: RM35.40 million), 31.72% (FYE 2022: RM37.33 million; FYE 2021: RM28.34 million) and 1.23% (FYE 2022: RM12.39 million; FYE 2021: RM12.24 million), respectively. In tandem with the strong improvement of our Group's revenue from retail sales via boutiques in FYE 2022 and fewer promotional activities during FYE 2022, our Group's PBT increased by 259.73% to RM29.03 million (FYE 2021: RM8.07 million).



### FYE 2021 vs FYE 2020

Our Group's total revenue decreased by RM4.15 million or 5.15% from RM80.61 million in FYE 2020 to RM76.46 million in FYE 2021, mainly due to lower total revenue from boutique and departmental store segments by RM6.99 million (FYE 2021: RM63.74 million; FYE 2020: RM70.73 million). The lower revenue contribution from these segments was due to lower customer footfall to the boutiques and departmental stores as well as several periods of temporary closure of boutiques and departmental stores as a result of the various movement control orders and lockdowns imposed by the government of Malaysia during FYE 2021 to curb the then soaring COVID-19 cases. Despite this, we recorded a higher revenue from the e-commerce segment with an increase in revenue by RM3.24 million or 36.00% to RM12.24 million in FYE 2021 (FYE 2020: RM9.0 million). The increase was attributed to our strategy in strengthening our online presence through participation in the various online campaigns undertaken by the e-commerce platforms. In addition, there was a shift in consumer spending behaviour during the COVID-19 pandemic where consumers preferred to stay at home and shop online due to safety concerns stemming from COVID-19 pandemic.

Despite the decline in revenue, our Group's PBT increased by 52.55% to RM8.07 million (FYE 2020: RM5.29 million), mainly due to our Group's efforts in optimising operating costs which were also complemented by wage subsidies from the government of Malaysia and lease payment concessions provided by operators of various shopping malls to mitigate the negative impact of COVID-19.

There is no non-controlling interest in our Company and no exceptional item in the financial statements of our Group for the financial years under review.

### 2.1.3 Indicative listing scheme

In conjunction with the Proposed Transfer, we propose to undertake the Proposed IPO comprising:

	Scenario 1		Scenario 2	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
<b>Proposed Public Issue to be allocated in the following manner*:</b>				
(i) Malaysian public <sup>(1)</sup>	48,876,000	5.00	48,876,000	5.00
(ii) Independent Directors of our Company <sup>(2)</sup>	800,000	0.08	800,000	0.08
(iii) placement to selected Bumiputera investors as approved by MITI <sup>(3)</sup>	122,189,700	12.50	122,189,700	12.50
<b>Proposed Offer for Sale</b>				
(i) placement to selected non-Bumiputera investors <sup>(4)</sup>	-	-	87,984,300	Up to 9.00
<b>Total</b>	<b>171,865,700</b>	<b>17.58</b>	<b>259,850,000</b>	<b>Up to 26.58</b>

Notes:

<sup>^</sup> Computed based on the proforma enlarged total number of 977,517,100 Shares in issue upon completion of the Proposed Transfer.

\* The total number of new Shares to be issued under the Proposed Public Issue is 171,865,700 Shares. The above allocation of new Shares under the Proposed Public Issue is indicative at this juncture in view that the proposed allocation of new Shares to each of our Independent Directors is subject to our shareholders' approval at a separate EGM to be convened later. The final details on the allocation under the Proposed Public Issue will be finalised after receipt of shareholders' approval for the proposed allocation of new Shares to each of our Independent Directors and the fulfillment of all Pre-Conditions, and will be disclosed in the Prospectus.

- (1) *An indicative 5.00% of the enlarged issued share capital of our Company will be made available for application by the Malaysian public through a balloting process, of which 50% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.*
- (2) *For your information, all the Independent Directors will only be appointed to our Board subsequent to the shareholders' approval for the Proposals is being obtained. An indicative 0.08% of the enlarged issued share capital of our Company (which amounts to 800,000 new Shares) will be made available for application by the Independent Directors of our Company. The proposed allocation of new Shares to each of our Independent Directors is subject to our shareholders' approval at a separate EGM to be convened later, i.e., prior to the serving of the Notice. Hence, the details for this proposed allocation (including the basis of allotment to the Independent Directors of our Company) will be disclosed in the circular to shareholders to be issued at a later stage.*
- (3) *An indicative 12.50% of the enlarged issued share capital of our Company will be made available by way of private placement to Bumiputera investors approved by MITI.*
- (4) *An indicative of up to 9.00% of the enlarged issued share capital of our Company will be offered for sale under Scenario 2.*

*DSCFY is the only one amongst the Joint Offerors to receive valid acceptances pursuant to the Proposed Exit Offer. If DSCFY receives valid acceptances for 1,000,000 Offer Shares or more pursuant to the Proposed Exit Offer, he intends to offer for sale all Offer Shares which are to be received via valid acceptances pursuant to the Proposed Exit Offer (in board lots) to identified non-Bumiputera investors, by way of private placement under the Proposed Offer for Sale, in order to meet the public shareholding spread requirement pursuant to the ACE LR.*

*If DSCFY receives valid acceptances of less than 1,000,000 Offer Shares, he will retain all the Offer Shares which are to be received via valid acceptances pursuant to the Proposed Exit Offer and there will be no Proposed Offer of Sale. Under this scenario, the existing shareholders of our Company (save for the Joint Offerors and the Undertaking Shareholders) with a collective shareholding of up to 10.92% will remain as public (as defined under the ACE LR).*

*The actual number of Shares to be retained by DSCFY and/or made available for the Proposed Offer for Sale will be determined and finalised after the Closing Date as it shall depend on the level of valid acceptances of the Proposed Exit Offer. Such details will be set out in the Prospectus and to be announced by our Company prior to the issuance of the Prospectus.*

*Please refer to **Section 7.6 of Part A** of this Circular for the effect of the Proposals and Proposed Exit Offer on our Company's public shareholding spread pursuant to the ACE LR.*

The basis of allocation of IPO Shares shall take into account our Board's intention to distribute the IPO Shares to a reasonable number of applicants to broaden our Company's shareholder base to meet the public shareholding spread requirements and to establish a liquid market for our Shares.

There is no minimum subscription to be raised from the Proposed IPO. However, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders for our Company to comply with the public shareholding spread requirements as per the ACE LR or as approved by Bursa Securities. Refer to **Section 7.6 of Part A** of this Circular for details on the proforma public shareholding spread of our Company.

As at the LPD, our Company has only 1 class of shares, being the Shares, all of which rank equally with each other. The IPO Shares will, upon allotment and issue, rank equally in all respects with the existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of issuance and allotment of the IPO Shares.

In the event there is an under-subscription of new Shares by the Malaysian public and/or the Independent Directors of our Company, such Shares not subscribed for will be re-allocated to other categories under the Proposed Public Issue and/or to investors under the Proposed Offer for Sale (if any). If there are any remaining new Shares not subscribed for, they will be subject to underwriting arrangement(s). The final basis of re-allocation and details of underwriting arrangement will be determined and finalised at a later date (i.e., after obtaining the Relevant Approvals and completion of the Proposed Exit Offer). Hence, the IPO Shares made available for application by the Malaysian public and the Independent Directors of our Company will be subject to underwriting arrangement with underwriter(s) to be identified by our Company at a later date. The identity of the underwriter(s) (who shall not be related party(ies) to our Company and the Joint Offerors) and terms of the underwriting arrangement will be disclosed in the Prospectus. For your information, TA Securities as the Sponsor for the Proposed Transfer shall be an underwriter/part of the syndicate of underwriters, where applicable.

At this juncture, the IPO Shares made available to selected Bumiputera investors as approved by MITI under the Proposed Public Issue and selected non-Bumiputera investors under the Proposed Offer for Sale will be placed out by TA Securities (as the placement agent for the Proposed IPO) and will not be underwritten.

The relevant costs in relation to the placement arrangement, underwriting commission and all relevant costs in relation to the underwriting arrangement for new Shares to be issued under the Proposed Public Issue shall be fully borne by our Company. However, all relevant costs in relation to the placement arrangement for IPO Shares under the Proposed Offer for Sale will be fully borne by DSCFY.

For your information, as part of the price discovery mechanism, the current valuation (i.e., PE Multiple) ascribed to companies with similar business or sector as our Group and listed on the Main Market and ACE Market as well as sector PE Multiple valuation based on all components stocks within Bursa Malaysia Consumer Product Index (KLCSU Index) will be taken into consideration in determining the IPO Price. In view that our Company operates in the retail industry, it is more likely for our Company's underlying value to be derived from our business operations instead of our assets and hence, PE Multiple is an appropriate trading multiple to be used for price discovery purpose. The final IPO Price will be determined by our Board and the underwriter(s) at a later date, after taking into consideration, amongst others, the following:

- (i) the latest earnings performance of our Group (i.e., the latest audited financial results of our Group prior to the issuance of the Offer Document, IAC and the Prospectus. A special audit on the latest interim financial results of our Group may be undertaken in the future for inclusion into the said documents depending on the timing of issuance of said documents). For information purpose, if the date of the prospectus issuance is more than 6 months after the end of the most recent financial year, a special audit on interim results of our Group is required to ensure that the interim financial period to be disclosed in the prospectus, if applicable, shall not be more than 6 months preceding the date of prospectus issuance;
- (ii) the prevailing PE Multiple of selected profitable comparable public listed companies categorised under the 'personal goods' or 'retailers' subsector of the 'consumer products and services' sector on the Main Market and/or the ACE Market which operate in a similar industry with similar products type/business model to our Group;

For information purpose, the above selection parameters had resulted with very limited number of comparable companies to our Group. Hence, we have not considered market capitalisation and revenue track record as our main parameters for the selection of comparable companies for the purpose of pricing our IPO Shares as these parameters are expected to further reduce the number of comparable companies for valuation purpose;

- (iii) prevailing sector PE Multiple valuation of all component stocks within KLCSU Index, being a capitalisation-weighted index of all stocks in the EMAS Index involved in the consumer sector (*Source: Bloomberg Finance L.P.*); and
- (iv) the prevailing equity market and economic condition in Malaysia.

For illustrative purpose only, an illustrative IPO Price of RM0.30 per IPO Share is assumed throughout this Circular, which represents:

- (a) an illustrative PE Multiple of approximately 10.13 times<sup>(1)</sup>, computed based on the audited EPS of our Group of approximately 2.96 sen for the FYE 2023<sup>(2)</sup> and the total number of 805,651,400 Shares in issue as at the LPD; and
- (b) an illustrative PE Multiple of approximately 12.29 times<sup>(1)</sup>, computed based on the audited EPS of our Group of approximately 2.44 sen for the FYE 2023<sup>(2)</sup> and the proforma enlarged total number of 977,517,100 Shares in issue (after considering the issuance and allotment of IPO Shares).

*Notes:*

- (1) *Subject to rounding adjustments.*
- (2) *Being the audited PAT attributable to owners of our Company for FYE 2023 of approximately RM23.85 million (Source: Published annual audited accounts of our Group).*

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Based on the proforma EPS of our Group of approximately 2.44 sen, the illustrative PE Multiple of our Company of approximately 12.29 times is:

- about 24.51% discount from the sector PE Multiple valuation of all component stocks within KLCSU Index of 16.28 times as at LPD; and
- slightly above the highest PE Multiple of the selected comparable companies of 11.20 times, which have recorded the range of PE Multiples of between 6.14 times to 11.20 times (as computed below). For your information, there is no comparable company listed on the ACE Market based on abovementioned selection criteria.

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

Companies / (Board)	Principal activities	As at the LPD		Basic earnings per share <sup>(3)</sup> (RM) (B)	PE Multiple (times) (A/B) <sup>(4)</sup>
		Closing price <sup>(1)</sup> (RM)	Market capitalisation <sup>(2)</sup> (RM'000)		
		(A)	(B)		
		0.225 <sup>(5)</sup>	181,272		
<b>Selected comparable companies</b>					
Bonia (Main Market)	Designing, promoting, marketing, distributing and retailing of women's handbags, footwear and accessories, property development and property investment, investment holding of securities, and provision of management services	1.680	337,672	0.274	6.14
MESB Berhad (Main Market)	Designing, manufacturing, marketing, retailing, wholesaling and franchising of fashionable leather goods, accessories and apparel for the local and overseas markets, property development and investment holding	0.545	78,640	0.085	6.45
Padini Holdings Berhad (Main Market)	Trading and retailing of leather products, apparel and accessories, investment holding and waste recycling business Promoting and marketing fashionable apparels, footwear and accessories, provision of management services and investment holding	3.790	2,493,477	0.339	11.20
				<b>High</b>	<b>11.20</b>
				<b>Low</b>	<b>6.14</b>
				<b>Simple average</b>	
					<b>7.93</b>

Notes:

- (1) Source: Bloomberg Finance L.P.
- (2) Computed based on the number of ordinary shares in issue (excluding any treasury shares) multiplied by the closing price as at the LPD.
- (3) Being the audited PAT attributable to owners of our Company and the selected comparable companies for FYE 2023, respectively divided by the number of ordinary shares in issue as at the LPD (Source: Audited consolidated financial statements of our Group and the respective selected comparable companies for FYE 2023).
- (4) Subject to rounding adjustment.
- (5) Being closing price of our Shares on 20 November 2023 (last trading day prior to the LPD).

The above listing scheme and illustrative IPO Price are indicative at this juncture.

The resultant share price of our Shares arising from the above price discovery mechanism may result in a share price that differs significantly from the current traded price of our Share on the LEAP Market as at the LPD. Hence, if the final IPO Price is lower than our current share price on the LEAP Market, you will face an immediate paper loss and may not be able to recover your investment cost in our Shares immediately. Please refer to Sections 5.3 and 8.3 of Part A of this Circular for further details on the investment risks and impact of price discovery mechanism to our Group and our shareholders, respectively.

The final listing scheme and final IPO Price may differ from the abovementioned as they shall depend on the level of valid acceptances of Offer Shares pursuant to the Proposed Exit Offer; the latest earnings performance of our Group (based on published financial statements of our Group at the relevant time); the prevailing PE Multiples of selected comparable public listed companies on Bursa Securities; and the prevailing equity market and economic condition in Malaysia. Hence, for your information, the listing scheme and IPO Price as mentioned herein or to be stated in the Notice, Offer Document and Prospectus may differ. The final details of the Proposed IPO (including the listing scheme, IPO Price, utilisation of proceeds and underwriting arrangement) will be set out in the Prospectus. The IPO Price to be disclosed in the Prospectus shall be either the same or lower (if any major adverse events occur prior to the signing of the underwriting agreement) than the IPO Price to be disclosed in the Offer Document and the IAC.

You should exercise caution and seek appropriate independent advice when dealing in our Shares.

#### 2.1.4 Indicative utilisation of proceeds

Based on the illustrative IPO Price of RM0.30 per IPO Share, our Company will raise up to RM51.56 million from the Proposed Public Issue. Our management intends to use the proceeds to be raised from the Proposed Public Issue for, amongst others, the following purposes:

Utilisation purposes		Indicative gross proceeds		Estimated timeframe for utilisation*
		(RM'000)	(%)	
(i)	Construction and the fitting out of a new flagship boutique and other facilities (e.g., IT and security systems) <sup>(1)</sup>	15,000	29.09	Within 18 months
(ii)	Refurbishment of boutiques and counters at departmental stores <sup>(2)</sup>	3,500	6.79	Within 36 months
(iii)	Maintenance of IT infrastructure <sup>(3)</sup>	500	0.97	Within 24 months
(iv)	Working capital requirements of our Group (such as purchase of inventory, expenses for advertisement and promotions, and rental payment for boutiques) <sup>(4)</sup>	28,360	55.00	Within 24 months
(v)	Defrayment of expenses for the Proposals <sup>(5)</sup>	4,200	8.15	Within 3 months
<b>TOTAL</b>		<b>51,560</b>	<b>100.00</b>	

Note:

\* From the date of receipt of the IPO proceeds.

The above allocation (in percentage and RM) is indicative at this juncture and subject to revision in the future. The exact breakdown of the proposed utilisation has not been finalised at this juncture as it shall depend on the final IPO Price to be determined in the future.

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



For the avoidance of doubt, the proceeds arising from the Proposed Offer for Sale, if any, shall accrue entirely to DSCFY.

The final details on the utilisation of proceeds will be set out in the Prospectus.

Notes:

- (1) *Our Group had on 15 March 2023 completed the acquisition of a piece of freehold land with a rundown 2½-storey bungalow erected thereon bearing postal address of No. 217, Jalan Imbi, 55100 Kuala Lumpur. At this juncture, our Group has demolished the bungalow and intends to construct and fit-out a flagship boutique thereon via part of the proceeds from the Proposed Public Issue, which is expected to commence in the 4<sup>th</sup> quarter of calendar year 2024 and to complete within 18 months from the date of commencement. If there is a delay in implementing the Proposed Public Issue and the receipt of proceeds arising therefrom, our Group may utilise internally generated funds and/or bank borrowings, the breakdown of which cannot be determined by our management at this juncture, to finance the construction and fit-out costs for the flagship store. In this regard, the proceeds from the Proposed Public Issue which is earmarked for this purpose will be re-allocated for the working capital requirements of our Group (as set out in note (4) below). The details of such proposed new flagship boutique and related construction and fitting-out costs will be determined and finalised at a later stage (i.e., prior to the issuance of the Prospectus). Any shortfall of funds for the construction and fitting-out costs will be funded via our Group's internally generated funds and/or bank borrowings, the breakdown of which cannot be determined at this juncture.*
- (2) *Refurbishment of boutique and counters at departmental stores, from time to time, changes the layout and appearance of such retail space which aims to improve our business via refreshing shopping experience for our customers to drive footfall to our boutiques and stores as well as to garner greater brand awareness of our range of products. Hence, we intend to use part of the proceeds from the Proposed Public Issue for this purpose. As refurbishment of boutiques and counters at departmental stores is an on-going initiative, the number of boutiques and counters at departmental stores to be refurbished, their locations and costs cannot be determined at this juncture as it will be dependent on the prevailing quotation as well as the refurbishment requirements at the time of utilisation and such costs may differ for each type of retail space. Any shortfall of funds for the refurbishment will be funded via our Group's internally generated funds.*
- (3) *Our Group has, in September 2023, commenced the upgrading of our enterprise resource planning system to become web-based and point-of-sales system to become cloud-based which is still on-going at this juncture and is expected to complete in the last quarter of calendar year 2024. Thereafter, our management intends to integrate the abovesaid systems with our customer relationship management application, mobile application and e-commerce platforms. Such integration allows up-to-date information to be made available for the business decision of our management. We intend to use part of the proceeds from the Proposed Public Issue for subsequent maintenance of such upgraded IT infrastructure which include subscription fees for the cloud-based applications.*
- (4) *We intend to use part of the proceeds from the Proposed Public Issue to purchase inventory for our products; to fund the rental payment of boutiques as well as to undertake various advertising and promotion activities to promote brand awareness and garner customer loyalty over our products. The breakdown of such proceeds has not been determined at this juncture as it will be dependent on the operating and funding requirements of our Group at the time of utilisation.*
- (5) *We intend to use part of the proceeds from the Proposed Public Issue to defray the estimated expenses for the Proposals which include professional fees, authorities' fee, fees related to convening shareholders meeting and other miscellaneous expenses.*

### 2.1.5 Public shareholding spread

Based on the Record of Depositors of our Company as at the LPD, approximately 10.92% of the issued share capital of our Company is held by 3,047 public shareholders each holding not less than 100 Shares each. Subject to the Relevant Approvals, our Company shall comply with the public shareholding spread requirement under Rule 3.10(1) of the ACE LR upon completion of the Proposed Transfer. Please refer to **Section 7.6 of Part A** of this Circular for our Company's proforma public shareholding spread upon completion of the Proposed Transfer.

### 2.2 Proposed Withdrawal of Listing

Pursuant to paragraph 2.1 of Guidance Note 15A of the ACE LR, a transfer applicant must, as part of the transfer of listing to the ACE Market, request for a withdrawal of listing from the LEAP Market in accordance with Rules 8.06 and 8.08 of the LEAP LR with modifications where the transfer applicant must offer its shareholders an exit offer or any other exit mechanism that is equitable for its shareholders. Further details on these Rules are set out in **Section 2.2.1 of Part A** of this Circular. Hence, the Joint Offerors intend to undertake the Proposed Exit Offer to facilitate the Proposed Withdrawal of Listing.

As at the LPD, the Joint Offerors collectively hold 422,071,398 Shares, representing approximately 52.39% direct equity interest in our Company.

The Proposed Exit Offer entails the undertaking of a pre-conditional voluntary general offer by the Joint Offerors to acquire the remaining 383,580,002 Offer Shares, which are not already held by the Joint Offerors, representing approximately 47.61% of the total issued share capital of our Company as at the LPD, for an adjusted cash consideration of RM0.225 per Offer Share.

The Joint Offerors have received irrevocable and unconditional undertakings from the PACs (pursuant to subsections 216(2) and 216(3) of the CMSA) who collectively hold 295,595,646 Offer Shares (representing approximately 36.69% direct equity interest in our Company as at the LPD) that they will not accept the Proposed Exit Offer. The list of PACs/Undertaking Shareholders as well as their shareholdings in our Company as at the LPD are as follows:

Name of PACs / Undertaking Shareholders	Nature of relationship	Direct shareholding	
		No. of CRG Shares	% <sup>(1)</sup>
BHSB <sup>(2)</sup>	<ul style="list-style-type: none"> <li>CSS is a Director and direct substantial shareholder of BHSB.</li> </ul>	202,875,868	25.18
Kontrak Kosmomaz Sdn Bhd <sup>(2)</sup>	<ul style="list-style-type: none"> <li>CSS is a Director and direct substantial shareholder of the company.</li> </ul>	22,333,736	2.77
Able Wealth Assets Ltd <sup>(2)</sup>	<ul style="list-style-type: none"> <li>CSS is the sole Director and shareholder of the company.</li> </ul>	22,111,100	2.74
Chong See Moi <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Spouse of CSS.</li> <li>Mother of DSCFY.</li> </ul>	3,950,600	0.49
Chiang Sing Ho <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Grandson of CSS.</li> <li>Son of DSCFY.</li> </ul>	24,169,542	3.00
Dato' Sri Chiang Fong Tat <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Son of CSS.</li> <li>Brother of DSCFY.</li> </ul>	2,069,400	0.26
Datin Sri Tan Loo Yin <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Spouse of Dato' Sri Chiang Fong Tat.</li> <li>Daughter-in-law of CSS.</li> <li>Sister-in-law of DSCFY.</li> </ul>	100,000	0.01
Dato' Sri Chiang Fong Seng <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Son of CSS.</li> <li>Brother of DSCFY.</li> </ul>	3,827,800	0.48
Chiang May Ling <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Daughter of CSS.</li> <li>Sister of DSCFY.</li> </ul>	700,000	0.09
Chiang Sang Bon <sup>(3)</sup>	<ul style="list-style-type: none"> <li>Brother of CSS.</li> <li>Uncle of DSCFY.</li> </ul>	1,550,000	0.19



Name of PACs / Undertaking Shareholders	Nature of relationship	Direct shareholding	
		No. of CRG Shares	% <sup>(1)</sup>
Lau Yun Hwa <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Spouse of Chiang Sang Bon.</li> <li>• Sister-in-law of CSS.</li> <li>• Aunt of DSCFY.</li> </ul>	1,000,000	0.12
Chiang Yen Fung <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Daughter of Chiang Sang Bon.</li> <li>• Niece of CSS.</li> <li>• Cousin of DSCFY.</li> </ul>	316,000	0.04
Chiang Fong Chyen <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Son of Chiang Sang Bon.</li> <li>• Nephew of CSS.</li> <li>• Cousin of DSCFY.</li> </ul>	800,000	0.10
Chiang Heng Pang <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Brother of CSS.</li> <li>• Uncle of DSCFY.</li> </ul>	5,501,600	0.68
Datin Lim Teng Hong <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Spouse of CSS' brother, Datuk Chiang Heng Kieng</li> <li>• Sister-in-law of CSS.</li> <li>• Aunt of DSCFY.</li> </ul>	176,000	0.02
Chiang Boon Tian <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Brother of CSS.</li> <li>• Uncle of DSCFY.</li> </ul>	4,078,000	0.51
Chiang Sang Ling <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• Sister of CSS.</li> <li>• Aunt of DSCFY.</li> </ul>	36,000	~
<b>Total</b>		<b>295,595,646</b>	<b>36.69</b>

Notes:

~ Negligible.

(1) Based on 805,651,400 Shares in issue as at the LPD.

(2) Being companies controlled by CSS pursuant to Section 8 of the Act.

(3) Being family members of DSCFY and CSS pursuant to the ACE LR.

**DSCFY will receive all valid acceptances pursuant to the Proposed Exit Offer.**

### 2.2.1 Requirements of the ACE LR and LEAP LR

Pursuant to Rule 8.06(1) of the LEAP LR, our Company may not request to withdraw our listing from the LEAP Market, unless:

- (i) our Company convenes a general meeting to obtain our shareholders' approval and the circular sent to our shareholders includes the information set out in Appendix 8B of the LEAP LR;
- (ii) the passing of the special resolution for the Proposed Withdrawal of Listing is subject to the following conditions:
  - (a) the resolution is approved by a majority of shareholders, in number, representing 75% of the total number of issued Shares held by the shareholders present and voting either in person or by proxy at our EGM; and
  - (b) the number of votes cast against the resolution by the shareholders of our Company is not more than 10% of the total number of issued Shares held by the shareholders present and voting either in person or by proxy at our EGM;
- (iii) our shareholders are offered a reasonable cash alternative or other reasonable alternative; and
- (iv) our Company appoints an independent adviser to advise and make recommendations for the consideration of our shareholders in connection with the Proposed Withdrawal of Listing as well as the fairness and reasonableness of the Proposed Exit Offer.

Further, our Company must, amongst others, offer our shareholders the following:

- (i) an exit offer in accordance with Rule 8.06(1)(c) of the LEAP LR, in which case our Company must ensure full compliance with Rule 8.06 of the LEAP LR, including Rules 8.06(1)(d) and 8.06(2) of the LEAP LR in respect of the exit offer; or
- (ii) any other exit mechanism that is equitable for shareholders subject to our Company consulting Bursa Securities and submitting the proposed exit mechanism to Bursa Securities for perusal. Our Company must not proceed until Bursa Securities has notified that it has no further comments.

In this regard, the Joint Offerors intend to undertake the Proposed Exit Offer to facilitate the Proposals. Upon fulfilment of the above and obtaining the Relevant Approvals, our Company will submit an application to Bursa Securities to request for the withdrawal of our Company's listing from the Official List of the LEAP Market.

Pursuant to Rule 8.08 of the LEAP LR, for an application to withdraw listing from the LEAP Market, our Company must file with Bursa Securities an application which includes the following information:

- (a) the full and detailed reasons for the withdrawal;
- (b) the board resolution for the withdrawal;
- (c) the confirmation that the approval of any other relevant authority, if required, has been obtained; and
- (d) the confirmation that our Company has obtained approval of our shareholders and holders of any other class of listed securities, if applicable, in accordance with Rule 8.06 of the LEAP LR.

### **2.2.2 Requirements of the Rules**

Pursuant to paragraph 9.10(1) of the Rules, an offeror who has a firm intention to make a take-over offer shall make an immediate announcement regarding the take-over offer, including by way of press notice, and send a written notice to:

- (i) the board of the offeree or an adviser designated by the board of the offeree;
- (ii) the SC; and
- (iii) the relevant stock exchange in Malaysia, if the securities of the offeree or the offeror are listed on the relevant stock exchange in Malaysia.

The announcement should be made only when an offeror has every reason to believe that it can and will continue to be able to implement the offer.

The SC has, vide its letter dated 8 August 2023, provided its consent for the announcement of the Proposed Exit Offer be subject to the Pre-Conditions.

In this regard, the Joint Offerors will serve the Notice on our Board upon our Company fulfilling all the Pre-Conditions.

The Offer Period for the Proposed Exit Offer shall commence from the date of the Proposal Letter until the Closing Date.

### **2.2.3 Consideration**

Pursuant to the Rules:

- (i) paragraph 6.03 of the Rules stipulates that the offer price in a voluntary take-over offer must not be less than the highest price (excluding stamp duty and commission) paid or agreed to be paid by the offeror or persons acting in concert for any voting shares or voting rights to which the take-over offer relates, during the offer period and within 3 months prior to the beginning of the offer period.

For information purpose, the last dealing in our Shares by the Joint Offerors and the PACs was on 20 March 2023 at RM0.18 per Share, which is more than 3 months prior to the beginning of the Offer Period. There is no further dealing in our Shares by the Joint Offerors and the PACs from the date of the Proposal Letter up to the LPD.

- (ii) note (3) to paragraph 6.03 of the Rules stipulates that when holders of voting shares or voting rights of a class that is subjected to a take-over offer are entitled to retain a dividend declared by the offeree but not yet paid, the offeror, in establishing the level of the cash offer, may deduct the net dividend to which such holders are entitled to from the highest price paid.

The Exit Offer Price is subject to adjustment of any cash distribution or dividend payment if such payment was made during the Offer Period.

As set out in **Section 1 of Part A** of this Circular, considering that our shareholders whose names appear in the Record of Depositors of our Company on 1 September 2023 are entitled to retain the benefits of the CRG Dividend, the Joint Offerors had informed our Board that the cash offer price per Offer Share has been adjusted to RM0.225 each, after adjusting for the CRG Dividend.

- (iii) note to paragraph 5.01 of the Rules stipulates that a voluntary offer should not be made at a price that is substantially below the market price of the shares in the offeree company. A voluntary offer at more than 50 per cent discount to the lesser of the closing price of the relevant shares of the offeree company on the day before the announcement under paragraph 9.10 and the five-day average closing price prior to such day will be considered as being “substantially below the market price of the shares in the offeree company.”

The Adjusted Exit Offer Price represents the highest price paid by DSCFY (excluding transaction costs) for our Share in the 6-month period prior to the date of the Proposal Letter (i.e., RM0.23) less the CRG Dividend.

For information purpose, the Adjusted Exit Offer Price represents a premium/discount to the following market prices of our Share:

	Price <sup>(1)</sup>		
	RM	Premium/(Discount) RM	%
Closing price on the LMD	0.1750	0.050	28.57
Up to and including the LMD:			
(i) 5-day VWAP <sup>(2)</sup>	N/A	N/A	N/A
(ii) 1-month VWAP	0.1750	0.050	28.57
(iii) 3-month VWAP	0.2238	0.0012	0.54
(iv) 6-month VWAP	0.2219	0.0031	1.40
(v) 12-month VWAP	0.2179	0.0071	3.26
Closing price on the LPD <sup>(3)</sup>	0.2250 <sup>(4)</sup>	-	-
Up to and including the LPD:			
(i) 5-day VWAP	0.2250	-	-
(ii) 1-month VWAP	0.2251	(0.0001)	(0.04)
(iii) 3-month VWAP	0.2185	0.0065	2.97
(iv) 6-month VWAP	0.2169	0.0081	3.73
(v) 12-month VWAP	0.2202	0.0048	2.18

Notes:

N/A Not available.

(1) Source: Bloomberg Finance L.P.

(2) No trading of our Shares during the 5 market days up to the LMD.

(3) Our share price has been on upward trend since the Announcement.

(4) Being closing price of our Shares on 20 November 2023 (last trading day prior to the LPD).

In addition, the Adjusted Exit Offer Price implies a PB Multiple of:

	<b>NA per Share</b>	<b>PB Multiple</b>
	<b>(RM)</b>	<b>(times)</b>
Based on the audited NA per Share as at 30 June 2023 (being the latest announced financial results of our Group)	0.12	1.875

Holders of the Offer Shares may accept the Proposed Exit Offer in respect of all or any part of their Offer Shares. The Joint Offerors will not pay fractions of a sen to the accepting holders. Entitlements to the cash payment will be rounded down to the nearest whole sen. Where there are valid acceptances, the settlement for the Offer Shares to which such acceptances relate will be effected by DSCFY within 10 days from the date of receipt of such valid acceptances.

#### **2.2.4 Conditions of the Proposed Exit Offer**

The Proposed Exit Offer shall only be undertaken by the Joint Offerors upon our Company fulfilling all the Pre-Conditions.

Pursuant to note (4) to subparagraph 6.01(2) of the Rules, as the Joint Offerors hold in aggregate more than 50% of the voting shares of our Company, the Proposed Exit Offer is not conditional upon any minimum level of acceptance of the Offer Shares.

#### **2.2.5 Compulsory acquisition**

Section 222(1) of the CMSA provides that, where an offeror:

- (a) has made a take-over offer for all the shares or all the shares in any particular class in an offeree; and
- (b) has received acceptances of not less than nine-tenths in the nominal value of the offer shares,

the offeror may, within 4 months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree, by issuing a notice in the form or manner specified by the SC to such effect, to all dissenting shareholders provided that the notice:

- (a) is issued within 2 months from the date of achieving the conditions under subsections 222(1)(a) and 222(1)(b) of the CMSA; and
- (b) is accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Section 222(1A) of the CMSA provides that for the purpose of subsection 222(1)(b) of the CMSA, the acceptances shall not include shares already held at the date of the take-over offer by the offeror or any persons acting in concert.

Pursuant thereto, if the Joint Offerors receive acceptances of not less than 9/10 in the nominal value of the Offer Shares in issue (excluding Shares already held by the Joint Offerors and PACs as at the date of the Proposal Letter on or before the Closing Date), **the Joint Offerors do not intend to invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received on or before the Closing Date.** Thereafter, any remaining Offer Shares will be listed on the ACE Market via the Proposed Transfer.

#### **2.2.6 Rights of dissenting shareholders**

Notwithstanding **Section 2.2.5 of Part A** of this Circular, section 223 of the CMSA provides that subject to section 224 of the CMSA if the Joint Offerors receive valid acceptances from the holders of Offer Shares resulting in the Joint Offerors and the PACs holding not less than 9/10 in the value of all of our Shares in issue (including Shares which are already held by the Joint Offerors and the PACs as at the date of the Proposal Letter) on or before the Closing Date, a dissenting shareholder may exercise his rights, under subsection 223(1) of the CMSA, by serving a notice on the Joint

Offerors to require the Joint Offerors to acquire his Offer Shares on the same terms and conditions as set out in the Offer Document or such other terms as may be agreed.

If a dissenting shareholder invokes the provisions of subsection 223(1) of the CMSA, the Joint Offerors will acquire such Offer Shares in accordance with the provisions of the CMSA, subject to the provisions of section 224 of the CMSA which provides that when a dissenting shareholder exercises his rights under subsection 223(1) of the CMSA, the court may, on an application made by such dissenting shareholder or by the Joint Offerors, order that the Joint Offerors acquire the dissenting shareholders' Offer Shares on terms that the court thinks fit.

Subsection 223(2) of the CMSA requires the Joint Offerors to give the dissenting shareholders a notice in the manner specified under the Rules of the rights exercisable by the dissenting shareholders under subsection 223(1) of the CMSA, within 1 month of the time the Joint Offerors have received valid acceptances from the holders of Offer Shares resulting in the Joint Offerors and the PACs holding not less than 9/10 in the value of all of our Shares in issue (including Shares which are already held by the Joint Offerors and the PACs as at the date of the Proposal Letter). The notice to the dissenting shareholders under subsection 223(2) of the CMSA may specify the period for the exercise of the rights of the dissenting shareholders and such period shall not be less than 3 months after the Closing Date.

### **3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS**

#### **3.1 Proposed Transfer**

The Proposed Transfer will mark another major milestone for our Company subsequent to our LEAP Listing.

The LEAP Market is a qualified market which is meant for sophisticated investors as specified in Part I of Schedules 6 and 7 of the CMSA which include, amongst others, accredited investors, high net-worth entities and high net-worth individuals. Shareholders who are not sophisticated investors are not able to buy our Shares via Bursa Securities, unless he/she subsequently becomes a sophisticated investor; and will only be able to sell our Shares which they received pursuant to our LEAP Listing. As those retail investors who are not sophisticated investors are not permitted to invest in companies listed on the LEAP Market, the liquidity and trading volume for companies listed on the LEAP Market are generally low due to fewer eligible investors.

On the other hand, corporations listed on the ACE Market are accessible to all investors including retail investors. With the access to a wider pool of investors, the ACE Market offers a more robust listing environment with relatively greater vibrancy, more liquidity and better price discovery for any corporation listed on the ACE Market. Furthermore, the Proposed Transfer signifies the financial strength of our Group as we have grown substantially in terms of size and profitability to be suitable for a transfer of listing to the ACE Market. For information purposes, the market capitalisation of our Company as at the LPD is approximately RM181.27 million, grown from our listing market capitalisation of RM68.48 million on 28 November 2018, representing a growth of 164.71%.

Our Board believes that the Proposed Transfer will enhance our Company's credibility, prestige and reputation, and accord our Company with greater recognition and acceptance amongst investors, while reflecting our Group's current scale of operations. This will in turn enhance the attractiveness, liquidity and marketability of our Shares. In addition, the Proposed Transfer is envisaged to enhance the confidence of our Group's customers, suppliers, business associates, employees and shareholders through our profile as a company listed on the ACE Market.

#### **3.2 Proposed Withdrawal of Listing**

The Proposed Withdrawal of Listing is aimed at facilitating the Proposed Transfer pursuant to the paragraph 2.1 of Guidance Note 15A of the ACE LR.

Our Shares have been thinly traded, with an average daily trading volume of 29,366 Shares for the past 1 year up to and including the LPD (computed based on the sum of daily trading volumes during the 12-month period divided by the total number of trading days on Bursa Securities) and a liquidity turnover of approximately 0.03% (computed based on the abovementioned average daily trading volume divided by free float of our Shares i.e., our Shares not held by the Joint Offerors and the PACs). As such, the Proposed Withdrawal of Listing also provides an avenue for our shareholders to realise their investments in our Company at the Adjusted Exit Offer Price if they choose not to participate in the Proposed Transfer.

If our Company has fulfilled all Pre-Conditions, the Joint Offerors will implement the Proposed Exit Offer and subsequently, our Company will implement the Proposals, irrespective of the acceptance level for the Proposed Exit Offer (i.e., you can still participate in the Proposed Transfer if you do not accept the Proposed Exit Offer).

#### 4. PREVIOUS FUND-RAISING EXERCISE

Our Company has not undertaken any fund-raising exercises in the past 12 months prior to the date of the Announcement.

#### 5. RISK FACTORS

##### 5.1 Completion risks

The completion of the Proposals is subject to the approvals as set out in **Section 10 of Part A** of this Circular (which include approvals from our shareholders). If we fail to obtain such approvals, the Proposals and the Proposed Exit Offer will not be implemented and our Company will remain listed on the LEAP Market. In such situation, we have to obtain other sources of funding to fund the purposes as set out in **Section 2.1.4 of Part A** of this Circular and there could be a delay in implementing such business plans.

##### 5.2 Financial risks

If the Proposals and the Proposed Exit Offer are not fully implemented and/or aborted, our Company would have to incur expenses for the Proposals (e.g., professional fees and authorities' fees) up to the relevant stage of implementation. Our management has estimated the expenses for the Proposals at RM4.20 million, which will be funded via our Group's internally generated funds in the event the Proposals and the Proposed Exit Offer are not fully implemented and/or aborted.

As at the LPD, our Group's short term funds as well as cash and bank balances stood at approximately RM46.98 million. If we are required to use our Group's internally generated funds to defray the estimated expenses for the Proposals, up to RM4.20 million of our Group's current cash resources will be depleted and accordingly, this will reduce the availability of financial resources for the working capital requirements of our Group.

##### 5.3 Investment risks

The IPO Price is not fixed at this juncture and may be subject to changes upon finalisation as stated in **Section 2.1.3 of Part A** of this Circular. Hence, there could be different illustrative IPO Prices stated in this Circular, the Notice and the Offer Document. The final IPO Price will be disclosed in the Prospectus.

In view that **the final IPO Price will only be determined after the completion of the Proposed Exit Offer but before the issuance of the Prospectus**, we have set out below a few possible scenarios of the final IPO Price as compared to the Adjusted Exit Offer Price for your reference:

Scenario A	:	<p><u>Assuming we fulfil all Pre-Conditions and the final IPO Price is higher than the Adjusted Exit Offer Price</u></p> <p>(i) if you have opted to accept the Proposed Exit Offer in respect of all of your Offer Shares, you lost the opportunity to realise higher return on your investment in our Shares upon our listing on the ACE Market; or</p>
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	<p>(ii) if you have opted to accept the Proposed Exit Offer in respect of part of your Offer Shares or you did not accept the Proposed Exit Offer, you may still be able to realise your investment in our Shares at a price potentially higher than the Adjusted Exit Offer Price upon our listing on the ACE Market.</p> <p>However, there can be no assurance that our Shares (including the IPO Shares) may trade at or above the final IPO Price upon our listing on the ACE Market. Refer to <b>Section 5.3 of Part A</b> of this Circular for further details on the investment risk.</p>
Scenario B	<p>: <u>Assuming we fulfil all Pre-Conditions and the final IPO Price is lower than the Adjusted Exit Offer Price</u></p> <p>(i) if you have opted to accept the Proposed Exit Offer in respect of all of your Offer Shares, you would have realised higher return on your investment in our Shares at the Adjusted Exit Offer Price; or</p> <p>(ii) if you have opted not to accept the Proposed Exit Offer in respect of all of your Offer Shares, you lost the opportunity to realise your investment in our Shares at a higher return at the Adjusted Exit Offer Price.</p> <p>However, as long as you hold Shares on or after the Closing Date, you still have the following opportunity to realise your investment in our Shares via Bursa Securities:</p> <p>(a) prior to the completion of the Proposed Transfer, sell your Shares on the LEAP Market as our Shares are still listed on the LEAP Market after issuance of the Prospectus and the trading suspension of our Shares (to facilitate the Proposed Transfer) will only happen before the intended listing date of our Company on the ACE Market; and</p> <p>(b) upon the completion of the Proposed Transfer, trade your Shares on the ACE Market, which is expected to have higher liquidity as compared to LEAP Market but will be subject to the market vagaries of the ACE Market.</p>
Scenario C	<p>: <u>Assuming we fulfil all Pre-Conditions and there is a difference between the illustrative IPO Price and the final IPO Price</u></p> <p>As set out in <b>Section 2.1.3 of Part A</b> of this Circular, the final IPO Price in the Prospectus shall be either the same or lower (if any major adverse events occur prior to the signing of the underwriting agreement) than the illustrative IPO Price to be disclosed in this Circular, Notice and Offer Document. If the final IPO Price is lower than the illustrative IPO Price, you are subject to risks as set out in Scenario A and Scenario B above.</p>

**Considering that there is a time gap between the despatch/issuance of this Circular, the Notice, Offer Document and Prospectus, the final IPO Price to be disclosed in the Prospectus may be different with the illustrative IPO Prices as set out in this Circular, the Notice and Offer Document. Hence, you should exercise caution and seek appropriate independent advice when dealing in our Shares in relation to the Proposals.**

#### **5.4 No prior market for our Shares on the ACE Market and it is uncertain whether a sustainable market for our Shares on the ACE Market will ever develop**

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



## **5.5 The market price of our Shares is subject to market vagaries**

The market price of our Shares upon completion of the Proposals, like all listed securities traded on Bursa Securities, may be subject to significant price fluctuations and frequent volatility that have not been experienced by our shareholders while our Company is listed on the LEAP Market. The market price of our Shares will be influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates, outlook of the industry in which our Group operates in, our Group's financial performance, vagaries of market forces and other uncertainties.

## **5.6 Potential immediate paper loss of holding of our Shares upon completion of the Proposals**

The final IPO Price will be determined after taking into consideration various factors and these factors could cause our Share price to fluctuate which may adversely affect the market prices of our Shares. In view of the above and subject to obtaining all the Relevant Approvals, there can be no assurance on the following:

- (i) the final IPO Price will be the same or higher than our share price traded on the LEAP Market;
- (ii) that our Shares will trade at or above the final IPO Price upon our listing on the ACE Market; and/or
- (iii) that our Shares, upon listing on the ACE Market, will trade at a price above our share price on LEAP Market.

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

## **5.7 Risk of shareholding dilution**

Upon issuance of new Shares pursuant to the Proposed Public Issue, you will experience dilution in your shareholdings and voting interest in our Company proportionately to the enlarged issued share capital of our Company. Consequently, your proportionate entitlement to any future distribution, rights and/or allotment that our Company may make or declare after completion of the Proposals will correspondingly be diluted.

## **5.8 Risk of not implementing our Group's future plans**

As set out in **Section 2.1.4 of Part A** of this Circular, we intend to construct a new flagship boutique as well as undertake continual refurbishment of boutiques and counters at departmental stores and maintenance of IT infrastructure of our Group. The implementation of these future plans is subject to additional expenditures including construction, refurbishment and upkeep expenses, which are expected to be funded via the proceeds from the Proposed IPO. Such additional expenditures will increase our Group's operational costs and may adversely affect our Group's financial performance if we are unable to generate sufficient revenue following the implementation of these future plans.

If the Proposals are not fully implemented and/or aborted or there is a delay in implementing the Proposals and the receipt of proceeds arising therefrom, our Group will still proceed with the future plans as set out in **Section 2.1.4 of Part A** of this Circular and we plan to use internally generated funds and/or bank borrowings, the breakdown of which cannot be determined by our management at this juncture, to finance these future plans.

Notwithstanding the above, there is no assurance that the execution of our Group's future plans will increase our profitability in the future, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these future plans, which may adversely affect our Group's earnings growth, future results of operations and prospects.



## 6. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP

### 6.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (“E&E”) products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Headline inflation continued to moderate to 2% (2Q 2023: 2.8%) during the quarter. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% (2Q 2023: 3.4%) but remained above its long-term average (2011-2019 average: 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance. Inflation pervasiveness declined as the share of Consumer Price Index (CPI) items recording monthly price increases moderated to 40.8% during the quarter (2Q 2023: 42.7%), below the third quarter long-term (2011-2019) average of 44.5%.

Governor Datuk Abdul Rasheed Ghaffour says, “Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit.” Improvements in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming primarily from weaker- than-expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects.

As expected, both headline and core inflation have been declining throughout the year, mainly due to milder cost conditions. This would likely continue for the remainder of 2023. Overall, headline inflation is expected to average between 2.5% and 3% in 2023. Going forward, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

*(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2023, Bank Negara Malaysia)*

### 6.2 Overview and outlook of the fashion industry in Malaysia, Indonesia and Thailand

#### (i) Malaysia

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

Malaysia is a multiracial country with several cultural and religious holidays and festivals throughout the year. Occasions such as the Chinese New Year, Hari Raya Aidilfitri, Deepavali and

Christmas are when many Malaysians go on holidays to visit and spend time with friends and family. Sales of fashion products in Malaysia, including footwear, handbags and accessories, experience a significant sales boost prior to such festive seasons, as well as occasional celebrations such as Valentine’s Day and Mother’s Day and this is expected to continue into the future. The fashion retailers conduct promotional activities and new product launches during these occasions. There is a rising trend of Malaysians who are increasingly adopting a gifting culture during these events.

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

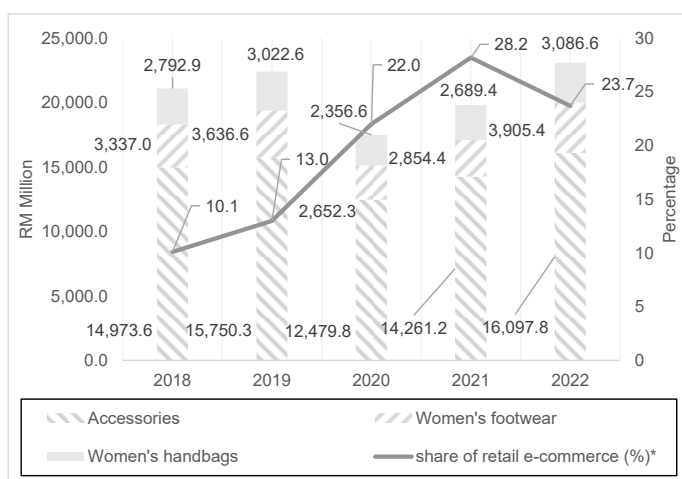
Digitisation assists fashion retailers in developing newer ways to reach and engage with customers. It has enabled fashion customers to buy online with near-real experience. At the same time, digitisation has enabled fashion retailers to sell online in a more efficient way. Functions such as image size, zoom functionality, alignment, margins, background, shadows and viewing angles are features that enable customers to view products carefully, so as to be able to assist to make decisions on whether or not to purchase.

Due to the absence of a physical limitation, it is possible for online stores to offer a wider variety of products. Besides being able to operate round the clock, online stores also offer customers shopping in the comforts of their homes. Perhaps one of the greatest advantages of the online market is the opportunity for customers to purchase international fashion brands that may be difficult to find in their home countries. The alternative is to travel to fashion centres of the world which may be time consuming and cost prohibitive to the average customer.

As a result, many online fashion websites have been developed to attract and encourage customers to look for online products, offers and new collections. The popularity of social media also facilitates the online fashion market and assists to take trends, styles and other influential aspects to the next level with sources of feedback and sharing of user experiences.

The revenue of selected fashion categories of the fashion industry in Malaysia between 2018 and 2022 are as follows:

- accessories – RM14.97 billion to RM16.09 billion, recording a CAGR of 1.8%;
- women’s footwear – RM3.34 billion to RM3.91 billion, recording a CAGR of 4.0%; and
- women’s handbags – RM2.79 billion to RM3.09 billion, registering a CAGR of 2.5%.



Notes:

Some accessories are used by both genders, such as jewellery, watches and writing instruments.

\* Refers to fashion industry as a whole.

The projected revenue of selected fashion categories of the fashion industry in Malaysia between 2022 and 2027 are as follows:

- accessories –RM16.09 billion to RM23.49 billion, recording a CAGR of 7.9%;
- women’s footwear – RM3.91 billion to RM6.00 billion, recording a CAGR of 9.0%; and
- women’s handbags –RM3.09 billion to RM4.34 billion, recording a CAGR of 7.1%.

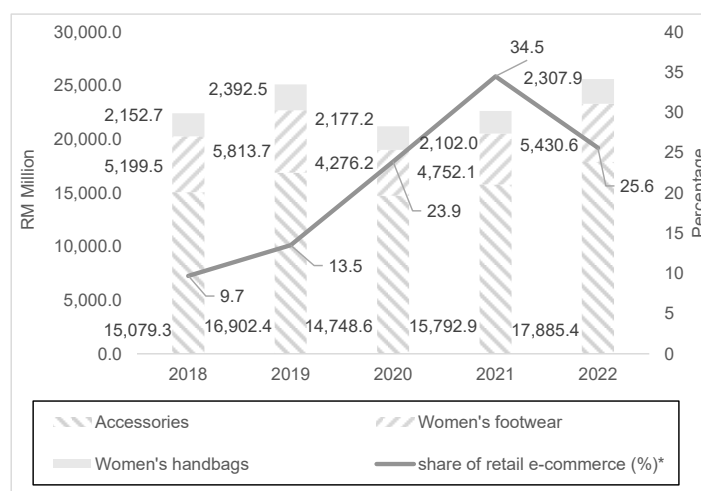
(ii) **Indonesia**

Indonesia is currently the world’s fourth most populous country, with a population of about 264 million. Before the COVID-19 pandemic, the expanding Indonesian middle class had been a major driver of economic growth. Increasing access to credit among domestic consumers also plays a crucial role in the increased spending on discretionary goods. The ease of obtaining a credit card from most banks is contributing to growing consumerism in the country. Improved internet access has also allowed local consumers to access what’s trending in fashion capitals around the world, creating a stronger appetite for foreign brands.

Competition in the Indonesian fashion industry is intense due to the large number of players, both local and foreign. As a result, some of the larger fashion retailers continue to expand their distribution channels to enlarge their customer base. The distribution channels for fashion products rely heavily on modern retail channels such as departmental stores and specialty stores located in shopping complexes.

The revenue of selected categories of the fashion industry in Indonesia between 2018 and 2022 are as follows:

- accessories – RM15.08 billion to RM17.89 billion, recording a CAGR of 4.4%;
- women’s footwear – RM5.19 billion to RM5.43 billion, recording a CAGR of 1.1%; and
- women’s handbags – RM2.15 billion to RM2.31 billion, registering a CAGR of 1.8%.



Notes:

Some accessories are used by both genders, such as jewellery, watches and writing instruments.

\* Refers to fashion industry as a whole.

The projected revenue of selected fashion categories in Indonesia between 2022 and 2027 are as follows:

- accessories – RM17.89 billion to RM25.96 billion, recording a CAGR of 7.7%;
- women’s footwear – RM5.43 billion to RM8.81 billion, recording a CAGR of 10.2%; and
- women’s handbags – RM2.31 billion to RM3.17 billion, registering a CAGR of 6.6%.

(iii) **Thailand**

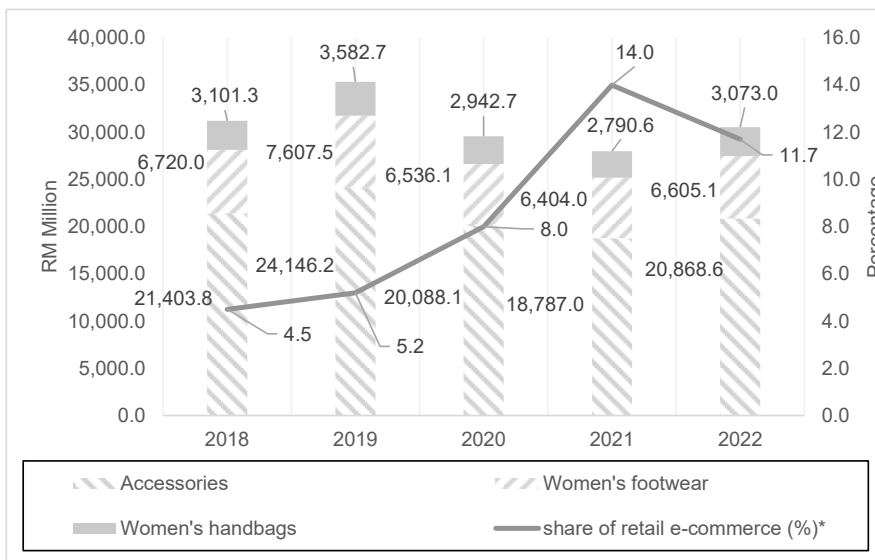
The fashion market in Thailand is relatively fragmented. There are many existing retailers, but the entry of international brands has made the market more competitive. These fashion industry players are placing pressure on the existing players through lower pricing, promotional campaigns and the regular updating of their collections. Besides typically selling directly through retail stores, they have also been establishing their own online shopping platforms.

Sales of fashion products in Thailand tend to be seasonal and stimulated by aggressive marketing promotions and price discounts, with sales and promotions typically occurring before, or at the onset of, holiday seasons. New collections are launched at the height of the season to attract consumer attention.

However, due to the onset of the COVID-19 pandemic, Thailand experienced a sudden stop in tourism inflows which led to a significant contraction in economic activities, as the Thai tourism industry accounted for a relatively large share of its economy. As a result, there was an increase in unemployment, which, together with the sudden fall in tourism, generated a recession in 2020 and which had an impact on revenue recorded in the fashion industry. The effects were still felt in 2021 but recovery seems to be on the way in 2022, as the crisis subsides, and economic recovery strengthens.

The revenue of selected fashion categories in Thailand between 2018 and 2022 are as follows:

- accessories – RM21.40 billion to RM20.87 billion, recording a CAGR of -0.6%;
- women’s footwear – RM6.72 billion to RM6.61 billion, recording a CAGR of -0.4%; and
- women’s handbags – RM3.10 billion to RM3.07 billion, registering a CAGR of -0.2%.



Notes:

Some accessories are used by both genders, such as jewellery, watches and writing instruments.

\* Refers to fashion industry as a whole.

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

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

(Source: IMR Report)

### 6.3 Business plans and prospects of our Group

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

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
Section 5.18	<p><b>(i) Increasing geographical footprint in South East Asia and the Middle East</b></p> <p>At present, we have online presence through our own online platform (<a href="https://shop.carlorino.net">https://shop.carlorino.net</a>) and third-party e-commerce marketplaces such as Zalora and Lazada.</p> <p>According to the IMR Report (as defined in the Information Memorandum), the e-commerce market in South East Asia, as measured by e-commerce sales, increased almost 2-fold from approximately USD5.5 billion in 2015 to an estimated USD10.9 billion in 2017. Moving forward, the e-commerce market in South East Asia is forecast to continue growing to USD29.4 billion in sales by 2020, at a CAGR of 39.1% between 2018 and 2020.</p> <p>Recognising the potential of the e-commerce market, we plan to develop a strong online presence for our Carlo Rino brand in South East Asia over the next 5 years. In order to do so, we plan to utilise digital media marketing such as search engine optimisation (SEO) to attract consumers to our online marketplace. We also intend to increase our exposure through digital marketing platforms to garner more traffic to our online marketplace.</p> <p>In addition, we have granted Kafak International Company ("Kafak") the exclusive rights to use Carlo Rino brand as well as operate and manage boutiques carrying the Carlo Rino range of products in the Middle East for a period of 5 years, with a 5-year renewable period. Through this distributorship arrangement, we intend to expand our retail presence to other countries in the Middle East, including the United Arab Emirates, Qatar and Bahrain.</p>	<p>Over the time, the business model for our Group's overseas sales evolved wherein we progressively ceased our physical retail presence in Indonesia and Vietnam due to limited market accessibility by our overseas subsidiaries. PT CRI Mitra Sejati (our wholly-owned subsidiary which is currently under members' voluntary winding-up process) commenced operations in August 2016 and ceased its physical retail presence in March 2019, whereas CRR Vietnam Company Limited (previously a wholly-owned subsidiary of our Company which completed its voluntary dissolution as confirmed by Vietnamese regulatory on 14 August 2023) commenced operations in March 2017 and ceased its physical retail presence in July 2019. At this juncture, our Group has 1 authorised distributor for the Vietnamese market for our Group's different type of products. This distributor currently operates a counter in a departmental store in Vietnam for Carlo Rino products.</p> <p>As an alternate business strategy, our Group expanded the reach of Carlo Rino brand in South East Asia by developing an online presence for the brand which at the time was through our Group's own online platform (<a href="https://www.carlorino.net">https://www.carlorino.net</a>, which is accessible worldwide since November 2016) and third-party e-commerce marketplaces such as Zalora (in April 2016) and Lazada (in April 2016). In March 2019, we had entered into a seller merchant agreement with Shopee to promote and market the Carlo Rino products on Shopee's e-commerce platform. Over the time, we recorded customer visits to our own global online platform from various South East Asia countries such as Thailand, Singapore, Cambodia, Vietnam, Indonesia and Brunei.</p> <p>With the widespread acceptance of online shopping, our Group decided to venture into the online sector of the Indonesian market to capture potential market expansion opportunities. Our Group had, in March 2023, successfully established and localised our own e-commerce website in Indonesia (<a href="https://id.carlorino.net/">https://id.carlorino.net/</a>) for Indonesian shoppers to browse and purchase our Group's range of products. All online sales generated from</p>

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
		<p>such e-commerce platform will be channelled back to our Group's online sales department in Malaysia, so as to arrange for delivery to the customers in Indonesia. We intend to replicate this approach to penetrate into other countries in South East Asia such as Vietnam and Thailand, progressively over the next 2 to 3 years, via internally generated funds for a cost to be determined later. Such approach also involves using search engine optimisation to attract customers to our online platform.</p> <p>In 2019, both our Group and Kafak have mutually agreed to cease our Group's distribution activities in Saudi Arabia due to the lack of sales and ended the exclusive distributorship in 2019. Over the time, our Group also recorded customer visits to our own global online platform from Dubai and Kuwait. While we continuously explore viable business opportunities for expansion into the Middle East, our Group has not commenced any negotiation with any parties for such plan at this juncture.</p>
	<p>(ii) <b>Expanding our Carlo Rino product range</b></p> <p>We intend to extend our Carlo Rino range of products to include accessories and fashion related collections such as watches and fragrances to complement the existing range of products. At present, we have a limited range of accessories which include wallets and handbag accessories such as tassles and chains.</p> <p>We are in the midst of undertaking research on the market for accessories and fashion related collections. We intend to launch various accessory product ranges over the next 5 years.</p> <p>The on-going development of new products is necessary for our Group to expand our market presence and remain competitive.</p>	<p>Our Group undertakes research on the market for accessories and fashion related collections to expand our product range. Since 2019, our Group progressively introduced new range of accessories which include perfumes, watches, t-shirts and scarves under the Carlo Rino brand to expand our product offerings to our customers. In 2021, our Group launched a collection of eyewear products under a new brand name called C.Rino.</p> <p>Our Company had on 27 October 2021 entered into a non-exclusive product license agreement with Warner Bros and a supplementary agreement dated 11 May 2022 for a period of 3 years commenced from 1 January 2022, for the rights to use Warner Bros' characters, character names, costumes, environmental settings, plot elements, artwork, logos and copyrights and trademarks in connection with the sale and distribution of women handbags, footwear and accessories in Malaysia, Indonesia, Singapore and Vietnam only. With this collaboration with Warner Bros, our Group had launched, amongst others, Looney Tunes collection and Harry Potter collection whereby elements of the iconic characters are featured on Carlo Rino's women's handbags, shoes, wallets, scarves, watches, wristlets and t-shirts. In view that the agreement will only expire on 31 December 2024, our Company has not decided whether to negotiate for the renewal of the product license agreement at this juncture.</p>



Apart from the above, our Group continuously undertakes branding exercise to maintain our brand identity by establishing the layout and design of our boutiques with the spirit of Carlo Rino in mind, which instills a youthful, vibrant, colourful and bold vibe. Our Group is also looking to further expand our retail presence in Malaysia by opening additional boutiques and departmental store counters across Malaysia following the completion of the Proposed Transfer, as and when the opportunities arise.

Considering the positive outlook of the fashion industry in Malaysia and Indonesia as set out in **Section 6.2 of Part A** of this Circular and leveraging on our established track record in the design, marketing and retailing of women's footwear, handbags and accessories, our Group believes that we will be able to capture the growth opportunities presented by the growing industry in which our Group operates in.

*(Source: Our management)*

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## 7. FINANCIAL EFFECTS OF THE PROPOSALS AND PROPOSED EXIT OFFER

### 7.1 Share capital

The Proposed Withdrawal of Listing and Proposed Exit Offer will not have any effect on the share capital of our Company as they do not involve any issuance of new Shares.

The proforma effects of the Proposed Transfer on our Company's issued share capital, under both Scenario 1 and Scenario 2, are as illustrated below:

	Scenario 1 and Scenario 2	
	No. of Shares	RM
As at the LPD	805,651,400	68,000,000
To be issued pursuant to the Proposed Public Issue	171,865,700	51,559,710 <sup>(1)</sup>
<b>Enlarged issued share capital</b>	<b>977,517,100</b>	<b>119,559,710</b>

Note:

(1) Computed based on an illustrative IPO Price of RM0.30 per IPO Share.

### 7.2 NA and gearing

The Proposed Withdrawal of Listing and Proposed Exit Offer will not have any effect on the NA, NA per Share and gearing of our Group as they do not involve any issuance of new Shares.

The proforma effects of the Proposed Transfer on the NA and gearing of our Group based on the audited consolidated financial statements of our Company as at 30 June 2023, under both Scenario 1 and Scenario 2, are as follows:

	Scenario 1 and Scenario 2	
	(Audited) As at 30 June 2023	After the completion of the Proposed Transfer
	RM	RM
Share capital	68,000,000	119,559,710 <sup>(1)</sup>
Reserves	32,179,742	27,979,742 <sup>(2)</sup>
<b>Shareholders' fund/ NA</b>	<b>100,179,742</b>	<b>147,539,452</b>
No. of Shares in issue	805,651,400	977,517,100
NA per Share (RM)	0.12	0.15
Total borrowings (which inclusive the lease liabilities owing to a financial institution) (RM)	19,787,628	19,787,628
Gearing (times)	0.20	0.13

Notes:

(1) Assuming 171,865,700 IPO Shares are issued at the illustrative IPO Price of RM0.30 each.

(2) After accounting for the estimated expenses for the Proposals of RM4,200,000.

### 7.3 Earnings and EPS

The Proposed Withdrawal of Listing and Proposed Exit Offer will not have any effect on the EPS of our Group as they do not involve any issuance of new Shares.

The Proposed Transfer is expected to have dilutive effects on the EPS of our Group for FYE 2025, under both Scenario 1 and Scenario 2, due to the increase in the number of Shares in issue. However, the extent of dilution to the EPS of our Group will depend on, amongst others, future earnings of our Group and the returns to be generated by our Group from the utilisation of proceeds from the Proposed Public Issue.

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#### 7.4 Substantial shareholders' shareholdings

The Proposed Withdrawal of Listing will not have any effect on the shareholdings of our substantial shareholders as it does not involve any issuance of new Shares.

The proforma effects of the Proposed Exit Offer and the Proposed Transfer on the shareholdings of our substantial shareholders as at the LPD are as follows:

##### Scenario 1

	As at the LPD			(I) After the Proposed Exit Offer			(II) After (I) and the Proposed Transfer			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
DSCFY	257,000,498	31.90	-	31.90	257,000,498	-	257,000,498	26.29	-	-
CSS	54,029,700	6.71	358,361,904 <sup>(4)</sup>	44.48	54,029,700	358,361,904 <sup>(4)</sup>	54,029,700	5.53	358,361,904 <sup>(4)</sup>	36.66
BHSB	202,875,868	25.18	-	25.18	202,875,868	-	202,875,868	20.75	-	-
FTSB	111,041,200	13.78	-	13.78	111,041,200	-	111,041,200	11.36	-	-

##### Scenario 2

	As at the LPD			(I) After the Proposed Exit Offer			(II) After (I) and the Proposed Transfer			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
DSCFY	257,000,498	31.90	-	42.82	344,984,854	-	257,000,554 <sup>(3)</sup>	26.29	-	-
CSS	54,029,700	6.71	358,361,904 <sup>(4)</sup>	6.71	54,029,700	358,361,904 <sup>(4)</sup>	54,029,700	5.53	358,361,904 <sup>(4)</sup>	36.66
BHSB	202,875,868	25.18	-	25.18	202,875,868	-	202,875,868	20.75	-	-
FTSB	111,041,200	13.78	-	13.78	111,041,200	-	111,041,200	11.36	-	-

Notes:

- (1) Based on 805,651,400 Shares in issue as at the LPD.
- (2) Based on the proforma enlarged 977,517,100 Shares in issue after the completion of the Proposed Transfer.
- (3) After accounting for the Proposed Offer for Sale by DSCFY, if applicable (refer to **Section 2.1.3, note (4) of Part A** of this Circular for further details).
- (4) Deemed interested pursuant to his substantial shareholdings in companies controlled by him pursuant to Section 8 of the Act (refer to **Section 2.2 of Part A** of this Circular for further details).

## 7.5 Convertible securities

As at the LPD, our Company does not have any convertible securities.

## 7.6 Public shareholding spread

Based on the Record of Depositors of our Company as at the LPD, approximately 10.92% of the issued share capital of our Company is held by 3,047 public shareholders each holding not less than 100 Shares each. The proforma public shareholding spread of our Company upon completion of the Proposed Transfer is illustrated as below:

### Scenario 1

Particulars	As at the LPD		(I) After the Proposed Transfer	
	No. of Shares	%	No. of Shares	%
Share capital	805,651,400	100.00	977,517,100	100.00
Less:				
Shareholdings of Directors and substantial shareholders of our Group and their associates	(717,667,044)	(89.08)	(718,467,044) <sup>(1)</sup>	(73.50)
Shareholders holding less than 100 Shares	(316)	~	(316)	~
<b>Public shareholding spread</b>	<b>87,984,040</b>	<b>10.92</b>	<b>259,049,740</b>	<b>26.50</b>

### Scenario 2

Particulars	As at the LPD		(I) After the Proposed Transfer	
	No. of Shares	%	No. of Shares	%
Share capital	805,651,400	100.00	977,517,100	100.00
Less:				
Shareholdings of Directors and substantial shareholders of our Group and their associates	(717,667,044)	(89.08)	(718,467,100) <sup>(2)</sup>	(73.50)
Shareholders holding less than 100 Shares	(316)	~	-	-
<b>Public shareholding spread</b>	<b>87,984,040</b>	<b>10.92</b>	<b>259,050,000</b>	<b>26.50</b>

Notes:

~ Negligible.

- (1) Inclusive of the proposed issuance and allotment of 800,000 IPO Shares to Independent Directors of our Company pursuant to the Proposed Public Issue.
- (2) Inclusive of the proposed issuance and allotment of 800,000 IPO Shares to Independent Directors of our Company pursuant to the Proposed Public Issue and fractional Shares (i.e., less than 100 Shares) to be retained and not placed out by DSCFY pursuant to the Proposed Offer for Sale.

Pursuant to Rule 3.10(1) of the ACE LR, we must have at least 25% of total number of Shares for which listing is sought (excluding treasury shares, if any) to be in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each. Subject to obtaining all the Relevant Approvals, we shall comply with the public shareholding spread requirement of the ACE LR upon completion of the Proposed Transfer under both Scenario 1 and Scenario 2. For information purpose, if DSCFY receives valid acceptances of less than 1,000,000 Offer Shares (i.e., 999,999 Offer Shares), DSCFY shall retain all such Offer Shares and there shall be no Proposed Offer of Sale which in turn, our proforma public shareholding spread shall be approximately 26.40% (which is still in compliance with the ACE LR).

For your information, our Shares under the Proposed Offer for Sale, if any, will not be underwritten and shall be placed out by placement agent to independent third-party investors to broaden our Company's shareholder base to meet the public shareholding spread requirements.

## 8. IMPACT OF THE PROPOSALS AND PRICE DISCOVERY MECHANISM ON OUR GROUP AND OUR SHAREHOLDERS

### 8.1 Effects on the public shareholding spread

Based on the Record of Depositors of our Company as at the LPD, approximately 10.92% of the issued share capital of our Company is held by 3,047 public shareholders each holding not less than 100 Shares each. Upon completion of the Proposals, the public shareholding spread is expected to increase to up to 26.50% as illustrated in **Section 7.6 of Part A** of this Circular.

### 8.2 Dilution to our existing shareholders' shareholdings

The issuance of new Shares pursuant to the Proposed Public Issue is expected to result in a dilution in the shareholdings of our existing shareholders. The extent of the dilution to the substantial shareholders of our Company is as illustrated in **Section 7.4 of Part A** of this Circular.

### 8.3 Impact of price discovery mechanism to our Group

The current market price of our Shares on the LEAP Market is not reflective of the true valuation of our Group primarily due to lack of liquidity and trading of our Shares on the LEAP Market. The price discovery mechanism as set out in **Section 2.1.3 of Part A** of this Circular seeks to determine a share price of our Shares that is reflective of the valuation of our Group. Therefore, the resultant share price arising from the price discovery mechanism may result in a share price that differs significantly from the current market prices of our Shares, which would be expected to have an impact to the value of our shareholders' shareholdings, as illustrated below:

	Share prices (as traded on the LEAP Market) <sup>(1)</sup>	Illustrative IPO Price (upon completion of Proposed Transfer)	Premium of illustrative IPO Price	
	(A)	(B)	(B-A)	
	RM	RM	RM	%
Closing price on the LPD	0.2250	0.3000	0.0750	33.33
Up to and including the LPD:				
(i) 5-day VWAP	0.2250	0.3000	0.0750	33.33
(ii) 1-month VWAP	0.2251	0.3000	0.0749	33.27
(iii) 3-month VWAP	0.2185	0.3000	0.0815	37.30
(iv) 6-month VWAP	0.2169	0.3000	0.0831	38.31
(v) 12-month VWAP	0.2202	0.3000	0.0798	36.24

Notes:

(1) Source: Bloomberg Finance L.P.

(2) Being closing price of our Shares on 20 November 2023 (last trading day prior to the LPD).

However, there can be no assurance that (i) the final IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon completion of the Proposed Transfer; (ii) the market price of our Shares will not decline below the final IPO Price after the Proposed Transfer; and (iii) final IPO Price will not fall below our share price on LEAP Market. Our Shares could trade at prices lower than the final IPO Price depending on various factors, including current economic, financial and fiscal condition in Malaysia; our Group's operations and financial performance; and the market price volatility for securities in similar or related industry in Malaysia. There is no assurance that any market for our Shares will not be disrupted by price volatility or other factors, which may have a material adverse effect on the market price of our Shares. You shall exercise caution and take note that there is potential immediate paper loss of holding our Shares upon completion of the Proposals.

## 9. HISTORICAL SHARE PRICES

The highest and lowest traded market prices of our Share for the past 12 months up to the LPD are as follows:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b>2022</b>		
November	0.210	0.181
December	0.229	0.205
<b>2023</b>		
January	0.229	0.210
February	0.243	0.219
March	0.224	0.175
April	0.190	0.185
May	0.243	0.185
June	0.243	0.185
July	0.195	0.195
August	0.195	0.170
September	0.230	0.205
October	0.245	0.220

The last transacted market price of our Share as at 4 August 2023 (being the last day our Shares were traded prior to the date of the Announcement) was RM0.175 each.

The last transacted market price of our Share as at 20 November 2023 (being the last trading day prior to the LPD) was RM0.225 each.

*(Source: Bloomberg Finance L.P.)*

## 10. APPROVALS REQUIRED

The Proposals are subject to and conditional upon the approvals being obtained from the following:

- (i) our shareholders at the EGM to be convened for the following:
  - (a) Proposed Withdrawal of Listing; and
  - (b) Proposed Transfer as well as the issuance of new Shares pursuant to the Proposed Public Issue to be implemented in conjunction with the Proposed Transfer;
- (ii) Bursa Securities for the following:
  - (a) Proposed Withdrawal of Listing;
  - (b) admission of the entire enlarged issued share capital of our Company to the Official List of the ACE Market; and
  - (c) listing and quotation of the following on the ACE Market:
    - (aa) 805,651,400 Shares; and
    - (bb) any such number of new Shares to be issued pursuant to the Proposed Public Issue;
- (iii) the SC for the resultant equity structure under the equity requirement for public listed companies pursuant to the Proposed Transfer;
- (iv) MITI for taking note and having no objections to the Proposed Transfer;
- (v) Bursa Securities for the registration of the Prospectus; and
- (vi) the approval/consents from any other relevant authorities and/or parties, if required.

For item 10(i)(b) above, pursuant to Section 85(1) of the Act read together with Clause 10 of the Constitution of our Company, our shareholders have pre-emptive rights to first be offered any new Shares which rank equally to the existing issued Shares arising from any potential issuance of new Shares in our Company.

Section 85(1) of the Act provides as follows:

**“85. Pre-emptive rights to new shares**

- (1) *Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”*

Clause 10 of the Constitution of our Company provides as follows:

*“Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.”*

In order for our Board to issue new Shares under the Proposed Public Issue without first offering the same to our ordinary shareholders, our Company will need to obtain a waiver from our shareholders on your pre-emptive rights under Section 85(1) of the Act and Clause 10 of the Constitution of our Company at our EGM to be convened for the Proposals. If the resolution is passed, it will waive your pre-emptive rights to first be offered any new Shares to be issued by our Company pursuant to the Proposed Public Issue, which upon issuance, will dilute your percentage of shareholdings in our Company.

For information purpose, the proposed allocation of IPO Shares to Independent Directors of our Company is subject to approval from our shareholders at a separate EGM to be convened later, i.e., prior to the serving of the Notice.

## **11. CONDITIONALITY OF THE PROPOSALS**

The Proposed Transfer is inter-conditional with the Proposed Withdrawal of Listing.

The Proposed Exit Offer shall only be undertaken by the Joint Offerors upon obtaining the Pre-Conditions (i.e., items (i) to (iv) in **Section 10 of Part A** of this Circular), all being pre-conditions to be fulfilled prior to the Joint Offerors implementing the Proposed Exit Offer. The SC has, vide its letter dated 8 August 2023, provided its consent for the announcement of the Proposed Exit Offer be subject to the Pre-Conditions. In accordance with the note 6 to paragraph 6.02 of the Rules, the Joint Offerors expect all Pre-Conditions to be fulfilled within 4 to 6 months after the exposure draft Prospectus is published, and the Pre-Conditions shall not be relied upon to cause the Proposed Exit Offer to lapse unless the SC is satisfied that (i) the Joint Offerors have demonstrated reasonable efforts to fulfil the Pre-Conditions within the time period specified; and (ii) the circumstances that give rise to the right to rely upon the Pre-Conditions is material in the context of the Proposals. For your information, if any of the Pre-Conditions are not fulfilled, the Proposed Exit Offer will not be made and TA Securities will make an announcement, on behalf of the Joint Offerors, confirming the fact as soon as reasonably practicable.

Save for the above, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

Save for the Proposals, there are no other corporate exercises that has been announced by our Company but not yet completed prior to the printing of this Circular.

## 12. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

DSCFY is one of the Joint Offerors and he will receive all the valid acceptances pursuant to the Proposed Exit Offer. Further, in the event there are 1,000,000 Offer Shares or more received by DSCFY pursuant to the Proposed Exit Offer, the Offer Shares will be offered for sale by him pursuant to the Proposed Offer for Sale. Due to his involvement in the Proposed Exit Offer and Proposed Offer for Sale, DSCFY who is a member of our Board has voluntarily abstained from and will continue to abstain from any deliberations or voting at our relevant Board meeting(s) in relation to the Proposals.

As the Proposals affect the rights of all of our shareholders equally and no specific shareholder or group of shareholders would derive any special benefits from the Proposals, all of our shareholders (including the Joint Offerors and the Undertaking Shareholders) are entitled to vote in respect of their direct and indirect shareholdings in our Company on the resolutions for the Proposals at our forthcoming EGM.

For your information, all the Independent Directors will be appointed to our Board subsequent to the shareholders' approval of the Proposals is being obtained. The proposed allocation of IPO Shares to each of our Independent Directors is subject to our shareholders' approval at a separate EGM to be convened later.

## 13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for DSCFY) namely Datuk Ng Peng Hong @ Ng Peng Hay and Ong Boon Huat are not interested in the Proposals as well as the Proposed Exit Offer and thus are able to deliberate and vote at the related Board meetings of the Proposals and Proposed Exit Offer.

After taking into consideration all aspects of the Proposals including but not limited to the rationale, risk factor and the financial effects of the Proposals, as well as the evaluation and recommendation from the Independent Adviser as set out in **Part B** of this Circular, our Board (save for DSCFY) is of the opinion that the Proposals are in the best interest of our Company and recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at our EGM to be convened.

## 14. TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to obtaining the Relevant Approvals as set out in **Section 10 of Part A** of this Circular, our Board expects the Proposals to be completed in the 2<sup>nd</sup> half of calendar year 2024, with the tentative timetable for the implementation of the Proposals and the Proposed Exit Offer is set out below:

<b>Tentative timeline</b>	<b>Events</b>
28 December 2023	<ul style="list-style-type: none"><li>• EGM for the Proposals</li></ul>
End February 2024	<ul style="list-style-type: none"><li>• Submission of the prescribed transfer listing documents and the withdrawal application to Bursa Securities in relation to the Proposed Transfer</li><li>• Submission of the applications to MITI and the SC (Equity Compliance Unit) in relation to the Proposed IPO</li></ul>
April 2024#	<ul style="list-style-type: none"><li>• MITI for taking note and having no objections to the Proposed IPO</li></ul>
End July 2024#	<ul style="list-style-type: none"><li>• Approval from Bursa Securities</li><li>• Approval from the SC (Equity Compliance Unit) for the resultant equity structure</li><li>• Serving of the Notice on our Board</li><li>• EGM for the proposed allocation of IPO Shares to Independent Directors of our Company<sup>^</sup></li></ul>
Mid August 2024	<ul style="list-style-type: none"><li>• Release of the special audit on the interim financial results of our Group</li></ul>
End August 2024	<ul style="list-style-type: none"><li>• Despatch of the Offer Document by the Joint Offerors</li></ul>
Early September 2024	<ul style="list-style-type: none"><li>• Despatch of the IAC</li></ul>
Mid September 2024	<ul style="list-style-type: none"><li>• Closing Date</li></ul>

<b>Tentative timeline</b>	<b>Events</b>
October 2024	<ul style="list-style-type: none"> <li>• Announcement on the final details of the Proposed IPO</li> <li>• Issuance of the Prospectus</li> </ul>
November 2024	<ul style="list-style-type: none"> <li>• Allotment of IPO Shares*</li> <li>• Withdrawal of our Company's listing on the LEAP Market</li> <li>• Admission of our Company on the ACE Market</li> <li>• Completion of the Proposals</li> </ul>

Notes:

# *This is merely an assumption made by our Company that the relevant authorities will revert with their decisions on the Proposed IPO within a reasonable timeframe from our applications.*

^ *If required, we may convene such EGM at an earlier date to be determined by our Board in due course.*

\* *Trading of our Shares will be suspended from the date of allotment of the IPO Shares, which shall be determined and announced later, until the date of listing of our Company on the ACE Market.*

## 15. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held at Cheras 2 Room, Silka Cheras Hotel, No. 100, Jalan Cheras, Phoenix Business Park, 56000 Kuala Lumpur, Malaysia (<https://www.silkahotels.com/silka-cheras>) on Thursday, 28 December 2023 at 10.45 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote at our EGM and wish to appoint a proxy or proxies, you must complete the Proxy Form in accordance with the instructions contained therein and deposit it at the office of the Share Registrar of our Company, Bina Management (M) Sdn. Bhd., at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding our EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting at our EGM should you subsequently decide to do so.

## 16. FURTHER INFORMATION

You are advised to refer to the IAL as set out in **Part B** of this Circular and the appendices of this Circular for further information.

Yours faithfully,

For and on behalf of the Board of

**CARLO RINO GROUP BERHAD (FORMERLY KNOWN AS CRG INCORPORATED BERHAD)**

**DATUK NG PENG HONG @ NG PENG HAY**

Independent Non-Executive Chairman

**PART B**

**INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSALS AND THE PROPOSED  
EXIT OFFER**



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## EXECUTIVE SUMMARY

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*All the definitions used in this executive summary shall have the same meanings and expressions as defined in the Definitions section of and throughout the Circular, except where the context otherwise requires or where otherwise defined herein. All references to “you” and “your” are to the shareholders of CRG, whilst references to “we”, “us” and “our” are to MainStreet, being the Independent Adviser for the Proposals and the Proposed Exit Offer.*

**This executive summary highlights the salient information of the Proposals and the Proposed Exit Offer. Shareholders of CRG are advised to read and understand this IAL in its entirety, together with Part A of the Circular and the appendices thereto for any other relevant information, and not to rely solely on the executive summary before forming an opinion on the Proposals. You are also advised to consider carefully the recommendation contained herein before voting on the relevant resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of CRG.**

**If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, investment adviser, accountant, solicitor, or other professional advisers immediately.**

### 1. INTRODUCTION

On 14 August 2023, on behalf of the Board, TA Securities announced that CRG proposed to undertake the Proposals. On the same day, the Joint Offerors had, vide the Proposal Letter, informed the Board that they proposed to undertake the Proposed Exit Offer to facilitate the Proposals.

Accordingly, the Board (save for DSCFY) had on 15 August 2023 appointed MainStreet to act as the Independent Adviser to advise the shareholders of CRG in respect of the Proposed Withdrawal of Listing as well as the non-interested Directors and non-interested shareholders of CRG in relation to the Proposed Exit Offer. The Board (save for DSCFY) namely Datuk Ng Peng Hong @ Ng Peng Hay and Ong Boon Huat are not interested in the Proposals as well as the Proposed Exit Offer and thus are able to deliberate and vote at the related Board meetings of the Proposals and Proposed Exit Offer.

On 18 August 2023, CRG announced the CRG Dividend, which was payable to the shareholders of CRG whose names appear in the Record of Depositors of the Company on 1 September 2023. The CRG Dividend was subsequently paid on 15 September 2023. Pursuant to note (3) to paragraph 6.03 of the Rules (as set out in **Section 2.2.3 of Part A of the Circular**) the Joint Offerors had, via the Adjustment Letter, informed the Board that the Exit Offer Price has been adjusted to RM0.225 per Offer Share. On the same day, the Company announced the Adjusted Exit Offer Price.

For information purpose, the shareholders of CRG whose names appeared in the Record of Depositors of the Company on 1 September 2023 are entitled to retain the benefits of the CRG Dividend and accordingly, the Exit Offer Price on Offer Shares held by these shareholders will be reduced to the Adjusted Exit Offer Price as the total value derived from Offer Shares held by these shareholders remains unchanged. On the other hand, if you have acquired CRG Shares on ‘ex-dividend’ basis or after the entitlement date for the CRG Dividend, the theoretical value of these Shares have been adjusted and accordingly, the Offer Shares held by these shareholders will be subject to the Adjusted Exit Offer Price.

Pursuant to the note of paragraph 5.01 and subparagraph 6.03(2) of the Rules, the offer price in a voluntary take-over offer must meet the following criteria: -

	Remarks
<b><u>Note of paragraph 5.01 of the Rules</u></b>  A voluntary offer should not be made at a price that is substantially below the market price of the shares in the offeree company. A voluntary offer at more than a 50 per cent discount to the lesser of the closing price of the relevant shares of the offeree company on the day before the announcement under paragraph 9.10 of the Rules and the five-day average closing price prior to such day will be considered as being “substantially below the market price of the shares in the offeree company.”	The closing price of CRG Shares up to 11 August 2023, being the LMD, is RM0.175 per CRG Share. Therefore, the Adjusted Exit Offer Price is not lower than a 50% discount to the lesser of the closing price of the Share on the day before the announcement of the Proposed Exit Offer. For your information, there have been no trading of CRG Shares during the 5 market days up to the LMD and therefore no 5-day VWAP of the Share up to the LMD.

## EXECUTIVE SUMMARY (Cont'd)

	Remarks
<p><b><u>Subparagraph 6.03(2) of the Rules</u></b></p> <p>The offer price in a voluntary take-over offer must not be less than the highest price (excluding stamp duty and commission) paid or agreed to be paid by the offeror or persons acting in concert for any voting shares or voting rights to which the take-over offer relates, during the offer period and within three months prior to the beginning of the offer period.</p>	<p>The Joint Offerors did not acquire or agree to acquire any voting shares or voting rights of CRG within 3 months prior to the beginning of the Offer Period.</p> <p>The Adjusted Exit Offer Price represents the highest price paid by DSCFY (excluding transaction costs) for the Share in the 7-month period prior to the date of the Proposal Letter (i.e., RM0.23) less the CRG Dividend.</p>

As each component of the Proposals are inter-conditional upon one another, our evaluation would also encompass the evaluation of the Proposed Transfer in order to provide the shareholders of CRG with a holistic view of the fairness and reasonableness of the Proposed Withdrawal of Listing and Proposed Exit Offer. For clarity, upon implementation of the Proposed Exit Offer, the Offer Document and the IAC will be despatched to the shareholders of CRG as required under the Rules where we provide our views and recommendations to the non-interested directors and holders of the Offer Shares in relation to the Proposed Exit Offer. The Offer Period for the Proposed Exit Offer shall commence from the date of the Proposal Letter until the Closing Date.

The purpose of this IAL is to provide the shareholders of CRG with an independent opinion as to whether the Proposals are fair and reasonable as well as on the fairness and reasonableness of the Proposed Exit Offer.

Please refer to **Section 2 of Part A of the Circular** for the details of the Proposals.

## 2. OUR EVALUATION OF THE PROPOSALS

In evaluating the Proposals, we have taken into consideration the following factors:

Section in this IAL	Area of evaluation	Comments
Section 6.1	Rationale and justifications for the Proposals	We are of the view that the rationale and justifications for the Proposals are reasonable as it will provide an avenue for the shareholders of CRG to hold CRG Shares with enhanced liquidity and marketability. In conjunction with the Proposed Transfer, the Company plans to undertake the Proposed Public Issue which will raise proceeds to be utilised in a manner that will enable the Group to further expand its retail presence in Malaysia. The Proposed Withdrawal of Listing together with the Proposed Exit Offer are essentially aimed at facilitating the timely and efficient implementation of the Proposed Transfer. However, shareholders of CRG should note that the Proposals are subject to the Company obtaining the Relevant Approvals or fulfilling the Pre-Conditions as set out in <b>Section 10 of Part A of the Circular</b> .
Section 6.2	Indicative listing scheme	We are of the view that the basis of allocation of IPO Shares are reasonable as it broadens the Company's shareholder base to meet the public shareholding spread requirement as well as comply with other relevant requirements stated in the ACE LR, Equity Guidelines and Bumiputera equity requirement for public listed companies (" <b>Bumiputera Equity Requirement</b> "). However, shareholders of CRG should note that the allotted percentage of the enlarged issued share capital of the Company is indicative at this

**EXECUTIVE SUMMARY (Cont'd)**

Section in this IAL	Area of evaluation	Comments
		<p>juncture in view that the proposed allocation of new Shares to each of the Independent Directors is subject to the shareholders' approval at a separate EGM to be convened later.</p>
Section 6.3	Basis and justifications for the illustrative IPO Price	<p>We note that the IPO Price will be determined by the Board and the underwriter(s) at a later date, after taking into consideration, amongst others, the latest earnings performance of the Group, the prevailing PE Multiple of selected comparable public listed companies categorised under the 'personal goods' or 'retailers' subsector of the 'consumer products and services' sector on the Main Market and/or the ACE Market, the prevailing PE Multiple valuation of all component stocks within KLCSU Index as well as the prevailing equity market and economic conditions in Malaysia.</p> <p>Based on Section 6.3 of this IAL, an illustrative IPO Price of RM0.30 per IPO Share is assumed, which represents:</p> <ul style="list-style-type: none"> <li>(a) an illustrative PE Multiple of approximately 10.13 times, computed based on the audited EPS of the Group of approximately 2.96 sen for the FYE 2023 and the total number of 805,651,400 Shares in issue as at the LPD; and</li> <li>(b) an illustrative PE Multiple of approximately 12.29 times, computed based on the audited EPS of the Group of approximately 2.44 sen for the FYE 2023 and the proforma enlarged total number of 977,517,100 Shares (after considering the issuance and allotment of IPO Shares).</li> </ul> <p>With further reference to Section 6.3 of this IAL, we are of the opinion that the basis and justifications of arriving at the illustrative IPO Price are fair and reasonable as the illustrative PE Multiple of the Company of approximately 12.29 times, computed based on the EPS of the Group of approximately 2.44 sen for the FYE 2023, is at a 24.51% discount from the sector PE Multiple valuation of all component stocks within KLCSU Index of 16.28 times as at LPD and falls slightly above the highest PE Multiple of the selected comparable companies of 11.20 times.</p>
Section 6.4	Financial effects of the Proposals and Proposed Exit Offer	<p>The Proposed Withdrawal of Listing and Proposed Exit Offer will not have an effect on the issued share capital of CRG, the NA, NA per Share, gearing, earnings and EPS of the Group as they do not involve any issuance of new Shares. Under both Scenario 1 and Scenario 2:</p> <ul style="list-style-type: none"> <li>1) the Proposed Transfer will increase the issued share capital of CRG pursuant to the issuance of new Shares from the Proposed Public Issue.</li> <li>2) based on the audited consolidated financial statement of CRG as at 30 June 2023, the Group's NA per Share will increase from RM0.12 to RM0.15 and the Group's gearing will reduce from 0.20 times to 0.13 times after the completion of the Proposed Transfer.</li> <li>3) the Proposed Transfer is expected to have dilutive effects on the Group's EPS for FYE 2025, due to the increase in the number of Shares in issue of 171,865,700 under the Proposed Public Issue, which is not subject to change.</li> </ul>

**EXECUTIVE SUMMARY (Cont'd)**

Section in this IAL	Area of evaluation	Comments
		<p>4) the Proposed Withdrawal of Listing will not have any effect on the Company's substantial shareholders shareholdings as it does not involve any issuance of new Shares. However, under both scenarios, the substantial shareholders will experience a dilution in their shareholdings upon completion of the Proposed Transfer. Under Scenario 2, DSCFY will first experience an increase in his shareholdings upon completion of the Proposed Exit Offer followed by a decrease in his shareholdings upon completion of the Proposed Transfer.</p> <p>With further reference to the effects as illustrated in Section 6.4 of this IAL, we are of the view that the overall financial effects of the Proposals and the Proposed Exit Offer are not detrimental to the interest of the shareholders of CRG.</p>
Section 6.5	Industry outlook and prospects of the Group	<p>We note that the Malaysian economy and the women's fashion industry in Malaysia, Indonesia, and Thailand are improving with the re-opening of economic activities and borders as these 3 countries transition to endemicity post COVID-19 pandemic. With further reference to Section 6.5 of this IAL and the generally positive outlook on the continued growth in the women's fashion industry in Malaysia, Indonesia, and Thailand, we are of the view that the overall prospects of the CRG Group following the completion of the Proposals are favourable.</p>
Section 6.6	Risk factors for the Proposals	<p>In evaluating the Proposals, you should carefully consider the following risk factors as set out in <b>Section 5 of Part A of the Circular:</b></p> <ul style="list-style-type: none"> <li>(a) Risks relating to the Proposals such as completion risk, financial risk and investment risk;</li> <li>(b) Risks relating to no prior market for the Shares on the ACE Market and the uncertainty on whether a sustainable market for the Shares on the ACE Market will ever develop;</li> <li>(c) The market price of the Shares is subject to market vagaries;</li> <li>(d) Potential immediate paper loss of holding of the Shares upon completion of the Proposals;</li> <li>(e) Risks relating to a shareholding dilution; and</li> <li>(f) Risks relating to not implementing the Group's future plans.</li> </ul> <p>We wish to highlight that although efforts and measures would be taken by the Company to ensure that the risks associated with the Proposals are mitigated, no assurance can be given that one or a combination of risk factors will not occur and give rise to material and adverse impact on the business operations of CRG, its competitiveness, financial performance, financial position, or prospects thereon, and that CRG Shares will trade at or above the final IPO Price upon CRG's listing on the ACE Market.</p>

### 3. OUR EVALUATION OF THE PROPOSED EXIT OFFER

In arriving at our recommendation in respect of the Proposed Exit Offer, we have assessed the fairness and reasonableness of the Proposed Exit Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:

- (i) in relation to a take-over, the term “fair and reasonable” should generally be analysed as two (2) distinct criteria i.e. whether the offer is “fair” and whether the offer is “reasonable”, rather than as a composite term;
- (ii) the take-over offer is considered “fair”, if the offer price is equal to or higher than the market price and is also equal to or higher than the value of the securities of the offeree. However, if the offer price is equal to or higher than the market price but is lower than the value of the securities of the offeree, the take-over offer is considered “not fair”. In making the assessment, the value of the securities of the offeree is determined based on the assumption that 100% of the issued shares of the offeree is being acquired; and
- (iii) pursuant to paragraph 4 of Schedule 2: Part III of the Rules, in considering whether a take-over offer is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer. A take-over offer would be considered “reasonable” if it is “fair”.

The CRG Group is principally involved in the business of designing, promoting, marketing, distributing, and retailing of women’s handbags, footwear, and accessories. We have considered the discounted cash flow (“**DCF**”) methodology as the most appropriate valuation methodology in arriving at the value of CRG Shares. Please refer to Section 8.1 of this IAL for details on the valuation of CRG Shares.

#### 3.1 Fairness

Based on our analysis as set out in Section 8 of this IAL, although the Adjusted Exit Offer Price of RM0.225 represents:

- (i) a **premium** of RM0.0500 (28.57%) over the closing price of CRG Shares on the LMD;
- (ii) a **premium** of between RM0.0012 (0.54%) and RM0.0500 (28.57%) over the one (1)-month, three (3)-month, six (6)-month and one (1) year VWAPs of the CRG Shares up to the LMD; and
- (iii) a **premium** of between RM0.0081 (3.73%) and RM0.0048 (2.18%) over the three (3)-month, six (6)-month and one (1)-year VWAPs of the CRG Shares up to the LPD,

we are of the view that the Proposed Exit Offer is **not fair** as it represents:

- (a) a **discount** of RM0.0001 (0.04%) over the one (1)-month VWAP of the CRG Shares up to the LPD;
- (b) a **discount** of RM0.103 or approximately 31.40% to the estimated value of CRG Share of RM0.328 based on the DCF valuation; and
- (c) a **discount** of RM0.075 (25.00%) to the illustrative IPO price of RM0.30 per Share.

#### 3.2 Reasonableness

We are of the view that the Proposed Exit Offer is **not reasonable** after taking into consideration the following factors:

- (i) **in the event the Relevant Approvals are obtained, CRG will be withdrawn from the LEAP Market and listed on the ACE Market irrespective of the acceptance level for the Proposed Exit Offer.** The Proposed Exit Offer would only be implemented subsequent to the Company obtaining the Relevant Approvals and the CRG Shares will remain tradeable on the ACE Market and holders of the Offer Shares will still be able to realise their investment in CRG Shares in the open market. Furthermore, the holders of the Offer Shares will be able to enjoy the future potential benefits of holding ACE Market listed CRG Shares such as the benefit from being exposed to a

larger pool of investors, better price discovery and higher potential upside based on an illustrative IPO Price of RM0.30 per IPO Share compared to the Adjusted Exit Offer Price of RM0.225 per Offer Share. However, we note that the illustrative IPO Price is indicative at this juncture and the final IPO Price may differ from the illustrative IPO Price as they shall depend on the latest earnings performance of the Group (based on the latest audited accounts or a special audit on the latest interim financial results of the Group in order to ensure that the latest financial statements is well within its validity period prior to the issuance of the Prospectus); the prevailing PE Multiples of selected comparable public listed companies on Bursa Securities; and the prevailing equity market and economic condition in Malaysia. The IPO Price to be disclosed in the Prospectus shall be either the same or lower (if any major adverse events occur prior to the signing of the underwriting agreement) than the IPO Price to be disclosed in the Offer Document and IAC; and

- (ii) the Joint Offerors **do not intend to invoke the provisions of Section 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares from the dissenting shareholders for which valid acceptances have not been received under the Proposed Exit Offer even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled. This will assist the Company in complying with the public shareholding spread requirement as set out in Rule 3.10(1) if the ACE LR upon completion of the Proposed Transfer and allow the shareholders of the Company who do not accept the Proposed Exit Offer to not have their Shares compulsorily acquired by the Joint Offerors.

#### 4. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposals holistically and have set out our evaluation in Section 6 of this IAL. Shareholders of CRG should carefully consider the merits and demerits of the Proposals based on all relevant and pertinent factors including those set out above and other considerations as set out in this IAL, the Circular and appendices.

The Proposed Exit Offer is the adopted exit mechanism in order to facilitate the Proposed Withdrawal of Listing. Based on the above and our evaluation as set out in Section 8 and 9 of the IAL, we are of the view that the Proposed Exit Offer is **not fair** and **not reasonable**. Furthermore, the Proposed Exit Offer would only be implemented subsequent to the Company obtaining the Relevant Approvals and the CRG Shares will remain tradeable on the ACE Market of Bursa Securities and holders of the Offer Shares will still be able to realise their investment in CRG Shares in the open market. Furthermore, the holders of the Offer Shares will be able to enjoy the potential benefits of holding ACE Market listed CRG Shares such as the benefit from being exposed to a larger pool of investors, better price discovery and higher potential upside based on an illustrative IPO Price of RM0.30 per IPO Share compared to the Adjusted Exit Offer Price of RM0.225 per Offer Share. These benefits are concurrent with the benefits of voting in favour of the resolutions pertaining to the Proposals, however, in the event the shareholders of CRG were to vote against the resolutions pertaining to the Proposals at the forthcoming EGM of CRG, the Company will remain listed on the LEAP Market and will have to obtain other resources of funding for the indicative utilisation of proceeds as set out in **Section 2.1.4 of Part A of the Circular** whilst the expenses paid for the Proposals will be foregone.

However, we note that the illustrative IPO Price is indicative at this juncture and the final IPO Price may differ from the illustrative IPO Price as they shall depend on the latest earnings performance of the Group (based on the latest audited accounts or a special audit on the latest interim financial results of the Group in order to ensure that the latest financial statements is well within its validity period prior to the issuance of the Prospectus); the prevailing PE Multiples of selected comparable public listed companies on Bursa Securities; and the prevailing equity market and economic condition in Malaysia.

We will provide our detailed independent evaluation and recommendation on the Proposed Exit Offer in a separate IAC at a later stage after the Offer Document from the Joint Offerors has been despatched to you.

Based on our assessment and evaluation, we are of the opinion that the Proposals are **fair** and **reasonable**, and are **not detrimental** to the shareholders of CRG.

Accordingly, we recommend that the shareholders of CRG **vote in favour** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of CRG.

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**EXECUTIVE SUMMARY (Cont'd)**

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As far as our analyses and assessment as contained in the IAL are concerned, we have considered factors which we believe to be of general relevance to the shareholders of CRG as a whole. We have not taken into consideration any specific investment objective, financial situation, risk profile and particular need of any individual shareholder or any specific groups of shareholders of CRG.

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6 December 2023

**To: The shareholders of CRG**

Dear Sir/Madam,

**CARLO RINO GROUP BERHAD (formerly known as CRG Incorporated Berhad) (“CRG” OR “COMPANY”)**

**INDEPENDENT ADVICE LETTER (“IAL”) TO THE SHAREHOLDERS OF CRG IN RELATION TO THE PROPOSALS AND PROPOSED EXIT OFFER**

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*This IAL is prepared for the inclusion in the circular to the shareholders of CRG dated 6 December 2023 in relation to the Proposals. All the definitions used in this IAL shall have the same meanings and expressions as defined in the Definitions section of and throughout the Circular, except where the content otherwise requires or where otherwise defined herein.*

**1. INTRODUCTION**

On 14 August 2023, on behalf of the Board, TA Securities announced that CRG proposed to undertake the Proposals. On the same day, the Joint Offerors had, vide the Proposal Letter, informed the Board that they proposed to undertake the Proposed Exit Offer to facilitate the Proposals.

Accordingly, the Board (save for DSCFY) had on 15 August 2023 appointed MainStreet to act as the Independent Adviser to advise the shareholders of CRG in respect of the Proposed Withdrawal of Listing as well as the non-interested Directors and non-interested shareholders of CRG in relation to the Proposed Exit Offer as per Rule 8.06(1)(d) of the LEAP LR. The Board (save for DSCFY) namely Datuk Ng Peng Hong @ Ng Peng Hay and Ong Boon Huat are not interested in the Proposals as well as the Proposed Exit Offer and thus are able to deliberate and vote at the related Board meetings of the Proposals and Proposed Exit Offer.



On 18 August 2023, CRG announced the CRG Dividend, which was payable to the shareholders of CRG whose names appear in the Record of Depositors of the Company on 1 September 2023. The CRG Dividend was subsequently paid on 15 September 2023. Pursuant to note (3) to paragraph 6.03 of the Rules (as set out in **Section 2.2.3 of Part A of the Circular**) the Joint Offerors had, via the Adjustment Letter, informed the Board that the Exit Offer Price has been adjusted to RM0.225 per Offer Share. On the same day, the Company announced the Adjusted Exit Offer Price.

For information purpose, the shareholders of CRG whose names appeared in the Record of Depositors of the Company on 1 September 2023 are entitled to retain the benefits of the CRG Dividend and accordingly, the Exit Offer Price on Offer Shares held by these shareholders will be reduced to the Adjusted Exit Offer Price as the total value derived from Offer Shares held by these shareholders remains unchanged. On the other hand, if you have acquired CRG Shares on ‘ex-dividend’ basis or after the entitlement date for the CRG Dividend, the theoretical value of these Shares have been adjusted and accordingly, the Offer Shares held by these shareholders will be subject to the Adjusted Exit Offer Price.

Pursuant to the note of paragraph 5.01 and subparagraph 6.03(2) of the Rules, the offer price in a voluntary take-over offer must meet the following criteria: -

	Remarks
<p><b><u>Note of paragraph 5.01 of the Rules</u></b></p> <p>A voluntary offer should not be made at a price that is substantially below the market price of the shares in the offeree company. A voluntary offer at more than a 50 per cent discount to the lesser of the closing price of the relevant shares of the offeree company on the day before the announcement under paragraph 9.10 of the Rules and the five-day average closing price prior to such day will be considered as being “substantially below the market price of the shares in the offeree company.”</p>	<p>The closing price of CRG Shares up to 11 August 2023, being the LMD, is RM0.175 per CRG Share. Therefore, the Adjusted Exit Offer Price is not lower than a 50% discount to the lesser of the closing price of the Share on the day before the announcement of the Proposed Exit Offer. For your information, there have been no trading of CRG Shares during the 5 market days up to the LMD and therefore no 5-day VWAP of the Share up to the LMD.</p>
<p><b><u>Subparagraph 6.03(2) of the Rules</u></b></p> <p>The offer price in a voluntary take-over offer must not be less than the highest price (excluding stamp duty and commission) paid or agreed to be paid by the offeror or persons acting in concert for any voting shares or voting rights to which the take-over offer relates, during the offer period and within three months prior to the beginning of the offer period.</p>	<p>The Joint Offerors did not acquire or agree to acquire any voting shares or voting rights of CRG within 3 months prior to the beginning of the Offer Period.</p> <p>The Adjusted Exit Offer Price represents the highest price paid by DSCFY (excluding transaction costs) for the Share in the 7-month period prior to the date of the Proposal Letter (i.e., RM0.23) less the CRG Dividend.</p>

As each component of the Proposals are inter-conditional upon one another, our evaluation would also encompass the evaluation of the Proposed Transfer in order to provide the shareholders of CRG with a holistic view of the fairness and reasonableness of the Proposed Withdrawal of Listing and the Proposed Exit Offer.

The purpose of this IAL is to provide the shareholders of CRG with an independent opinion as to whether the Proposals are fair and reasonable as well as on the fairness and reasonableness of the Proposed Exit Offer. For clarity, upon implementation of the Proposed Exit Offer, the Offer Document and the IAC will be despatched to the shareholders of CRG as required under the Rules where we provide our views and recommendations to the non-interested directors and holders of the Offer Shares in relation to the Proposed Exit Offer. The Offer Period for the Proposed Exit Offer shall commence from the date of the Proposal Letter until the Closing Date.

Shareholders of CRG should nonetheless also perform their own evaluation on the merits of the Proposals and Proposed Exit Offer before making a decision on the course of action to be taken.

This IAL is prepared solely for the use of the shareholders of CRG for the purpose of considering the Proposals and Proposed Exit Offer and should not be used or relied upon by any other parties for any other purposes whatsoever.

**SHAREHOLDERS OF CRG ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, INVESTMENT ADVISER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. DETAILS OF THE PROPOSALS AND PROPOSED EXIT OFFER**

The full details of the Proposals and Proposed Exit Offer are set out in **Section 2 of Part A of the Circular**, which should be read in its entirety by the shareholders of CRG.

## **3. SCOPE AND LIMITATIONS TO OUR EVALUATION OF THE PROPOSALS AND PROPOSED EXIT OFFER**

We were not involved in the formulation or negotiations of the terms and conditions of the Proposals and the Proposed Exit Offer nor were we involved in the deliberations leading up to the decision by the Board in respect of the Proposals and the Proposed Exit Offer. The terms of reference of our appointment as the Independent Adviser to the shareholders of CRG in relation to the Proposed Withdrawal of Listing and Proposed Exit Offer are in accordance with the requirements as set out in Rule 8.06(1)(d) of the LEAP LR as stated in **Section 2.2.1 of Part A of the Circular**.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the Proposals as well as on the fairness and reasonableness of the Proposed Exit Offer, together with our recommendation on whether you should vote in favour of the resolutions pertaining to the Proposals. We have carried out our independent evaluation based on the information and documents requested and provided to us or which are available to us, including the following:

- (i) the information contained in Part A of the Circular, and the appendices attached thereto;
- (ii) information furnished to us (both orally and in writing) by CRG as well as discussions with the Board and management of CRG;
- (iii) the financial forecasts and projections of CRG Group for the five (5) years FYE 2024 to FYE 2028 (“**Future Financials**”) which was prepared by the management of CRG;
- (iv) past financial statements of CRG Group; and
- (v) other relevant publicly available information.

We have relied on the Board and management of CRG to exercise due care to ensure that all information, documents, confirmations, and representations provided to us to facilitate our evaluation of the Proposals and Proposed Exit Offer are accurate, valid, and complete in all material aspects. After making all reasonable enquiries and to the best of our knowledge, we are satisfied that sufficient information has been extended to us and we have no reason to believe that the aforesaid information and documents provided to us or which are available to us are unreasonable, incomplete and/or inaccurate as at the LPD.

The Board has seen, reviewed and accepted this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy of the information contained in this IAL (save for the views and recommendations of MainStreet) and confirms that, after having made all reasonable enquiries and to the best of their knowledge, there are no omissions of any material facts which would make any statements in this IAL false or misleading.

In rendering our advice, we have taken into consideration pertinent factors which we believe are of relevance and importance to you for a holistic assessment of the Proposals and Proposed Exit Offer and therefore are of general concern to you. Notwithstanding the following:

- (i) it is not within our terms of reference to express any opinion on the legal, accounting and taxation issues relating to the Proposals and Proposed Exit Offer; and
- (ii) we have not taken into consideration any specific investment objectives, financial situation, risk profile or particular needs of any individual shareholder or any specific groups of shareholders. We recommend that if any of you who require specific advice in relation to the Proposals and Proposed Exit Offer in the context of your individual investment objectives, financial situation, risk profile or particular needs should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion as set out in this IAL are based on, amongst others, the equity capital market, economic, industry, regulatory and other prevailing conditions and the information/documents made available to us as at the LPD.

After the despatch of the Circular and the IAL, we will notify the shareholders if we become aware of the following:

- (i) significant change materially affecting the information contained in the IAL;
- (ii) there is a reason to believe that the statements in the IAL are misleading/deceptive; and
- (iii) there is a material omission in the IAL.

#### **4. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE**

MainStreet confirms that there are no circumstances which exist or are likely to give rise to a possible conflict of interest situation for Mainstreet to carry out the role as the Independent Adviser in connection with the Proposals and Proposed Exit Offer. Save for the current appointment as the Independent Adviser, we did not have any other professional relationship with CRG at any time during the past two (2) years prior to the date of this IAL.

MainStreet is a corporate finance advisory firm licensed by the SC to carry on the regulated activity of advising on corporate finance under the CMSA. We have in the past assumed the role as an Independent Adviser for other corporate exercises, which included the following transactions since the last two (2) years:

- (i) Unconditional voluntary take-over offer by Chew Choo Soon and Chang Wai Hoong through UOBKH Kay Hian Securities (M) Sdn Bhd to acquire all the remaining ordinary shares in MyKRIS International Berhad (presently known as Zenworld Holdings Berhad) not already owned by Chew Choo Soon and Chang Wai Hoong, as per our independent advice circular dated 16 December 2021;
- (ii) Conditional voluntary take-over offer by Hextar Tech Sdn Bhd and Dato' Ong Choo Meng through M&A Securities Sdn Bhd to acquire all the remaining ordinary shares in Complete Logistic Services Berhad (presently known as Hextar Technologies Solutions Berhad) not already owned by Hextar Tech Sdn Bhd and Dato' Ong Choo Meng, as per our independent advice circular dated 31 December 2021;

- (iii) Unconditional voluntary take-over offer by Chew Choo Soon and Chang Wai Hoong through UOBKH Kay Hian Securities (M) Sdn Bhd to acquire all the remaining ordinary shares in Zenworld Holdings Berhad not already owned by Chew Choo Soon and Chang Wai Hoong, as per our independent advice circular dated 14 February 2022;
- (iv) Unconditional mandatory take-over offer by Dato' Sri Dr. Pang Chow Huat through M&A Securities Sdn Bhd to acquire all the remaining ordinary shares in Computer Forms (Malaysia) Berhad not already owned by Dato' Sri Dr. Pang Chow Huat, as per our independent advice circular dated 5 May 2022;
- (v) Proposed disposal of 100% equity interest in Lee Soon Seng Plastic Industries Sdn Bhd, a wholly-owned subsidiary of SCGM Bhd for a total cash consideration of approximately RM544.38 million ("**Proposed Disposal**") and proposed distribution of the proceeds arising from the Proposed Disposal to all entitled shareholders of SCGM Bhd by way of proposed capital reduction and repayment as well as proposed special dividend, as per our independent advice letter dated 29 July 2022;
- (vi) Proposed exemption under subparagraph 4.08(1)(b) of the Rules on Take-overs, Mergers and Compulsory Acquisition and the Malaysian Code on Take-overs and Mergers 2016 for Heng Holdings Sdn Bhd and persons acting in concert with it from the obligation to undertake a mandatory offer for the remaining Hua Yang Berhad shares and warrants not already owned by them pursuant to the proposed renounceable rights issue, as per our independent advice letter dated 12 August 2022;
- (vii) Unconditional voluntary take-over offer by Lee Ming Tee, Lee Seng Huang, Lee Seng Hui, Klang Enterprise Sdn Bhd, Sagittarius Management Sdn Bhd, Mount Glory Investments Limited, Magic Unicorn Limited, Mountbatten Corporation & Nautical Investments Limited (collectively, the "**Mulpha Joint Offeror**") to acquire all the remaining ordinary shares in Mulpha International Bhd not already held by the Mulpha Joint Offerors, as per our independent advice circular dated 25 October 2022;
- (viii) Conditional mandatory take-over offer by Intisari Delima Sdn Bhd through TA Securities to acquire all the remaining ordinary shares in Ornapaper Berhad not already owned by Intisari Delima Sdn Bhd as well as Sai Ah Sai, Sai Han Siong, Sai Chin Hock and persons acting in concert with them, as per our independent advice circular dated 25 October 2022;
- (ix) Proposed disposal of 100% equity interest in Seng Yip Furnitures Sdn Bhd, a wholly-owned subsidiary of SYF Resources Berhad ("**SYF**") to Mieco Chipboard Berhad for a total cash consideration of approximately RM50.0 million, proposed disposal of two (2) parcels of freehold land to Juta Development Sdn Bhd for a total cash consideration of approximately RM21.2 million, proposed acquisition of the entire equity interest and redeemable convertible preference shares in M&A Securities Sdn Bhd by SYF from Insas Berhad ("**Insas**") for a purchase consideration of RM222.0 million ("**Proposed Acquisition**") and proposed exemption under subparagraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisition for Insas and its persons acting in concert with it from the obligation to undertake a mandatory offer to acquire the remaining shares in SYF not already owned by them upon completion of the Proposed Acquisition, as per our independent advice letter dated 28 December 2022;
- (x) Proposed acquisition of 3 industrial properties by RHB Trustees Berhad, being the trustee of AME REIT, from the subsidiaries of AME Elite Consortium Berhad for a total cash consideration of RM69,250,000, as per our independent advice letter dated 10 February 2023;

- (xi) Proposed private placement of 240,405,370 new ordinary shares in LFE Corporation Berhad (“LFE”) (“LFE Shares”), representing approximately 30.0% of the total number of issued LFE Shares and proposed acquisition of 367,500 ordinary shares in Cosmo Property Management Sdn Bhd (“CPMSB”) representing the remaining 49% equity interest in CPMSB from Resolute Accomplishment Sdn Bhd for a purchase consideration of RM29.40 million to be satisfied via a combination of cash and issuance of new LFE Shares, as per our independent advice letter dated 12 April 2023;
- (xii) Conditional mandatory take-over offer by Special Flagship Holdings Sdn. Bhd. through UOB Kay Hian Securities (M) Sdn. Bhd. to acquire all the remaining ordinary shares in Minda Global Berhad not already held by Special Flagship Holdings Sdn. Bhd. and Tan Sri Dato’ Dr Palaniappan A/L Ramanathan Chettiar, as per our independent advice circular dated 19 June 2023; and
- (xiii) Proposed acquisition of 100% equity interest in Zapland Property Sdn Bhd from Gan Lee Ha and Lee Cheh Hian for a purchase consideration of RM39,034,668.65; proposed acquisition of 100% equity interest in Asiatic Network Sdn Bhd from Chai Chang Guan and Chai Seong Min for a purchase consideration of RM32,196,845.87; proposed acquisition of 100% equity interest in Brogan Maxim Sdn Bhd from Tan Sri Gan Seong Lam and Gan Kuok Chyuan for a purchase consideration of RM21,411,281.71; proposed acquisition of 100% equity interest in Maxim Realty Sdn Bhd from Tan Sri Gan Seong Liam and Puan Sri Loh Foong Ping for a purchase consideration of RM10,757,108.81 and proposed acquisition of 13.11% equity interest in Maxim Holdings Sdn Bhd from Sanlens Sdn Bhd for a purchase consideration of RM15,600,094.96, as per our independent advice letter dated 20 July 2023.

Premised on the foregoing, MainStreet is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the shareholders of CRG in relation to the Proposals and Proposed Exit Offer.

## **5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

The interests of the Directors, major shareholders, chief executive and/or persons connected with them are disclosed in **Section 12 of Part A of the Circular**. DSCFY is one of the Joint Offerors and he will receive all the valid acceptances pursuant to the Proposed Exit Offer. Further, in the event there are 1,000,000 Offer Shares or more received by DSCFY pursuant to the Proposed Exit Offer, the Offer Shares will be offered for sale by him pursuant to the Proposed Offer for Sale. In view of the above, DSCFY who is a member of the Board and has voluntarily abstained from and will continue to abstain from any deliberations or voting at the relevant Board meeting(s) in relation to the Proposals.

As the Proposals equally affect the rights of all the shareholders of CRG and no specific shareholders or group of shareholders would derive any special benefits from the Proposals, all shareholders of CRG (including the Joint Offerors and the Undertaking Shareholders) are entitled to vote in respect of their direct and indirect shareholdings in the Company on the resolutions for the Proposals at the forthcoming EGM.

For your information, all the Independent Directors will be appointed to the Board subsequent to the shareholders’ approval of the Proposals is being obtained. The proposed allocation of IPO Shares to each of the Independent Directors is subject to, amongst others, the shareholders’ approval at a separate EGM to be convened later, i.e., prior to the serving of the Notice.

## **6. OUR EVALUATION OF THE PROPOSALS**

As the Proposed Withdrawal and Proposed Transfer are inter-conditional upon one another, the evaluation on the Proposed Transfer is necessary to provide the shareholders of CRG with a holistic view of the Proposed Withdrawal of Listing. In evaluating the Proposals, we have taken into consideration the following factors:

	<b>Factors</b>	<b>Details in this IAL</b>
(i)	Rationale and justifications for the Proposals	Section 6.1
(ii)	Indicative listing scheme	Section 6.2
(iii)	Basis and justifications for the illustrative IPO Price	Section 6.3
(iv)	Financial effects of the Proposals and Proposed Exit Offer	Section 6.4
(v)	Industry outlook and prospects of the Group	Section 6.5
(vi)	Risk factors for the Proposals	Section 6.6

## **6.1 Rationale and justifications for the Proposals**

### **6.1.1 Proposed Transfer**

We take note of the rationale and justifications for the Proposed Transfer as set out in **Section 3.1 of Part A of the Circular**.

The Company has been listed on the LEAP Market since 28 November 2018. The Company intends to undertake the Proposed Transfer after taking into consideration, amongst others, the financial performance and growth prospects of the Group as well as the overall market and industry outlook. Furthermore, corporations listed on the ACE Market are accessible to a wider pool of investors which offers a more robust listing environment and there will be relatively greater vibrancy, higher liquidity, and better price discovery.

The Board is cognisant of the liquidity of the Shares which has been at a relatively low level since its listing. Upon successful listing of CRG on the ACE Market, the Board is of the view that the liquidity and marketability of the Company's Shares are likely to increase. The Shares have been thinly traded, with an average daily trading volume of 29,366 Shares for the past 1 year up to and including the LPD (computed based on the sum of daily trading volumes during the 12-month period divided by the total number of trading days on Bursa Securities), and a liquidity turnover of approximately 0.03% (computed based on the abovementioned average daily volume divided by free float of CRG Shares i.e., Shares not held by the Joint Offerors and the PACs).

We also note that in conjunction with the Proposed Transfer, the Company plans to undertake the Proposed Public Issue whereby the Company will raise proceeds to be utilised for, amongst others, the following purposes:

- (i) construction and the fitting out of a new flagship boutique and other facilities (e.g. IT and security systems);
- (ii) refurbishment of boutiques and counters at departmental stores;
- (iii) maintenance of IT infrastructure;
- (iv) working capital requirements of CRG Group (such as purchase of inventory, expenses for advertisement and promotions, and rental payment for boutiques); and
- (v) defrayment of expenses for the Proposals.

The abovementioned indicative utilisation will enable the Group to further expand its retail presence in Malaysia.

### **6.1.2 Proposed Withdrawal of Listing**

We take note of the rationale and justifications for the Proposed Withdrawal of Listing as set out in **Section 3.2 of Part A of the Circular**.

The Proposed Withdrawal of Listing together with the Proposed Exit Offer are essentially aimed at facilitating the timely and efficient implementation of the Proposed Transfer.

Based on the above, we are of the view that the rationale and justifications for the Proposals are **reasonable** as the Proposed Withdrawal of Listing and the Proposed Exit Offer will facilitate the Proposed Transfer of CRG from the LEAP Market to the ACE Market. The Proposed Exit Offer is the adopted exit mechanism in order to facilitate the Proposed Withdrawal of Listing. Furthermore, the Proposed Exit Offer would only be implemented subsequent to the Company obtaining the Relevant Approvals. Therefore, even if the shareholders of CRG were to reject the Offer, the CRG Shares will remain tradeable on the ACE Market of Bursa Securities and holders of the Offer Shares will still be able to realise their investment in CRG Shares in the open market. As such, the Proposals provide an avenue for the shareholders of CRG to hold CRG Shares with enhanced marketability. In addition, the Proposed Exit Offer will also provide an option to the shareholders of CRG to exit the Company if they wish to do so.

## 6.2 Indicative listing scheme

We take note of the indicative listing scheme as set out in **Section 2.1.3 of Part A of the Circular**.

In conjunction with the Proposed Transfer, CRG propose to undertake the Proposed IPO comprising:

	Scenario 1		Scenario 2	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
<b>Proposed Public Issue to be allocated in the following manner*:</b>				
(i) Malaysian public <sup>(1)</sup>	48,876,000	5.00	48,876,000	5.00
(ii) Independent Directors of the Company <sup>(2)</sup>	800,000	0.08	800,000	0.08
(iii) placement to selected Bumiputera investors as approved by MITI <sup>(3)</sup>	122,189,700	12.50	122,189,700	12.50
<b>Proposed Offer for Sale</b>				
(i) placement to selected non-Bumiputera investors <sup>(4)</sup>	-	-	87,984,300	Up to 9.00
<b>Total</b>	<b>171,865,700</b>	<b>17.58</b>	<b>259,850,000</b>	<b>Up to 26.58</b>

Notes:

<sup>^</sup> Computed based on the proforma enlarged total number of 977,517,100 Shares in issue upon completion of the Proposed Transfer.

\* The total number of new Shares to be issued under the Proposed Public Issue is 171,865,700 Shares. The above allocation of new Shares under the Proposed Public Issue is indicative at this juncture in view that the proposed allocation of new Shares to each of the Company's Independent Directors is subject to shareholders' approval at a separate EGM to be convened later. The final details on the allocation under the Proposed Public Issue will be finalised after receipt of shareholders' approval for the proposed allocation of new Shares to each of the Company's Independent Directors and the fulfillment of all Pre-Conditions, and will be disclosed in the Prospectus.

(1) An indicative 5.00% of the enlarged issued share capital of the Company will be made available for application by the Malaysian public through a balloting process, of which 50% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

(2) For your information, all the Independent Directors of the Company will only be appointed to the Board subsequent to the shareholders' approval for the Proposals is being obtained. An indicative 0.08% of the enlarged issued share capital of the Company (which amounts to 800,000 new Shares) will be made available for application by the Independent Directors of the Company. The proposed allocation of new Shares to each of the Independent Directors is subject to our shareholders' approval at a separate EGM to be convened later, i.e., prior to the serving of the Notice. Hence, the details for this proposed allocation (including the basis of allotment to the Independent Directors of the Company) will be disclosed in the circular to shareholders to be issued at a later stage.

- (3) *An indicative 12.50% of the enlarged issued share capital of the Company will be made available by way of private placement to Bumiputera investors approved by MITI.*
- (4) *An indicative of up to 9.00% of the enlarged issued share capital of the Company will be offered for sale under Scenario 2.*

*DSCFY is the only one amongst the Joint Offerors to receive valid acceptances pursuant to the Proposed Exit Offer. If DSCFY receives valid acceptances for more than 1,000,000 Offer Shares pursuant to the Proposed Exit Offer, he intends to offer for sale all Offer Shares which are to be received via valid acceptances pursuant to the Proposed Exit Offer (in board lots) to identified non-Bumiputera investors, by way of private placement under the Proposed Offer for Sale, in order to meet the public shareholding spread requirement pursuant to the ACE LR.*

*If DSCFY receives valid acceptances of less than 1,000,000 Offer Shares, he will retain all the Offer Shares which are to be received via valid acceptances pursuant to the Proposed Exit Offer and there will be no Proposed Offer of Sale. Under this scenario, the existing shareholders of the Company (save for the Joint Offerors and the Undertaking Shareholders) with a collective shareholding of up to 10.92% will remain as public (as defined under the ACE LR).*

*The actual number of Shares to be retained by DSCFY and/or made available for the Proposed Offer for Sale will be determined and finalised after the Closing Date as it shall depend on the level of valid acceptances of the Proposed Exit Offer. Such details will be set out in the Prospectus and to be announced by our Company prior to the issuance of the Prospectus.*

*Please refer to **Section 7.6 of Part A of the Circular** for the effect of the Proposals and Proposed Exit Offer on the Company's public shareholding spread pursuant to the ACE LR.*

MainStreet's commentary:

We are of the view that the basis of allotment for the Proposed Public Issue:

- (i) to the Malaysian Public is reasonable as it enables the Company to have a broad base of shareholders and contribute to the shareholding spread requirement under Rule 3.10 of the ACE LR. We also note that this is consistent with paragraph 5.15 of the Equity Guidelines in which a corporation seeking listing on Bursa Securities with an enlarged issued share capital of below RM200 million must provide a minimum offering to the Malaysian public of at least 5% of the enlarged number of shares issued and will be made available for application through a balloting process. The Company also complies with the Bumiputera Equity Requirement which states that at least 50% of the new Shares offered to Malaysian public investors via balloting must be made available to Bumiputera public investors.
- (ii) to the Independent Directors of the Company is reasonable as it complies with Rule 3.16 of the ACE LR which states that restricted offers for subscription which is undertaken as part of a listing scheme may only be made to selected groups which includes the directors and employees of the corporation seeking listing on Bursa Securities. We also note that this is consistent with paragraph 5.22 of the Equity Guidelines which states that the aggregate number of securities to be offered under a restricted offers for subscription to the directors and employees of a corporation seeking listing on Bursa Securities must not be more than 10% of the enlarged number of shares of said corporation upon listing. We note that the proposed allocation of new Shares to each of the Independent Directors of the Company is subject to the Company's shareholders' approval at an EGM to be convened later, i.e., prior to the serving of the Notice. Hence the details of this proposed allocation (including basis of allotment to the Independent Directors of the Company) will be disclosed in the circular to shareholders to be issued at a later stage i.e, prior to the serving of the Notice.



- (iii) to be placed to selected Bumiputera investors as approved by MITI is reasonable as it complies with the Bumiputera Equity Requirements which states that corporations seeking listing on Bursa Securities are required to allocate 12.50% of the enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI.

We are of the view that the basis and allotment for the Proposed Offer for Sale placement to selected non-Bumiputera investors under Scenario 2 is reasonable as it is consistent with paragraph 5.22 of the Equity Guidelines which states that the aggregate number of securities offered under a restricted offer for sale must not be more than 10% of the enlarged number of shares of a corporation upon listing on Bursa Securities. We note that the actual number of Shares to be retained by DSCFY and/or made available for the Proposed Offer for Sale will be determined and finalised after the Closing Date as it shall depend on the level of valid acceptances of the Proposed Exit Offer.

We are of the view that the basis of allocation of IPO Shares are reasonable as it broadens the Company's shareholder base to meet the public shareholding spread requirement as well as comply with the other relevant requirements stated in the ACE LR, Equity Guidelines and Bumiputera Equity Requirement. However, shareholders of CRG should note that the allotted percentage of the enlarged issued share capital of the Company is indicative at this juncture in view that the proposed allocation of new Shares to each of the Independent Directors of the Company is subject to the shareholders' approval at a separate EGM to be convened later.

### **6.3 Basis and justifications for the illustrative IPO Price**

We note that as set out in **Section 2.1.3 of Part A of the Circular**, as part of the price discovery mechanism, the current valuation (i.e., PE Multiple) ascribed to companies with similar business or sector as CRG Group and listed on the Main Market and ACE Market as well as sector PE Multiple valuation based on all components stocks within KLCSU Index will be taken into consideration in determining the IPO Price. In view that CRG operates in the retail industry, it is more likely for the Company's underlying value to be derived from its business operations instead of their assets and hence, PE Multiple is an appropriate trading multiple to be used for price discovery purpose. The IPO Price will be determined by the Board and the underwriter(s) at a later date, after taking into consideration, amongst others, the following:

- (i) the latest earnings performance of the Group (i.e., the latest audited financial results of the Group prior to the issuance of the Offer Document, IAC and the Prospectus. A special audit on the latest interim financial results of the Group may be undertaken in the future for inclusion into the said documents depending on the timing of issuance of said documents). For information purpose, if the date of the prospectus issuance is more than 6 months after the end of the most recent financial year, a special audit on interim results of the Group is required to ensure that the interim financial period to be disclosed in the prospectus, if applicable, shall not be more than 6 months preceding the date of prospectus issuance;
- (ii) the prevailing PE Multiple of selected profitable comparable public listed companies categorised under the 'personal goods' or 'retailers' subsector of the 'consumer products and services' sector on the Main Market and/or the ACE Market which, operate in the similar industry with similar product type/ business model to the Group.

For information purpose, the above selection parameters had resulted with very limited number of comparable companies to the Group. Hence, TA Securities have not considered market capitalization and revenue track record as their main parameters for selection of comparable companies for the purpose of pricing of IPO Shares as these parameters are expected to further reduce the number of comparable companies for valuation purpose;

- (iii) prevailing sector PE Multiple valuation of all component stocks within KLCSU Index, being a capitalisation-weighted index of all stocks in EMAS Index involved in the consumer sector (Source: Bloomberg Finance L.P.); and
- (iv) the prevailing equity market and economic conditions in Malaysia.

For your information, there is no comparable company listed on the ACE Market based on abovementioned selection criteria.

For illustrative purposes only, as set out in **Section 2.1.3 of Part A of the Circular**, an illustrative IPO Price of RM0.30 per IPO Share is assumed throughout the Circular, which represents:

- (a) an illustrative PE Multiple of approximately 10.13 times<sup>(1)</sup>, computed based on the audited EPS of the Group of approximately 2.96 sen for the FYE 2023<sup>(2)</sup> and the total number of 805,651,400 Shares in issue as at the LPD; and
- (b) an illustrative PE Multiple of approximately 12.29 times<sup>(1)</sup>, computed based on the audited EPS of the Group of approximately 2.44 sen for the FYE 2023<sup>(2)</sup> and the proforma enlarged total number of 977,517,100 Shares (after considering the issuance and allotment of IPO Shares).

*Note:*

(1) *Subject to rounding adjustments.*

(2) *Being the audited PAT attributable to owners of the Company for FYE 2023 of approximately RM23.85 million (Source: Published annual audited accounts of the Group).*

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The trading PE Multiples of selected comparable companies to the Group are as follows:

Selected comparable companies / (Board)	Principal activities	As at the LPD		Basic earnings per share <sup>(3)</sup> (RM)	PE Multiple (times) (A/B) <sup>(4)</sup>
		Closing price <sup>(1)</sup> (RM)	Market capitalisation <sup>(2)</sup> (RM'000)		
CRG (LEAP Market)	Designing, promoting, marketing, distributing and retailing of women's handbags, footwear and accessories, property development and property investment, investment holding of securities, provision of management services	0.225 <sup>(6)</sup>	181,272	0.030	7.60
<b>Selected comparable companies</b>					
Bonia (Main Market)	Designing, manufacturing, marketing, retailing, wholesaling and franchising of fashionable leather goods, accessories and apparel for the local and overseas markets, property development and investment holding.	1.680	337,672	0.274	6.14
MESB Berhad (Main Market)	Trading and retailing of leather products, apparel and accessories, investment holding and waste recycling business.	0.545	78,640	0.085	6.45
Padini Holdings Berhad (Main Market)	Promoting and marketing fashionable apparels, footwear and accessories, provision of management services and investment holding.	3.790	2,493,477	0.339	11.20
				<b>High</b>	<b>11.20</b>
				<b>Low</b>	<b>6.14</b>
				<b>Simple average</b>	<b>7.93</b>

Notes:

- (1) Source: Bloomberg Finance L.P.
- (2) Computed based on the number of ordinary shares in issue (excluding any treasury shares) multiplied by the closing price, as at the LPD.
- (3) Being the audited PAT attributable to owners of the Company and the selected comparable companies for the FYE 2023, respectively divided by the number of ordinary shares in issue as at the LPD (Source: Audited consolidated financial statements of the Group and the respective selected comparable companies for FYE 2023).
- (4) Subject to rounding adjustment.
- (5) Being closing price of the CRG Shares on 20 November 2023 (last trading day prior to the LPD).

We note that the illustrative IPO Price is indicative at this juncture. The actual IPO Price will be disclosed in the Prospectus and will either remain the same or may be lower (if any major adverse events occur prior to the signing of the underwriting agreement) than the IPO Price to be disclosed in the Offer Document and independent advice circular in relation to the Proposed Exit Offer.

We noted that the illustrative PE Multiple of the Company of approximately 12.29 times, computed based on the audited EPS of the Group of approximately 2.44 sen and the proforma enlarged total number of 977,517,100 Shares, is at a 24.51% discount from the sector PE Multiple valuation of all component stocks within KLCSU Index of 16.28 times as at LPD and falls slightly above the highest PE Multiple of the selected comparable companies of 11.20 times.

We also noted that based on **Section 8.3 of Part A of the Circular**, the current market price of the Shares on the LEAP Market is not reflective of the true valuation of the Group primarily due to lack of liquidity and trading of the Shares on the LEAP Market. Therefore, the resultant share price arising from the price discovery mechanism may result in a share price that differs significantly from the current market prices of the Shares, which would be expected to have an impact to the value of the shareholders' shareholdings, as illustrated below:

	Share prices (as traded on the LEAP Market) <sup>(1)</sup>	Illustrative IPO Price (upon completion of the Proposed Transfer)	Premium of illustrative IPO Price	
	(A)	(B)	(B – A)	
	RM	RM	RM	%
Closing price on the LPD <sup>(2)</sup>	0.2250	0.3000	0.0750	33.33
<b>Up to and including the LPD:</b>				
Five (5)-day VWAP	0.2250	0.3000	0.0750	33.33
One (1)-month VWAP	0.2251	0.3000	0.0749	32.27
Three (3)-month VWAP	0.2185	0.3000	0.0815	37.30
Six (6)-month VWAP	0.2169	0.3000	0.0831	38.31
One (1)-year VWAP	0.2202	0.3000	0.0798	36.24

Notes:

(1) Source: Bloomberg Finance L.P.

(2) Being closing price of CRG Shares on 20 November 2023 (last trading day prior to the LPD).

However, there can be no assurance that (i) the final IPO Price will correspond to the price at which the Shares will trade on the ACE Market upon completion of the Proposed Transfer; (ii) the market price of the Shares will not decline below the final IPO Price after the Proposed Transfer; and (iii) final IPO Price will not fall below the share price on LEAP Market. The Shares could trade at prices lower than the final IPO Price depending on various factors, including current economic, financial, and fiscal condition in Malaysia; the Group's operations and financial performance; and the market price volatility for securities in similar or related industry in Malaysia. There is no assurance that any market for the Shares will not be disrupted by price volatility or other factors, which may have a material adverse effect on the market price of the Shares. You shall exercise caution and take note there is potential immediate paper loss of holding CRG Shares upon completion of the Proposals.

Premised on the above, we are of the opinion that the basis and justifications of arriving at the illustrative IPO Price are **fair and reasonable** as we are of the view that the parameters mentioned above in the selection of comparable companies are reasonable. Nevertheless, the shareholders of CRG should note that the price discovery mechanism is subject to certain risk factors as disclosed in **Section 5 of Part A of the Circular**.

#### 6.4 Financial effects of the Proposals and Proposed Exit Offer

We take cognisance of the effects of the Proposals and Proposed Exit Offer as detailed in **Section 7 of Part A of the Circular** and set out below are our comments on the pro forma effects:

##### (i) Share capital

The Proposed Withdrawal of Listing and Proposed Exit Offer will not have any effect on the issued share capital CRG as they do not involve any issuance of new Shares by CRG. For illustrative purposes only, as extracted from **Section 7.1 of Part A of the Circular**, the proforma effects of the Proposed Transfer on CRG's issued share capital under both Scenario 1 and Scenario 2, are as follows:

	Scenario 1 and Scenario 2	
	No. of Shares	RM
As at the LPD	805,651,400	68,000,000
To be issued pursuant to the Proposed Public Issue	171,865,700	51,559,710 <sup>(1)</sup>
<b>Enlarged issued share capital</b>	<b>977,517,100</b>	<b>119,559,710</b>

Note:

(1) Computed based on an illustrative IPO Price of RM0.30 per IPO Share.

##### (ii) NA and gearing

The Proposed Withdrawal of Listing and Proposed Exit Offer will not have any effect on the NA, NA per Share and gearing of the Group as they do not involve any issuance of new Shares.

For illustrative purposes only, as extracted from **Section 7.2 of Part A of the Circular**, the proforma effects of the Proposed Transfer on the NA and gearing of the Group based on the audited consolidated financial statement of CRG as at 30 June 2023, under both Scenario 1 and Scenario 2, are as follows:

	Scenario 1 and Scenario 2	
	(Audited) As at 30 June 2023	After the completion of the Proposed Transfer
	RM	RM
Share capital	68,000,000	119,559,710 <sup>(1)</sup>
Reserves	32,179,742	27,979,742 <sup>(2)</sup>
<b>Shareholders' fund/ NA</b>	<b>100,179,742</b>	<b>147,539,452</b>
No. of Shares in issue	805,651,400	977,517,100
NA per Share (RM)	0.12	0.15
Total borrowings (which is inclusive of the lease liabilities to a financial institution) (RM)	19,787,628	19,787,628
Gearing (times)	0.20	0.13

Notes:

(1) Assuming 171,865,700 IPO Shares are issued at the illustrative IPO Price of RM0.30 each.

(2) After accounting for the estimated expenses for the Proposals of RM4,200,000.

We note that CRG Group's NA per Share will increase from RM0.12 to RM0.15 after the completion of the Proposed Transfer. We also note that CRG Group's gearing will improve from 0.20 times to 0.13 times after the completion of the Proposed Transfer.

**(iii) Earnings and EPS**

The Proposed Withdrawal of Listing and Proposed Exit Offer will not have any effect on the earnings and EPS of CRG Group as they do not involve any issuance of new Shares.

We note that the Proposed Transfer is expected to have dilutive effects on the Group's EPS for FYE 2025, under both Scenario 1 and Scenario 2, due to the increase in the number of Shares in issue of 171,865,700 under the Proposed Public Issue, which is not subject to change. However, the extent of dilution to the EPS of the Group will depend on, amongst others, future earnings of the Group and the returns to be generated by the Group from the utilisation of proceeds from the Proposed Public Issue.

**(iv) Public shareholding spread**

We note from **Section 7.6 of Part A of the Circular** that upon completion of the Proposed Transfer, the public shareholding spread of CRG is expected to increase from 10.92% to 26.50% under both Scenario 1 or Scenario 2, respectively. This will satisfy Rule 3.10(1) of the ACE LR upon completion of the Proposed Transfer as CRG's public shareholding spread is not expected to fall below 25% of its enlarged issued share capital and will continue to have more than 200 public shareholders holding not less than 100 Shares each.

For your information, the Shares under the Proposed Offer for Sale, if any, will not be underwritten and shall be placed out by placement agent to independent third-party investors to broaden the Company's shareholder base to meet the public shareholding spread requirements.

**(v) Convertible securities**

We note from **Section 7.5 of Part A of the Circular** that the Company does not have any convertible securities as at the LPD.

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(vi) **Substantial shareholders' shareholdings**

The Proposed Withdrawal of Listing will not have any effect on the shareholdings of the Company's substantial shareholders as it does not involve any issuance of new Shares. For illustrative purposes only, as extracted from **Section 7.4 of Part A of the Circular**, the proforma effects of the Proposed Exit Offer and the Proposed Transfer on the shareholdings of the Company's substantial shareholders as at the LPD are as follows:

**Scenario 1**

	As at the LPD				(I) After the Proposed Exit Offer				(II) After (I) and the Proposed Transfer			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
DSCFY	257,000,498	31.90	-	-	257,000,498	31.90	-	-	257,000,498	26.29	-	-
CSS	54,029,700	6.71	358,361,904 <sup>(4)</sup>	44.48	54,029,700	6.71	358,361,904 <sup>(4)</sup>	44.48	54,029,700	5.53	358,361,904 <sup>(4)</sup>	36.66
BHSB	202,875,868	25.18	-	-	202,875,868	25.18	-	-	202,875,868	20.75	-	-
FTSB	111,041,200	13.78	-	-	111,041,200	13.78	-	-	111,041,200	11.36	-	-

**Scenario 2**

	As at the LPD				(I) After the Proposed Exit Offer				(II) After (I) and the Proposed Transfer			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
DSCFY	257,000,498	31.90	-	-	344,984,854	42.82	-	-	257,000,554 <sup>(3)</sup>	26.29	-	-
CSS	54,029,700	6.71	358,361,904 <sup>(4)</sup>	44.48	54,029,700	6.71	358,361,904 <sup>(4)</sup>	44.48	54,029,700	5.53	358,361,904 <sup>(4)</sup>	36.66
BHSB	202,875,868	25.18	-	-	202,875,868	25.18	-	-	202,875,868	20.75	-	-
FTSB	111,041,200	13.78	-	-	111,041,200	13.78	-	-	111,041,200	11.36	-	-

Notes:

- (1) Based on 805,651,400 Shares in issue as at the LPD.
- (2) Based on the enlarged 977,517,100 Shares in issue after the completion of the Proposed Transfer.
- (3) After accounting for the Proposed Offer for Sale to be undertaken by DSCFY, if applicable (refer to **Section 2.1.3, note (4) of Part A of the Circular** for further details).
- (4) Deemed interested pursuant to his substantial shareholdings in companies controlled by him pursuant to Section 8 of the Act (refer to **Section 2.2 of Part A of the Circular** for further details).

Based on the above, we are of the view that the overall financial effects of the Proposals and the Proposed Exit Offer are **not detrimental** to the interest of the shareholders of CRG.

## 6.5 Industry outlook and prospects of the Group

The industry overview and outlook of the Malaysian economy, women's fashion industry in Malaysia, Indonesia, and Thailand, and Prospects of the Group are set out in **Section 6 of Part A of the Circular**.

### 6.5.1 Overview and outlook of the Malaysian economy

Malaysia's economy recorded a growth of 3.3 per cent in the third quarter of 2023, positive momentum compared to the 2.9 per cent in the second quarter of 2023. Correspondingly, monthly economic performance grew at 4.2 per cent in July, moderated to 3.2 per cent in August and 2.5 per cent in September 2023. In terms of quarter-on-quarter seasonally adjusted Gross Domestic Product ("GDP"), it was increased by 2.6 per cent (Q2 2023: 1.5%) in this quarter. On the supply side, favourable performance is steered by the Services and Construction sectors.

The Services sector expanded by 5.0 per cent (Q2 2023: 4.7%) in the third quarter of 2023. The expansion in this sector encompasses both consumer and business-related aspects, particularly in the Wholesale & retail trade (5.4%), Transportation & storage (12.8%), and Business services (8.6%). On a quarter-on-quarter basis, seasonally adjusted, the Services sector increased by 2.1 per cent (Q2 2023: 2.7%).

The Manufacturing sector posted a marginal decrease of 0.1 per cent (Q2 2023: 0.1%) in this quarter, predominantly influenced by exacerbated weaknesses in the Electrical and Electronic cluster and reduced production in refined petroleum products which is reflected in Electrical, electronic & optical products (-2.5%) and Petroleum, chemical, rubber & plastic products (-2.4%). Nevertheless, growth persisted in domestic oriented activities, including Transport equipment, other manufacturing & repair and Non-metallic mineral products, basic metal & fabricated metal products, which increased 4.5 per cent and 5.5 per cent, respectively. Quarter-on-quarter, seasonally adjusted, this sector grew 1.5 per cent (Q2 2023: 0.6%).

On the expenditure side, the expansion in domestic demand is a result of Private final consumption expenditure and Gross fixed capital formation. Private final consumption expenditure or household expenditure, which constituted 62.1 per cent of GDP, increased by 4.6 per cent (Q2 2023: 4.3%), driven by increases in both essential and discretionary expenditures, specifically Transport (11.0%), Food & non-alcoholic beverages (4.9%), and Housing, water, electricity, gas & other fuels (5.9%). Quarter-on-quarter, seasonally adjusted, Private final consumption expenditure posted a decrease of 0.7 per cent (Q2 2023: 5.9%).

Government final consumption expenditure grew by 5.8 per cent (Q2 2023: 3.8%), driven by increased spending on supplies and services. Quarter-on-quarter, seasonally adjusted, Government final consumption expenditure increased 4.6 per cent (Q2 2023: 4.0%). Nevertheless, both Exports and Imports declined by 12.0 per cent (Q2 2023: -9.4%) and 11.1 per cent (Q2 2023: -9.7%), respectively, due to weaker external demand on merchandise exports and imports. Consequently, Net exports further declined by 22.7 per cent as compared to a decrease of 3.7 per cent in the previous quarter.

Malaysia's total trade decreased by 15.7 per cent in the third quarter compared to the second quarter of 2023. Exports decreased by 15.2 per cent, while imports decreased by 16.3 per cent. The trade surplus registered a negative growth of 9.1 per cent. Meanwhile, Malaysia's merchandise trade continued its negative performance in September 2023, however at a better rate. Total trade shrank 12.6 per cent year-on-year, in line with the drop in exports and imports by 13.7 per cent and 11.1 per cent, respectively. At the same time, the trade surplus decreased by 23.0 per cent. Meanwhile in October, Malaysia's trade performance continued to show a smaller decrease. Total trade, exports and imports noted the first single-digit decline year-on-year since May 2023 with 2.4 per cent, 4.4 per cent and 0.2 per cent, respectively. Meanwhile, trade surplus declined by 30.3 per cent. For the period from January to September 2023, compared to the same period the previous year, exports decreased by 8.4 per cent to RM1.1 trillion, while imports decreased to RM882.2 billion. Total trade fell 8.6 per cent to RM1.9 trillion, while the trade surplus was worth RM177.3 billion, down 5.7 per cent.



Meanwhile, Malaysia's labour force in the third quarter of 2023, continued to expand 0.6 per cent to register 16.82 million persons. This in turn resulted in an increase of 0.1 percentage points in the labour force participation rate, recorded at 70.1 per cent in this quarter. The number of employed persons increased by 0.6 per cent to a total of 16.25 million persons. Meanwhile, the number of unemployed continued to decrease by 1.4 per cent to register 573.1 thousand persons, and the unemployment rate also decreased to 3.4 per cent in the third quarter of 2023.

*(Source: Malaysian Economic Statistics Review (MESR) Vol. 11/2023, Department of Statistics Malaysia)*

### **6.5.2 Overview and outlook of the women's fashion industry in Malaysia, Indonesia, and Thailand**

We take cognisance of the overview and outlook of the women's fashion industry in Malaysia as set out in the IMR Report by Infobusiness in **Section 6.2 of Part A of the Circular**, which is summarised as follows:

#### **i) Malaysia**

The fashion industry in Malaysia has been greatly impacted by the presence of premium and luxury brands, leading to an increased focus in shopping malls, capitalising on the trend of families spending weekends at these venues. Festive seasons and special occasions drive significant sales of fashion products, with promotional activities and new launches being common during these times.

The growing population and the rise of e-commerce are expected to fuel the continued growth of the fashion market, particularly in online sales. Digitalisation has followed retailers to engage with customers through virtual shopping experiences, offering a wide range of products and the convenience of shopping from home. Online platforms also provide access to international fashion brands that may be otherwise difficult to find in Malaysia. The online fashion market is supported by the development of dedicated websites and the influence of social media in sharing trends and user experiences.

The revenue performance of selected fashion categories of the fashion industry in Malaysia such as accessories, women's footwear, and women's handbags, has recorded a CAGR of 1.8%, 4.0% and 2.5%, respectively, between the years 2018 and 2022. The projected revenue of selected fashion categories in Malaysia such as accessories, women's footwear, and women's handbags, is expected to record a CAGR of 7.9%, 9.0% and 7.1%, respectively, between the years 2022 and 2027.

#### **ii) Indonesia**

Indonesia, the world's fourth most populous country with around 264 million people, had witnessed substantial economic growth driven by its expanding middle class before the COVID-19 pandemic hit. The rise in domestic consumer access to credit further fueled spending on discretionary goods, while the easy availability of credit cards from various banks contributed to the growing consumerism. Improved internet connectivity also empowered Indonesian consumers to follow global fashion trends, resulting in a stronger demand for foreign brands. The fashion industry faces fierce competition, both from local and foreign players, prompting larger retailers to expand distribution channels and reach a broader customer base. Modern retail channels like departmental stores and specialty shops in shopping complexes are essential for the distribution of fashion products in Indonesia.

The revenue performance of selected fashion categories in Indonesia such as accessories, women's footwear, and women's handbags, has recorded a CAGR of 4.4%, 1.1% and 1.8%, respectively, between the years 2018 and 2022. The projected revenue of selected fashion categories in Indonesia such as accessories, women's footwear, and women's handbags, is expected to record a CAGR of 7.7%, 10.2% and 6.6%, respectively, between the years 2022 and 2027.

**iii) Thailand**

The fashion market in Thailand is relatively fragmented. There are many existing retailers, but the entry of international brands has made the market more competitive. These fashion industry players are placing pressure on the existing players through lower pricing, promotional campaigns, and the regular updating of their collections. Besides typically selling directly through retail stores, they have also been establishing their own online shopping platforms.

In Thailand, fashion product sales typically follow a seasonal pattern, boosted by aggressive marketing and price discounts, often preceding, or coinciding with holiday seasons. The introduction of new collections usually occurs during peak seasons to attract consumer attention. However, the COVID-19 pandemic disrupted this pattern as the abrupt decline in tourism, a significant contributor to Thailand's economy, led to a substantial economic downturn in 2020. The resulting rise in unemployment, coupled with the tourism slump, triggered a recession, impacting the fashion industry's revenue. While the repercussions extended into 2021, signs of recovery emerged in 2022 as the crisis waned and economic conditions improved.

The revenue performance of selected fashion categories in Thailand such as accessories, women's footwear and women's handbags, has recorded a CAGR of -0.6%, -0.4% and -0.2%, respectively, between the years 2018 and 2022. The projected revenue of selected fashion categories in Thailand such as accessories, women's footwear, and women's handbags, is expected to record a CAGR of 6.0%, 10.4% and 6.7%, respectively, between the years 2022 and 2027.

**MainStreet's commentary:**

Despite the challenges faced during global pandemic, we are of the view that the women's fashion industry will continue to grow through the adoption of e-commerce platforms together with Malaysia's, Indonesia's, and Thailand's growing population. As festive and holiday seasons drive sales in the fashion industry, the seasonal nature of these events will notably guarantee the demand and lucrative revenue of the women's fashion industry in Malaysia and Thailand. Together with the rise of social media, trends, and influencers, the online market presence of women's fashion will continue to grow as customers prefer to navigate the abundance of online reviews and product selections through online stores from the comfort of their own homes. As Indonesia experiences faster and more widespread internet access, we believe that their large population base will be able to contribute to the growing industry from the comfort of their own home.

**6.5.3 Business plans and prospects of the Group**

As stated in **Section 6.3 of Part A of the Circular**, the Group had previously supplied products to overseas markets through appointed distributors. However, due to the evolution of the Group's business model wherein they progressively cease their physical retail presence in Indonesia and Vietnam, the Group currently has one (1) authorised distributorship agreement in the Vietnam market for the Group's different type of products. In addition, the Group and Kafak had mutually decided to cease the Group's distribution activities in Saudi Arabia and ended their exclusive distributorship in 2019 due to poor sales. As the Group has not commenced any negotiation with any parties for any viable business opportunities for expansion into the Middle East, the Group is continuously exploring for such opportunities at this time.

The Group had implemented an alternative business strategy by developing an online presence for the Carlo Rino brand in South East Asia through the Group's own online platform (<https://www.carlorino.net>, which is accessible worldwide since November 2016) and third-party e-commerce marketplaces such as Zalora (in April 2014) and Lazada (in April 2016). In order to market and advertise Carlo Rino products on Shopee's e-commerce platform, the Group had entered into a seller merchant agreement with Shopee in March 2019. Over time, the Company has recorded visits from customers of various South East Asian and Middle Eastern countries such as Thailand, Singapore, Cambodia, Vietnam, Indonesia, Brunei, Dubai and Kuwait to the Group's global online platform. With the progressive cessation of the Group's physical retail presence in Indonesia, the Group had successfully established and localised their own e-commerce website in Indonesia (<https://id.carlorino.net/>) to cater to the growing Indonesian population. In order to arrange for delivery to customers in Indonesia, all online sales from the Indonesia e-commerce platform will be routed

back to the Group's Malaysia online sales department. The Group intends to gradually apply a similar strategy to expand its presence into other South East Asian countries, such as Vietnam and Thailand, over the next 2 to 3 years, via internally generated funds for a cost to be determined later. Such approach also involves using search engine optimisation to attract customers to the Group's online platform.

In addition to expanding its geographical footprint, the Group has also expanded the Carlo Rino product range. This includes introducing a new range of accessories such as perfumes, watches, t-shirts, and scarves under the Carlo Rino brand. The Group has also launched a collection of eyewear products under a new brand name called C.Rino. On 27 October 2021, the Group entered into a non-exclusive product license agreement with Warner Bros and a supplementary agreement dated 11 May 2022 for a period of 3 years commencing from 1 January 2022 for the rights to use Warner Bros' characters, character names, costumes, environmental settings, plot elements, artwork, logos and copyrights and trademarks in connection with the sale and distribution of women's handbags, footwear, and accessories in Malaysia, Indonesia, Singapore and Vietnam only. The Group has launched, amongst others, Looney Tunes Special Edition and Harry Potter Special Edition featuring iconic characters on Carlo Rino products. At this juncture, in view that the agreement will only expire on 31 December 2024, the Group has not decided whether to negotiate for the renewal of the product license agreement. The products from the Warner Bros' series contributes approximately 0.45% and 1.88% of the Group's total revenue for FYE 2022 and FYE 2023, respectively. As such, the Group does not expect the non-renewal of the exclusive product license agreement with Warner Bros to have a material impact to its financial performance and prospects.

To maintain its brand identity, the Group continuously undertake branding exercises by establishing the layout and design of its boutiques with the spirit of Carlo Rino in mind. The Group plans to further expand its retail presence in Malaysia by opening additional boutiques and departmental store counters throughout Malaysia following the completion of the Proposed Transfer, as and when the opportunity arise.

Based on its latest audited consolidated financial statements for FYE 2023, we note that the Group has recorded a growth of 11.53% in total revenue from RM101.79 million in FYE 2022 to RM113.53 million in FYE 2023. This increase is primarily due to the improvements in retail sales as the pandemic restriction were lifted throughout Malaysia and pent-up demand for consumer products which then caused a surge in retail sales from in-store shopping. We note that the newly opened boutiques had also contributed to the increase in revenue from the previous financial year.

In view of the Group's positive growth in FYE 2023 as well as the favourable prospects of the women's fashion industry in Malaysia, Indonesia, and Thailand as illustrated in **Section 6.2 of Part A of the Circular** and the rationale and justifications of the Proposals mentioned in Section 6.1 of this IAL, the Proposals are in the best interest of the Group.

**We also note that the Malaysian economy and the women's fashion industry in Malaysia, Indonesia, and Thailand are improving with the re-opening of economic activities and borders as these 3 countries transition to endemicity post COVID-19 pandemic. Premised on the above and based on the generally positive outlook on the continued growth in the women's fashion industry in Malaysia, Indonesia, and Thailand, we are of the view that the overall prospects of the CRG Group following the completion of the Proposals are favourable.**

**Nonetheless, we wish to highlight that all businesses are subject to uncertainties which are not within the Board's control such as, amongst others, changes in government policies, changes in interest rates, changes in global economic conditions and changes in the women's fashion industry in Malaysia, Indonesia, and Thailand.**

## 6.6 Risk factors for the Proposals

**Section 5 of Part A of the Circular** sets out the following risk factors of the Proposals:

(i) Completion risks

We note that the completion risk in relation to the Proposals is dependent on the Company obtaining the Relevant Approvals as set out in **Section 10 of Part A of the Circular** (which include approvals from the shareholders of the Company). If the Company fails to obtain said approvals, this will hinder the implementation of the Proposals and the Proposed Exit Offer. Under this scenario, CRG will remain listed on the LEAP Market and will have to obtain other sources of funding for the indicative utilisation of proceeds as set out in **Section 2.1.4 of Part A of the Circular**. In addition to that, CRG and the shareholders of CRG will not be able to benefit from the large pool of retail investors available on the ACE Market which will potentially lead to higher liquidity and better price discovery.

(ii) Financial risks

If the Proposals and Proposed Exit Offer are not fully implemented and/or aborted, the expenses incurred up to the relevant stage of implementation will be foregone. We note that the management of CRG has estimated that the expenses incurred for the Proposals are up to RM4.20 million, which will be funded via the Group's internally generated funds in the event the Proposals and the Proposed Exit Offer are not fully implemented and/or aborted. The internally generated funds required to pay off the estimated expenses for the Proposals will deplete the Group's current cash resources of approximately RM46.98 million as at LPD and will reduce the availability of financial resources for the working capital requirements of the Group.

(iii) Investment risks

We note that the investment risk in relation to the Proposals is of the basis that the IPO Price is not fixed at this juncture and different illustrative IPO Prices may be stated in the Circular, the Notice and the Offer Document. However, given the short time frame between the issuance of the Notice, the Offer Document and the Prospectus as depicted in **Section 14 of Part A of the Circular**, barring any unforeseen circumstances, we are of the opinion that the final IPO Price to be stated in the Prospectus should not substantially differ from the illustrative IPO Price to be stated in the Notice and the Offer Document.

Under Scenario A, assuming CRG fulfils the Pre-Conditions and the final IPO Price is higher than the Adjusted Exit Offer Price, we are of the opinion that:

- (a) shareholders of CRG whose investment cost in CRG Shares is lower than the Adjusted Exit Offer Price and IPO Price will be able to realise a higher return on their investment, no matter if they choose to accept the Proposed Exit Offer in respect of all or part of their Offer Shares or choose to reject the Proposed Exit Offer altogether.
- (b) shareholders of CRG whose investment cost in CRG Shares is higher than the Adjusted Exit Offer Price and lower than the final IPO Price will not be able to realise a higher return on their investment if they choose to accept the Proposed Exit Offer in respect of all of their Offer Shares.
- (c) shareholders of CRG who choose to accept the Proposed Exit Offer in respect of part of their Offer Shares or choose to reject the Proposed Exit Offer will have the opportunity to realise their investment in CRG at a price potentially higher than the Adjusted Exit Offer Price upon CRG's listing on the ACE Market.

Under Scenario B, assuming the Company fulfils all Pre-Conditions, the final IPO Price is lower than the Adjusted Exit Offer Price and the shareholders of CRG who opt not to accept the Proposed Exit Offer in respect of all their Offer Shares, they will lose the opportunity to realise their investment in the Shares at the Adjusted Exit Offer Price. However, the shareholders of CRG who opt to accept the Proposed Exit Offer in respect of all their Offer Shares would have realised a higher return on their investment at the Adjusted Exit Offer Price. We note that the shareholders of CRG who still hold Shares on or after the Closing Date will still have the opportunity to realise their investment in the Company via the LEAP Market and ACE Market either prior to the completion of the Proposed Transfer or upon the completion of the Proposed Transfer, respectively.

Under Scenario C, assuming the Company fulfils all Pre-Conditions and the final IPO Price is lower than any of the illustrative IPO Prices stated in the related documents, we note that the shareholders of CRG will be subject to risks as set out in Scenario A and Scenario B in **Section 5.3 of Part A of the Circular**. We are of the opinion that as long as the investment cost in CRG Shares is lower than the final IPO Price, albeit the final IPO Price might be lower than the current indicative IPO Price, the shareholders of CRG will be able to realise a higher return on their investment in CRG Shares.

- (iv) No prior market for the Shares on the ACE Market and it is uncertain whether a sustainable market for the Shares on the ACE Market will ever develop

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

- (v) The market price of the Shares is subject to market vagaries

We note that the price of the Shares upon completion of the Proposals may be subject to significant price fluctuations and frequent volatility that has not been experienced by the shareholders of CRG during its listing on the LEAP Market. Upon the Company's listing on the ACE Market, CRG will have access to a wider pool of investors and will therefore experience fluctuations in the market price of CRG Shares as influenced by, amongst others, the prevailing market sentiments, the volatility of stock market, movements in interest rates, outlook of the industry in which the Group operates in, the Group's financial performance, vagaries of market forces and other uncertainties.

- (vi) Potential immediate paper loss of holding the Shares upon completion of the Proposals

The final IPO Price will be determined after taking into consideration various factors and these factors could cause the Share price to fluctuate which may adversely affect the market prices of the Shares. There is no assurance that the Shares, upon listing on the ACE Market, will trade at a price above its share price on the LEAP Market or the final IPO Price, or that the final IPO Price will be the same or higher than its share price traded on the LEAP Market.

If the final IPO Price is below its share price traded on the LEAP Market or, upon or after the completion of the Proposals, the Shares are traded at a price below its share price on the LEAP Market or the final IPO Price, this will result in an immediate paper loss for the shareholders of CRG without the guarantee of recovering your initial investment immediately.

- (vii) Risk of shareholding dilution

We note that upon completion of the Proposed Public Issue, the issuance of new Shares will dilute the shareholdings and voting interest of the existing shareholders of the Company proportionately to the Company's enlarged issued share capital. Consequently, your proportionate entitlement to

any future distribution, rights and/or allotment that the Company may make or declare after completion of the Proposals will be diluted correspondingly.

(viii) Risk of not implementing the Group's future plans

We note that the Group intends to construct a new flagship boutique as well as undertake continual refurbishment of boutiques and counters at departmental stores and maintenance of IT infrastructure of the Group as set out in **Section 2.1.4 of Part A of the Circular**. The implementation of these future plans is subject to additional expenditures including construction, refurbishment and upkeep expenses, which are expected to be funded via the proceeds from the Proposed IPO. Such additional expenditures will increase the Group's operational costs and may adversely affect the Group's financial performance if they are unable to generate sufficient revenue following the implementation of these future plans.

If the Proposals are not fully implemented and/or aborted or there is a delay in implementing the Proposals and the receipt of proceeds arising therefrom, the Group plans to use internally generated funds and/or bank borrowings, the breakdown of which cannot be determined by the management of CRG at this juncture, to finance their future plans.

Notwithstanding the above, there is no assurance that the execution of the Group's future plans will increase the Group's profitability in the future, nor will the Group be able to anticipate all the risks and uncertainties that may arise during the implementation of these future plans, which may adversely affect the Group's earnings growth, future results of operations and prospects.

We wish to highlight that although efforts and measures would be taken by the Company to ensure that the risks associated with the Proposals are mitigated, no assurance can be given that one or a combination of risk factors will not occur and give rise to material and adverse impact on the business and operations of CRG, its competitiveness, financial performance, financial position, or prospects thereon, and that CRG Shares will trade at or above the final IPO Price or its share price on the LEAP Market upon CRG's listing on the ACE Market.

In evaluating the Proposals, shareholders of CRG should carefully consider the said risk factors and their respective mitigating factors prior, if any, to voting on the resolution pertaining to the Proposals at the forthcoming EGM of CRG. Shareholders of CRG should also note that the risk factors in this section are not meant to be exhaustive.

Notwithstanding the above risk factors, we believe the rationale and justifications of the Proposals as disclosed in **Section 3 of Part A of the Circular**, outweigh the potential risk highlighted above as the Proposed Transfer will benefit the shareholders of CRG by holding ACE Market listed CRG Shares that are accessible to a wider pool of investors which offers a more robust listing environment and there will be relatively greater vibrancy, higher liquidity, and better price discovery. As such, the remaining shareholders of CRG will be able to realise their investment in CRG Shares in the open market. Additionally, the indicative utilisation of proceeds from the Proposed Public Issue, which will be undertaken in conjunction with the Proposed Transfer, will enable the Group to further expand its retail presence in Malaysia and will potentially improve the Group's future financial performance.

## 7. OUR EVALUATION OF THE PROPOSED EXIT OFFER

In arriving at our recommendation in respect of the Proposed Exit Offer, we have assessed the fairness and reasonableness of the Proposed Exit Offer in accordance with Paragraph 1 to Paragraph 6 under Schedule 2: Part III of the Rules, whereby:

- (i) in relation to a take-over, the term "fair and reasonable" should generally be analysed as two (2) distinct criteria i.e. whether the offer is "fair" and whether the offer is "reasonable", rather than as a composite term;

- (ii) the take-over offer is considered “fair”, if the offer price is equal to or higher than the market price and is also equal to or higher than the value of the securities of the offeree. However, if the offer price is equal to or higher than the market price but is lower than the value of the securities of the offeree, the take-over offer is considered “not fair”. In making the assessment, the value of the securities of the offeree is determined based on the assumption that 100% of the issued shares of the offeree is being acquired;
- (iii) pursuant to paragraph 4 of Schedule 2: Part III of the Rules, in considering whether a take-over offer is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer. A take-over offer would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being “not fair”, if the independent adviser is of the view that there are sufficiently strong reasons to accept the offer in the absence of a higher bid and such reasons should be clearly explained; and
- (iv) in the event that the independent adviser concludes that the offer is “not fair but reasonable”, the independent adviser must clearly explain the following:
  - (a) what is meant by “not fair but reasonable”;
  - (b) how has the independent adviser reached this conclusion; and
  - (c) the course of action that the shareholders are recommended to take pursuant to the conclusion.

For the evaluation of the Proposed Exit Offer, we have taken into consideration the following factors:

	<b>Fairness of the Proposed Exit Offer</b>	<b>Details in this IAL</b>
(i)	Valuation of the CRG Shares	Section 8.1
(ii)	Historical share price analysis of the CRG Shares	Section 8.2
(iii)	Illustrative IPO Price comparison	Section 8.3

	<b>Reasonableness of the Proposed Exit Offer</b>	<b>Details in this IAL</b>
(i)	Listing status of CRG	Section 9.1
(ii)	Compulsory acquisition	Section 9.2
(iii)	Rights of dissenting shareholders	Section 9.3

## **8. FAIRNESS OF THE PROPOSED EXIT OFFER**

We have assessed the fairness of the Adjusted Exit Offer Price by taking into consideration the following:

### **8.1 Valuation of the CRG Shares**

The CRG Group is principally involved in the business of designing, promoting, marketing, distributing, and retailing of women’s handbags, footwear, and accessories. A summary of the consolidated financial information of CRG Group for the past four (4) financial years up to the FYE 2023 are set out below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	80,613	76,460	101,787	113,534
GP	43,678	44,392	63,043	70,064
Other operating income	2,911	3,324	3,431	3,392
Finance costs	(887)	(596)	(717)	(749)
Share of profit/(loss) of an associate, net of tax	-	150	(269)	(909)
PBT	5,288	8,073	29,033	31,450
Tax expense	(2,287)	(4,089)	(6,803)	(7,597)
PAT	3,001	3,984	22,231	23,853
PAT attributable to owners of our Company	3,001	3,984	22,231	23,853
EBITDA	15,370	16,993	37,511	40,004
GP margin (%)	54.18	58.06	61.94	61.71
PBT margin (%)	6.56	10.56	28.52	27.70
PAT margin (%)	3.72	5.21	21.84	21.01
Number of Shares in issue ('000)	805,651	805,651	805,651	805,651
Basic / Diluted EPS (sen)	0.37	0.49	2.76	2.96
Dividend paid	4,028	4,028	4,028	14,099

#### **FYE 2020 vs FYE 2019**

The revenue of CRG Group for the FYE 2020 decreased by RM41.89 million or 34.19% to RM80.62 million as compared to FYE 2019 of RM80.61 million. The significant decline in revenue was mainly due to the enforcement of the movement control order by the Malaysian Government which resulted in the temporary suspension of the Group's retail outlets business activities. In line with that, the Group had also recorded a decrease in PBT by RM3.20 million or 37.65% to RM5.30 million for the FYE 2020 as compared to RM8.50 million in FYE 2019.

#### **FYE 2021 vs FYE 2020**

The revenue of CRG Group for the FYE 2021 decreased by RM4.15 million or 5.15% to RM76.46 million as compared to the FYE 2020 of RM80.61 million. The decrease was mainly due to the imposition of a nationwide full movement control order on 1 June 2021 resulting in temporary suspension of business activities of the CRG Group's retail outlets during FYE 2021.

Notwithstanding the above, PBT of CRG Group for the FYE 2021 increased by RM2.78 million or 52.55% to RM8.07 million as compared to the FYE 2020 of RM5.29 million. The increase in PBT was mainly due to the share of profit of an associate of RM0.15 million in FYE 2021 (FYE 2020: nil), a reduction of selling and distribution expenses of RM3.14 million in FYE 2021 to RM20.91 million (FYE 2020: RM24.05 million), wage subsidies from the government of Malaysia, and lease payment concessions provided by operators of numerous shopping malls to mitigate the negative impact of COVID-19.

#### **FYE 2022 vs FYE 2021**

The revenue of CRG group for the FYE 2022 increased by RM25.33 million or 33.13% to RM101.79 million as compared to the FYE 2021 of RM76.46 million. The increase was mainly due to increase in retail sales resulting from in-store shopping, driven by pent-up demand for consumer goods and the gradual easing of restriction associated with the movement control order that has been enforced by the Malaysian government throughout FYE 2022.



CRG Group recorded a PBT of RM29.03 million for the FYE 2022 as compared to the PBT of RM8.07 million for the FYE 2021. The increase in PBT was mainly due to the substantial year-on-year increase in retail sales through different channels, with boutiques experiencing a growth of 46.07% to RM51.71 million in FYE 2022 (FYE 2021: RM35.40 million), departmental stores recording a rise of 31.72% to RM37.33 million in FYE 2022 (FYE 2021: RM28.34 million), and e-commerce showing a slight increase of 1.23% to RM12.39 million in FYE 2022 (FYE 2021: RM12.24 million). These, coupled with the higher GP margin recorded from all sales channels in FYE 2022 compared to FYE 2021 mainly due to lower discount given for its products, had resulted in the increase in CRG Group's PBT by 259.73%.

#### **FYE 2023 vs FYE 2022**

CRG Group recorded a revenue of RM113.53 million in FYE 2023 as compared to a revenue of RM101.79 million in FYE 2022, which represents a growth of 11.53% or RM11.74 million. The growth was mainly due to the improvements in retail sales as the pandemic restrictions were lifted and the customers resumed shopping in-stores. In addition to that, the Group's new boutiques had also contributed to the increase in revenue from the previous financial year. There have been five (5) newly opened boutiques in Lalaport (opened in January 2022), Sky Avenue (opened in March 2022), I-City Shah Alam (opened in April 2022), Mid Valley Southkey (opened in April 2022) and Sunway Carnival (opened in June 2022). In line with that, the PBT of CRG Group also recorded an increase in FYE 2023 of RM2.42 million or 8.34% to RM31.45 million from RM29.03 million in FYE 2022.

#### DCF methodology

In arriving at the value of CRG Shares, we have considered the DCF methodology as the most appropriate valuation methodology based on the following justifications:

- (i) we note that the Group's financial performance has been consistent during the last four (4) FYEs, as depicted above, and is expected to have consistent and predictable cashflow in the immediate term as the key bases and assumptions of the Future Financials as prepared by the management of CRG is supported by the Group's historical financial performance trend. Therefore, we are able to apply earnings-based valuation methodologies such as PE multiples and DCF based approach as a basis to determine the fair value of CRG Shares; and
- (ii) in view that CRG's underlying value is more likely to be derived from its business operations of designing, promoting, marketing, distributing, and retailing of women's handbags, footwear, and accessories rather than its underlying assets, asset-based valuation methodologies such as revalued net asset valuation may not accurately reflect the potential worth of CRG Group.

The DCF methodology is a valuation method used based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the equity holders of a company after all expenses, reinvestment, and debt repayment.

We have reviewed the Future Financials, which was prepared by the management of CRG based on forecast on a best-effort basis. We have considered and evaluated the key bases and assumptions used in the preparation of the Future Financials and are of the view that the basis and assumptions are reasonable given the prevailing circumstances and significant factors that are known as at the LPD.

The Future Financials, together with the bases and assumptions adopted herein, have been reviewed and approved by the Board. The key bases and assumptions adopted in the preparation of the Future Financials are as follows:

- (a) the Group's business will continue to operate on a going concern basis and is expected to sustain its operations in perpetuity;
- (b) the Group is expected to open two (2) new boutiques by FYE 2024 in Silverlake and Tun Razak Exchange, which will be funded via internally generated funds, as the Group focuses on expanding their brand presence through boutiques;

- (c) there will not be any significant or material changes in the principal activities of the CRG Group;
- (d) sufficient internally generated funds and bank borrowings will be available to finance the working capital requirements and capital expenditure of the Group's business activities without any material adverse effect on the financial results, cash flows or business prospects of the Group;
- (e) there will not be any significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows, or business prospects;
- (f) there will not be any significant changes in present legislation or government regulations which will adversely affect the business activities of the Group;
- (g) the current accounting policies adopted by the CRG Group will remain relevant and there will not be any significant changes in the accounting policies of the CRG Group which have a material adverse impact on the financial performance and financial position of the CRG Group; and
- (h) there will not be any significant or material changes in political, social, and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the industry and/or countries in which the CRG Group operates in subsequent to the LPD which may have an adverse effect on the financial performance and financial position of the Group.

Our valuation, together with the key bases and assumptions adopted as at 30 June 2023 (which represents the start of the Future Financials as prepared by the management of CRG), are as follows:

No.	Key bases and assumptions as at		Descriptions
		30 June 2023	
1.	Free cash flow to equity ("FCFE")	Based on the Future Financials	<p>FCFE is free cash flow from operations available to the equity holders of a company after taking into consideration all operating expenses, movements in working capital, net investing cash flows and net financing cash flows. We are of the view that FCFE (instead of free cash flow to firm) is the most appropriate approach to compute the equity value of CRG to the equity holders (instead of all investors, including bondholders and stockholders) and therefore has adopted it in determining the fair value for per share of CRG. As such, the cost of equity was chosen as the adopted discount rate.</p> <p>We have reviewed the Future Financials and the bases and assumptions used in its preparation and are of the opinion that they have been reasonably prepared on bases reflecting the best currently available estimates and judgement by the management of CRG and of which the management of CRG is solely responsible for. It should also be noted that our evaluation in itself is highly dependent on, amongst others, the achievability of the Future Financials as well as the materialisation of the bases and assumptions used therein.</p> <p>In order to derive the equity value of CRG, we have first discounted the FCFE projected to be generated from the business of CRG Group at an appropriate cost of equity to reflect the rate of return required by the providers of capital for the business.</p>

No.	Key bases and assumptions as at		Descriptions
		30 June 2023	
2.	Cost of equity (“ <b>K<sub>e</sub></b> ”)	10.21%	<p><b>K<sub>e</sub></b> = Cost of equity, which represents the rate of return required by an investor on the cash flow streams generated by the business given the risks associated with the cash flows. In deriving the cost of equity for CRG, we have adopted the capital asset pricing model (“<b>CAPM</b>”) and derived an estimated cost of equity with the following inputs:</p> $K_e = R_f + \beta(R_m - R_f)$ <p>The components of CAPM are explained in Items 3, 4 and 5 of this table.</p>
3.	Risk-free return (“ <b>R<sub>f</sub></b> ”)	3.85%	<p>Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of ten (10)-year Malaysian Government Securities as extracted from the Bank Negara Malaysia website as at 30 June 2023.</p>
4.	Expected market rate of return (“ <b>R<sub>m</sub></b> ”)	9.48%	<p>Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.</p> <p>In our opinion, the expected rate of return for FTSE Bursa Malaysia Top 100 Index is a good indicator of the equity market return in Malaysia. Given the volatility of the stock market and market cycles, we view that a ten (10)-year historical expected rate of return of the said index is an appropriate estimate of the expected market rate of return as it normalises the year-on-year fluctuations of the stock market and mitigates market bias.</p> <p>Based on the information sourced from Bloomberg, we have derived an average expected market rate of return in Malaysia for the past ten (10) years up to 30 June 2023.</p>
5.	Beta (“ <b>β</b> ”)	1.13	<p>Beta captures the sensitivity of an asset’s return relative to the market’s return. A beta of more than +1 means the asset’s return is riskier compared to the market and vice versa.</p> <p>In deriving the estimated beta of CRG, we have adopted the re-levered median of unlevered historical adjusted betas of the comparable companies for the past three (3) years. Relying on the three (3)-year historical beta of the peers is appropriate as it will capture the characteristics and risk profiles of the companies that are comparable to CRG today and adequately estimate the systematic risks (relying on the beta of a longer time period may include covering a time period where a peer may have materially different characteristics and risk profiles (e.g. due to, amongst others, being in a different industry life cycle, position in the value chain and/or different product mix) which would then declassify such peer from being comparable with CRG.</p> <p>As the historical adjusted beta extracted from Bloomberg is based on the capital structure of the respective companies, we have unlevered the median historical adjusted beta and re-levered it based on the current capital structure of CRG as at 30 June 2023 which is a debt equity ratio (“<b>DE Ratio</b>”) of 0.347. We have re-levered the beta based on the following formula:</p>

No.	Key bases and assumptions as at		Descriptions																				
	30 June 2023																						
			<p> <math display="block">\begin{aligned} \text{Re-levered beta} &amp;= \text{Median un-levered beta} \times \\ &amp; [1 + (1 - \text{tax rate}) \times \text{DE Ratio of CRG}] \\ &amp;= 0.897 \times 1.264 \\ &amp;= 1.13 \end{aligned}</math> </p> <p>As there are no comparable companies listed on the LEAP Market, the comparable companies that were selected are public companies listed on the Main Market and ACE Market that are engaged in the retail business and with a market capitalisation of between RM100 million and RM200 million (as the market capitalisation of CRG as at 30 June 2023 is approximately RM161.13 million) as at 30 June 2023. Please note that the selection of comparable companies is highly subjective and judgemental, and the selected comparable companies may not be entirely comparable due to various factors such as composition of business activities, scale and size of operations, risk profiles and track records.</p> <p>The comparable companies identified together with their market capitalisation as at 30 June 2023 and their respective un-levered beta are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 5%;">No</th> <th style="width: 65%;">Company</th> <th style="width: 15%;">Market capitalisation as at LPD (RM'000)</th> <th style="width: 15%;">Un-levered beta (times)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Asia Brands Berhad</td> <td style="text-align: right;">116,323</td> <td style="text-align: right;">0.527</td> </tr> <tr> <td>(ii)</td> <td>Prolexus Berhad</td> <td style="text-align: right;">108,843</td> <td style="text-align: right;">0.961</td> </tr> <tr> <td>(iii)</td> <td>Bonia*</td> <td style="text-align: right;">367,821</td> <td style="text-align: right;">0.897</td> </tr> <tr> <td colspan="3" style="text-align: right;">Median un-levered beta</td> <td style="text-align: right;">0.897</td> </tr> </tbody> </table> <p>Note: *We have included Bonia in our list of comparable companies as it is engaged in the retail business and is an affiliated company of CRG by virtue of common substantial shareholdings by BHSB, FTSB and CSS.</p> <p>Our selection of comparable companies do not include MESB Berhad and Padini Holdings Berhad due to our market capitalisation parameter of between RM100 million to RM200 million. The parameter for the market capitalisation is an important factor in determining comparable companies for the DCF methodology as it ensures that the selected companies are reasonably similar in terms of size, risk, and market dynamics. The market capitalisation of MESB and Padini as at 30 June 2023 is RM64.93 million and RM2,552.69 million, respectively, and are therefore not included in our selection of comparable companies.</p>	No	Company	Market capitalisation as at LPD (RM'000)	Un-levered beta (times)	(i)	Asia Brands Berhad	116,323	0.527	(ii)	Prolexus Berhad	108,843	0.961	(iii)	Bonia*	367,821	0.897	Median un-levered beta			0.897
No	Company	Market capitalisation as at LPD (RM'000)	Un-levered beta (times)																				
(i)	Asia Brands Berhad	116,323	0.527																				
(ii)	Prolexus Berhad	108,843	0.961																				
(iii)	Bonia*	367,821	0.897																				
Median un-levered beta			0.897																				
6.	Perpetual growth rate ("g")	1.0%	<p>Perpetual growth rate is the constant annual rate at which the FCFE is assumed to grow indefinitely beyond the forecast period of the Future Financials of CRG. We adopted a perpetual growth rate of 1.0% after taking into consideration the average 5-year annual inflation rate from 2018 to 2022 in Malaysia of 1.25%.</p> <p>(Source: Department of Statistics Malaysia Official Portal)</p>																				

No.	Key bases and assumptions as at		Descriptions
	30 June 2023		
7.	Terminal value	RM303.37 million	<p>We have derived the terminal value for CRG based on the following formula:</p> $\text{Terminal value} = \frac{\text{FCFE for FYE 2028} \times (1 + g)}{(K_e - g)}$
8.	Fair value of CRG	Approximately RM264.56 million	<p>The formula used to derive the fair value of CRG is as follows:</p> $\text{Fair value of CRG} = \text{Present value of projected FCFE based on the Future Financials of CRG Group}^{(1)} + \text{Present value of terminal value}^{(2)}$ $= \text{RM77.96 million} + \text{RM186.60 million}$ <p><i>Notes:</i></p> <p>(1) <i>Computed based on the following formula:</i></p> $\frac{\text{Present value of FCFE}}{\text{FCFE}} = \frac{\text{FCFE}}{(1 + K_e)^n}$ <p style="text-align: center;"><i>whereby, n represents time, in years into the future.</i></p> <p>(2) <i>Computed based on the following formula:</i></p> $\frac{\text{Present value of terminal value}}{\text{terminal value}} = \text{Terminal value} \times \frac{1}{(1 + K_e)^n}$ <p style="text-align: center;"><i>whereby, n represents the last financial year of the Future Financials of CRG Group in which the expected sustainable level of FCFE is derived based on the expected cash flow to perpetuity.</i></p>

Based on the fair value of CRG above, we have then derived the equity value of its business as follows:

	30 June 2023
	RM'000
Sum of present value of the FCFE	77,956
Present value of terminal value	186,605
Equity value of CRG	264,561
No. of Shares in issue (*000)	805,651
Estimated value per CRG Share (RM)	0.328
Discount of the Adjusted Exit Offer Price to the estimated value per CRG Share (RM)	0.103
Discount of the Adjusted Exit Offer Price to the estimated value per CRG Share (%)	31.40

Based on the above, the Adjusted Exit Offer Price of RM0.225 per Offer Share is lower than and represents a discount of RM0.103 or approximately 31.40% to the estimated value of CRG Share of RM0.328 based on the DCF valuation.

## PE Multiple

To further support the valuation derived from the DCF methodology, we have adopted a PE Multiple comparison method as a cross-check method to determine how the estimated PE Multiple, derived from the estimated value per CRG Share under the DCF methodology, compares with the traded PE Multiples of the comparable companies.

Under the PE Multiple analysis, the parameters used for the selection of comparable companies is identical to the DCF methodology except it is not confined by the market capitalisation parameter as it does the DCF methodology. Therefore, we have included the selected comparable companies from **Section 2.1.3 of Part A of the Circular** in addition to the comparable companies used under the DCF methodology in our PE Multiple analysis. The trading PE Multiples of the selected comparable companies to the Group as at the LPD are as follows:

Selected comparable companies / (Board)	As at the LPD		Basic earnings per share <sup>(3)</sup>	PE Multiple
	Closing price <sup>(1)</sup>	Market capitalisation <sup>(2)</sup>		
	(RM)	(RM'000)	(RM)	(times)
	(A)		(B)	(A/B) <sup>(4)</sup>
Bonia (Main Market)	1.680	337,672	0.274	6.14
MESB Berhad (Main Market)	0.545	78,640	0.085	6.45
Padini Holdings Berhad (Main Market)	3.790	2,493,477	0.339	11.20
Asia Brands Berhad (Main Market)	0.515	119,814	0.039	13.26
Prolexus Berhad (Main Market)	0.315	87,169	0.075	4.17
			<b>High</b>	<b>13.26</b>
			<b>Low</b>	<b>4.17</b>
			<b>Simple average</b>	<b>8.24</b>

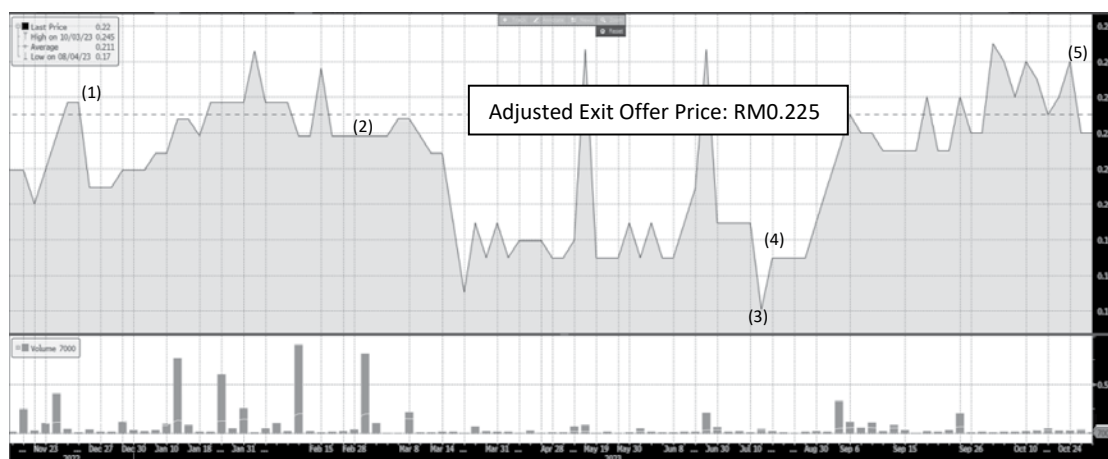
Notes:

- (1) Source: Bloomberg Finance L.P.
- (2) Computed based on the number of ordinary shares in issue (excluding any treasury shares) multiplied by the closing price, as at the LPD.
- (3) Being the rolling 12-month audited/unaudited PAT attributable to owners of the comparable companies, respectively divided by the number of ordinary shares in issue as at the LPD (Source: Audited consolidated financial statements and quarterly reports of the respective selected comparable companies).
- (4) Subject to rounding adjustment.

Based on our estimated value per CRG Share of RM0.328 above and the audited EPS of the Group of approximately 2.96 sen for the FYE 2023 and the total number of 805,651,400 Shares in issue as at the LPD, the estimated PE Multiple of CRG is approximately 10.13 times. This falls between the range of PE Multiples of the selected comparable companies between 4.17 times and 13.26 times. If the selection of comparable companies used for the PE Multiple analysis are identical to the selection in the DCF methodology above (MESB and Padini are excluded from the selected comparable companies), the range of PE Multiples of the selected comparable companies would remain between 4.17 times and 13.26 times and the estimated PE Multiple of CRG would fall between this range.

## 8.2 Historical share price analysis of the CRG Shares

The chart below sets out the historical daily closing price movements of the Shares for the past one (1) year up to the LPD compared to the Adjusted Exit Offer Price of RM0.225 per Offer Share. We note that CRG Shares are generally traded lower than the Adjusted Exit Offer Price as depicted in the chart below.



(Source: Bloomberg)

Apart from the announcements made on the Bursa Securities for the past one (1) year up to the LPD below, to the best of our knowledge and upon confirmation from the management of CRG, there have been no material news/developments throughout the period of analysis which may have led to the upward or downward movements of market prices of CRG Shares for the past one (1) year up to the LPD:

Annotation	Date	Significant event
(1)	22 December 2022	Announcement on the acquisition of property by a subsidiary of CRG
(2)	27 February 2023	Announcement of a special single tier interim dividend of 0.75 sen per Share for the FYE 2023
(3)	14 August 2023	Announcement of the Proposals and Proposed Exit offer
(4)	18 August 2023	Announcement of a special single tier interim dividend of 0.50 sen per Share for the FYE 2024
(5)	31 October 2023	Release of CRG's annual audited accounts for FYE 2023

We set out below a comparison of the Adjusted Exit Offer Price of RM0.225 per Offer Share *vis-à-vis* the historical market prices of CRG:

	Market price of CRG Shares <sup>(1)</sup>		Premium/(Discount) of the Adjusted Exit Offer Price over the prevailing market price	
	RM		RM	%
Closing price on the LMD	0.1750		0.0500	28.57
<b>Up to and including the LMD:</b>				
Five (5)-day VWAP <sup>(2)</sup>	N/A		N/A	N/A
One (1)-month VWAP	0.1750		0.0500	28.57
Three (3)-month VWAP	0.2238		0.0012	0.54
Six (6)-month VWAP	0.2219		0.0031	1.40
One (1)-year VWAP	0.2179		0.0071	3.26

	Market price of CRG Shares <sup>(1)</sup>	Premium/(Discount) of the Adjusted Exit Offer Price over the prevailing market price	
	RM	RM	%
Closing price on the LPD <sup>(3)</sup>	0.2250 <sup>(4)</sup>	-	-
<b>Up to and including the LPD:</b>			
Five (5)-day VWAP	0.2250	-	-
One (1)-month VWAP	0.2251	(0.0001)	(0.04)
Three (3)-month VWAP	0.2185	0.0065	2.97
Six (6)-month VWAP	0.2169	0.0081	3.73
One (1)-year VWAP	0.2202	0.0048	2.18

Notes:

N/A Not available.

(1) Source: Bloomberg Finance L.P.

(2) No trading of CRG Shares during the 5 market days up to the LMD.

(3) CRG Share price has been on upward trend since the Announcement.

(4) Being closing price of CRG Shares on 20 November 2023 (last trading day prior to the LPD).

Based on the table above, we note that the Adjusted Exit Offer Price represents:

- (i) a premium of RM0.0500 (28.57%) over the closing price of CRG Shares on the LMD;
- (ii) a premium of between RM0.0012 (0.54%) and RM0.0500 (28.57%) over the one (1)-month, three (3)-month, six (6)-month and one (1) year VWAPs of the CRG Shares up to the LMD;
- (iii) a discount of RM0.0001 (0.04%) over the one (1)-month VWAP of the CRG Shares up to the LPD; and
- (iv) a premium of between RM0.0081 (3.73%) and RM0.0048 (2.18%) over the three (3)-month, six (6)-month and one (1)-year VWAPs of the CRG Shares up to the LPD.

### 8.3 Illustrative IPO Price comparison

The Adjusted Exit Offer Price of RM0.225 per Offer Share represents a discount of RM0.075 or 25.00% to the illustrative IPO Price of RM0.30 per IPO Share. We note that the illustrative IPO Price is indicative at this juncture.

Please refer to Section 6.3 of this IAL for further details and our view on the basis and justification on of the illustrative IPO Price.

### 8.4 Our view on the fairness of the Proposed Exit Offer

Although the Adjusted Exit Offer Price represents:

- (i) a premium of RM0.0500 (28.57%) over the closing price of CRG Shares on the LMD;
- (ii) a premium of between RM0.0012 (0.54%) and RM0.0500 (28.57%) over the one (1)-month, three (3)-month, six (6)-month and one (1) year VWAPs of the CRG Shares up to the LMD; and
- (iii) a premium of between RM0.0081 (3.73%) and RM0.0048 (2.18%) over the three (3)-month, six (6)-month and one (1)-year VWAPs of the CRG Shares up to the LPD,



we are of the view that the Proposed Exit Offer is **not fair** as it represents:

- (i) a discount of RM0.0001 (0.04%) over the one (1)-month VWAP of the CRG Shares up to the LPD;
- (ii) a discount of RM0.103 or approximately 31.40% to the estimated value of CRG Share of RM0.328 based on the DCF valuation; and
- (iii) a discount of RM0.075 (25.00%) to the illustrative IPO price of RM0.30 per Share.

## **9. REASONABLENESS OF THE PROPOSED EXIT OFFER**

### **9.1 Listing status of CRG**

The Proposals involve the withdrawal of the Company's listing from the LEAP Market and the transfer of the listing and quotation of the enlarged issued share capital of the Company to the ACE Market, subject to the Company obtaining the Relevant Approvals or fulfilling the Pre-Conditions for the Proposals as set out in **Section 10 of Part A of the Circular**.

The passing of the resolution pertaining to the Proposed Withdrawal of Listing at CRG's EGM is subject to the following conditions:

- (i) the resolution is approved by a majority of shareholders, in number, representing 75% of the total number of issued Shares held by the shareholders present and voting either in person or by proxy at the EGM; and
- (ii) the number of votes cast against the resolution by the shareholders of the Company is not more than 10% of the total number of issued Shares held by the shareholders present and voting either in person or by proxy at the EGM.

Once the Company has obtained the Relevant Approvals or fulfilled the Pre-Conditions of the Proposals, the Proposed Exit Offer shall be implemented by the Joint Offerors and subsequently, CRG will be withdrawn from the LEAP Market and listed on the ACE Market, irrespective of the acceptance level for the Proposed Exit Offer. As the Proposed Transfer is inter-conditional with the Proposed Withdrawal of Listing, shareholders of CRG who have not accepted the Proposed Exit Offer will be holding ACE Market listed CRG Shares upon completion of the Proposed Transfer whereas shareholders of CRG who have accepted the Proposed Exit Offer will forego the future potential benefits of holding ACE Market listed CRG Shares.

For information, the Joint Offerors are eligible to vote at the EGM. The Joint Offerors collectively hold 422,071,398 ordinary shares in CRG as at the LPD, representing approximately 52.39% of the total issued share capital of the Company.

### **9.2 Compulsory acquisition**

Section 222(1) of the CMSA provides that, where an offeror:

- (a) has made a take-over offer for all the shares or all the shares in any particular class in an offeree; and
- (b) has received acceptances of not less than nine-tenths in the nominal value of the offer shares,

the offeror may, within 4 months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree, by issuing a notice in the form or manner specified by the SC to such effect, to all dissenting shareholders provided that the notice:

- (a) is issued within 2 months from the date of achieving the conditions under sections 222(1)(a) and 222(1)(b) of the CMSA; and
- (b) is accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Section 222(1A) of the CMSA provides that for the purpose of subsection 222(1)(b) of the CMSA, the acceptances shall not include shares already held at the date of the take-over offer by the offeror or any persons acting in concert.

We note from **Section 2.2.5 of Part A of the Circular** that if the Joint Offerors receive valid acceptances of not less than 9/10 in the value of the total number of Offer Shares in issue (excluding Shares already held by the Joint Offerors and the PACs as at the date of the Proposal Letter) on or before the Closing Date, **the Joint Offerors do not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received on or before the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled. This will assist the Company in complying with the public shareholding spread requirement as set out in Rule 3.10(1) if the ACE LR upon completion of the Proposed Transfer and allow the shareholders of the Company who do not accept the Proposed Exit Offer to not have their Shares compulsorily acquired by the Joint Offerors.

### 9.3 Rights of dissenting shareholders

Notwithstanding **Section 2.2.5 of Part A of the Circular**, Section 9.2 of the IAL, and subject to section 224 of the CMSA, section 223 of the CMSA provides that if the Joint Offerors receive valid acceptances from the holders of Offer Shares resulting in the Joint Offerors and the PACs holding not less than 9/10 in the value of all of the Shares in issue (including Shares which are already held by the Joint Offerors and the PACs as at the date of the Proposal Letter) on or before the Closing Date, a dissenting shareholder may exercise his rights, under subsection 223(1) of the CMSA, by serving a notice on the Joint Offerors to require the Joint Offerors to acquire his Offer Shares on the same terms and conditions as set out in the Offer Document or such other terms as may be agreed.

If a dissenting shareholder invokes the provisions of subsection 223(1) of the CMSA, the Joint Offerors will acquire such Offer Shares in accordance with the provisions of the CMSA, subject to the provisions of section 224 of the CMSA which provides that when a dissenting shareholder exercises his rights under subsection 223(1) of the CMSA, the court may, on an application made by such dissenting shareholder or by the Joint Offerors, order that the Joint Offerors acquire the dissenting shareholders' Offer Shares on terms that the court thinks fit.

Subsection 223(2) of the CMSA requires the Joint Offerors to give the dissenting shareholders a notice in the manner specified under the Rules of the rights exercisable by the dissenting shareholders under subsection 223(1) of the CMSA, within 1 month of the time the Joint Offerors have received valid acceptances from the holders of Offer Shares resulting in the Joint Offerors and the PACs holding not less than 9/10 in the value of all of our Shares in issue (including Shares which are already held by the Joint Offerors and the PACs as at the date of the Proposal Letter). The notice to the dissenting shareholders under subsection 223(2) of the CMSA may specify the period for the exercise of the rights of the dissenting shareholders and such period shall not be less than 3 months after the Closing Date.

### 9.4 Our view on the reasonableness of the Proposed Exit Offer

We are of the view that the Proposed Exit Offer is **not reasonable** after taking into consideration the following factors:

- (i) in the event the Relevant Approvals are obtained, CRG will be withdrawn from the LEAP Market and listed on the ACE Market irrespective of the acceptance level for the Proposed Exit Offer. **The Proposed Exit Offer would only be implemented subsequent to the Company obtaining the Relevant Approvals and the CRG Shares will remain tradeable on the ACE Market and**

**holders of the Offer Shares will still be able to realise their investment in CRG Shares in the open market.** Furthermore, the holders of the Offer Shares will be able to enjoy the future potential benefits of holding ACE Market listed CRG Shares such as the benefit from being exposed to a larger pool of investors, better price discovery and higher potential upside based on an illustrative IPO Price of RM0.30 per IPO Share compared to the Adjusted Exit Offer Price of RM0.225 per Offer Share. However, we note that the illustrative IPO Price is indicative at this juncture and the final IPO Price may differ from the illustrative IPO Price as they shall depend on the latest earnings performance of the Group (based on the latest audited accounts or a special audit on the latest interim financial results of the Group in order to ensure that the latest financial statements is well within its validity period prior to the issuance of the Prospectus); the prevailing PE Multiples of selected comparable public listed companies on Bursa Securities; and the prevailing equity market and economic condition in Malaysia. The IPO Price to be disclosed in the Prospectus shall be either the same or lower (if any major adverse events occur prior to the signing of the underwriting agreement) than the IPO Price to be disclosed in the Offer Document and IAC; and

- (ii) the Joint Offerors **do not intend to invoke the provisions of Section 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares from the dissenting shareholders for which valid acceptances have not been received under the Proposed Exit Offer even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled. This will assist the Company in complying with the public shareholding spread requirement as set out in Rule 3.10(1) if the ACE LR upon completion of the Proposed Transfer and allow the shareholders of the Company who do not accept the Proposed Exit Offer to not have their Shares compulsorily acquired by the Joint Offerors.

## **10. OUR CONCLUSION AND RECOMMENDATION**

We have assessed and evaluated the Proposals after taking into consideration the relevant factors as discussed in Section 6 of this IAL. In arriving at our opinion on the fairness and reasonableness of the Proposals, we have taken into consideration the following pertinent factors:

- (i) The rationale and justifications for the Proposals are reasonable and not detrimental to the shareholders of CRG;
- (ii) The financial effects of the Proposals are reasonable and not detrimental to the shareholders of CRG;
- (iii) The prospects of CRG Group are positive;
- (iv) The completion risk of the Proposals which is dependent on the Company obtaining the Relevant Approvals or fulfilling the Pre-Conditions as set out in **Section 10 of Part A of the Circular**;
- (v) The investment risk of the Proposals which is dependent on the final IPO Price compared to the illustrative IPO Price stated in the Circular, the Notice and the Offer Document, and the Adjusted Exit Offer Price; and
- (vi) The risks associated with the Proposals as set out in **Section 5 of Part A of the Circular** do not outweigh the rationale and justifications of the Proposals as set out in **Section 3 of Part A of the Circular**.

In arriving at our recommendation in respect of the Proposed Exit Offer, we have assessed the fairness and reasonableness of the Proposed Exit Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:

- (i) in relation to a take-over, the term “fair and reasonable” should generally be analysed as two (2) distinct criteria i.e. whether the offer is “fair” and whether the offer is “reasonable”, rather than as a composite term;

- (ii) the take-over offer is considered “fair”, if the offer price is equal to or higher than the market price and is also equal to or higher than the value of the securities of the offeree. However, if the offer price is equal to or higher than the market price but is lower than the value of the securities of the offeree, the take-over offer is considered “not fair”. In making the assessment, the value of the securities of the offeree is determined based on the assumption that 100% of the issued shares of the offeree is being acquired; and
- (iii) pursuant to paragraph 4 of Schedule 2: Part III of the Rules, in considering whether a take-over offer is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer. A take-over offer would be considered “reasonable” if it is “fair”.

We have assessed and evaluated the Proposed Exit Offer as set out in Section 8 and 9 of this IAL. In arriving at our opinion, we have taken into consideration the following pertinent factors:

Based on our analysis as set out in Section 8 of this IAL, although the Adjusted Exit Offer Price of RM0.225 represents:

- (i) a **premium** of RM0.0500 (28.57%) over the closing price of CRG Shares on the LMD;
- (ii) a **premium** of between RM0.0012 (0.54%) and RM0.0500 (28.57%) over the one (1)-month, three (3)-month, six (6)-month and one (1) year VWAPs of the CRG Shares up to the LMD; and
- (iii) a **premium** of between RM0.0081 (3.73%) and RM0.0048 (2.18%) over the three (3)-month, six (6)-month and one (1)-year VWAPs of the CRG Shares up to the LPD,

we are of the view that the Proposed Exit Offer is **not fair** as it represents:

- (a) a **discount** of RM0.0001 (0.04%) over the one (1)-month VWAP of the CRG Shares up to the LPD;
- (b) a **discount** of RM0.103 or approximately 31.40% to the estimated value of CRG Share of RM0.328 based on the DCF valuation; and
- (c) a **discount** of RM0.075 (25.00%) to the illustrative IPO price of RM0.30 per Share.

The Proposed Exit Offer is the adopted exit mechanism in order to facilitate the Proposed Withdrawal of Listing. Based on the above, we are of the view that the Proposed Exit Offer is **not fair** and **not reasonable**. Furthermore, the Proposed Exit Offer would only be implemented subsequent to the Company obtaining the Relevant Approvals and the CRG Shares will remain tradeable on the ACE Market of Bursa Securities and holders of the Offer Shares will still be able to realise their investment in CRG Shares in the open market. Furthermore, the holders of the Offer Shares will be able to enjoy the potential benefits of holding ACE Market listed CRG Shares such as the benefit from being exposed to a larger pool of investors, better price discovery and higher potential upside based on an illustrative IPO Price of RM0.30 per IPO Share compared to the Adjusted Exit Offer Price of RM0.225 per Offer Share. These benefits are concurrent with the benefits of voting in favour of the resolutions pertaining to the Proposals, however, in the event the shareholders of CRG were to vote against the resolutions pertaining to the Proposals at the forthcoming EGM of CRG, the Company will remain listed on the LEAP Market and will have to obtain other resources of funding for the indicative utilisation of proceeds as set out in **Section 2.1.4 of Part A of the Circular** whilst the expenses paid for the Proposals will be foregone.

However, we note that the illustrative IPO Price is indicative at this juncture and the final IPO Price may differ from the illustrative IPO Price as they shall depend on the latest earnings performance of the Group (based on the latest audited accounts or a special audit on the latest interim financial results of the Group in order to ensure that the latest financial statements is well within its validity period prior to the issuance of the Prospectus); the prevailing PE Multiples of selected comparable public listed companies on Bursa Securities; and the prevailing equity market and economic condition in Malaysia.

We will provide our detailed independent evaluation and recommendation on the Proposed Exit Offer in a separate IAC at a later stage after the Offer Document from the Joint Offerors has been despatched to you.

We have assessed and evaluated the Proposals and have set out our evaluation in Section 6 of this IAL. The shareholders of CRG should carefully consider the merits and demerits of the Proposals based on all relevant and pertinent factors including those set out above and other considerations as set out in this IAL, the Circular and the appendices.

Based on our holistic assessment and evaluation, we are of the opinion that the Proposals are **fair** and **reasonable**, and are **not detrimental** to the shareholders of CRG.

Accordingly, we recommend that shareholders of CRG to **vote in favour** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of CRG.

Yours faithfully,  
**MAINSTREET ADVISERS SDN BHD**

**Goh Chin Chai**  
Head, Corporate Finance

**Dato' Siow Kim Lun**  
Adviser

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**INFORMATION ON THE JOINT OFFERORS**


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The information on the Joint Offerors is as follows:

**(i) DSCFY (Malaysian, aged 46)**

DSCFY was appointed to our Board on 23 November 2009 and was subsequently appointed as our Managing Director on 16 August 2018. He also sits on the Board of Directors of our subsidiaries. He is a major shareholder of our Company and holds 31.90% direct equity interest in our Company as at the LPD.

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

He has more than 15 years' experience in the fashion industry. He currently spearheads our Group's business direction and overall strategies and policies to drive the growth and innovation of Carlo Rino and C.Rino products. He plays an integral role in developing our Group's business strategy with the management team and focuses on our Group's expansion and growth, market entry, sustainability, profitability and operational efficiency.

He is a son of CSS (a substantial shareholder of our Company).

**(ii) CSS (Malaysian, aged 70)**

CSS was our Company's Director from 23 November 2009 to 16 August 2018. As at the LPD, he is our substantial shareholder and holds 6.71% direct equity interest in our Company.

He is the Founder and Group Executive Chairman of Bonia as well as director of certain Bonia's subsidiaries. His involvement in the leatherwear industry spans a period of over 50 years.

He is the father of DSCFY. He is a director and sole shareholder of FTSB (our substantial shareholder). He is an indirect major shareholder of our Company via his substantial interests in companies controlled by him pursuant to Section 8 of the Act (refer to **Section 2.2 of Part A** of this Circular).

**(iii) FTSB**

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

As at the LPD:

- (a) FTSB holds 13.78% direct equity interest in our Company;
- (b) FTSB has an issued share capital of RM250,000 comprising 250,000 ordinary shares;
- (c) FTSB does not have any other class of securities, treasury shares or convertible securities; and
- (d) the directors (all being Malaysians) and sole shareholder of FTSB are as follows:

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

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board, and our Directors individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statements or information herein false or misleading.

**2. CONSENTS AND CONFLICT OF INTERESTS****2.1 Adviser**

TA Securities, being the Adviser and Sponsor for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular. TA Securities has confirmed that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser and Sponsor for the Proposals.

**2.2 Independent Adviser**

MainStreet, being the Independent Adviser for the Proposals and the Proposed Exit Offer, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of the IAL, its name and all references thereto in the form and context in which they appear in this Circular. MainStreet has confirmed that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Independent Adviser for the Proposals and Proposed Exit Offer.

**2.3 Independent market researcher**

Infobusiness, being the independent market researcher, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of the IMR Report, its name and all references thereto in the form and context in which they appear in this Circular. Infobusiness has confirmed that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the independent market researcher.

**3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or may have a material effect on the financial position or business of our Group, and our Board confirms that there is no proceeding pending or threatened against our Group or any fact likely to give rise to any proceedings which may materially or adversely affect the financial position or business of our Group.

**4. MATERIAL CONTRACTS**

Save as disclosed below, neither our Company nor our subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the date of this Circular:

- (i) a sale and purchase agreement between CRI (as vendor) and LM Textile Sdn Bhd ("LMT") (as purchaser) dated 14 November 2022 for the disposal by CRI of 1 unit of 3-storey semi-detached factory erected on a piece of leasehold land held under Pajakan Negeri 10175, Lot 31574, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 906 square metres bearing postal address of No. 2A, Jalan Orkid Desa, Desa Tun Razak, 56000 Kuala Lumpur to LMT for a total cash consideration of RM5,800,000. This transaction was completed on 20 April 2023; and

**FURTHER INFORMATION (CONT'D)**

- (ii) a sale and purchase agreement entered between Industrial Property Management Sdn Bhd (as vendor) and Imbi Strata Sdn Bhd (a wholly-owned subsidiary of our Company) (“**IBS**”) (as purchaser) dated 21 December 2022 for the acquisition by IBS of all that piece of freehold land held under Geran 34048, Lot 620 Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 852.341 square metres together with a 2½ storey detached bungalow erected thereon bearing postal address of No. 217, Jalan Imbi, 55100 Kuala Lumpur for a total purchase price of RM16,500,000. This transaction was completed on 15 March 2023.

**5. MATERIAL COMMITMENTS**

As at the LPD, our Board confirms that there are no material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group.

**6. CONTINGENT LIABILITIES**

As at the LPD, save as disclosed below, our Board confirms that there are no other contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	<b>As at the LPD RM'000</b>
Corporate guarantee to landlords for tenancy agreements entered into by a subsidiary of our Company	1,046
<b>Total</b>	<b>1,046</b>

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of our Company at No. 5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from 9.00 a.m. to 5.00 p.m. on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our EGM:

- (i) our Constitution;
- (ii) the audited consolidated financial statements of our Company for the FYEs 2021 to 2023;
- (iii) the Proposal Letter and Adjustment Letter;
- (iv) the undertaking letters referred to in **Section 2.2 of Part A** of this Circular;
- (v) the IMR Report;
- (vi) the letters of consent and declaration of conflict of interest referred to in **Section 2** of this **Appendix II**; and
- (vii) the material contracts referred to in **Section 4** of this **Appendix II**.





**CARLO RINO GROUP BERHAD**  
*(formerly known as CRG Incorporated Berhad)*  
Registration No: 200901037127 (880257 - A)  
(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“EGM”) of Carlo Rino Group Berhad (*formerly known as CRG Incorporated Berhad*) (“**CRG**” or “**Company**”) will be held at Cheras 2 Room, Silka Cheras Hotel, No. 100, Jalan Cheras, Phoenix Business Park, 56000 Kuala Lumpur, Malaysia (<https://www.silkahotels.com/silka-cheras>) on Thursday, 28 December 2023 at 10.45 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

**SPECIAL RESOLUTION**

**PROPOSED WITHDRAWAL OF CRG’S LISTING FROM THE OFFICIAL LIST OF LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) PURSUANT TO RULE 8.06 OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“PROPOSED WITHDRAWAL OF LISTING”)**

“**THAT** subject to the passing of the Ordinary Resolution on the Proposed Transfer, the approval of Bursa Securities for the Proposed Withdrawal of Listing and subject to all the relevant conditions for the Proposed Withdrawal of Listing as set out in the circular to shareholders in relation to the Proposed Transfer and Proposed Withdrawal of Listing dated 6 December 2023 (“**Circular**”), consent and approval be and is hereby given for the Company to undertake the Proposed Withdrawal of Listing (details of which were set out in Section 2 of Part A of the Circular);

**AND THAT** the Directors of the Company be and are hereby authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to implement, complete, and give full effect to the transactions contemplated and/or authorised by this resolution.”

**ORDINARY RESOLUTION**

**PROPOSED TRANSFER OF THE LISTING AND QUOTATION OF THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF CRG FROM THE LEAP MARKET OF BURSA SECURITIES (“LEAP MARKET”) TO THE ACE MARKET OF BURSA SECURITIES (“ACE MARKET”) (“PROPOSED TRANSFER”)**

“**THAT** subject to the passing of the Special Resolution on the Proposed Withdrawal of Listing and the approvals of all relevant authorities and/or parties for the Proposed Transfer, where relevant/required, consent and approval be and is hereby given for the Company to undertake the Proposed Transfer (details of which were set out in Section 2 of Part A of the Circular) pursuant to paragraph 2.2 of Guidance Note 15A of the ACE Market Listing Requirements of Bursa Securities as well as the issuance of the new ordinary shares of the Company (“**Shares**”) pursuant to the proposed initial public offering of the Shares to be implemented in conjunction with the Proposed Transfer (details of which were set out in Section 2.1.3 of Part A of the Circular);

**THAT** pursuant to Section 85 of the Companies Act 2016 read together with Clause 10 of the Company's Constitution, the shareholders of the Company do hereby waive their statutory pre-emptive rights to be first offered new Shares ranking equally to the existing issued Shares arising from any issuance of Shares pursuant to the proposed initial public offering of the Shares to be implemented in conjunction with the Proposed Transfer AND THAT the Directors of the Company are exempted from the obligation to offer such new Shares first to the existing shareholders of the Company prior to the issuance and allotment of new Shares to investors to be identified later;

**AND THAT** the Directors of the Company be and are hereby authorised to do all such acts and things (including executing such documents as may be required) in the said connection and to delegate all or any of the powers herein vested in them to any Director(s) or any officer(s) of the Company to implement, complete, and give full effect to the transactions contemplated and/or authorised by this resolution."

By Order of the Board  
**DATUK NG PENG HONG @ NG PENG HAY**  
Independent Non-Executive Chairman

Date: 6 December 2023  
Kuala Lumpur

*Notes:*

- 1. Only a depositor whose name appears on the Record of Depositors as at 20 December 2023 shall be entitled to attend, participate, speak and vote at the EGM as well as for appointment of any person(s) as his proxy(ies) to exercise all or any of his rights to attend, participate, speak and vote at the EGM in his stead.*
- 2. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. However, a member shall not, subject to Paragraphs (3) and (4) below, be entitled to appoint more than 2 proxies to attend and vote at the EGM.*
- 3. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.*
- 4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of 2 proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
- 5. Where a member entitled to vote on a resolution has appointed more than 1 proxy, the proxies shall only be entitled to vote on any question at the EGM on poll provided that the member specifies the proportion of his holdings to be represented by each proxy.*
- 6. Where a member is a corporation, it may also by resolution of its directors or other governing body authorising a person or persons to act as its representative or representatives to exercise all or any of its rights to attend, participate, speak and vote at the EGM on its stead.*
- 7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority on the appointed proxy to demand or join in demanding a poll. The instrument appointing a proxy or Proxy Form and the power of attorney or other authority, if any, under which it is signed or a copy of that power or authority, certified by an advocate and solicitor or where the member is a body corporate, the copy of the power or authority may also be certified by an authorised officer of that member, shall be deposited at the office of the Share Registrar of the Company, Bina Management (M) Sdn. Bhd., at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the instrument proposes to vote or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll as may be provided or permitted under the applicable laws, and in default the instrument of proxy or Proxy Form shall not be treated as valid. Faxed, photocopied and electronically scanned copies of the duly executed Proxy Form are not acceptable.*



**CARLO RINO GROUP BERHAD**  
(formerly known as CRG Incorporated Berhad)  
Registration No. 200901037127 (880257-A)

**PROXY FORM**

I/We \_\_\_\_\_  
 NRIC/Passport/Company No. \_\_\_\_\_ Tel No. \_\_\_\_\_ CDS  
 Account No. \_\_\_\_\_ Number of shares held: \_\_\_\_\_ Address:  
 \_\_\_\_\_

\_\_\_\_\_ being a  
 member of CARLO RINO GROUP BERHAD (formerly known as CRG Incorporated Berhad) [Registration No. 200901037127 (880257-A)] hereby appoint:

1. Name of Proxy \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_ Email  
 Address \_\_\_\_\_ Tel No. \_\_\_\_\_  
 \_\_\_\_\_ Number of shares represented \_\_\_\_\_  
 \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_ Email Address  
 \_\_\_\_\_ Tel No. \_\_\_\_\_  
 \_\_\_\_\_ Number of shares represented \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Extraordinary General Meeting (“EGM”) of the Company to be held at Cheras 2 Room, Silka Cheras Hotel, No. 100, Jalan Cheras, Phoenix Business Park, 56000 Kuala Lumpur, Malaysia (<https://www.silkahotels.com/silka-cheras>) on Thursday, 28 December 2023 at 10.45 a.m. or at any adjournment thereof, in the manner as indicated below:

No.	Resolutions	For	Against
1.	Special Resolution - Proposed Withdrawal of Listing		
2.	Ordinary Resolution - Proposed Transfer		

Please indicate with an “X” or “√” in the space provided above how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Signature/Seal of the Shareholder(s): \_\_\_\_\_ Date: \_\_\_\_\_

**Notes:**

- Only a depositor whose name appears on the Record of Depositors as at 20 December 2023 be entitled to attend, participate, speak and vote at the EGM as well as for appointment of any person(s) as his proxy(ies) to exercise all or any of his rights to attend, participate, speak and vote at the EGM in his stead.
- Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. However, a member shall not, subject to Paragraphs (3) and (4) below, be entitled to appoint more than 2 proxies to attend and vote at the EGM.
- Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of 2 proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member entitled to vote on a resolution has appointed more than 1 proxy, the proxies shall only be entitled to vote on any question at the EGM on poll provided that the member specifies the proportion of his holdings to be represented by each proxy.
- Where a member is a corporation, it may also by resolution of its directors or other governing body authorising a person or persons to act as its representative or representatives to exercise all or any of its rights to attend, participate, speak and vote at the EGM on its stead.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority on the appointed proxy to demand or join in demanding a poll.  
 The instrument appointing a proxy or Proxy Form and the power of attorney or other authority, if any, under which it is signed or a copy of that power or authority, certified by an advocate and solicitor or where the member is a body corporate, the copy of the power or authority may also be certified by an authorised officer of that member, shall be deposited at the office of the Share Registrar of the Company, Bina Management (M) Sdn. Bhd., at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the instrument proposes to vote or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll as may be provided or permitted under the applicable laws, and in default the instrument of proxy or Proxy Form shall not be treated as valid. Faxed, photocopied and electronically scanned copies of the duly executed Proxy Form are not acceptable.



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AFFIX  
STAMP

**The Share Registrar of**  
**CARLO RINO GROUP BERHAD**  
*(formerly known as CRG Incorporated Berhad)*  
Bina Management (M) Sdn. Bhd.  
Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia  
Tel no.: +603 - 7784 3922

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