THIS CIRCULAR TO SHAREHOLDERS OF CLASSIC SCENIC BERHAD ("CSCENIC" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused Proposed Change of Name (as defined herein) prior to its issuance as it is prescribed as an exempted document pursuant to the provisions of Practice Note 18 of the Bursa Securities Main Market Listing Requirements.

Bursa Securities takes no responsibility for the contents of this Circular 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.

CLASSIC SCENIC BERHAD

(Registration No. 200301031466 (633887-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

(I) PROPOSED PRIVATE PLACEMENT OF UP TO 113,813,000 NEW ORDINARY SHARES IN CSCENIC, REPRESENTING UP TO 30.0% OF THE TOTAL NUMBER OF ISSUED SHARES ("SHARES" OR "CSCENIC SHARES") ("PROPOSED 30% PRIVATE PLACEMENT");

(II) PROPOSED ACQUISITION BY CSCENIC OF 10,563,167 ORDINARY SHARES IN REDINA MALAYSIA SDN BHD ("REDINA") FROM PERDANIS DISTRIBUTION (M) SDN BHD REPRESENTING 51.0% EQUITY INTEREST IN REDINA FOR A TOTAL PURCHASE CONSIDERATION OF RM35,700,000 TO BE SATISFIED WHOLLY BY WAY OF CASH ("PROPOSED ACQUISITION");

(III) PROPOSED DIVERSIFICATION OF CSCENIC'S EXISTING BUSINESSES TO INCLUDE THE RETAIL BUSINESS OF APPAREL AND FOOD AND BEVERAGES ("PROPOSED DIVERSIFICATION"); AND

(IV) PROPOSED CHANGE OF THE COMPANY'S NAME FROM "CLASSIC SCENIC BERHAD" TO "HEXTAR RETAIL BERHAD" ("PROPOSED CHANGE OF NAME")

(COLLECTIVELY, REFERRED TO AS THE "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of the Company to be held on a fully virtual basis through live streaming and entirely via Remote Participation and Electronic Voting ("**RPEV**") facilities at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657) on Tuesday, 27 February 2024 at 11.00 a.m. or any adjournment thereof, together with the Form of Proxy, are enclosed in this Circular.

If you are unable to attend and vote at the EGM, you may complete the Form of Proxy and deposit it at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than twenty-four (24) hours before the time set for holding the EGM. The lodging of the Form of Proxy does not preclude you from attending and voting remotely at the EGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy	:	Monday, 26 February 2024 at 11.00 a.m.
Date and time of the EGM	:	Tuesday, 27 February 2024 at 11.00 a.m.

This Circular is dated 6 February 2024

DEFINITIONS

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

"Act"	:	Companies Act 2016 and includes any amendments thereto from time to time
"AER"	:	Asia Equity Research Sdn Bhd (Registration No. 201401027762 (1103848-M))
"Board"	:	Board of Directors of Cscenic
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Bonus Issue of Shares"	:	Bonus issue exercise undertaken by Cscenic which involved the issuance of 126,430,188 new Shares and 54,319,410 additional Warrants which was completed on 12 May 2023
"CCM"	:	Companies Commission of Malaysia
"Circular"	:	This circular to the shareholders of Cscenic dated 6 February 2024
"Constitution"	:	Constitution of the Company
"Cscenic" or "Company" or "Purchaser"	:	Classic Scenic Berhad (Registration No. 200301031466 (633887-M))
"Cscenic Group" or "Group"	:	Cscenic and its subsidiaries, collectively
"Cscenic Shares" or "Shares"	:	Ordinary shares in Cscenic

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"Director"	:	A person defined in Section 2(1) of the Capital Markets and Services Act 2007 which has the meaning assigned to it in the Act (which includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon, a Director or a chief executive officer of the Company, its subsidiaries or holding company), includes a reference to: (a) a person occupying or acting in the position of director of a corporation, by whatever name called and whether or not validly appointed to occupy, or duly authorised to act in, the position; (b) a person in accordance with whose directions or instructions the directors of a corporation are accustomed to act; (c) an alternate or substitute director; or (d) in the case of a corporation formed or incorporated or existing outside Malaysia - (i) a member of the corporation's board of directors or governing body; (ii) a person occupying or acting in the position of a member of the corporation's board, by whatever name called and whether or not validly appointed to occupy, or duly authorised to act in the position; or (iii) a person in accordance with whose directions or instructions the members of the corporation's board are accustomed to act.
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per share
"Existing Businesses"	:	Wooden picture frame mouldings, other timber products and property holding
"FYE"	:	Financial year ending/ended, as the case may be
"F&B"	:	Food and beverages
"GP"	:	Gross profit
"Guaranteed Period"	:	Two years from: (a) 1 January 2024 to 31 December 2024; and (b) 1 January 2025 to 31 December 2025
"Guaranteed Sum"	:	Guaranteed audited PAT of RM12.0 million for Guaranteed Period
"Indicative Issue Price"	:	RM0.4000 per Placement Shares
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	26 January 2024, being the latest practicable date prior to the date of this Circular

"Major Shareholder(s)"	:	A person who has (or within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon had) an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares is: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such a person is the largest shareholder of the Company, "Interest" shall have the meaning of "interest in shares" given in section 8 of the Act.
"M&A Securities" or "Principal Adviser"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"NA"	:	Net assets
"P/E"	:	Price-to-earnings
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Placement Shares"	:	Up to 113,813,000 new Cscenic Shares to be issued pursuant to the Proposed 30% Private Placement
"Proposals"	:	Proposed 30% Private Placement, Proposed Acquisition, Proposed Diversification and Proposed Change of Name, collectively
"Proposed Diversification"	:	Proposed diversification of Cscenic's Existing Businesses into the Retail Business
"Proposed 30% Private Placement"	:	Proposed private placement of up to 30% of the total number of issued Shares
"Purchase Consideration"	:	The purchase consideration of RM35.7 million for the Proposed Acquisition to be satisfied wholly by way of cash
"Redina"	:	Redina Malaysia Sdn Bhd (Registration No. 199501041821 (371025-D))
"Redina Sale Shares"	:	10,563,167 Redina Shares, representing 51.0% equity interest in Redina
"Redina Shares"	:	Ordinary shares in Redina
"Retail Business"	:	Retail business of apparel and F&B
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Protégé" or "IMR"	:	Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H))
"SHA"	:	Conditional shareholders' agreement dated 12 December 2023 between the Company and Vendor to regulate their relationship as the shareholders of Redina after the Proposed Acquisition

"SSA"	:	Conditional share sale agreement dated 12 December 2023 entered into between the Company and Vendor in relation to the Proposed Acquisition
"Vendor" or "Perdanis"	:	Perdanis Distribution (M) Sdn Bhd (Registration No. 201401009409 (1085487-U))
"VWAMP"	:	Volume weighted average market price
"Warrants"	:	Warrants 2021/2026 constituted by the Deed Poll, which were issued on 9 August 2021 and listed on Bursa Securities on 12 August 2021, which have an exercise price of RM0.6100. The additional Warrants of 54,319,410 were issued on 11 May 2023 and listed on Bursa Securities on 12 May 2023, the exercise price of which was revised from RM0.6100 to RM0.4100. The Warrants will be expiring on 8 August 2026. The number and exercise price of Warrants was adjusted due to Bonus Issue of Shares as per the Deed Poll.

All references to "we", "us", "our" and "ourselves" are made to the Company, or where the context requires, shall include our subsidiaries.

All references to "you" and "your" in this Circular are made to our shareholders who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting singular shall, where applicable include the plural and vice versa and words denoting masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, 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.

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EXCUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF THE COMPANY TO BE CONVENED.

Key information		Description	Reference to Circular
Details of the Proposals	:	**Proposed 30% Private Placement** The Proposed 30% Private Placement will involve the issuance of up to 113,813,000 Shares representing up to 30.0% of the total number of issued Shares, at an issue price to be determined and fixed by our Board after receipt of all relevant approvals for the Proposed 30% Private Placement. **Proposed Acquisition** The Proposed Acquisition of Redina Sale Shares, representing 51.0% equity interest in Redina, by Cscenic for a total purchase consideration of RM35.7 million to be satisfied wholly by way of cash. **Proposed Diversification** The Board anticipates that the Retail Business will contribute 25.0% or more of the net profits and/or result in a diversion of 25.0% or more of the NA of the Group. As such, in accordance with Paragraph 10.13(1) of the Listing Requirements, the Board proposes to seek approval from the shareholders in the forthcoming EGM for the Proposed Diversification. **Proposed Change of Name** The proposed name "Hextar Retail Berhad" was approved by CCM on 20 November 2023. The Proposed Change of Name, if approved by the shareholders, will be effective from the date of issuance of the Notice of Registration of New Name by CCM.	Section 2
Rationale for the Proposals	:	**Proposed 30% Private Placement** After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed 30% Private Placement is the most appropriate avenue to raise additional funds expeditiously to meet the purposes as stated in Section 3 of this Circular. Please refer to Section 4.1 of this Circular for further details. **Proposed Acquisition** The Proposed Acquisition represent an opportunity for the Group to venture into a new business segment that would enable the Group to diversify and enlarge its earnings base. This is in line with Cscenic Group's objective and strategy to deliver sustainable growth and create value for the shareholders of Cscenic. **Proposed Diversification** The Proposed Diversification is sought as the Group expects its Retail Business to contribute 25.0% or more of the net profits of the Group and/or result in a diversion of 25.0% or more of the Group's net assets in the future.	Section 4

Key information		Description	Reference to Circular
		The Proposed Diversification is part of the Cscenic Group's strategic initiatives to diversify its income streams by identifying and engaging in new viable business to reduce the Company's reliance on its Existing Businesses. The Proposed Diversification is expected to contribute positively to the Group's financial performance and in turn, improve Cscenic's shareholders' value. **Proposed Change of Name** The Proposed Change of Name is to have a new corporate identity to better reflect the Group's core business and its future undertakings.	
Approvals required	:	The Proposals are subject to the following approvals being obtained from: (i) Bursa Securities for the listing and quotation of up to 113,813,000 new Cscenic Shares to be issued arising from the Proposed 30% Private Placement on the Main Market of Bursa Securities (ii) The shareholders of Cscenic at the forthcoming EGM to be convened for the following: (a) Proposals; and (b) the waiver of their pre-emptive rights under Section 85(1) of the Act (iii) any other relevant authorities and/or persons, if required.	Section 9
Interest of directors, major shareholders, chief executive and/or persons connected with them	:	None of the directors, major shareholder and chief executive of the Company and/or persons connected with them has any interests, direct and/or indirect, in the Proposals.	Section 10
Directors' statement and recommendation	:	After considering all aspects of the Proposals, including the rationale and benefits, justification of arriving at the Purchase Consideration as well as the effects of the Proposals, the Board is of the opinion that the Proposals are: (i) in the best interest of the Group; (ii) fair, reasonable and on normal commercial terms; and (iii) not detrimental to the interest of the minority shareholders of Cscenic. Accordingly, the Board recommends that you vote **IN FAVOUR** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.	Section 12

CLASSIC SCENIC BERHAD
(Registration No. 200301031466 (633887-M))
(Incorporated in Malaysia)

Registered Office:

Level 5, Tower 8, Avenue 5
Horizon 2, Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan

6 February 2024

Board of Directors:

Datuk Iskandar Bin Sarudin *(Independent Non-Executive Chairman)*
Vo Nghia Huu *(Managing Director)*
Lim Chee Lip *(Executive Director and Chief Commercial Officer)*
Ooi Youk Lan *(Non-Independent Non-Executive Director)*
Teh ZiYang *(Independent Non-Executive Director)*
Khor Hun Nee *(Independent Non-Executive Director)*

To: The shareholders of Cscenic

Dear Sir/Madam,

(I) PROPOSED 30% PRIVATE PLACEMENT;
(II) PROPOSED ACQUISITION;
(III) PROPOSED DIVERSIFICATION; AND
(IV) PROPOSED CHANGE OF NAME

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 12 December 2023, M&A Securities had, on behalf of the Board, announced that the Company wishes to undertake the Proposals.

In conjunction with the Proposed Acquisition, the Company had, on even date, entered into the SSA with the Vendor to purchase the Redina Sale Shares, representing 51.0% equity interest in Redina at the purchase consideration of RM35.7 million to be satisfied wholly by way of cash, subject to the terms and conditions contained in the SSA.

Further details of the Proposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY TO BE CONVENED. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed 30% Private Placement

2.1.1 Size of placement

As at the LPD, Cscenic has the following securities:

(a) an issued share capital of RM67,961,542 comprising 379,377,568 Shares; and

(b) 162,871,250 outstanding Warrants.

The Proposed 30% Private Placement would entail the issuance of up to 113,813,000 Placement Shares, representing approximately 30.0% of the total number of issued Shares as at the LPD. For the avoidance of doubt, any increase in the total number of issued Shares arising from the exercise of Warrants will not affect the number of Placement Shares to be issued under the Proposed 30% Private Placement.

2.1.2 Placement arrangement

The Placement Shares will be placed to independent third-party investor(s), where they shall be person(s) or party(ies) who/which qualify under Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007, who shall be identified at a later date.

In accordance with Paragraph 6.06 of the Listing Requirements, the Placement Shares will not be placed to the following persons:

(a) director, major shareholder, chief executive of Cscenic or a holding company of Cscenic (if applicable) ("**Interested Person**"), or person(s) connected with such Interested Person; and

(b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed 30% Private Placement may be implemented in one or multiple tranches. The implementation of the placement arrangement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares from time to time.

2.1.3 Basis of arriving at the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares, where applicable, shall be determined separately (in accordance with market-based principles) and fixed by the Board at a later date after obtaining the relevant approvals for the Proposed 30% Private Placement. The Board will take into consideration amongst others, the prevailing market conditions in determining the issue price of the Placement Shares which shall not be at a discount of more than 20.0% to the 5D-VWAP of Cscenic Shares immediately preceding the price fixing date(s).

The discount of up to 20.0% for the Proposed 30% Private Placement will provide the Company with more flexibility when fixing the issue price of the Placement Shares and will increase the attractiveness for placees to subscribe for the Placement Shares from time to time in the event the Company is unable to place out the Placement Shares at the prevailing market price of the Shares. In turn, this would enhance the likelihood of the Group being able to secure sufficient funding for the utilisation of proceeds as set out in Section 3 of this Circular.

As the Proposed 30% Private Placement may be implemented in a single tranche or multiple tranches, there could potentially be several price fixing dates depending on the number of tranches and timing of implementation of the Proposed 30% Private Placement.

For illustration purpose, based on the 5D-VWAMP of Cscenic Shares up to and including the LPD of RM0.4932 per Cscenic Share, the issue price of the Placement Shares is assumed to be at the issue price of RM0.4000 per Placement Share, representing an indicative discount of approximately 18.9% to the 5D-VWAMP of Cscenic Shares.

Based on the Indicative Issue Price, the Proposed 30% Private Placement will raise gross proceeds of approximately RM45.5 million.

2.1.4 Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment, rank equally in all respects with the existing issued Cscenic Shares, save and except that the holders of the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of the Company, for which the relevant entitlement date is prior to the date of allotment and issuance of the Placement Shares and the Placement Shares will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission and otherwise.

2.1.5 Listing of and quotation for the Placement Shares

Cscenic will make an application to Bursa Securities for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed 30% Private Placement on the Main Market of Bursa Securities.

2.1.6 Previous equity fund raising exercises undertaken

The Company has not implemented any equity fund raising exercises in the past 12 months preceding the date of this Circular.

2.2 Details of the Proposed Acquisition

2.2.1 Background information on the Proposed Acquisition

SSA

Cscenic had on 12 December 2023 entered into the SSA with the Vendor to purchase 10,563,167 Redina Sale Shares, representing 51.0% equity interest in Redina for the Purchase Consideration subject to the terms and conditions of the SSA.

The Proposed Acquisition will be implemented in 2 tranches as follows:

Tranches	**No. of Redina Shares (% in Redina)**	**Timing of settlement**	**Purchase Consideration (RM)**
First Tranche	4,142,418 (20.0%) ("**Tranche 1 Sale Shares**")	Within 30 days from the date the SSA is rendered unconditional ("**Tranche 1 Completion Period**")	14,000,000 ("**Tranche 1 Purchase Consideration**")
Second Tranche	6,420,749 (31.0%) ("**Tranche 2 Sale Shares**")	Within 30 days from the date of the release of Redina's audited financial statement for financial year ended 2025 ("**Tranche 2 Completion Period**")	21,700,000 ("**Tranche 2 Purchase Consideration**")
Total Purchase Consideration			**35,700,000**

The rationale for structuring the Proposed Acquisition in 2 tranches is to safeguard Cscenic's interest as Cscenic has the option to terminate the acquisition of the Tranche 2 Sale Shares in the event Redina is unable to achieve a cumulative audited PAT of RM6.0 million for the Guaranteed Period.

The benefit of such an arrangement is to enable Cscenic to evaluate the performance of Redina during the Guaranteed Period before acquiring the Tranche 2 Sale Shares. However, such an arrangement will result in Cscenic being unable to consolidate the results of Redina into the Group as it is only an associate company of Cscenic until the acquisition of the Tranche 2 Sale Shares is completed.

Please refer to **Appendix II** of this Circular for the salient terms of the SSA.

For information purposes, the Group's cash and cash equivalents stood at RM24.1 million based on the latest audited financial statements of Cscenic Group for the FYE 31 December 2022.

<u>Profit guarantee</u>

The Vendor guarantees that Redina shall attain the Guaranteed Sum for the Guaranteed Period.

For the avoidance of doubt, the profit guarantee shall be secured by guarantee of the Vendor and the Vendor's Directors ("**Guarantees**"), where the Vendor had executed and had caused and procured the execution of the Guarantees simultaneously with the execution of the SSA. Save for the Guarantees, the profit guarantee is not secured by any assets. The maximum amount payable by the Vendor under the shortfall payment is RM13.77 million which was commercially negotiated between the Vendor and Cscenic after taking into consideration (i) the Tranche 1 Purchase Consideration; and (ii) the Vendor's obligation to repurchase Tranche 1 Sale Shares at the Tranche 1 Purchase Consideration from Cscenic in the event Redina fails to attain a cumulative audited PAT of RM6.0 million for the Guaranteed Period.

The Vendor and the Purchaser agree that:

(a) In the event Redina fails to attain the Guaranteed Sum for the Guaranteed Period, the Purchaser shall be entitled but not obligated to either:

  (i) proceed with the acquisition of the Tranche 2 Sale Shares and the Vendor shall make good the shortfall payment (as stipulated under Appendix II of this Circular) by way of cash payment to the Purchaser within 14 days from the date of the release of Redina's audited financial statement for FYE 31 December 2025 and the Purchaser's cost of investment shall be adjusted accordingly; or

  (ii) In the event Redina fails to attain a cumulative audited PAT of RM6.0 million for the Guaranteed Period, to terminate the acquisition of the Tranche 2 Sale Shares and that the Vendor shall, at the option of the Purchaser in the event of such termination, to either:

    - make good the shortfall payment by way of cash payment to the Purchaser within 14 days from the date of the release of Redina's audited financial statement for FYE 2025 based on the manner stipulated under the schedule of Clause 3.5 of Appendix II of this Circular and the Purchaser's cost of investment shall be adjusted accordingly; or

    - repurchase the Tranche 1 Sale Shares from the Purchaser at the Tranche 1 Purchase Consideration within a period of 24 months from the date of the Purchaser's written notice.

  Note:

  - The shortfall payment was arrived by the Parties after taking into consideration, amongst others, the Profit Guarantee, Purchase Consideration and the brands being licensed to Redina. As such, the higher the shortfall, the higher the shortfall payment and the lower the cost of investment.

  - In the event that the Vendor fails to pay the cash payment, Cscenic would be entitled to seek legal recourse against the Vendor for claim of damages or claim for specific performance.

(b) In the event Redina fails to attain an audited PAT of RM3.0 million for the first year of the Guaranteed Period, the Purchaser shall be entitled but not obligated to terminate the acquisition of the Tranche 2 Sale Shares at anytime during the Guaranteed Period and that the Vendor shall, at the option of the Purchaser in the event of such termination, repurchase the Tranche 1 Sale Shares from the Purchaser at the Tranche 1 Purchase Consideration within a period of 24 months from the date of the Purchaser's written notice.

Note: The Board has agreed for the Vendor to repurchase the Tranche 1 Sale Shares at the Tranche 1 Purchase Consideration to be effected within a period of 24 months as a commercial consideration to provide the Vendor sufficient time to raise the funding. The risk and exposure of Cscenic from such an arrangement is the potential loss of opportunity from the utilisation or reinvestment of the proceeds for other businesses. There are no additional losses to be incurred by Cscenic from such an arrangement.

(c) For the purpose of determining the shortfall payment, the shortfall shall be rounded up to the nearest RM100,000.00. e.g. in the event the shortfall is RM120,000.00, it will be rounded to RM200,000.00.

(d) The termination of the acquisition of the Tranche 2 Sale Shares by the Purchaser shall not howsoever, in any manner whatsoever be construed as a waiver of the Vendor obligations in the SSA especially that of the Profit Guarantee and the Vendor's obligation to make good the shortfall payment.

The Board after having considered the above, historical performance (PAT of RM5.4 million and RM4.9 million for FYE 31 March 2022 and FYE 31 March 2023 respectively) as well as future prospects of Redina (Overview of the Malaysian Apparel Industry as highlight in Section 5.2 of this Circular), is of the view that the Guaranteed Sum for the Guaranteed Period is reasonable and realistic.

SHA

Simultaneously with the SSA, Cscenic had on 12 December 2023 entered into a SHA with the Vendor to regulate their relationship as the shareholders of Redina after the Proposed Acquisition.

Pursuant to the SHA, prior to the Vendor selling, transferring or otherwise part with the legal or beneficial ownership of the remaining 49% shares, the Vendor shall first make an offer in writing to sell the same to Cscenic at fair value.

Please refer to **Appendix III** of this Circular for the salient terms of the SHA.

2.2.2 Information on the Redina and Vendor

Information on Redina

Redina was incorporated in Malaysia on 18 December 1995 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. Redina is an importer, general merchant and dealer in shoes, clothings, articles and goods of all types and descriptions. It is currently the brand licensee for U.P. By Renoma, Renoma Paris, Byford and Crocodile. Its primary market is Malaysia.

As at the LPD, the issued share capital of Redina is RM20,712,092 comprising 20,712,092 Redina Shares. Redina does not have any subsidiaries or associate companies.

The directors and shareholder of Redina and their respective direct and indirect shareholdings as at the LPD are set out as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality / Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
Chong King Foon	Chief Executive Officer	Malaysian	-	-	(1)20,712,092	100.0
Chong Mei Kim	Director	Malaysian	-	-	(1)20,712,092	100.0
Lim Wai Kit	Director	Malaysian	-	-	(1)20,712,092	100.0
Chin Soon Fuat	-	Malaysian	-	-	(1)20,712,092	100.0
Perdanis	-	Malaysia	20,712,092	100.0	-	-

Note:

(1) Deemed interest by virtue of his/her interest in Perdanis pursuant to Section 8 of the Act.

Please refer to **Appendix IV** of this Circular for further information on Redina.

Background information on the Vendor

The Vendor of Redina is Perdanis, a private limited company incorporated in Malaysia on 19 March 2014 under the Companies Act 1965 and is deemed registered under the Act as a private limited company.

As at the LPD, the Vendor is the sole shareholder of Redina. Upon completion of the Proposed Acquisition, Cscenic will be a 51.0% shareholder of Redina and the Vendor will be the remaining 49.0% shareholder of Redina.

The directors and shareholder of Vendor and their respective direct and indirect shareholdings as at the LPD are set out as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Chin Soon Fuat	Director	Malaysian	2,000,000	40.0	-	-
Chong Mei Kim	Director	Malaysian	1,200,000	24.0	-	-
Chong King Foon	Director	Malaysian	900,000	18.0	-	-
Lim Wai Kit	Director	Malaysian	900,000	18.0	-	-

2.2.3 Basis and justification on arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into account the following:

(i) the audited PAT of Redina shall not be less than the Guaranteed Sum for each of the relevant 12-month FYE under the Guaranteed Period pursuant to the profit guarantee;

(ii) the Purchase Consideration shall translate to a fair value of RM70.0 million for the entire equity interest in Redina. This shall translate to an implied P/E multiple of 11.7 times computed based on the PAT of RM6.0 million for first year of Guaranteed Period;

(iii) the historical financial track record of Redina for the past 3 financial years. The historical P/E multiple is 13.0 times and 14.2 times for FYE 31 March 2022 and FYE 31 March 2023 respectively;

(iv) rationale and benefit for the Proposed Acquisition as set out in Section 4.2 of this Circular;

(v) future earnings potential and prospects of the enlarged Cscenic Group post-Proposed Acquisition as set out in Section 5.4 of this Circular; and

(vi) assessment by AER engaged by Cscenic to evaluate the fairness of the Purchase Consideration. The fair value of 51.0% equity interest in Redina as appraised by AER using the Free Cash Flow to Firm approach is in the range of RM35.1 million to RM37.2 million. The Purchase Consideration is within the fair value range as appraised by AER.

The key basis and assumptions are as follows:

(i) WACC of 9.04% which is based on a cost of equity of 11.89% and cost of debt of 9.0% based on assumed target capital structure of equity and debt of 43.5% and 56.5% respectively;

(ii) Annual sustainable growth rate of 0% and 0.5% for the minimum and maximum value range respectively; and

(iii) Discount for lack of marketability of 20% to take into consideration the illiquidity as Redina is a private company.

There are no companies listed on Bursa Securities that are considered to be directly comparable to Redina in terms of, among others, scale and composition of business activities, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile, future prospects and marketability and liquidity of the companies' securities. However, for illustration purposes only and in order to facilitate the evaluation and assessment of the Proposed Acquisition, the comparable companies are selected on a best effort basis based on publicly available information which are by no means exhaustive.

The comparable companies are selected based on the following criteria:

(i) public listed companies on Bursa Securities with principal activities that are considered broadly comparable to the business of Redina; and

(ii) market capitalisation of up to RM200.0 million as at 24 November 2023 as comparable with Redina's size.

To this end, the following companies were selected as deemed to be comparable with Redina:

Comparable Company	Principal activities
Teo Guan Lee Corporation Berhad	Investment holding company. The principal activities of the subsidiaries are manufactures, wholesales, and retails apparel, sportswear, sports equipment and related accessories. In addition, the company also a invests in property, assembles and distributes computers and its peripherals, and provides interior renovation contractor services.
Cheetah Holdings Berhad	Investment holding company. The principal activities of the subsidiaries are product designing, product development, marketing and dealers of garments, apparels, ancillary products and electronic commerce.
Asia Brands Berhad	Asia Brands Berhad is an investment holding company with its subsidiaries in trading and retailing in baby wear, care, retailing as boutique outlets. It carries the trademark of "Anakku" and "Audrey".
MESB Berhad	MESB is an investment holding company with its subsidiaries engaged in business of trading of leather product and apparels and also in the recycling business.

Comparable Company	Market capitalisation as at 24 November 2023	P/E times
Teo Guan Lee Corporation Berhad	RM118.6 million	10.4
Cheetah Holdings Berhad	RM60.8 million	(1)N/A
Asia Brands Berhad	RM119.8 million	9.9
MESB Berhad	RM78.6 million	6.5
	Median	9.9
	Average	8.9
	Minimum	6.5
	Maximum	10.4

Note:

(1) For the 12 months for financial year ended 30 June 2022 and 30 June 2023, Cheetah Holdings Berhad reported a loss after tax of RM7.1 million and RM18.3 million respectively. It was included in the tabulation as it meets the selection criteria by having a market capitalisation of less than RM 200 million. However, as it is loss making, the P/E tabulation has excluded Cheetah from the computation of the P/E.

The implied P/E multiple of 11.7 times computed based on the PAT of RM 6 million a year (i.e. Guaranteed Sum divided by two years) is higher than the range of the traded P/E of the comparable companies as stated above of 6.5 times to 10.4 times as well as the average of 8.9 times and a median of 9.9 times.

The historical P/E multiple of 13.0 times and 14.2 times for FYE 31 March 2022 and FYE 31 March 2023 respectively, which is higher than the range of the traded P/E of the comparable companies as stated above which ranges from 6.5 times to 10.4 times with an average of 8.9 times and a median of 9.9 times.

The implied P/E and historical P/E are higher than the traded price multiples of the comparable companies as stated above, as they include the value of the controlling interest which has been factored into the valuation based on free cash flow.

The terms of the SSA include enhancement features such as:
(i) allowing the Purchaser to purchase in 2 tranches;
(ii) requiring the Vendor to make good the shortfall payment as mentioned in Clause 3.5 of Appendix II of this Circular; or
(iii) providing the Purchaser the option to require the Vendor to repurchase the Tranche 1 Sale Shares from the Purchaser at the Tranche 1 Purchase Consideration within a period of 24 months from the date of the Purchaser's written notice if the cumulative PAT is less than RM6.0 million for the Guaranteed Period.

Taking into consideration the aforesaid enhancement features which will mitigate the investment risk of the Purchaser, the Board is of the view that the P/E is fair and reasonable.

The Board has also considered the discount of lack of marketability imputed in the determination of the fair value range appraised by AER as explained in Section 2.2.3(vi) of this Circular.

2.2.4 Liabilities to be assumed by Cscenic

Save for the liabilities arising from or in connection with the SSA as mentioned in Section 7 of Appendix II of this Circular, Cscenic will not assume any liabilities, contingent liabilities and/or guarantees pursuant to the Proposed Acquisition. The existing liabilities of Redina will be settled in the ordinary course of business.

2.2.5 Additional financial commitment

The Board does not foresee any material financial commitment required to put Redina's business on-stream following the completion of Proposed Acquisition as Redina is already an on-going business.

2.2.6 Source of funding

The Tranche 1 Purchase Consideration will be funded via the proceeds to be raised from the Proposed 30% Private Placement. In the event the Proposed 30% Private Placement is not sufficient to fund the Tranche 1 Purchase Consideration, the balance will be funded via internally generated funds and/or bank borrowings.

The Tranche 2 Purchase Consideration will be funded via internally generated funds and/or bank borrowings, the exact mix of which will be decided at a later date after taking into consideration, amongst others, the gearing level of Cscenic, interest costs as well as internal cash requirements for Cscenic's business operations. Based on the Company's current assessment of the aforesaid factor, 20% is expected to be funded via internally generated funds while the remaining 80% via bank borrowings.

2.3 Details of the Proposed Diversification

Presently, Cscenic is an investment holding company with subsidiaries principally involved in the Existing Businesses. The key financial performance of the Cscenic Group for the past 3 FYEs 31 December 2020, 31 December 2021 and 31 December 2022 and unaudited FPE 30 September 2023 are set out as follows:

	Audited			Unaudited
	FYE 31 December 2020	**FYE 31 December 2021**	**FYE 31 December 2022**	**FPE 30 September 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue				
- Wooden picture frame mouldings	38,918	45,200	77,202	34,158
- Other timber products	7,351	3,558	1,639	483
- Property holding	2,410	2,755	4,945	3,709
- Other non-reportable segments	-	-	-	-
	48,679	51,513	83,786	38,350
- Elimination of inter-segment transactions or balances	(2,410)	(2,755)	(4,945)	(3,740)
	46,269	**48,758**	**78,841**	**34,610**
Segment profit/(loss)				
- Wooden picture frame mouldings	4,734	5,713	16,801	284
- Other timber products	832	128	(155)	(39)
- Property holding	1,188	1,547	3,168	2,397
- Other non-reportable segments[(1)]	2,325	(880)	3,821	7,436
	9,079	6,508	23,635	10,078
- Elimination of inter-segment transactions or balances	(2,706)	(100)	(4,641)	(8,072)
	6,373	**6,408**	**18,994**	**2,006**

Note:

(1) Other non-reportable segments mainly consist of dividend received by holding company from its subsidiaries minus the operating expenses.

Financial Commentaries:

For FYE 31 December 2021, the Group's revenue increased by RM2.5 million or 5.4% to RM48.8 million from RM46.3 million with the Wooden Picture Frame Moulding ("**WPFM**") segment contributing 92.7% of total revenue. The higher revenue was driven by increased export sales of WPFM, resulting in a higher GP of RM16.8 million and an improved GP margin of 34.5%. However, total operating expenses rose by RM1.5 million or 20.8% which is mainly attributable to higher freight cost, higher professional fees in relation to the corporate exercises, stamping fees for banking facility and provision for impairment for advances paid to a trade supplier with the PAT remaining constant at RM6.4 million as compared to 31 December 2020.

For FYE 31 December 2022, the Group's revenue increased further by RM30.0 or 61.5% to RM78.8 million from RM48.8 million. This surge in revenue was driven by the stronger US Dollar and higher export sales of WPFM. In line with the surge in revenue, GP has almost doubled to RM32.0 million with GP margin improved to by 6.1% to 40.6%. This is driven by the more efficient use in raw material and stronger US Dollar. As a result, the Group's PAT increased by RM12.6 million or 196.9% to RM19.0 million from RM6.4 million.

For the FPE 30 September 2023, the Group's revenue decreased by RM26.6 million or 43.5% to RM34.6 million from RM61.2 million in the preceding year corresponding period. This was mainly due to lower export volume of WPFM. The gross profit margin contracted to 27.0% from 41.0% primarily due to higher input costs and lower export volume by WPFM leading to a loss of economies of scale. The Group's PAT decreased by RM12.8 million or 86.5% to RM2.0 million from RM14.8 million. This was mainly due to lower export revenue, higher input costs and the higher unrealised loss on foreign currency forward contracts.

Cscenic has been contemplating an alternative income streams from which it can diversify its sources of revenue and profits in the future to supplement that of its Existing Businesses as well as to mitigate the risks of solely relying on mainly one business source (i.e. wooden picture frame mouldings). As part of its diversification strategy, Cscenic is exploring opportunities and discovering new avenues for growth to enter the Retail Business as per rationale highlighted in Sections 4.2 and 4.3 of this Circular. Cscenic will also continue to grow its Existing Businesses, which include, amongst others, to maintain and/or improve its product offerings for WPFM, by introducing new designs and continuing to engage new customer. These efforts are aimed at achieving long-term business goals and success in the Existing Businesses.

In pursuing the diversification into the alternate income stream and at as the LPD, the Company's wholly-owned subsidiary, Lim Ket Leng Marketing Sdn Bhd had incorporated 20 wholly-owned subsidiaries as stated below, for the purpose of expanding into the F&B business.

No.	Company	Description of potential business to be undertaken
1.	Flavora Sdn Bhd	Restaurant (Food)
2.	Puresip Sdn Bhd	Beverages shop
3.	Fresh Palate Sdn Bhd	Restaurant (Food)
4.	Tastewave Sdn Bhd	Restaurant (Food)
5.	Mingle Hub Sdn Bhd	Beverages shop
6.	Delish Hub Sdn Bhd	Restaurant (Food)
7.	Tailang Delight Sdn Bhd	Restaurant (Food)
8.	Yummy Sip Sdn Bhd	Beverages shop
9.	Craving Hub Sdn Bhd	Restaurant (Food)
10.	Fabulous Bites Sdn Bhd	Restaurant (Food)
11.	Spice Haven Delights Sdn Bhd	Restaurant (Food)
12.	Flavour Crafters Hub Sdn Bhd	Restaurant (Food)
13.	Tasty Trails Culinary Sdn Bhd	Restaurant (Food)
14.	Gastranomic Gems Sdn Bhd	Restaurant (Food)
15.	Epicurean Crafters Sdn Bhd	Restaurant (Food)
16.	Palate Symphony Sdn Bhd	Restaurant (Food)
17.	VCR Cafe Sdn Bhd	Restaurant (Food)
18.	Blissful Fusion Sdn Bhd	Beverages shop
19.	Taste Perspectives Sdn Bhd	Beverages shop
20.	Essence Gastronomy Sdn Bhd	Restaurant (Food)

In addition, Lim Ket Leng Marketing Sdn Bhd had on 1 December 2023 subscribed 60% interest in Tai Lang Pte Ltd, a restaurant business incorporated in Singapore, which has yet to commence operations.

After taking into consideration amongst others, the total estimated cost for the Retail Business and the Proposed Acquisition as well as the expected revenue to be generated from the Retail Business, the Board is therefore seeking the approval from the shareholders of Cscenic in an EGM to be convened for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements in anticipation that the Retail Business is expected to result in either:

(a) The diversion of 25.0% or more of the NA of the Group to the Retail Business; or

(b) The contribution from the Retail Business of 25.0% or more of the net profit of the Group.

The Group's diversification into the Retail Business will be spearheaded by Vo Nghia Huu, Managing Director of the Company. He will be overseeing the retail business of F&B with the assistance of Lim Chee Lip and Ng Vic Ca who are experienced in the management of retail and F&B. As for the retail business of apparel, he will be assisted by the experienced management team of Redina headed by Chong King Foon.

Cscenic aims to implement a few initiatives which includes acquiring new licenses, exploring franchising opportunities, and forming strategic partnerships with existing F&B brand owners and new emerging F&B start-ups. The objective is to establish a robust presence in the F&B market, leveraging on a combination of licensing, franchising, and collaborative ventures to ensure a successful entry into this industry. In terms of costs, the estimated investment of RM30.7 million for setting up approximately 28 new F&B outlets will be funded through Proposed 30% Private Placement and internally generated funds.

As part of its strategic expansion into the apparel industry through the Proposed Acquisition, Cscenic aims to expand its current portfolio of brand licenses by broadening its current brand portfolio by approximately 2 to 5 new brand licenses in the next 12 to 24 months. Concurrently, Cscenic will expand their apparel retail network, aiming to establish 80 to 100 consignment counters within the same timeframe. In terms of costs, Redina estimates that investment of RM2.0 million for 2 flagship concept stores in Klang Valley will be funded through internally generated funds.

2.3.1 Key personnel

Cscenic Group has identified 4 key personnel to lead the Retail Business. Chong King Foon will not be an employee of Cscenic and he will remain as one of the directors of Redina, overseeing and will be in charge of the daily operation of Redina. As such, there are no conflict of interest between Cscenic and Chong King Foon.

<u>Retail business of apparel</u>

Chong King Foon, a Malaysian male, aged 56, has more than 28 years of domestic and international expertise in apparel retail and brand organizations.

He obtained a Master of Business Administration (MBA) from Charles Sturt University in October 2002.

He began his career in April 1988 with MBF Finance Berhad as a marketing officer where he was mainly responsible for selling banking products such as loans, credit cards, etc.

He joined Speedy Video Group as a Supply Chain Manager in September 1993, where he was mainly responsible in the logistics, inventory/ warehousing, chain stores, and management information system department.

In September 1995, he joined Tangs Departmental Store as Branch Manager for TANGS departmental stores in Star Hill (150,000 sq ft) and Sunway Pyramid (35,000 sq ft).

He then joined B.U.M. Marketing (Malaysia) Sdn Bhd and Bontton Sdn Bhd (both of which are subsidiaries of Hing Yiap Berhad) in September 2000 as the Operation Manager. He was mainly responsible for all the brand's strategic plans and the success of the brands as business units i.e BUM City, Vanity Fair, BUM Equipment, Diesel, Antioni.

In October 2003, he joined Transmarco Concepts Sdn Bhd as a Country Director and was with the company for 14 years. His key achievements ranges from the minor to the biggest leather footwear company in Malaysia where he opened more than 100 Retail Chain Stores, Online Official Stores, a website, and 250 Departmental Store Counters which covers more than 500 points of sale.

Subsequently, he joined Glitter Galaxy Sdn Bhd as a Director in December 2017 to December 2020, in charge of the Kickers brand's business nationwide.

He became the Group CEO cum company director in Perdanis, Redina and Redina Fashion Sdn Bhd in December 2020 which are the brand licensee for U.P By Renoma, Renoma Paris, Byford, Jockey, Alfa Romeo, Valentino Creations, Nautica, Crocodile, Arnold Palmer and Beverly Hills Polo Club.

<u>Retail business of F&B</u>

<u>Vo Nghia Huu</u>

Vo Nghia Huu, an Australian male, aged 50 who is Managing Director of the Company.

After obtaining his Certificate III in Business Administration from TAFE College, Australia, he started his career in his family jewellery business before joining a leading independent family-owned electrical chain store in Sydney, Australia in 1995, focusing on expanding the outlets throughout the state.

In 2008, he joined Hextar Chemicals Sdn Bhd, working in the export sales department and thereafter moving on to Hextar R&D International Sdn Bhd, focusing on product development and product registration in overseas markets such as Australia, Vietnam and Fiji. He was then appointed as the country manager and established the export business to these countries. He was instrumental in registering and obtaining branded products and setting up the organic products portfolio for Hextar Chemicals Sdn Bhd Over the years, he has garnered vast experience in the area of management and marketing.

He will be overseeing the retail business of F&B with the assistance of Lim Chee Lip and Ng Vic Ca who are experienced in the management of retail and F&B.

Lim Chee Lip

Lim Chee Lip, a Malaysian male, aged 37 who is the Executive Director and Chief Commercial Officer of the Company.

He holds a post graduate diploma (PgDip) in Business Administration from the University of Wales Trinity Saint David, a Master in Construction Law and Arbitration (LLM) as well as a Bachelor degree in Quantity Surveying from Robert Gordon University, United Kingdom. Upon graduation, he worked for Stewart Milne Group Limited and Hill International Inc., one of the largest public-listed U.S. consulting firms.

He is a member of the Chartered Institute of Arbitrators in the United Kingdom and Malaysia and has more than ten years of professional work experiences in the United Kingdom, Middle East and Asia, in the areas of Dispute Resolution, Contract Management, Corporate Finance and Advisory. He has also accumulated vast corporate management experiences including directing, strategic planning and expansion of various private and public companies in Malaysia.

As the Chief Commercial Officer and Executive Director, he brings a wealth of experience and a proven track record to the table. His previous role as the Executive Director at Hextar Healthcare Berhad, where he managed the export business of gloves to overseas retailers including giants like Walmart and Mercadona, showcases his expertise in international trade and relationships with established global retailers. This experience is invaluable for navigating the complex global supply chains and consumer markets in the F&B sector.

Furthermore, his involvement in the completion of the Empire City Mall, a joint investment by Hextar Healthcare Berhad, has provided him with extensive exposure to the retail and mall industry. Through this project, he has interacted with numerous local retail players and mall operators, gaining deep insights into the retail landscape and consumer behavior. This experience is particularly relevant for managing the retail aspects of the F&B business, as it requires a nuanced understanding of retail operations, consumer engagement, and strategic placement within malls and retail centers.

His background, combining international business acumen with hands-on experience in the retail and mall sector, positions him uniquely to lead and drive the success of the F&B retail business. His skills in managing complex operations, understanding consumer markets, and navigating the retail environment will be instrumental in establishing and expanding the F&B venture.

Ng Vic Ca

Ng Vic Ca, a Malaysian female, aged 37 who is the the Chief Operating Officer (Retail) of the Company

She holds a Bachelor of International Business from RMIT University, Melbourne. She brings a wealth of experience and expertise across various industries to her role, with an excellent record of developing corporate strategies that have driven business and revenue growth for organisations.

She initiated her career in the hospitality industry at Delaware North in Melbourne, Australia—a multinational organisation catering to the entertainment business, such as the Australian Open.

Upon her return to Malaysia in 2015, she joined an engineering firm, SMP System Sdn Bhd, where she spearheaded the proposal and implementation of ISO-certified management systems. Her responsibilities extended beyond strategic planning and business development, showcasing her diverse skill set in driving business growth across various industries.

From 2016 to 2022, she co-founded and directed several ventures, namely Four Doors Sdn Bhd, Kettlebell Sdn Bhd, and Meraki Kita Sdn Bhd, playing pivotal roles in concept development, menu engineering, sales & marketing strategy, and financial analysis. Her strategic prowess resulted in the acquisition of high-profile events & catering contracts with affluent companies & banks, significantly contributing to revenue and brand maturity.

In 2022, she assumed the role of Group General Manager at Trillion Benchmark Sdn Bhd. Her impactful initiatives included the successful acquisition & launch of numerous affluent international F&B chains & brands in renowned Malaysian shopping centers.

Her extensive experience and proficiency in driving growth for the F&B industry in Malaysia make her a key asset for Cscenic's expansion into the retail F&B business.

2.4 Details of the Proposed Change of Name

The proposed name "Hextar Retail Berhad" was approved by the Companies Commission of Malaysia ("**CCM**") on 20 November 2023, in which the reservation of name was valid for a period of thirty (30) days from the date of approval. The Company has since obtained an extension of ninety (90) days until 19 March 2024 to reserve the name from the CCM. The Proposed Change of Name, if approved by the shareholders, will be effective from the date of issuance of the Notice of Registration of New Name by CCM.

The Constitution of the Company will be amended accordingly to reflect the Proposed Change of Name whereby all references in the Constitution to the name of "Classic Scenic Berhad", wherever the same may appear, shall be substituted with the name of "Hextar Retail Berhad".

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3. UTILISATION OF PROCEEDS

	Notes	RM'000	%	Expected timeframe for utilisation of proceeds from the listing of Shares
Business expansion for F&B	(a)	30,725	67.5	Within 24 months
Proposed Acquisition	(b)	14,000	30.8	Within 12 months
Estimated expenses for Proposals	(c)	800	1.7	Within 6 months
Total		**45,525**	**100.0**	

Notes:

(a) Business expansion for F&B

The Group intends to use RM30.7 million or 67.5% of the proceeds for business expansion for F&B.

The Group will continue to identify strategic location to set-up new F&B outlets at convenient and high foot traffic locations which include shopping malls and individual retail stores located in commercial areas.

Types	No. of F&B outlet	Size (sq. ft)	Estimated average cost per outlet (RM'000)	Total (RM'000)
Restaurant (Food)	19	1,800 – 3,000	1,130	21,470
Beverages Shop	9	500 – 1,000	1,028	9,255
				30,725

Estimated breakdown of utilisation	RM'000	%
Set-up costs for F&B outlets(i)	25,070	81.6
Working capital(ii)	4,580	14.9
Sales and marketing expenses(iii)	1,075	3.5
Total	**30,725**	**100.0**

Notes:

(i) Details of set-up costs are as follows:

Items	RM'000
General renovation (Mainly comprises purchase of construction materials, professional fees, flooring works, painting works, air-conditioning ducting works, sprinkler fit-out works, lighting works and mechanical and electrical works)	16,000
Furniture, fittings and shop equipment	5,300
Tenancy deposit	3,770
Total cost	**25,070**

(ii) Including purchase of inventories, staff-related expenses as well as general and administrative expenses such as utilities, maintenance, rental and upkeep of the F&B outlets.

(iii) Including the outdoor advertisement which entails printed or digital placement on available channels with high traffic location such as electronic billboards and advertisement via digital websites, radio broadcast advertisement and television.

(b) Proposed Acquisition

The Company intends to utilise RM14.0 million or 30.8% of the proceeds to fund the Proposed Acquisition. Please refer to Section 2.2 of this Circular for further details on the Proposed Acquisition.

(c) Estimated expenses for Proposals

The following summarise the estimated expenses for Proposals to be borne by us:

Details	**RM'000**
Professional fees[(1)]	510
Fees payable to authorities	25
Placement fees	230
Miscellaneous expenses[(2)]	35
Total	**800**

Notes:

(1) Comprises the professional fees of the Principal Adviser, Solicitors, Independent Market Researcher, Share Registrar and Company Secretary.

(2) Other incidental or related expenses such as out-of-pocket expenses in relation to the Proposals.

In the event the actual expenses are higher than the allocated amount, the deficit will be funded out of the portion allocated for the business expansion for F&B. Conversely, if the actual expenses are lower than the allocated amount, the excess will be utilised for the business expansion for F&B.

The actual proceeds to be raised from the Proposed 30% Private Placement (which may be higher or lower than illustrated above) will be dependent on the issue price of the Placement Shares and actual number of Placement Shares issued which are intended to be utilised in the following order of priority, up to the respective maximum allocation in the following order:

(i) Proposed Acquisition (RM14.0 million);

(ii) Estimated expenses for the Proposals (RM0.8 million); and

(iii) Business expansion for F&B.

Pending full utilisation of the proceeds raised from the Proposed 30% Private Placement, the Company will place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institutions or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional funds for the working capital of the Group.

4. RATIONALE AND JUSTIFICATION OF THE PROPOSALS

4.1 Proposed 30% Private Placement

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed 30% Private Placement is the most appropriate avenue to raise additional funds expeditiously to meet the purposes as stated in Section 3 of this Circular, after considering the following:

(a) the Proposed 30% Private Placement will not incur interest cost as compared to bank borrowings or the issuance of debt instruments, thereby reducing the potential cash outflow. This would allow the Group to preserve the existing cash and bank balances for the Group's other purposes;

(b) the Proposed 30% Private Placement do not require the Company to procure underwriting arrangement (which the Company will incur additional cost) and/or irrevocable undertaking from certain shareholders of the Company which is usually required for other fund raising exercise such as rights issue; and

(c) the Proposed 30% Private Placement is expected to strengthen the Company's capital base as well as improve the Company's financial position and future earnings when the economic and financial benefits from the use of proceeds are realised.

4.2 Proposed Acquisition

The Proposed Acquisition represent an opportunity for the Group to venture into a new business segment that would enable the Group to diversify and enlarge its earnings base. This is in line with Cscenic Group's objective and strategy to deliver sustainable growth and create value for the shareholders of Cscenic.

Under the helm of the experienced management team of Redina, the Proposed Acquisition is expected the expand the revenue stream and earning base of the Group, which in turn is envisaged to contribute positively to the Group's earnings and strengthen its financial position in the long term.

Premised on the above and after taking into consideration the historical financial performance of Redina, and future prospects of the Malaysian apparel industry as set out in Section 5.2 of this Circular, the Board is of the view that the Proposed Acquisition will contribute positively to the Cscenic Group's financial performance in the future.

4.3 Proposed Diversification

As set out in Section 2.3 of this Circular, the Proposed Diversification is sought as the Group expects the Retail Business to contribute 25.0% or more of the net profits of the Group and/or result in a diversion of 25.0% or more of the Group's NA in the future.

The Proposed Diversification is part of the Cscenic Group's strategic initiatives to diversify its income streams by identifying and engaging in new viable business to reduce the Company's reliance on its Existing Businesses. The Proposed Diversification is expected to contribute positively to the Group's financial performance and in turn, improve Cscenic's shareholders' value.

4.4 Proposed Change of Name

The Proposed Change of Name is to have a new corporate identity to better reflect the Group's core business and its future undertakings.

5. INDUSTRY OVERVIEW AND PROSPECTS OF THE GROUP

5.1 Overview 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%.

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

Going forward, growth of the Malaysian economy will be driven largely by resilient domestic expenditure, with some support from E&E exports recovery. Household spending will be supported by steady growth in employment and wage growth. Tourist arrivals and spending are expected to improve further. Additionally, continued progress of multi-year infrastructure projects and implementation of catalytic initiatives will support investment activity. Budget 2024 measures will also provide additional impetus to economic activity. Meanwhile, domestic financial conditions remain conducive to sustain credit growth, as financial institutions continue to operate with strong capital and liquidity buffers.

The growth outlook is subject to downside risks from weaker-than expected external demand, and larger and protracted declines in commodity production. Nevertheless, stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of projects provide upside to Malaysia's economic outlook.

(Source: Quarterly Bulletin Vol. 38 No. 3 for the Third Quarter of 2023, Bank Negara Malaysia)

5.2 Overview of the Malaysian Apparel Industry

Apparel, or clothing, is any attire worn on the body and typically manufactured from fabrics or textiles. The apparel industry involves various stakeholders including fabric and textile producers, designers, manufacturers, and retailers. The industry converts fabric and textiles into items of clothing through processes such as cutting, sewing, and knitting. The apparel industry can be segmented into multiple ways, namely by gender or age, by category of clothing (i.e., formalwear, office wear, sportswear, traditional), and by type of material (i.e., cotton, wool, silk, nylon, polyester). Primarily, apparel is classified by gender or age into menswear, womenswear, and childrenswear. As the name suggests, menswear is generally apparel designed for men, while womenswear is generally apparel designed for women, and childrenswear is generally apparel designed for children or youths. While apparel brands generally offer apparel across multiple segments, there may be brands that may only be involved in menswear, womenswear, or childrenswear.

Market players in the Malaysian apparel industry can generally be separated into 3 types, namely international brands, house brands of departmental stores, and local brands. International menswear brands include Hugo Boss, Giorgio Armani, Nautica, Jockey, Hush Puppies, and Uniqlo. Local menswear brands include Jovian, Padini, and Pestle & Mortar. International womenswear brands include Channel, Dior, Zara, Forever 21, and H&M while local womenswear brands include Alia B, Jovian, Padini, and Whimsigirl. International childrenswear brands include Mothercare, BONDS, and Uniqlo while local brands include Poney, Padini, and Kiko. Aside from offering apparel by third-party brands, department stores in Malaysia may also offer its own house brands, namely Metrojaya with their brands Somerset Bay and Cape Cod as well as AEON with their brands TOPVALU, JKids, and Inner Casual.

The apparel industry in Malaysia (in terms of retail sales) grew by 28.4% to an estimated RM25.46 billion in 2022 (2021: RM19.38 billion). Growth was primarily attributed to pent up demand from consumers after COVID-19 related containment measures were lifted. Additionally, the reopening of Malaysian borders and return of tourists further contributed to this upward trend in the industry. The industry's growth is expected to normalise to 8.0% or RM27.50 billion in 2023 as expansion in the industry will likely be moderated by continued inflationary pressure and dampened consumer sentiment.

Going forward, the industry is expected to continue expanding, with its growth projected to range from 8.0% to 9.0% throughout the forecast period from 2023 to 2027. The fast turnaround in trends driven by everchanging consumer preference is expected to continue spurring demand for apparels. Meanwhile, the return of international tourists to Malaysia is also expected to drive the apparel industry as higher footfall in retail areas will likely boost retail spending. At the same time, a higher per capital income in Malaysia translates to greater spending power for consumers on apparel purchases. However, demand may be moderated by dampened consumer sentiment in the shorter term in light of current global economic slowdown and inflationary environment.

In terms of supply, the support from the Malaysian Government for apparel industry market participants to fully automate their manufacturing processes could result in increased productivity and efficiency. However, challenges such as a shortage of skilled or unskilled labour may affect operations. Additionally, rising production costs due to factors such as inflation, higher raw material prices, and rising minimum wage may also affect the industry.
The outlook of the Malaysian apparel industry is expected to be positive going forward and is forecast to register a CAGR of 8.4% from RM27.50 billion in 2023 to RM38.11 billion in 2027.

(Source: Independent Market Research Overview Report on the Overview of the Malaysian Apparel Industry by Protégé)

5.3 Overview of the Malaysian F&B Services Industry

F&B services refer to food and beverage preparation and serving activities for immediate consumption without further processing. The F&B services industry mainly revolves around the provision of food services to consumers, whether in the form of dine-in services, self-services, takeout services or delivery services. In other words, it is the business of preparing, transporting and serving food or meals at restaurants or food stores.

The F&B services industry in Malaysia is highly competitive and is characterised by a diverse range of market participants and consumer preferences. A wide range of market participants competes to serve the diverse consumer preferences in Malaysia including restaurants, cafes, street food vendors, catering services, and food delivery. Malaysia's rich cultural diversity is reflected in its F&B services industry whereby the fusion of Malay, Chinese, Indian and indigenous influences offer consumers a diverse array of culinary traditions and flavours. While, local street food remains a staple, there is a growing demand for international cuisines, fine dining experiences, and health-conscious options. Malaysians have a strong eating-out culture and dining at restaurants or food establishments is a common part of daily life. At the same time, the advancement of technology has also saw food delivery platforms providing consumers with access to a wide variety of F&B options, particularly in the wake of the COVID-19 pandemic.

The F&B services industry in Malaysia is estimated at RM92.6 billion in 2022, representing a growth rate of 18.0% compared to RM78.5 billion in 2021. This strong recovery was primarily driven by a resurgence of demand seen in the F&B services industry following a challenging COVID-19 pandemic period. With the lifting of COVID-19 related containment measures, consumers resumed social activities with vigour by indulging in eating-out activities.

Going forward, the industry is expected to continue expanding, with its growth projected to range from 9.0% to 12.0% throughout the forecast period from 2023 to 2027. The rise in urbanisation rate and income levels translates to higher spending power for consumers to eat-out. In addition, changing eating habits caused by fundamental societal changes has seen consumers more willing to spend on better food quality and dining experiences. Meanwhile, F&B services operators can also expect higher demand with the resurgence of the tourism sector. A steady growing population also ensures there is a bigger pool of potential demand for F&B services. At the same time, continuous food innovations also drive demand for the F&B services industry. However, there are potential challenges on the horizon, including a global economic slowdown that could increase consumer risk aversion, along with rising inflation and tightening financial conditions, which may dampen consumer sentiments.

In terms of supply, growth of the F&B services industry continues to be underpinned by several factors. The increasing adoption of food delivery services particularly in the wake of COVID-19 have transformed the way consumers access and experience food, and F&B services providers need to adapt, and leverage on food delivery services to thrive in this evolving landscape. Additionally, the F&B services industry is expected to see a growing number of market participants in tandem with continued modernisation and urbanisation of Malaysia. Meanwhile, the Malaysian Government's support in improving self-sufficiency and bolstering food production will drive the F&B services industry in tandem with rising demand for quality food products. Advancement in technology also improves F&B services operators' ability to market and reach consumers more effectively. Also, the availability of more spaces through new shopping complexes provides more avenues and opportunities for F&B services operators to secure or expand their presence. Nonetheless, rising operating costs stemming from factors such as raw material costs, wages, rental expenses, and other inputs due to an inflationary environment, are likely to moderate growth of the F&B services industry. Additionally, F&B services operators also may also face shortage of labour challenges.

The outlook of the F&B services in Malaysia is expected to be positive going forward and is forecast to register a CAGR of 10.8% from RM101.0 billion in 2023 to RM154.6 billion in 2027.

(Source: Independent Market Research Overview Report on the Overview of the Malaysian Food and Beverages industry by Protégé)

5.4 Overview, prospects and future plans of the enlarged Group

The Group is principally engaged in the manufacturing of WPFM for export market and has emerged to be one of the largest WPFM manufacturer and exporter in Malaysia. The wood moulding industries that the Group currently operates in are highly sensitive to macroeconomic factors particularly the general economy and uncertainties surrounding the future economic prospects of the countries, which would potentially have an impact on the consumer confidence and household expenditure on WPFM.

The recently released USA inflation data reveals signs of a broad slowdown, raising hopes that the Fed is concluding its rate hikes, which could positively bode the recovery of consumer-spending driven economy. However, the ongoing wars in Gaza and Ukraine, coupled with the geographical tensions, raise concerns about economic uncertainties and present challenges for the Group. To navigate these uncertainties and challenges, the Group will actively pursue various cost control measures, strive to improve production efficiency, and explore new market opportunities.

As such, the Group's Proposed Acquisition (as set out in Section 4.2 of this Circular) and Proposed Diversification (as set out in Section 4.3 of this Circular) into new business segment would help to mitigate the Group's dependency on its sole business in the export of wooden picture frame mouldings while allowing the Group to enhance and improve its income sustainability.

Premised on the above, the Proposed Acquisition and Proposed Diversification is expected to contribute positively to the future earnings and cash flows of the enlarged the Group following the completion of the Proposed Acquisition and Proposed Diversification. Barring any unforeseen circumstances, the Group maintain a cautious optimism regarding the outlook for the financial year ending 31 December 2023.

(Source: Management of Cscenic)

6. RISK FACTORS

6.1 Risk relating to the Proposed Acquisition

The potential risk factors relating to the Proposed Acquisition, which may not be exhaustive, are set out below:

(i) Non-completion of the Proposed Acquisition

The completion of the Proposed Acquisition is subject to, among others, the fulfillment of the conditions precedent stipulated in the SSA as set out in the salient terms of the SSA in Appendix II of this Circular, some of which are beyond the control of the Company. The Proposed Acquisition may not be completed if any of the conditions precedent cannot be fulfilled and/or waived, as the case may be, within the stipulated timeframe.

To mitigate such risk, the Company will take all reasonable steps and effort to fulfil or if necessary, waive (to the extent permissible under the laws of Malaysia) the conditions precedent in the SSA in order to complete the Proposed Acquisition in a timely manner.

Nevertheless, the Vendor and Cscenic anticipate that this risk can be mitigated by proactively engaging with the relevant authorities to obtain all the necessary documents required for the completion of the Proposed Acquisition within the timeframe stipulated in the SSA. However, should there be any delay beyond the agreed timeframe, the Board shall endeavour to negotiate to mutually extend the timeframe prior to its expiry.

(ii) Non-fulfilment of the profit guarantee

The profit guarantee is based on various bases and assumptions which are deemed reasonable, but nevertheless subject to certain uncertainties and contingencies, which may be outside Redina's control. While the Board has taken reasonable steps to assess the achievability of the profit guarantee which includes assessing Redina's past financial performance as well as the prospects and future plans of the enlarged Cscenic Group as set out in Section 5.4 of this Circular, there can be no assurance that the profit guarantee will be met.

To mitigate the risk of not fulfilling the Profit Guarantee, Cscenic will only proceed with the acquisition of Tranche 2 Sale Shares when the Guaranteed Sum has been met during the Guaranteed Period. Additionally, in the event that the acquisition of Tranche 2 Sale Shares is terminated, the Vendor shall, at the option of Cscenic, repurchase the Tranche 1 Sale Shares from Cscenic at the Tranche 1 Purchase Consideration within a period of 24 months from the date of the Cscenic's written notice.

(iii) Investment and integration risk

Although the Proposed Acquisition is expected to contribute positively to the earnings of the Cscenic Group, there is no guarantee that the anticipated benefits from the Proposed Acquisition will be realised or that the Cscenic Group would be able to generate sufficient returns from Redina.

There is also no guarantee of the successful integration of the business of the Cscenic Group with Redina arising from the Proposed Acquisition as well as the realisation of the expected business synergies from the Proposed Acquisition.

The management of Cscenic, together with the management of Redina will oversee the integration process, daily operations and be involved in the decision making of strategic matters of Redina.

(iv) Dependence on key personnel of Redina

The business of Redina is dependent to a certain extent on the key personnel managing the operations of the business. The loss of key personnel without suitable and timely replacement and the inability to attract or retain qualified and suitable personnel may have an unfavourable and material impact on the performance of the enlarged Cscenic Group.

The Board intends to retain the employees of Redina to ensure that there is continuity in the management of Redina and that there is no disruption to the day-to-day operations and business. In addition, the Vendor will continue to remain as 49% shareholder of Redina following the completion of the Proposed Acquisition, to ensure the success of Redina's business moving forward. Notwithstanding the above, the management of Cscenic will adopt appropriate approaches including reviewing the remuneration and incentives packages as well as providing a good working environment and programmes on succession planning to retain the key personnel with Redina.

6.2 Risk relating to the Proposed Diversification

The risk factors associated with the Proposed Diversification which are by no means exhaustive, are as follows:

(i) Diversification risk

The Proposed Diversification would result in the diversification of Existing Businesses to include the Retail Business. The Group will be facing new challenges and risks arising from the Retail Business venture, including but not limited to global and regional economic downturns, competition from existing players and entry of new players, socio-political stability and changes in the legal environmental framework within which the industry operates in.

Cscenic seeks to mitigate the abovementioned risk by, amongst others, the following:

(i) leveraging on the experience, skills and competencies of the existing key personnel to operate the Retail Business;

(ii) conducting periodic reviews on the performance of the Retail Business; and

(iii) adopting prudent financial management and efficient operating procedures to limit the impact of the abovementioned risks.

(ii) Dependency on key personnel

The operations of the Retail Business will depend significantly on the ability, expertise and continued efforts of the Group's existing key personnel, as identified in Section 2.3.1 of this Circular, for the Retail Business segment. Any loss of these key personnel without suitable and timely replacements and an inability to attract or retain qualified and suitable personnel may have an adverse impact on its businesses.

The Company will adopt the appropriate approaches or measures such as offering competitive remuneration packages to retain such key personnel. In addition, to avoid over dependency on any key personnel, the Company will also strive to attract qualified and experienced employees to support the Retail Business by exploring opportunities to recruit such employees through measures such as engaging recruitment agencies and/or requesting for referrals from stakeholders in the industry including our existing suppliers and customers.

(iii) Challenges in sustaining customer loyalty arising from the unpredictable nature of consumer spending patterns and behaviour

The Group's Retail Business revenue will primarily be generated from the sales of apparel and F&B. Consequently, the sales performance of these products and services is influenced by various factors, including but not limited to changes in consumer preferences, trends, and styles, product differentiation, including branding quality and pricing, and fluctuations in the level of disposable income, as well as alternative spending options. Additionally, consumer spending patterns and behaviour can be impacted by economic factors such as inflation and the unemployment rate, which directly affects the disposable income of consumers. To address these challenges, the Group aims to continuously innovate and enhance their products and services while regularly assessing the market to align with changing market demands.

(iv) Competitive industry environment

Both the apparel and F&B services industries are highly competitive industries. In the Malaysian apparel industry, market players can generally be categorised into 3 types: international brands, house brands of departmental stores, and local brands. Each brand can be further segmented into multiple ways, namely by gender or age, by category of clothing, and by type of material. Thus, the Group faces competition from numerous market players, encompassing both local and overseas brands, as well as listed and non-listed companies, all of which offer apparel across various segments.

In the F&B services industry in Malaysia, it is highly competitive and is characterised by a diverse range of market participants including restaurants, cafes, street food vendors, catering services, and food delivery. The competitive landscape in the Malaysian F&B services industry is driven by the diversity of consumer preferences. This diversity spans those seeking traditional local flavours to individuals looking for international and gourmet dining experiences. Local street food, international fast-food chains, casual dining, fine dining, cafes, specialty cuisine and food delivery services all coexist and compete in this vibrant market.

As a new market participant, the Group recognises the necessity of being adaptable and innovative to meet the evolving tastes and expectations of its target customers. Therefore, the Group intends to constantly seeks to take proactive measures to mitigate competition risk on various aspects such as product innovation and diversification, pricing and marketing strategies in response to the ever-changing market conditions and the adoption of different development concepts to meet the needs of the target markets.

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7. EFFECTS OF THE PROPOSALS

7.1 Share capital

The Proposed Acquisition, Proposed Diversification and Proposed Change of Name will not have any effect on the issued share capital of Cscenic as the said proposals do not involve any issuance of new Cscenic Shares.

For illustrative purposes, the pro forma effects of Proposed 30% Private Placement on the issued share capital of Cscenic as at the LPD are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	379,377,568	67,961,542
To be issued pursuant to the Proposed 30% Private Placement	113,813,000	(1)45,525,200
After the Proposed 30% Private Placement	**493,190,568**	**113,486,742**
Assuming full exercise of Warrants	162,871,250	(2)66,777,213
Enlarged share capital	**656,061,818**	**180,263,955**

Notes:

(1) Based on the Indicative Issue Price.

(2) Based on the Warrants Exercise Price.

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7.2 NA, NA per share and gearing

As the Proposed Diversification and Proposed Change of Name is neither a transaction nor a fund-raising exercise, it will not have any pro forma effects on the NA, NA per share and gearing of Cscenic.

For illustration purposes, the pro forma effects of the Proposed 30% Private Placement and Proposed Acquisition on the NA, NA per share and gearing of Cscenic Group based on the latest audited consolidated financial statement of Cscenic for FYE 31 December 2022 are as follows:

	Audited as at FYE 31 December 2022	**After subsequent events**	**After Proposed 30% Private Placement**	**After Proposed Acquisition (Tranche 1)**	**After Proposed Acquisition (Tranche 2)**	**After Full Exercise of Warrants**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Share capital	64,630	(1)67,962	113,487	113,487	113,487	180,264
Revaluation reserve	38,707	38,707	38,707	38,707	38,707	38,707
Retained earnings	57,492	57,492	(4)56,692	(4)56,692	(4)56,692	(4)56,692
Shareholders' funds/NA	**160,829**	**164,161**	**208,886**	**208,886**	**208,886**	**275,663**
No. of Shares	247,456,680	(1)(2)379,377,568	(5)493,190,568	493,190,568	493,190,568	(6)656,061,818
No. of Warrants	114,042,540	(3)162,871,250	162,871,250	162,871,250	162,871,250	-
NA per Share (RM)	0.65	0.43	0.42	0.42	0.42	0.42
Borrowings (RM'000)	-	-	-	-	(7)27,219	27,219
Gearing ratio (times)	-	-	-	-	0.13	0.10

Notes:

(1) After adjusting for the conversion of Warrants from 1 January 2023 up to the LPD:

Date of Listing	No of Warrants	Exercise Price (RM)	No. of Shares Exercised Into
20 January 2023	206,700	0.6100	206,700
28 February 2023	20,000	0.6100	20,000
2 March 2023	57,000	0.6100	57,000
8 March 2023	25,500	0.6100	25,500
21 March 2023	263,000	0.6100	263,000
23 March 2023	324,700	0.6100	324,700
27 March 2023	182,800	0.6100	182,800
30 March 2023	70,000	0.6100	70,000
4 April 2023	200,000	0.6100	200,000
10 April 2023	2,668,200	0.6100	2,668,200
11 April 2023	701,000	0.6100	701,000
18 April 2023	20,000	0.6100	20,000
20 April 2023	200,000	0.6100	200,000
28 April 2023	50,000	0.6100	50,000
5 May 2023	414,800	0.6100	414,800
23 August 2023	27,000	0.4100	27,000
29 August 2023	60,000	0.4100	60,000
Total	**5,490,700**		**5,490,700**

(2) After adjusting for the Bonus Issue of Shares.

(3) After adjustment to the Warrants Exercise Price (from RM0.6100 to RM0.4100) and number of outstanding Warrants (issuance of 54,319,410 additional Warrants) pursuant to the Bonus Issue of Shares.

(4) After deducting the estimated expenses of RM0.80 million for the Proposals.

(5) Based on the issuance of 113,813,000 Placement Shares at the Indicative Issue Price.

(6) Based on the issuance of 162,871,250 Shares assuming full exercise of 162,871,250 outstanding Warrants at the Warrants Exercise Price.

(7) The borrowings amounting to RM27.2 million include the following:

(a) Redina's term loan of RM7.5 million, invoice financing of RM2.2 million and finance lease liability of RM0.2 million respectively; and

(b) RM17.3 million represents 80% borrowings to fund Tranche 2 Purchase Consideration as mentioned in Section 2.2.6 of this Circular.

7.3 Earnings and EPS

Barring unforeseen circumstances, the actual impact of the Proposals on the consolidated earnings and EPS of Cscenic Group moving forward will depend on, among others, the market and industry conditions and the successful integration of the operations of Redina into Cscenic Group (subject to attainment of the Guaranteed Sum, completion of the Tranche 1 Sale Shares and Tranche 2 Sale Shares). The EPS of Cscenic Group may however be proportionately diluted as a result of the increase in the number of Shares after the Proposed 30% Private Placement. Nevertheless, the Proposals are expected to be earnings accretive and contribute positively to the future earnings of the Cscenic Group upon the completion.

For illustrative purposes, the effects of the Proposed Acquisition on the earnings and EPS of Cscenic based on the latest audited consolidated financial position of the Group as at 31 December 2022 assuming that the Proposed Acquisition had been completed at the beginning of the financial year are as follows:

	Audited as at 31 December 2022	**After the Proposed Acquisition (Tranche 1)**	**After the Proposed Acquisition (Tranche 2)**
	RM'000	**RM'000**	**RM'000**
PAT attributable to the owners of the Company	18,994	(i)18,194	(i)(ii)20,705
No. of Shares	247,456,680	247,456,680	247,456,680
EPS (RM)	0.08	0.07	0.08

Notes:

(i) After adjusting for the estimated expenses relating to the Proposals of approximately RM0.80 million.

(ii) After adjusting for the share of 51.0% interest in Redina's FYE 2023 PAT of RM4,923,388 pursuant to the Proposed Acquisition.

7.4 Convertible securities

The Proposals will not have any effect on the convertible securities in issue. As such, no adjustments are required to be made to the number of outstanding Warrants or its exercise price.

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7.5 Substantial shareholders' shareholdings

The Proposed Acquisition, Proposed Diversification and Proposed Change of Name will not have any effect on the substantial shareholders' shareholdings of Cscenic as the said proposals do not involve any issuance of new Cscenic Shares.

For illustrative purposes, the pro forma effects of the Proposed 30% Private Placement on the substantial shareholders' shareholdings in Cscenic are as follows:

	As at the LPD				After Proposed 30% Private Placement			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of Shares '000**	**(1)%**	**No. of Shares '000**	**(1)%**	**No. of Shares '000**	**(2)%**	**No. of Shares '000**	**(2)%**
Dato' Ong Choo Meng	115,890,000	30.5	-	-	115,890,000	23.5	-	-
RHB Trustees Berhad	22,500,000	5.9	-	-	22,500,000	4.6	-	-
Placees, collectively	-	-	-	-	113,813,000	23.1	-	-

	After Proposed Acquisition (Tranche 1 and Tranche 2)				Assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of Shares '000**	**(2)%**	**No. of Shares '000**	**(1)%**	**No. of Shares '000**	**(3)%**	**No. of Shares '000**	**(3)%**
Dato' Ong Choo Meng	115,890,000	23.5	-	-	(4)188,529,700	28.7	-	-
RHB Trustees Berhad	22,500,000	4.6	-	-	22,500,000	3.4	-	-
Placees, collectively	113,813,000	23.1	-	-	113,813,000	17.3	-	-

Notes:

(1) Based on 379,377,568 Shares in issue as at the LPD.

(2) Based on 493,190,568 Shares after the Proposed 30% Private Placement.

(3) Based on 656,061,818 Shares assuming full exercise of all 162,871,250 outstanding Warrants.

(4) Based on his 72,639,700 Warrants holding as at the LPD, exercised in to 72,639,700 Shares.

7.6 Dilution to the minority shareholder' shareholdings

For illustration, taking into consideration the Placement Shares to be issued under the Proposed 30% Private Placement, the pro forma dilution to the shareholding of an existing shareholder (assuming hold 5,000,000 Shares) as follows:

Shareholding of an existing shareholder	No. of Shares	No. of issued Shares	%
Shareholding prior to the Proposed 30% Private Placement	5,000,000	379,377,568	1.3
To be issued pursuant to the Proposed 30% Private Placement	-	113,813,000	-
After the Proposed 30% Private Placement	**5,000,000**	**493,190,568**	1.0

8. HISTORICAL SHARE PRICE PERFORMANCE

The monthly highest and lowest market prices of Cscenic Shares traded on Bursa Securities for the past 12 months are as follows:

	High	Low
	RM	RM
2023		
February	0.85	0.68
March	0.70	0.57
April	0.61	0.53
May	0.65	0.47
June	0.49	0.42
July	0.45	0.43
August	0.62	0.43
September	0.51	0.45
October	0.46	0.44
November	0.44	0.40
December	0.53	0.40
2024		
January	0.51	0.46

Last transacted market price on 11 December 2023 (being the date immediately prior to the announcement of the Proposals): 0.41

Last transacted market price on the LPD: 0.47

(Source: Bloomberg)

9. APPROVALS REQUIRED

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

(i) Bursa Securities for the listing and quotation of up to 113,813,000 new Cscenic Shares to be issued arising from the Proposed 30% Private Placement on the Main Market of Bursa Securities, which was obtained vide its letter dated 18 January 2024 and is subject to, among others, the following conditions:

No.	Condition	Status of compliance
(1)	Cscenic and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed 30% Private Placement;	To be complied
(2)	Cscenic is required to provide a certified true copy of the resolutions passed by shareholders in general meeting approving the Proposals prior to the listing and quotation of the Placement Shares;	To be complied
(3)	M&A Securities is required to furnish Bursa Securities with details of the placees in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new Shares to be issued pursuant to the Proposed 30% Private Placement;	To be complied
(4)	Cscenic and M&A Securities are required to inform Bursa Securities upon completion of the Proposed 30% Private Placement; and	To be complied
(5)	Cscenic and M&A Securities are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed 30% Private Placement is completed.	To be complied

(ii) the shareholders of Cscenic at the forthcoming EGM to be convened for the following:

(c) Proposals; and
(d) Waiver of their pre-emptive rights under Section 85(1) of the Act

Section 85(1) of the Act provides that:

"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."

Article 54 of the Constitution states that:

"Subject to any direction to the contrary that may be given by the Company in general meeting any new shares or other convertible securities from time to time to be created 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 in like manner dispose of any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided."

In order for the Board to issue any new Shares free of pre-emptive rights, such pre-emptive rights must be waived. As such, the waiving of such pre-emptive rights over new Shares to be issued pursuant to the 30% Proposed Private Placement will be tabled at the forthcoming EGM under the ordinary resolution to seek shareholders' approval. The passing of the ordinary resolution will exclude pre-emptive rights to be offered any new Shares to be issued by the Company pursuant to the Proposed 30% Private Placement and accordingly, dilute percentage of shareholding in the Company. Please refer to the Notice of EGM for the Ordinary Resolution as set out in this Circular.

(iii) any other relevant authorities and/or persons, if required.

The Proposed 30% Private Placement, Proposed Acquisition and Proposed Diversification are inter-conditional. The Proposed Change of Name is not inter-conditional with other components of the Proposals.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

The highest percentage ratio applicable to the Proposed Acquisition under Paragraph 10.02(g) of the Listing Requirements is 30.9% computed based on the total asset of Redina against the total asset of Cscenic Group.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholder and chief executive of the Company and/or persons connected with them has any interests, direct and/or indirect, in the Proposals.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals obtained, the Proposals are expected to be completed by the 1st half of 2024.

The tentative timetable is as follows:

Tentative timeline	Events
February 2024	EGM
1st half of 2024	Completion of the Proposals

12. DIRECTORS' STATEMENT AND RECOMMENDATION

After considering all aspects of the Proposals, including the rationale and benefits, justification of arriving at the Purchase Consideration as well as the effects of the Proposals, the Board is of the opinion that the Proposals are:

(i) in the best interest of Cscenic;
(ii) fair, reasonable and on normal commercial terms; and
(iii) not detrimental to the interest of the minority shareholders of Cscenic.

Accordingly, the Board recommends that you vote **IN FAVOUR** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

13. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save for the proposed share buy-back of up to 10% of the issued Cscenic Shares through Bursa Securities in accordance with Section 127(1) of the Companies Act, 2016, which was announced on 17 March 2023, the Company does not have any other outstanding proposals that have been announced but pending completion.

14. EGM

The EGM of the Company, the notice of which is enclosed together with this Circular, will be held on a fully virtual basis through live streaming and entirely via RPEV facilities at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657) on Tuesday, 27 February 2024 at 11.00 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing with or without modifications the resolutions so as to give effect to the Proposals.

If you are unable to attend and vote remotely at the forthcoming EGM of the Company, you may complete and return the enclosed Form of Proxy in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia before 11.00 a.m. on Monday, 26 February 2024. The lodging of the Form of Proxy will not preclude you from attending and voting remotely at the forthcoming EGM of the Company should you subsequently wish to do so.

15. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of,
CLASSIC SCENIC BERHAD

VO NGHIA HUU
Managing Director

FAIRNESS OPINION ON THE PURCHASE CONSIDERATION OF RM 35.7 MILLION TO BE FULLY SATISFIED BY CASH FOR THE PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN REDINA MALAYSIA SDN BHD

Presented by
Asia Equity Research Sdn Bhd,
a company licensed by
Securities Commission
Malaysia to provide advisory
in corporate finance and
investment advice.

Fair valuation certificate and fairness opinion on the purchase consideration for fifty-one percent equity interest in Redina Malaysia Sdn Bhd
Registration No. 199501041821 (371025-D)

Independent fairness opinion on the purchase consideration for fifty-one percent (51%) equity interest in Redina Malaysia Sdn Bhd ("**Redina**") ("**Fairness Opinion**") is prepared by Asia Equity Research Sdn Bhd ("**AER**"), a company licensed by Securities Commission Malaysia in providing advisory in Corporate Finance and Investment Advice, for the board of directors of Classic Scenic Berhad ("**Cscenic**" or "**the Company**").

We have relied on the three year financial projection ("**Future Financials**") of Redina that was supplied to us by Cscenic and Perdanis Distribution (M) Sdn Bhd ("**Vendor**"), external information which are extracted from Bloomberg, Experian, information published in public domain and our own analysis for us to prepare this Fairness Opinion. The actual financial results may differ significantly from the Future Financials. We do not provide any assurance that the assumptions used by the Vendor will be realised.

The preparation of the Fairness Opinion is based on prevailing economic, market and other conditions which may change over time. We assumed that the Future Financials that was supplied to us had been compiled accurately with no material omission of which the inclusion of such information may have significant effects on the fair valuation results appraised by us. The actual outcome may differ significantly from the Future Financials, due to external factors not within the control and it may have a significant impact on the fair value as appraised by us.

We reserve the exclusive right to revise our Fairness Opinion considering any information that existed at the date of the Fairness Opinion but becomes known to us after the date of the Fairness Opinion. No reproduction of any form is permitted without obtaining the expressed written consent from us.

24 November 2023

ASIA EQUITY RESEARCH SDN BHD
Registration No.: 201401027762 (1103848-M)
(License Number: eCMSL/A0330/2015)
Licensed to provide advisory services in corporate finance and investment advice

Registered Office: -
46-3 Jalan PJU 8/5B
Damansara Perdana
47820 Petaling Jaya
Selangor
Email: contact@aer.finance
Website: www.aer.finance

24 November 2023

CLASSIC SCENIC BERHAD
Registered office: -
Level 5, Tower 8, Avenue 5
Horizon 2, Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan.

Dear sirs,

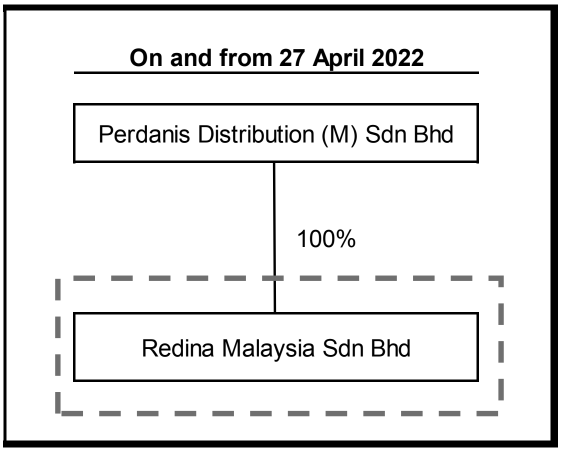
FAIRNESS OPINION ON THE PURCHASE CONSIDERATION OF RM 35.7 MILLION TO BE SATISFIED FULLY BY CASH FOR THE PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN REDINA MALAYSIA SDN BHD BY CLASSIC SCENIC BERHAD AND A PROFIT GUARANTEE OF RM 6.0 MILLION A YEAR FOR THE GUARANTEED PERIOD BY THE VENDOR

On 11 September 2023, Cscenic had engaged AER to perform an independent equity valuation of fifty-one percent (51%) equity interest in Redina on 13 October 2023 ("**Valuation Date**") and to express a fairness opinion on the purchase consideration of RM 35.7 million to be satisfied fully by cash. The Vendor had provided for a profit after tax guarantee of RM 6.0 million a year for the Guaranteed Period.

Redina is an importer, general merchant and dealer in shoes, clothings, articles and goods of all types and descriptions. It is currently the brand licensee for U.P. By Renoma, Renoma Paris, Byford and Crocodile. Its primary market is in Malaysia.

BACKGROUND

1. As on Valuation Date, Redina is a wholly owned subsidiary of Perdanis Distribution (M) Sdn Bhd.



Source: Cscenic

AER's Commentary

1. The cash purchase consideration of RM 35.7 million to be paid by Cscenic to the Vendor for a 51% equity interest in Redina, shall translate to an implied value of RM 70 million for the entire equity interest in Redina.

2. The Vendor shall provide a profit after tax guarantee of RM 6.0 million a year for two consecutive years from 1 January 2024 to 31 December 2024 and 1 January 2025 to 31 December 2025. The Future Financials that was provided by the Vendor covers a period of three financial years. Free Cash Flow to Firm ("**FCFF**") approach was selected as the primary method to appraise the fair value of 51% equity interest in Redina and a cross check method by comparing the implied Price to Earning ("**P/E**") of the fair value range with the traded P/E of a set of comparable companies.

Primary Approach – FCFF

<table>
<tr><td rowspan="2">Item number</td><td rowspan="2">Description</td><td>Minimum value, RM million</td><td>Maximum value, RM million</td><td rowspan="2">Average, RM million</td></tr>
<tr><td>WACC[1] of 9.04%, after an application of DLOM[2] of 20% and an annual sustainable growth rate of 0%</td><td>WACC[1] of 9.04% after an application of DLOM[2] of 20% and an annual sustainable growth rate of 0.5%</td></tr>
<tr><td>1a</td><td>Fair value for the entire equity interest in Redina</td><td>68.8</td><td>73.0</td><td>70.9</td></tr>
<tr><td>1b</td><td>Fair value for fifty-one percent equity interest in Redina</td><td>35.1</td><td>37.2</td><td>36.2</td></tr>
<tr><td>2</td><td>Other key assumptions</td><td colspan="3">- the adoption of FCFF approach that covers a period of three (3) years from FYE 31 March 2024 to FYE 31 March 2026, with an assessment of terminal value based on an annual sustainable growth rate of 0% and 0.5% for the minimum and maximum fair value range.

- cost of equity as determined using the Capital Asset Pricing Model of 11.89% and an added risk premium of 2.0% to account for the risk such as dissimilarities in size and financial performance, when compared to other listed comparable companies in casual apparels, undergarments, accessories and footwear in Malaysia.

- As at 30 June 2023, total equity and borrowings of Redina were RM 21.21 million and RM 27.52 million, respectively from the management accounts provided. The proportion of capital structure of equity and debt as at 30 June 2023 based on a ratio of approximately 43.5% and 56.5% respectively, shall translate to a WACC of 9.04%.

- DLOM[2] of 20% is applied on the fair value derived using the FCFF approach.</td></tr>
</table>

[1] WACC means Weighted Average Cost of Capital
[2] DLOM means Discount for Lack of Marketability

Assessment on the fairness and reasonableness of the purchase consideration of RM 35.7 million for a 51% equity interest in Redina.

As the proposed purchase consideration of RM 35.7 million to be paid by Cscenic to the Vendor for the 51% equity interest in Redina is **within** the fair value range of RM 35.1 million to RM 37.2 million, the purchase consideration is **fair** and **reasonable**.

Secondary approach – P/E comparison as a cross check

The trailing P/E multiple of suitable comparable companies in Malaysia that are involved in brand building, concept development, fashion designing, sourcing, marketing, distribution for apparels and undergarments for men, women and children, with a market capitalisation of up to RM 200 million ("**Comparable Companies**") as at Valuation Date, ranges from *6.5 times to 10.4 times* with an average of 8.9 times and a median of 9.9 times.

The implied trailing P/E multiples of the derived entire equity interest, fair value range of RM 68.8 million to RM 73.0 million using the FCFF ranges from 14.0 times to 14.8 times based on *historical* profit after tax of RM 4,923,388 for FYE 31 March 2023 (audited) which is higher than the traded P/E range of the Comparable Companies.

The implied one year forward P/E multiples of the derived entire equity interest, fair value range of RM 68.8 million to RM 73.0 million using the FCFF approach ranges from 11.5 times to 12.2 times based on *forecasted* profit after tax of RM 5,970,903 for FYE 31 March 2024 estimated by the Vendor which is higher than the traded P/E range of the Comparable Companies.

We noted that the Vendor provides a Guaranteed Amount during the Guaranteed Period, equivalent to an average of RM 6.0 million for each calendar year. The purchase consideration translates to a *forward* **P/E** of 11.7 times a year which is higher than the P/E ranges of the Comparable Companies from 6.5 times to 10.4 times.

Although the implied P/E range is higher, we noted that the Share Sale Agreement ("**SSA**") provided for features with financial value to the Purchaser which is embedded within the Purchase Price. Example: The purchase of the 51%equity interest is in two tranches. Tranche 1 Sale Shares is for the purchase of 20% equity interest in Redina for RM 14 million. Tranche 2 Sale Shares is for the purchase of 31% equity interest in Redina for RM 21.7 million. The Purchaser is given a right to exercise within thirty (30) days from the date of the release of the Group's audited financial statement for FYE 2025 or such other period as the Vendor and Purchaser may mutually agree to acquire Tranche2 Sale Shares at a price per share same as Tranche 1 Sale Shares.

Further, the Purchaser also has a right to require the Vendor to repurchase the Tranche 1 Sale Shares at the purchase price of RM 14.0million if the cumulative PAT is less than RM 6 million. This is a form of exit measure if the Purchaser does not intend to pursue the acquisition and requires the Vendor to pay back the purchase price of RM 14.0 million paid for Tranche 1 Sale Shares.

In addition, the purchaser could offset any "Shortfall Payment" which is the difference between the guaranteed PAT of RM 6 million a year with the actual PAT if the Purchaser wishes to exercise its right to purchase the remaining 31% if the profit guarantee is not met.

As the purchase consideration of RM 35.7 million for a 51% equity interest in Redina is **within** the fair value range and also considering the enhancement features as provided in the SSA, we concluded that the purchase consideration is **fair, reasonable** and **not detrimental** to the interest of non-interested shareholder.

Sources of Information

The list of information that was made available to us are detailed in **Appendix 6** of this Fairness Opinion. In the course of performing our work, we have sought clarification, performed the necessary cross-checks and sought clarification / confirmation for the sources of information that were supplied to us. However, we make no representation as to, and accepts no liability for any representations in relation to, the accuracy or completeness of information that was supplied to us.

Declaration of independence

AER and/or its directors and staff who are involved in this exercise do not own any equity ownership in Cscenic/ Redina shares or are involved in any advisory matters except being mandated to perform our scope of issuing a Fairness Opinion.

Yours faithfully
ASIA EQUITY RESEARCH SDN BHD

Asia Equity Research Sdn Bhd
Co. Reg. No. 201401027762 (1103848-M) License No.: eCMSL/A0330/2015

ONG TEE CHIN, CFA, FRM, CAIA
DIRECTOR

TABLE OF CONTENTS

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Fairness Opinion:

"AER" or "Independent Valuer"	Asia Equity Research Sdn Bhd (Registration No.: 201401027762 / 1103848-M), a company licensed by the Securities Commission Malaysia to provide advisory services in corporate finance and investment advice
"β" or **Beta**	"β" or "beta" is a risk measurement that measures industry and financial risk of a listed company. The industry risk that are measured are general risk affecting a listed company, i.e., also known as systematic risk. It does not measure company specific risk. The beta measurement when the financial risk is excluded is known as unlevered beta, and the beta measurement that includes the financial risk element is known as levered beta
"Bursa Securities"	Bursa Securities Malaysia Berhad (Registration No.: 200301033577 / 635998-W)
"CAPM"	Capital Asset Pricing Model
"Cscenic" or "the Company"	Classic Scenic Berhad (Registration No. 200301031466 (633887-M))
"Comparable Companies"	Selected companies listed on listing exchanges that are involved in brand building, concept development, fashion designing, sourcing, marketing, distribution for apparels and undergarments for men, women and children, with a market capitalisation of up to RM 200 million as at Valuation Date
"DLOM"	Discount for Lack of Marketability when a valuation exercise involves a private company that do not have exchange to trade for its shares
"Fairness Opinion"	Independent Fairness Opinion on appraising the fair value of 51% equity interest in Redina
"FCFF"	Free Cash Flow to Firm
"FPE"	Financial period ending
"FYE"	Financial year ending
"PAT"	Profit after tax
"**P/E**"	Price-to-earnings ratio
"**Redina**"	Redina Malaysia Sdn Bhd (Registration No. 199501041821 (371025-D))
"Valuation Date"	13 October 2023
"WACC"	Weighted Average Cost of Capital

1. EXECUTIVE SUMMARY

Item number	Explanation on key message	Section reference
1	**Purpose and scope of work** On 11 September 2023, Cscenic had engaged AER to perform an independent equity valuation of fifty-one percent (51%) equity interest in Redina on Valuation Date and to express a fairness opinion on the purchase consideration of RM 35.7 million to be satisfied by cash.	Section 2.1
2	**Results of valuation** Applying the FCFF approach, the fair value of 51% equity interest in Redina is approximately **RM 35.1 million to RM 37.2 million**, ("**Fair Value Range**") based on the Future Financials of Redina with a WACC of 9.04%, DLOM of 20% and an annual sustainable growth rate of between 0% and 0.5% respectively. We concluded that the purchase consideration of **RM 35.7 million** for a 51% equity interest in Redina with a Guaranteed Amount during the Guaranteed Period is fair, reasonable and not detrimental to the interest of non-interested shareholder. The WACC is computed based on capital structure as at 30 June 2023 which is funded by equity and debt based on a ratio of 43.5% and 56.5% respectively. The terminal value of the minimum and maximum value is appraised based on an annual sustainable growth rate of zero percent (0%) and zero point five percent (0.5%), respectively.	Section 4 Appendix 1a Appendix 1b Appendix 3
3	**Explanation of the approach and justification / rationales of using income based approach for Redina** Income based approach is used as a primary method, as the Vendor is providing a Guaranteed Amount during the Guaranteed Period. The FCFF method is used to appraise the fair value of Redina as the profit guarantee provided by the Vendor is incorporated in the Future Financials. Market based approach is used as a secondary method to cross check the implied P/E multiples of the derived fair value using the FCFF approach and compared with the trailing multiples of the Comparable Companies.	Section 2.4

2. BACKGROUND

2.1 INTRODUCTION AND TERMS OF REFERENCE

On 11 September 2023, Cscenic had engaged AER to perform an independent equity valuation of fifty-one percent (51%) equity interest in Redina on Valuation Date and to express a fairness opinion on the purchase consideration of RM 35.7 million to be satisfied by a combination of cash and issuance of new consideration shares of Cscenic for RM 14 million and RM 21.7 million respectively**.**

2.2 BACKGROUND INFORMATION OF REDINA AS AT VALUATION DATE

Item number	Description	
1	Company	Redina Malaysia Sdn Bhd Registration No.: 199501041821 (371025-D)
2	Incorporation date	18 December 1995
3	Registered Office	62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
4	Principal Activity	Redina is brand building, concept development, fashion designing, sourcing, marketing, distribution and retailing of casual apparels, undergarments, accessories and footwear for brand names such as Renoma and Jockey. Other brands which are licensed and managed by Redina included Moto Guzzi, Alfa Romeo, Arnold Palmer, Valentino Creations, Nautica and Beverly Hills Polo.
5	Directors	Chong King Foon (Appointed on 25 April 2022) Chong Mei Kim (Appointed on 25 April 2022) Lim Wai Kit (Appointed on 25 April 2022)
6	Shareholders	Perdanis Distribution (M) Sdn Bhd
7	Subsidiaries and associates	None
8	Latest audited financial year ended	31 March 2023
9	Auditor	Grant Thornton Malaysia PLT
10	Accounting standard	For the FYE 31 March 2023, Redina adopts the Malaysian Private Entities Reporting Standard ("**MPERS**"). If Malaysian Financial Reporting Standards ("**MFRS**") is applied, one of the notable effects in Redina in the statements of financial position, would be required to recognise <u>*leases as a right-of-use asset and corresponding liability at the date*</u>, instead of treating as annual rental payments in the income statement with no recording on the balance sheet for an asset or liability of right-of-use asset and a corresponding liability respectively. Each lease payment is allocated between the liability and finance cost.

		The adoption of MFRS 16 in the statements of profit or loss and other comprehensive income, gave rise to recognition of *depreciation of the right-of-use assets*, instead of recognition of *lease payments as rental expenses*. Depreciation expense associated with the right-of-use assets is charged over the shorter of period of lease term and expected useful life of the underlying asset on a straight line basis. *Interest expenses on the lease liability* are recorded under finance costs and is expected to be reduced over the life of the leases as lease payments are made.
11	Summary financial highlights (RM millions) FYE 31 March 2023	For FYE 31 March 2023, Redina reported an annual revenue of RM 48,889,988 with a profit after tax of RM 4,923,388 and net assets of RM 26,514,440.

2.3 APPROACH USED TO VALUE REDINA

Three main approaches are commonly used to appraise the fair value of an entity, namely cost approach, income approach and market approach (Source: IVS 105 Valuation Approaches and Methods).

Tabulated below are a discussion of the three approaches and the reason(s) of being selected / not selected as an approach to value Redina.

Item number	Approach	Guidance of its applicability
1	Cost based approach which measures the net fair values of assets less the liabilities. This approach is **not selected** for appraising the fair value of Redina.	This approach is suitable for a company that has substantial assets which are tangible based in nature such as manufacturing companies and property development companies.
2	Income based or also known as free cash flow-based approach which determines the value of a company based on a projected future cash flow of a business. Free cash flow approach is **selected** as the vendor had provided a profit guarantee and it is incorporated in the Future Financials furnished to us.	This approach requires a set of projected cash flow statement which is built up based on reasonable assumptions on date of appraisal.
3	Market based approach also known as Relative Valuation Approach ("**RVA**"), is an approach that appraised the value using multiples such as P/E multiple. RVA was **selected** as a cross-checking approach.	The implied P/E multiples of the derived fair value range is used to compare with the range of P/E multiples of the Comparable Companies. If the implied P/E multiples range derived from the fair value range is outside the range of the Comparable Companies, further analysis / investigation is required to evaluate the reasons.

2.4 COMPARABLE COMPANIES

Criteria for selection of Comparable Companies

- Redina is brand building, concept development, fashion designing, sourcing, marketing, distribution and retailing of casual apparels, undergarments, accessories and footwear for brand names such as Renoma and Jockey. Other brands which are licensed and managed by Redina included Moto Guzzi, Alfa Romeo, Arnold Palmer, Valentino Creations, Nautica and Beverly Hills Polo.

- Comparable Companies with market capitalisation of up to RM 200 million as at Valuation Date were selected.

Further information on the selected Comparable Companies including description, financial and valuation metrics are as presented under **Appendix 5.**

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3. KEY ASSUMPTIONS USED IN DETERMINING THE FAIR VALUE OF REDINA

<table>
<tr><th>Item number</th><th>Parameter</th><th colspan="3">Key basis and assumptions</th></tr>
<tr><td>1</td><td>Revenue</td><td colspan="3">For the FYE 31 March 2023, Redina reported an audited revenue of RM 48.89 million.

For FYE 31 March 2024, FYE 31 March 2025 and FYE 31 March 2026, Redina projected an annual revenue of RM 56.83 million, RM 65.55 million and RM 75.60 million respectively.

This translate to an annual growth rate of 16.2%, 15.3% and 15.3% for the FYE 31 March 2024, FYE 31 March 2025 and FYE 31 March 2026.</td></tr>
<tr><td>2</td><td>Net margin percentage</td><td colspan="3">For FYE 31 March 2023, Redina reported a 10.1% net margin.

For FYE 31 March 2024, FYE 31 March 2025 and FYE 31 March 2026, Redina projected a net margin of 10.5%, 10.4% and 10.8% respectively.</td></tr>
<tr><td rowspan="6">3</td><td colspan="4">Working capital management</td></tr>
<tr><td>Financial year</td><td>Inventory (days)</td><td>Trade receivable (days)</td><td>Trade payable (days)</td></tr>
<tr><td>FYE 31 March 2023 (actual)</td><td>231</td><td>63</td><td>160</td></tr>
<tr><td>FYE 31 March 2024 (projection)</td><td>358</td><td>76</td><td>168</td></tr>
<tr><td>FYE 31 March 2025 (projection)</td><td>228</td><td>76</td><td>106</td></tr>
<tr><td>FYE 31 March 2026 (projection)</td><td>148</td><td>77</td><td>51</td></tr>
<tr><td>4</td><td>Effective tax rate</td><td colspan="3">The effective tax rate for FYE 31 March 2023 was 21%.

For FYE 31 March 2024, FYE 31 March 2025 and FYE 31 March 2026, Redina projected an effective tax rate of 21%.</td></tr>
<tr><td>5</td><td>WACC</td><td colspan="3">9.04%</td></tr>
<tr><td>6</td><td>DLOM</td><td colspan="3">20%</td></tr>
</table>

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4. FAIR EQUITY VALUE FOR REDINA

Primary Approach - FCFF

<table>
<tr><td rowspan="2">Item number</td><td rowspan="2">Description</td><td>Minimum value, RM million</td><td>Maximum value, RM million</td><td rowspan="2">Average, RM million</td></tr>
<tr><td>WACC of 9.04%, after an application of DLOM of 20% and an annual sustainable growth rate of 0%</td><td>WACC of 9.04% after an application of DLOM of 20% and an annual sustainable growth rate of 0.5%</td></tr>
<tr><td>1a</td><td>Fair value for the entire equity interest in Redina</td><td>68.8</td><td>73.0</td><td>70.9</td></tr>
<tr><td>1b</td><td>Fair value for fifty-one percent equity interest in Redina</td><td>35.1</td><td>37.2</td><td>36.2</td></tr>
<tr><td>2</td><td>Other key assumptions</td><td colspan="3">- the adoption of FCFF approach that covers a period of three (3) years from FYE 31 March 2024 to FYE 31 March 2026, with an assessment of terminal value based on an annual sustainable growth rate of 0% and 0.5% for the minimum and maximum fair value range.

- cost of equity as determined using the Capital Asset Pricing Model of 11.89% and an added risk premium of 2.0% to account for the risk such as dissimilarities in size and financial performance, when compared to other listed comparable companies in casual apparels, undergarments, accessories and footwear in Malaysia.

- As at 30 June 2023, total equity and borrowings of Redina were RM 21.21 million and RM 27.52 million, respectively from the management accounts provided. The proportion of capital structure of equity and debt as at 30 June 2023 based on a ratio of approximately 43.5% and 56.5% respectively, shall translate to a WACC of 9.04%.

- DLOM of 20% is applied on the fair value derived using the FCFF approach.</td></tr>
</table>

Assessment on the fairness and reasonableness of the purchase consideration of RM 35.7 million for a 51% equity interest in Redina.

As the proposed purchase consideration of RM 35.7 million to be paid by Cscenic to the Vendor for the 51% equity interest in Redina is **within** the fair value range of RM 35.1 million to RM 37.2 million, the purchase consideration is **fair** and **reasonable**.

5. RISK CONSIDERATION IN FAIR VALUATION ASCRIBED

The fair valuation ascribed for Redina, could be affected by a number of major risk factors such as the following broad categories amongst others: -

(i) In the use of income based approach if the actual results differ significantly from the projected results used to derive the fair value, this shall translate to either a discount or premium to the fair value as appraised by us depending on whether the actual results are worse or better off than the projected results.

(ii) We noted that from 1 February 2024 onwards, Redina would discontinue the licensing of the "Hush Puppies" brand. In addition, Redina has secured the license to the Renoma brand from May 2023 onwards. In line with the change, Redina has incorporated a capital budget of RM 6.69 million for converting the existing Hush Puppies outlets to Renoma outlets and setting up new outlets. Any significant deviation resulting in lower than projected earnings expected from the change in brand strategy may translate to a discount of premium to the fair value as appraised by us.

(iii) Any unforeseen factors that have a negative effect on the brands licensed from third parties or brand portfolios that are owned by Redina, shall translate to a discount to the fair value ascribed by us.

(iv) Any deviations in the major assumptions listed in Section 3 of this Fairness Opinion, from the base case assumptions shall have a positive or negative effects of the fair value as appraised by us.

(v) Any unforeseen cost overrun that resulted in lower return of equity shall represent a discount to the fair value ascribed by us.

(vi) Global and regional economic activity, which is dependent on a number of factors such as political and macro-economic factors beyond the control of Redina, subjected to fair valuation exercise. Significant global events that affect the regional and global growth may translate to lesser business volumes and accordingly shall negatively affect the fair valuation. During such period, valuation metrics may also change as investors tend to become risk adverse in most asset classes of investments and hence requiring higher required rate of return in appraising its valuation during periods of uncertainties which translate to a lower fair value range.

(vii) Changes in investor's risk appetite in the equity capital markets may contribute either positively or negatively to the fair value as appraised by us. In circumstances that lead to risk aversion shall result in lesser weightings allocated to equity capital markets and hence causing the equity price to be lower than the fair value as ascribed. Conversely, in circumstances that lead to increasing risk appetite shall result in increased weights allocated to equity capital markets and hence causing the equity price to be higher than its fair value as ascribed.

APPENDIX 1a – FCFF Valuation
Lower range fair value of 51% equity interest of Redina based on WACC of 9.04%, annual sustainable growth rate of zero percent and DLOM of 20%

Redina Malaysia Sdn Bhd
RM

	FYE 31 March 2023	FYE 31 March 2024	FYE 31 March 2025	FYE 31 March 2026
	Actual	**Projection**	**Projection**	**Projection**
OPERATING ACTIVITIES				
Profit/(Loss) before tax	6,256,252	7,558,105	8,650,618	10,355,996
Adjustments for :-				
Depreciation	656,427	1,775,640	3,254,533	4,390,953
Property, plant and equipment written off	320	-	-	-
Reversal of written down for slow moving inventories	(307,088)	58,118	-	-
(Gain)/Loss on disposal of property, plant and equipment	(86,130)	-	-	-
Fair value gain on property, plant and equipment	-	-	-	-
Interest income from a licensed bank	(146,832)	(19,567)	-	-
Interest expense	164,093	956,757	849,305	815,903
Operating profit/(loss) before working capital changes	6,537,042	10,329,052	12,754,455	15,562,852
Changes in working capital :-				
Inventories	(7,019,890)	(11,180,664)	8,305,878	4,179,417
Receivables	(1,765,163)	(57,272)	2,188,125	2,265,758
Payable	14,438,454	(8,107,722)	(6,419,568)	(5,497,014)
Related companies	(138,787)	1,328,229	-	-
Lease payment	-	(1,039,998)	(1,938,015)	(2,732,097)
Cash generated from operations	12,051,656	(8,728,375)	14,890,875	13,778,917
Tax paid	(888,027)	(1,134,126)	(1,760,750)	(2,105,222)
Net cash from operating activities	11,163,629	(9,862,501)	13,130,125	11,673,695
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(18,019,075)	(2,131,426)	(2,352,500)	(2,402,500)
Proceeds from disposal of property, plant and equipment	86,130	-	-	-
Interest income received	146,832	19,567	-	-
(Advances to)/Repayment from holding company	(8,163,578)	8,273,381	-	-
(Advances to)/Repayment from related companies	(2,073,334)	(2,638,090)	-	-
Placement of fixed deposits with licensed banks pledged	(276,206)	(270,000)	-	-
Net cash generated from investing activities	(28,299,231)	3,253,432	(2,352,500)	(2,402,500)
FINANCING ACTIVITIES				
Dividend paid	(1,000,000)	(1,000,000)	-	-
Interest paid	(164,093)	(956,757)	(849,305)	(815,903)
Drawdown from borrowings	9,691,595	24,055,350	-	-
Repayment of lease liability	(1,155)	(14,032)	(14,028)	(14,028)
Repayment to loan liability	-	(13,150,683)	(1,639,311)	(1,660,212)
Net cash used from financing activities	8,526,347	8,933,879	(2,502,644)	(2,490,143)
CASH AND CASH EQUIVALENTS				
Net change	(8,609,255)	2,324,810	8,274,982	6,781,052
At beginning of year	10,274,475	1,665,220	3,990,030	12,265,012
At end of year	1,665,220	3,990,030	12,265,012	19,046,063

Source: Redina

FCFF				
Free cash flow from firm	(17,135,602)	(6,609,069)	10,777,625	9,271,195
WACC	9.04%			
Sustainable terminal growth rate	0.0%			102,557,465
		(6,609,069)	10,777,625	111,828,659
Valuation date	30/10/2023	31/03/2024	31/03/2025	31/03/2026
Enterprise value	93,862,317			
As at 31 March 2023 (audited)				
Cash	1,941,426			
Borrowings	(9,859,440)			
Equity value	85,944,303			
DLOM				
20%	(17,188,861)			
100% equity value	**68,755,443**			
51% equity value	**35,065,276**			

Appraised by AER

APPENDIX 1b – FCFF Valuation

Upper range fair value of 51% equity interest of Redina based on WACC of 9.04%, annual sustainable growth rate of zero point five percent and DLOM of 20%

Redina Malaysia Sdn Bhd

RM

	FYE 31 March 2023	FYE 31 March 2024	FYE 31 March 2025	FYE 31 March 2026
	Actual	**Projection**	**Projection**	**Projection**
OPERATING ACTIVITIES				
Profit/(Loss) before tax	6,256,252	7,558,105	8,650,618	10,355,996
Adjustments for :-				
Depreciation	656,427	1,775,640	3,254,533	4,390,953
Property, plant and equipment written off	320	-	-	-
Reversal of written down for slow moving inventories	(307,088)	58,118	-	-
(Gain)/Loss on disposal of property, plant and equipment	(86,130)	-	-	-
Fair value gain on property, plant and equipment	-	-	-	-
Interest income from a licensed bank	(146,832)	(19,567)	-	-
Interest expense	164,093	956,757	849,305	815,903
Operating profit/(loss) before working capital changes	6,537,042	10,329,052	12,754,455	15,562,852
Changes in working capital :-				
Inventories	(7,019,890)	(11,180,664)	8,305,878	4,179,417
Receivables	(1,765,163)	(57,272)	2,188,125	2,265,758
Payable	14,438,454	(8,107,722)	(6,419,568)	(5,497,014)
Related companies	(138,787)	1,328,229	-	-
Lease payment	-	(1,039,998)	(1,938,015)	(2,732,097)
Cash generated from operations	12,051,656	(8,728,375)	14,890,875	13,778,917
Tax paid	(888,027)	(1,134,126)	(1,760,750)	(2,105,222)
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INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(18,019,075)	(2,131,426)	(2,352,500)	(2,402,500)
Proceeds from disposal of property, plant and equipment	86,130	-	-	-
Interest income received	146,832	19,567	-	-
(Advances to)/Repayment from holding company	(8,163,578)	8,273,381	-	-
(Advances to)/Repayment from related companies	(2,073,334)	(2,638,090)	-	-
Placement of fixed deposits with licensed banks pledged	(276,206)	(270,000)	-	-
Net cash generated from investing activities	(28,299,231)	3,253,432	(2,352,500)	(2,402,500)
FINANCING ACTIVITIES				
Dividend paid	(1,000,000)	(1,000,000)	-	-
Interest paid	(164,093)	(956,757)	(849,305)	(815,903)
Drawdown from borrowings	9,691,595	24,055,350	-	-
Repayment of lease liability	(1,155)	(14,032)	(14,028)	(14,028)
Repayment to loan liability	-	(13,150,683)	(1,639,311)	(1,660,212)
Net cash used from financing activities	8,526,347	8,933,879	(2,502,644)	(2,490,143)
CASH AND CASH EQUIVALENTS				
Net change	(8,609,255)	2,324,810	8,274,982	6,781,052
At beginning of year	10,274,475	1,665,220	3,990,030	12,265,012
At end of year	1,665,220	3,990,030	12,265,012	19,046,063
Source: Redina				
FCFF				
Free cash flow from firm	(17,135,602)	(6,609,069)	10,777,625	9,271,195
WACC	9.04%			
Sustainable terminal growth rate	0.5%			109,104,810
		(6,609,069)	10,777,625	118,376,005
Valuation date	30/10/2023	31/03/2024	31/03/2025	31/03/2026
Enterprise value	99,172,854			
As at 31 March 2023 (audited)				
Cash	1,941,426			
Borrowings	(9,859,440)			
Equity value	91,254,840			
DLOM				
20%	(18,250,968)			
100% equity value	**73,003,872**			
51% equity value	**37,231,975**			
Appraised by AER				

APPENDIX 2 – Key historical financial summary for FYE 31 March 2021, FYE 31 March 2022 and FYE 31 March 2023 of Redina

Redina Malaysia Sdn Bhd
Key summary highlights
Year ended **31 March**
Principal activities as importer, general merchant, dealer in shoes, clothings, articles and goods of all types and description

	2021	2022	2023
	RM	RM	RM
	Audited	**Audited**	**Audited**
Revenue, RM million	32.0	35.0	48.9
Gross profit, RM million	12.8	17.6	25.3
Profit before tax, RM million	(2.7)	6.5	6.3
Tax, RM million	0.3	1.2	1.3
Profit after tax, RM million	(3.0)	5.4	4.9
EBITDA, RM million	(1.5)	5.1	6.5
Net assets, RM million	26.2	22.1	26.5
Tax / Profit before tax, %	-9.3%	18.0%	21.3%
Gross profit margin, %	40.1%	50.2%	51.7%
Net profit margin, %	-9.3%	15.4%	10.1%
Return of common equity, %	-11.3%	24.3%	18.6%
Working capital ratios			
Trade receivable days	62	74	63
Inventory days	251	141	217
Trade payable days	99	53	150
Altman Z- Score	4.4	7.0	2.2

Source: Audited and draft audit report

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APPENDIX 3 – WACC of Redina at **9.04%** appraised on Valuation Date

WACC on 13 October 2023

$$\text{WACC} = \frac{\text{MV(Equity)}}{\text{MV(Debt)} + \text{MV(Equity)}} \times \text{Cost of equity} + \frac{\text{MV(Debt)}}{\text{MV(Debt)} + \text{MV (Equity)}} \times \text{Cost of debt} \times (1 - \text{Tax})$$

$$= \frac{21.2}{27.6 + 21.2} \times 11.89\% + \frac{27.6}{27.6 + 21.2} \times 9.00\% \times 0.76$$

$$= \frac{21.2}{48.8} \times 11.89\% + \frac{27.6}{48.8} \times 9.00\% \times 0.76$$

$$= \boxed{9.04\%}$$

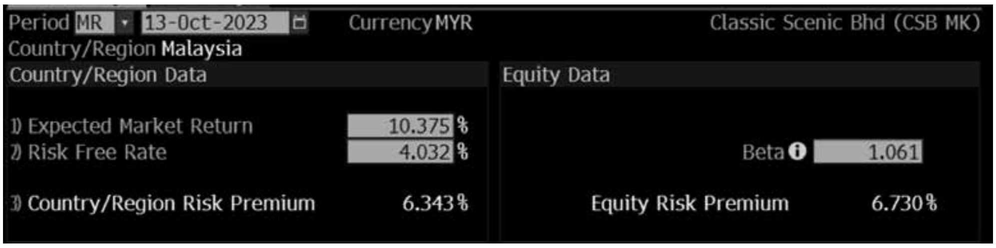
Appraised by AER

Source: Bloomberg and unaudited management accounts of Redina for FPE 30 June 2023

Equity Discount Rate on 13 October 2023

	Valuation metrics		CAPM formula
1	Annual expected market return	10.38%	r_m
2	Annual risk-free rate	4.03%	r_f
3	Equity risk premium	6.34%	$r_m - r_f$
4	Levered beta for target company subjected to fair valuation	0.924	beta (β)
5	Equity risk premium x beta	5.86%	beta x ($r_m - r_f$)
6	Required rate of return	9.89%	r_f + beta x ($r_m - r_f$)
7	Specific risk	2.00%	ε
8	Equity discount rate	11.89%	r_f + beta x ($r_m - r_f$) + ε
9	Equity discount rate used in the Valuation Certificate by AER	**11.89%**	

Appraised by AER



Source: Bloomberg

APPENDIX 4 – Unlevered beta of the industry of 0.4650

Hamada Equation

$$\text{Beta }(\beta)_{unlevered} = \frac{V_E}{V_E + V_D(1 - tax)} \times \text{Beta }(\beta)_{levered}$$

Comparable Companies		R^2 (Correlation^2)	Adjusted beta Note 1	V_E (RM million)	V_D (RM million)	V_D (1- tax) (RM million)	$\frac{V_E}{[V_E + V_D(1 - tax)]}$	Malaysia $\beta_{unlevered}$	
TEO GUAN LEE CORP BHD	TGL MK Equity	0.0014	0.395	101.9	13.8	10.5	0.91	0.3582	Teo Guan Lee Corporation Berhad is an investment holding company. The Company, through its subsidiaries, manufactures, wholesales, and retails apparel, sports wear, sports equipment, and related accessories. Teo Guan Lee also invests in property, assembles and distributes computers and its peripherals, and provides interior renovation contractor services.
CHEETAH HOLDINGS BHD	CTH MK Equity	0.0000	0.340	63.2	5.0	3.8	0.94	0.3210	Cheetah Holdings Berhad, through its subsidiaries, designs, develops, markets, and retails sports apparel, casual wear, and accessories under its own brand names.
ASIA BRANDS BHD	ABB MK Equity	0.0008	0.429	123.3	30.1	22.9	0.84	0.3621	Asia Brands Berhad has its roots in textile manufacturing, and with the acquisition of Anakku and Audrey, has transformed itself into a brand conglomerate. The Company owns and manages over 30 brands under its portfolio. Asia Brands has presence in baby products, innerwear, and casual wear in the Malaysia market.
MESB BHD	MESB MK Equity	0.0524	0.716	75.8	7.4	5.6	0.93	0.6668	MESB Berhad is an investment holding company. Through its subsidiaries, the Company supplies engineering equipment, spare parts and tools, and provides engineering and construction works for various projects.
BONIA CORP BHD	Bon MK Equity	0.0510	1.132	358.7	167.8	127.6	0.74	0.8347	Bonia Corporation Berhad operates as an investment holding and management company. The Company designs, manufactures, retails, and wholesales leather goods, menswear, watches, eyewear, and other accessories, as well as develops and invests in properties. Bonia Corporation serves customers worldwide.
PADINI HOLDINGS BERHAD	PAD MK Equity	0.0481	0.645	2,585.6	461.4	350.7	0.88	0.5678	Padini Holdings Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and retails garments, shoes, ancillary products, and accessories.

Average	0.5184
Median	**0.4650**
Average of the median of Malaysia Comparable Companies	**0.4650**

Note 1 - Beta as extracted from Bloomberg based on weekly measurement from 15 October 2021 to 15 October 2023

	Median β unlevered of the industry	V_E note 2 (RM million)	V_D note 2 (RM million)	V_D (1- tax%) (RM million)	$1 + \frac{V_D(1 - tax)}{V_E}$		Redina β levered
Appraised by AER	0.465	21.2	27.6	21.0	1.99	=	**0.924**

Source: Bloomberg

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APPENDIX 5 – Comparable Companies in Malaysia

Item number	Comparable Companies	Brands	Share price on 24 November 2023, RM	Market capitalisation as on 24 November 2023, RM million	Financial year end	Latest audited accounts available: Revenue, RM million	PAT/(LAT), RM million	Net assets, RM million	Net margin, %	ROE, %	trailing P/E	trailing P/B	trailing EV/EBITDA	P/S
	Apparels / Leather goods / Accessories / Children / Undergarments													
1	Teo Guan Lee Corporation Berhad	Cuddles, Kikilala, Garfield, Power Puff Girls, Tom & Jerry, Baby Tom & Jerry, Dora the Explorer, and Pronic brand	1.42 (4)	118.6	30 June 2023	126.6	11.4	114.3	9.0%	10.0%	10.4	1.0	3.3	0.9
2	Cheetah Holdings Berhad	Cheetah started in 1977 with "CHEETAH" brand launched in 1979. Since then, Cheetah and its Cheetah Sport, Cheetah Unlimited, Cheetah Ladies, Cheetah Junior, C. Union, C2 United, Baby Cheetah and Arissa which cater all categories of consumers such as men, ladies and children.	0.13	60.8	30 June 2023	146.8	(18.3)	120.7	-12.5%	-15.2%	(2) NA	0.5	(2) NA	0.4
3	Asia Brands Berhad	Anakku, Disney Baby, First Care, MiniCare, and Hello Kitty brands; and innerwear products and sleepwear lingerie under the Audrey, Cottonshop, Kawaii, and Lilian brand	0.52 (5)	119.8	31 March 2023	184.6	12.1	235.0	6.6%	5.1%	9.9	0.5	7.2	0.6
4	MESB Berhad	Jeep, Pierre Cardin, Feraud, Giamax, Alain Delon, Giossardi, Tocco Toscano, Crocodile and Ducati.	0.55	78.6	30 June 2023	159.2	12.1	144.8	7.6%	8.4%	6.5	0.5	2.8	0.5
	Average								2.7%	2.1%	8.9	0.6	4.4	0.6
	Median								7.1%	6.8%	**9.9**	**0.5**	**3.3**	**0.6**
	Minimum								-12.5%	-15.2%	6.5	0.5	2.8	0.4
	Maximum								9.0%	10.0%	10.4	1.0	7.2	0.9
	Outliers / Not selected as it does not meet selection criteria of Comparable Companies													
	Padini Holdings Berhad (3)	Vincci Accessories, Vincci Mini, Padini Authentics, PDI, Padini, Seed, Miki, and P&Co	3.79	2,493.5	30 June 2023	1,822.1	222.7	1,040.1	12.2%	21.4%	11.2	2.4	5.6	1.4
	Bonia Corporation Berhad (3)	Braun Buffel, Sembonia, Velentino Rudy, Renoma, Santa Barbara Polo & Racquet Club	1.71	342.7	30 June 2023	424.1	55.0	455.5	13.5%	12.1%	6.2	0.8	3.7	0.8

By **AER**. Source: Bloomberg and annual reports on 24 November 2023

AER's Commentary

1. As at Valuation Date, the average and median P/E of the Comparable Companies are **8.9 times** and **9.9 times** respectively with a range from 6.5 times to 10.4 times.
2. For the 12 months results for FYE 30 June 2022 and FYE 30 June 2023, Cheetah reported a loss after tax of RM 7.1 million and RM 18.3 million respectively. Hence, there is no P/E and EV/EBITDA multiples.
3. Padini and Bonia are excluded from the Comparable Companies listing, as the market capitalisation for both companies exceeded our selection criteria for companies with market capitalisation of RM 200 million or below.
4. Teo Guan Lee Corporation Berhad's market price was based on 23 November 2023 as there was no shares traded on 24 November 2023.
5. Asia Brand Berhad's market price was based on 17 November 2023, as there was no trading between 18 November 2023 to 24 November 2023.

APPENDIX 6 – Sources of information

This Fairness Opinion has been prepared by AER based on information (but are not limited to the list as stated below), as provided to us by Cscenic and the Vendor, are as listed below: -

(i) a copy the Future Financials supplied to us for FYE 31 March 2024, FYE 31 March 2025 and FYE 31 March 2026, in excel filename: - "*P99_RM_2024_Financial Projection_4*"
(ii) Copies of audited accounts of Redina for FYE 31 March 2022 and FYE 31 March 2023
(iii) Management accounts of Redina for three months FPE 30 June 2023 and a schedule of breakdown of intercompany amount owing by / owing to related companies by Redina as at 30 June 2023
(iv) Schedule of licensed brands of Redina
(v) Copy of SSA

END

APPENDIX II – SALIENT TERMS OF THE SSA

1. PURCHASE CONSIDERATION

1.1 **Purchase Consideration**: The Vendor agrees to sell and the Purchaser agrees to purchase Redina Sale Shares at the Purchase Consideration free from all claims, charges, liens, encumbrances and equities whatsoever, together with all rights attached thereto, and all liabilities, dividends, rights and distributions, declared paid or made in respect thereof the entitlement date of which is on or subsequent to the completion date of the sale and purchase of the Sale Shares.

2. SATISFACTION OF THE PURCHASE CONSIDERATION

2.1 **Mode of Satisfaction**: The Purchase Consideration shall be paid by the Purchaser or its nominee in accordance to the following manner:

(a) **First Tranche**: For the Tranche 1 Sale Shares, the Purchaser shall within the Tranche 1 Completion Period pay the Tranche 1 Purchase Consideration by way of cash payment to Messrs Teh & Lee ("**Stakeholder**") at the Stakeholder's account; and

(b) **Second Tranche**: For the Second Tranche Sale Shares, the Purchaser shall within the Tranche 2 Completion Period, pay the Tranche 2 Purchase Consideration by way of cash payment to the Vendor, subject to Clause 3 herein.

2.2 **Early Completion of Tranche 2**: The Vendor and Purchaser (collectively known as the "**Parties**") agree that notwithstanding the Tranche 2 Completion Period, the Purchaser may at any time it deems fit, after the Tranche 1 Completion Date, complete the acquisition of the Tranche 2 Sale Shares ("**Early Completion of Tranche 2**"). The Early Completion of Tranche 2 shall not be construed as a waiver of the Vendor obligations in the SSA. In this respect, the Tranche 2 Completion Period shall be read to mean the period between the Tranche 1 Completion Date and the Tranche 2 Completion Date. All other provisions of the SSA will apply mutatis mutandis as if the acquisition of Tranche 2 Sale Shares had taken place within the Tranche 2 Completion Period. In the event the Target Company fails to attain the Guaranteed Sum during the Guaranteed Period, the Purchaser shall be entitled to claim the Shortfall Payment from the Vendor in accordance to Clause 3 herein.

3. UNDERSTANDING OF THE PARTIES

3.1 **Non-Competition**: The Vendor hereby undertakes and covenants that for a period of 5 years from the completion of the SSA, it will not and will cause and procure that its affiliated companies or affiliated persons does not, directly or indirectly jointly with another person or on its own account or as a member, shareholder, consultant, agent, beneficiary, trustee or otherwise enter into any arrangement or transaction in Malaysia whereby they may become involved in the same and/or similar business of any of Redina.

3.2 **Non-Solicitation**: The Vendor hereby undertakes and covenants that it will not, at any time during the continuance of the SSA and/or after termination of the SSA directly or indirectly induce or attempt to induce any officer, director, or employee of Redina to terminate their employment relationship with Redina and/or to solicit any of Redina's customers, suppliers, partners and/or anyone so associate with Redina.

3.3 **Reliance**: The Parties hereby acknowledges and agrees that the Purchaser has entered into the SSA in reliance upon the Vendor's representation and warranties that Redina possesses all necessary and material licences, agreements, consents, permits and authorities (especially all necessary approval and authorisation to use the intellectual properties for the purpose of the business of Redina) in order to enable Redina to carry on its business effectively on and all such licences, consents, permits and authorities are valid and subsisting.

3.4 **Profit Guarantee**: The Vendor hereby irrevocably and unconditionally guarantees that the Redina shall attain the Guaranteed Sum cumulatively for the Guaranteed Period and that the profit guarantee shall be secured by guarantee of the Vendor and the Vendor's directors, where the Vendor shall execute and cause and procure to execute the Guarantees simultaneously with the execution of the SSA and that all payments must be made in the full amount, free of deduction of any kind and/or withholdings, and without exercising any right of set-off.

3.5 **Shortfall Payment:** The Parties agree that:

(a) In the event Redina fails to attain the Guaranteed Sum for the Guaranteed Period, the Purchaser shall be entitled but not obligated to either:

(i) proceed with the acquisition of the Tranche 2 Sale Shares and the Vendor shall make good the shortfall payment by way of cash payment to the Purchaser within 14 days from the date of the release of Redina's audited financial statement for FYE 2025 and the Purchaser's cost of investment shall be adjusted accordingly; or

(ii) In the event Redina fails to attain a cumulative audited PAT of RM6.0 million for the Guaranteed Period, to terminate the acquisition of the Tranche 2 Sale Shares and that the Vendor shall, at the option of the Purchaser in the event of such termination, to either:

- make good the shortfall payment by way of cash payment to the Purchaser within 14 days from the date of the release of Redina's audited financial statement for FYE 31 December 2025 and the Purchaser's cost of investment shall be adjusted accordingly; or

- repurchase the Tranche 1 Sale Share from the Purchaser at the Tranche 1 Purchase Consideration within a period of 24 months from the date of the Purchaser's written notice.

(b) In the event Redina fails to attain an audited PAT of RM3.0 million for the first year of the Guaranteed Period, the Purchaser shall be entitled but not obligated to terminate the acquisition of the Tranche 2 Sale Shares at anytime during the Guaranteed Period and that the Vendor shall, at the option of the Purchaser in the event of such termination, repurchase the Tranche 1 Sale Shares from the Purchaser at the Tranche 1 Purchase Consideration within a period of 24 months from the date of the Purchaser's written notice.

(c) For the purpose of determining the shortfall payment, the shortfall shall be rounded up to the nearest RM100,000.00. e.g. in the event the shortfall is RM120,000.00, it will be rounded to RM200,000.00; and

(d) The termination of the acquisition of the Tranche 2 Sale Shares by the Purchaser shall not howsoever, in any manner whatsoever be construed as a waiver of the Vendor obligations in the SSA especially that of the Profit Guarantee and the Vendor's obligation to make good the shortfall payment.

The shortfall payment shall be in accordance to the following manner:

Cumulative audited PAT (RM'million)	Difference between the cumulative audited PAT and the Guaranteed Sum ("**Shortfall**") (RM'million)	Shortfall Payment (RM'million)
12.00	0.00	0.00
11.90	0.10	0.23
11.80	0.20	0.46
11.70	0.30	0.69
11.60	0.40	0.92
11.50	0.50	1.15
11.40	0.60	1.38
11.30	0.70	1.61
11.20	0.80	1.84
11.10	0.90	2.07
11.00	1.00	2.29
10.90	1.10	2.52
10.80	1.20	2.75
10.70	1.30	2.98
10.60	1.40	3.21
10.50	1.50	3.44
10.40	1.60	3.67
10.30	1.70	3.90
10.20	1.80	4.13
10.10	1.90	4.36
10.00	2.00	4.59
9.90	2.10	4.82
9.80	2.20	5.05
9.70	2.30	5.28
9.60	2.40	5.51
9.50	2.50	5.74
9.40	2.60	5.97
9.30	2.70	6.20
9.20	2.80	6.43
9.10	2.90	6.66
9.00	3.00	6.88
8.90	3.10	7.11
8.80	3.20	7.34
8.70	3.30	7.57
8.60	3.40	7.80
8.50	3.50	8.03
8.40	3.60	8.26
8.30	3.70	8.49
8.20	3.80	8.72
8.10	3.90	8.95
8.00	4.00	9.18
7.90	4.10	9.41
7.80	4.20	9.64
7.70	4.30	9.87
7.60	4.40	10.10
7.50	4.50	10.33
7.40	4.60	10.56
7.30	4.70	10.79
7.20	4.80	11.02

Cumulative audited PAT (RM'million)	Difference between the cumulative audited PAT and the Guaranteed Sum ("**Shortfall**") (RM'million)	Shortfall Payment (RM'million)
7.10	4.90	11.25
7.00	5.00	11.48
6.90	5.10	11.70
6.80	5.20	11.93
6.70	5.30	12.16
6.60	5.40	12.39
6.50	5.50	12.62
6.40	5.60	12.85
6.30	5.70	13.08
6.20	5.80	13.31
6.10	5.90	13.54
6.00	6.00	13.77

3.6 **Treatment and Release of Tranche 1 Purchase Consideration**: The Stakeholder is hereby authorised and/or instructed to utilise the Tranche 1 Purchase Consideration to pay-off all advances owing to Redina by the Vendor and Perdanis Retail Sdn. Bhd. (Registration No. 201901034606 (1343936-H)) ("**Advances**") in accordance to Clause 3.8 herein.

3.7 **Treatment and Release of Tranche 2 Purchase Consideration**: The Parties agree that the Purchaser is hereby authorised to deal with the Tranche 2 Purchase Consideration in the following manner:

(a) Firstly, to utilise the Tranche 2 Purchase Consideration to pay-off all remaining Advances owing to Redina, if any;

(b) Secondly, in the event the Vendor fails to make good the shortfall payment, to utilise the Tranche 2 Purchase Consideration to make good such shortfall payment; and

(c) Thereafter, any remaining Tranche 2 Purchase Consideration thereof will be released to the Vendors within 30 days from the Tranche 2 Completion Date.

3.8 **Settlement of Advances**: The Vendor undertakes to pay-off and/or cause to pay-off all Advances to Redina within 30 days from the Tranche 1 Sale Shares completion date ("**Repayment Period**"), failing which, the Stakeholder is hereby authorised to deduct from the Tranche 1 Purchase Consideration and release to Redina such amount equivalent to the unpaid Advances within 30 days from the expiry of the Repayment Period, subject always that:

(a) In the event the total unpaid Advances exceed the Tranche 1 Purchase Consideration, the Vendor shall pay-off and/or cause to pay-off all remaining Advances by way of cash payment to Redina within 30 days from expiry of the Repayment Period, failing which, such remaining Advances shall be deductible from the Tranche 2 Purchase Consideration; or

(b) In the event the Tranche 1 Purchase Consideration exceed the total unpaid Advances, the Vendor shall be entitled to the remaining Tranche 1 Purchase Consideration and the Stakeholder is hereby authorised to release such remaining Tranche 1 Purchase Consideration to the Vendor within 14 days upon the date of the full settlement of the Advances.

4. CONDITIONS PRECEDENT

4.1 **Conditions Precedent:** The SSA shall be conditional upon the following being obtained, procured and/or fulfilled within the conditional period (being 90 days from the date of the SSA or such further period as the parties may mutually agree)("**Conditions Precedent**"):

(a) satisfactory legal, financial and/or business due diligence findings on Redina by the Purchaser;

(b) the approval of the shareholders of the Purchaser at an extraordinary general meeting to give effect to the Proposed Acquisition contemplated in the SSA;

(c) approval of the directors and shareholders of the Vendor in relation to the disposal of Redina Sale Shares to the Purchaser (if applicable) within 7 days from the date of the SSA;

(d) the approval of the shareholders of the Purchaser at an extraordinary general meeting in relation to the Proposed 30% Private Placement;

(e) approval of the financial institutions and/or any other relevant entities for any changes in the shareholdings of Redina (if required); and

(f) such other waivers, consents or approvals as may be required (or deemed necessary) by the parties from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the transaction contemplated under the SSA to the effect that if such waivers, consents, approvals are not obtained, the sale and purchase of Redina Sale Shares will be rendered null and void by law.

4.2 **Waiver:** Although it is intended that the transaction set out in the SSA shall only be implemented upon all the Conditions Precedent herein being satisfied, the parties may with mutual consent of each other and to the extent permissible by law, proceed with completion of the Proposed Acquisition.

5. COMPLETION (FIRST TRANCHE)

5.1 **Conditions for Completion:** If:

(a) no event of default has occurred or would occur as a result of the completion of the SSA;

(b) the Conditions Precedent as set out in Clause 4.1 herein have been procured, obtained, fulfilled and/or waived;

(c) each of the representations and warranties set out in the SSA remains accurate at the completion of the first tranche as if given on that date by reference to the facts and circumstances then existing;

(d) the Vendor has not breached any undertakings, representations, warranties and covenants under the SSA;

(e) no governmental entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the transactions contemplated by the SSA illegal or restraining or prohibiting consummation of such transactions;

(f) Redina possesses all rights and interests in relation to the licence for the brands of Beverly Hills Polo Club, Nautica, Crocodile International, Valentino Creations, Alfa Romeo, Arnold Palmer and Arnie Arnold Palmer, Renoma Paris and U.P. By Renoma;

(g) all documents necessary for the transfer of the Tranche 1 Sale Shares in favour of the Purchaser had been delivered to the Purchaser's solicitors; and

(h) Redina had maintained a minimum NAV of RM26.5 million, as evidenced by the Redina's audited financial report of FYE 2023,

then, subject to the provisions of the SSA, the parties shall complete the sale of the Tranche 1 Sale Shares under the SSA.

6. COMPLETION (SECOND TRANCHE)

6.1 **Conditions for Completion:** If:

(a) Redina successfully attains or exceeds the Guaranteed Sum in accordance to the profit guarantee;

(b) Redina had maintained a minimum NAV of RM26.5 million, as evidenced by the Redina's audited financial report of FYE 2024 or in the event of early completion of Tranche 2 Sale Shares by the Redina's management account;

(c) all sums owing by the Vendor, the director of Redina, and the related company of Redina (if any) to Redina have been fully repaid and/or recovered;

(d) each of the representations and warranties set out in the SSA remains accurate at the completion of the first tranche as if given on that date by reference to the facts and circumstances then existing;

(e) the Vendor has not breached any undertakings, representations, warranties and covenants under the SSA;

(f) no governmental entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the transactions contemplated by the SSA illegal or restraining or prohibiting consummation of such transactions;

(g) Redina possesses all rights and interests in relation to the licence for the brand of Jockey & Jox;

(h) all documents necessary for the transfer of the Tranche 2 Sale Shares in favour of the Purchaser had been delivered to the Stakeholder; and

(i) the Tranche 1 Sale Shares had successfully been transferred to the Purchaser, where the Purchaser's name had successfully been registered in Redina's register of members,

Then, subject to the provisions of the SSA, the parties shall complete the sale of the Tranche 2 Sale Shares under the SSA.

7. TERMINATION

7.1 **Termination Event:** On the occurrence of any of the following defaulting events ("**Event of Default**") stated hereunder, the other non-defaulting Party ("**Non-Defaulting Party**") may (but is not obliged to) give notice in writing to the defaulting Party ("**Defaulting Party**"), which in this context shall mean the Purchaser or the Vendor, and shall include Redina's conduct as listed below. In the event that such conduct of default relates to Redina, then it shall be deemed to be the Vendor's default enabling the Non-Defaulting Party to send notice to the Defaulting Party for termination specifying the default or breach of the Defaulting Party and requiring the Defaulting Party to remedy the said default or breach within Fourteen (14) Business Days or such extended period as may be allowed by the Non-Defaulting Party, of the receipt of such notice:

(a) **Breach**: breach of any material or fundamental terms or conditions of the SSA or a failure to perform or observe any material or fundamental undertakings, obligations or agreements expressed or implied in the SSA including the breach of any material warranties; or

(b) **Receiver**: a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertakings of the defaulting party; or

(c) **Arrangements**: save and except as stated in the SSA, pursuant to the acquisition and disposal of the Sale Shares, the defaulting party enters into or resolves to enter into any arrangements, compositions or compromises with, or assignment for the benefit of, the defaulting party's creditors or any classes of them; or

(d) **Winding-Up**: an application, petition or order is made for the winding-up or dissolution of the defaulting party, or a resolution is passed or any steps taken to pass a resolution for the winding-up or dissolution of the defaulting party, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of the non-defaulting party; or

(e) **Cessation of Business**: the defaulting party ceases or threatens to cease carrying on a substantial portion of the defaulting party's business other than in compliance with the defaulting party's obligations under the SSA; or

(f) **Events of Default**: the defaulting party commits any act or omits to do an act which results in the breach or non-fulfilment of any terms or conditions of any banking, finance or credit facility which has the effect of causing the events specified in sub-clauses (b), (c), (d) and (e) to occur; or

(g) **Misrepresentation**: any representations, warranties or statements which is made (or acknowledged to have been made) by the parties in the SSA or any information furnished, provided under or in connection herewith or therewith proves to be incorrect.

7.2 **Termination**: If the defaulting party fails to remedy the relevant default or breach within the said 14 business days or such extended period as may be allowed by the non-defaulting party after being given notice by the non-defaulting party, to rectify such breach, the non-defaulting party may elect to terminate the SSA and claim damages or pursue its action as set out in Clause 7.2 and/or 7.3 herein.

(a) **Purchaser's default**:

In the event of termination due to the default or breach of the Purchaser pursuant to Clause 7.2 herein, the Vendor shall have the option to either (i) claim for specific performance of the SSA and seek such other remedies (whether legal, equitable or otherwise) available to the Vendor herein or by law provided or (ii) terminate the SSA and claim damages, where upon such termination, this SSA shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of this SSA.

(b) **Vendor's default**:

In the event of termination due to the default or breach of the Vendor pursuant to Clause 7.2 herein, the Purchaser shall have the option to either (i) claim for specific performance of the SSA and seek such other remedies (whether legal, equitable or otherwise) available to the Purchaser herein or by law provided or (ii) terminate this SSA and claim damages, where upon such termination, this SSA shall come to an end and become null and void and be of no further effect and neither party shall have any claim whatsoever against the other under or in respect of this SSA.

7.3 **Specific Performance:** Either party shall be entitled to claim specific performance of the SSA against the other party and for this purpose, the parties hereby agree that an alternative remedy of monetary compensation shall not be regarded as sufficient compensation for such other party's default in the performance of the terms and conditions of the SSA.

APPENDIX III – SALIENT TERMS OF THE SHA

1. Shareholding Structure

Upon the completion of the acquisition of the Tranche 1 Sale Share under the SSA, the intended shareholdings of the Shareholders in the Company shall be as follows:

Party	Percentage of Shares in Company (%)
Cscenic ("**Party A**")	20.00
Perdanis ("**Party B**")	80.00
TOTAL	**100%**

Upon the completion of the acquisition of the Tranche 1 Sale Share under the SSA, the intended shareholdings of the Shareholders in the Company shall be as follows:

Party	Percentage of Shares in Company (%)
Cscenic	51.00
Perdanis	49.00
TOTAL	**100%**

(Cscenic and Perdanis shall collectively be referred herein as the "**Shareholders**" and individually as a "**Shareholder**".)

2. Conditions Precedent

The rights and obligations of the Shareholders set out in this SHA are subject to and conditional upon the completion of the acquisition of the Tranche 1 Sale Shares under the SSA.

3. Number of Directors

At all times while this SHA remains in force, the Shareholders shall procure that at any one time, unless otherwise expressly agreed by the Shareholders, the number of director shall not be more than five (5) in number and that each of the shareholders will be entitled to appoint and remove director in accordance to Clause 4 herein.

4. Appointment and Removal of Directors

Except as otherwise provided in the SHA, in the event of completion of the acquisition of the Tranche 1 Sale Shares under the SSA:

(i) Party A will, while it remains a shareholder, be entitled to nominate and appoint 1 directors; and

(ii) Paty B will, while it remains a shareholder, be entitled to nominate and appoint 2 directors,

and each director shall hold office for such term as may be determined by that shareholder who appointed him and shall not be subject to retirement by rotation.

Notwithstanding otherwise stated, the Board shall be adjusted according to the following manner in the event of completion of the acquisition of the Tranche 2 Sale Shares under the SSA:

(i) Party A to be entitled to nominate and appoint 2 directors; and

(ii) Party B to be entitled to nominate and appoint 1 director.

5. Restrictions on Transfer

Otherwise than in accordance with the following provisions of this SHA, no shareholder shall:

(i) pledge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal or beneficial interest in its shares; or

(ii) sell, transfer or otherwise dispose of any shares (or any legal or beneficial interest therein); or

(iii) enter into any agreement in respect of the votes attached to the shares; or

(iv) agree, whether or not subject to any conditions precedent or subsequent, to do any of the foregoing.

Save for transfers to a related company permitted pursuant to default exit notice or a deadlock offer, if at any time any Shareholder wishes to sell, transfer or otherwise dispose of any of their shares they may only do so in accordance with this clause.

6. Right of First Refusal

The shareholders agree that each shareholder shall not sell, transfer or otherwise part with the legal or beneficial ownership of any shares in Redina without first making an offer in writing to sell the same to the other Redina Shareholder at fair value.

7. Pre-Emptive Right

Unless otherwise agreed in writing by the Redina Shareholders, Redina shall not issue or allot any additional shares which will result in the dilution of any of the Shareholders' shareholdings in Redina, failing which, such issuance and allotment of shares shall be deemed as void.

8. Termination Arising from Default

In the event that a Shareholder ("**Defaulting Shareholder**"):

(i) commits any material breach of any of its obligations under the SHA and takes appropriate steps to remedy such breach (if capable of remedy) within fourteen (14) days after being given notice so to do by the other Shareholder; or

(ii) assigns, transfers or disposes of its shares in Redina in violation of the terms and conditions of this SHA; or

(iii) goes into liquidation, whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation with the consent of the other Shareholder, such consent not to be unreasonably withheld) or becomes a bankrupt; or

(iv) fails to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;

then any other shareholder (other than the Defaulting Shareholder) will be entitled to give a notice ("**Default Notice**") to the Defaulting Shareholder. At any time within 60 days of the service of the Default Notice on the Defaulting Shareholder, the other shareholder (other than the Defaulting Shareholder) ("**Terminator(s)**") will be entitled to give written notice ("**Default Exit Notice"**) to the Defaulting Shareholder to require the Defaulting Shareholder ("**Terminatee**") to sell to the Terminator(s) or such person(s) named by the Terminator(s) all (but not some only) of the Terminatee's Shares in Redina at fair value of such shares.

9. Deadlock

A deadlock is deemed to have occurred if no board resolution can be passed or when no resolution is reached on any shareholders' resolution at any meeting (including General Meetings) ("**Deadlock**"), provided always that there is no Deadlock if a meeting, or adjourned meeting, is inquorate because the person who proposed the resolution does not attend. The mechanism for resolving deadlock is as follows:

(i) to resolve a Deadlock any shareholder may, by written notice to the other shareholder, request a meeting ("**Deadlock Meeting**") on any business day not being more than fifteen (15) business days after the date the Deadlock occurred. Such meeting shall be attended by all Shareholders, and any Shareholder who is a corporation shall be represented by two (2) senior representatives, who shall be a director or a member of the senior management of the said Shareholder, each of whom is authorised to act on behalf of such Shareholder;

(ii) if the relevant Deadlock is not resolved within 30 business days from the date the Deadlock Meeting is convened pursuant to such notice, then any Shareholder may serve a deadlock notice within a further 30 business days;

(iii) any Shareholder entitled to serve a notice under Clause 9(ii) herein may serve upon the other Shareholder and the company secretary of Redina (at Redina's registered office) a notice in writing ("**Deadlock Notice**") containing:

(a) a representation that such Shareholder ("**Offeror Shareholder**") is, pursuant to the terms of Clause 9 herein, entitled to serve such a notice;

(b) an offer by the Offeror Shareholder to any of the following ("**Deadlock Offer**"):

(1) purchase all the shares held by the other Shareholder ("**Remaining Shareholder**"); or

(2) sell to the Remaining Shareholder all (but not some only) of the Offeror Shareholder's shares in Redina.

(the shares to be sold and purchased shall hereinafter be referred to as the "**Deadlock Shares**")

(c) the price ("**Deadlock Price**") at which such Offeror Shareholder is willing to buy or sell all such Deadlock Shares, which is to be determined based on the following formula:

"Fair value x Percentage of Shares to be sold"

10. Effect of Deadlock Notice

(i) constitute an irrevocable offer by the notifying Offeror Shareholder, open for acceptance by the Remaining Shareholder for thirty (30) days from the date of service of the Deadlock Notice to sell or purchase, as the case may be, all (but not some only) of the Deadlock Shares at the Deadlock Price;

(ii) be deemed to have subject the Deadlock Offer to a condition that any sale and purchase of the Deadlock Shares shall be conditional upon such Deadlock Shares being sold and purchased free from all encumbrances and claims and together with all rights attaching thereto at the date of giving of the Deadlock Notice.

1. HISTORY AND BUSINESS

Redina was incorporated on 18 December 1995 under the Companies Act 1965 and deemed registered under the Act as a private limited company. Redina is an importer, general merchant and dealer in shoes, clothings, articles and goods of all types and descriptions. It is currently the brand licensee for U.P By Renoma, Renoma Paris, Byford and Crocodile. Its primary market is Malaysia.

Redina sells its products through retail outlets, departmental store counters (through consignment arrangement), e-commerce platforms and outright sales to hypermarkets. As at 30 January 2024, Redina is selling its products in 25 retail outlets and 295 departmental store counters across Malaysia.

1.1 Principal location of operations

Address	Description / Usage	Age of building	Land area / Built-up area (sq ft)	Owned / leased (Tenure)	Net book value as at 31 March 2023 (RM'000)	Market Value (RM'000) / Date of valuation
No. 3 & 5 Jalan TPK 2/3 47100 Puchong Selangor Darul Ehsan	Single-storey detached factory annexed with a double-storey office building / Head office and warehouse	17 years	37,329 / 47,200	Owned / 99 years (Expired on 18 January 2093)	17,746	18,000 / 18 October 2022

1.2 Principal product market

The principal products of Redina include undergarments, apparels, accessories and others. The principal market for Redina's product is in Malaysia and details are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	31,999	100.0	34,955	100.0	48,890	100.0
Overseas	-	-	-	-	-	-
Total	**31,999**	**100.0**	**34,955**	**100.0**	**48,890**	**100.0**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Undergarments	12,567	39.3	14,849	42.5	19,729	40.4
Apparels, accessories and others	19,432	60.7	20,106	57.5	29,161	59.6
Total	**31,999**	**100.0**	**34,955**	**100.0**	**48,890**	**100.0**

1.3 Key sources of raw materials

Redina sources its raw materials and supplies from China and Malaysia which mainly comprises finished goods of undergarments, apparels and others.

The details of finished goods by countries are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
China	5,838	55.1	4,013	45.0	13,798	50.6
Malaysia	4,750	44.9	4,911	55.0	13,461	49.4
Total	**10,588**	**100.0**	**8,924**	**100.0**	**27,259**	**100.0**

2. ISSUED SHARE CAPITAL

As at the LPD, the issued share capital of Redina is RM20,712,092 comprising 20,712,092 Redina Shares.

3. DIRECTORS AND SHAREHOLDERS

The directors and shareholder of Redina and their respective direct and indirect shareholdings as at the LPD are set out as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality / Country of incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
Chong King Foon	Chief Executive Officer	Malaysian	-	-	(1)20,712,092	100.0
Chong Mei Kim	Director	Malaysian	-	-	(1)20,712,092	100.0
Lim Wai Kit	Director	Malaysian	-	-	(1)20,712,092	100.0
Chin Soon Fuat	-	Malaysian	-	-	(1)20,712,092	100.0
Perdanis	-	Malaysia	20,712,092	100.0	-	-

Note:

(1) Deemed interest by virtue of his/her interest in Perdanis pursuant to Section 8 of the Act.

4. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, Redina does not have any other subsidiaries or associate companies.

5. KEY ASSETS OF REDINA

Based on the audited financial statements of Redina as at 31 March 2023, the total assets of Redina amount to approximately RM54.2 million, which comprises the following:

Details	**Net book value as at 31 March 2023 (RM'000)**
Property, plant and equipment	18,630
Other investment	7
Amount due from holding company	8,164
Inventories	14,037
Trade receivables	8,469
Other receivables	909
Amount due from related companies	2,075
Fixed deposit with licenced bank	276
Cash and bank balances	1,665
Total Assets	**54,232**

6. HISTORICAL FINANCIAL INFORMATION

The summary of the financial information of Redina based on the audited financial statements of Redina for the FYEs 31 March 2021, 2022 and 2023 are as follows:

	Audited FYEs 31 March		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Revenue	31,999	34,955	48,890
GP	12,816	17,560	25,254
GP margin (%)	40.1	50.2	51.7
PBT/(LBT)	(2,721)	6,549	6,256
PAT/(LAT)	(2,975)	5,369	4,923
Share capital	20,712	20,712	20,712
Shareholders' funds / NA	26,225	22,094	26,514
Cash and cash equivalents	9,455	10,274	1,665
Total borrowings	-	-	9,859
No. of shares in issues ('000)	20,712	20,712	20,712
EPS / (Loss per share) (RM)	(0.14)	0.26	0.24
NA per share (RM)	1.27	1.07	1.28
Gearing (times)	-	-	0.37
Current ratio (times)	4.97	7.01	1.44

During the years under review:

(i) there were no exceptional and/or extraordinary items in the financial statements of Redina;

(ii) there have been no accounting policies adopted by Redina which are peculiar; and

(iii) there have been no audit qualifications to the financial statement of Redina.

Financial commentaries:

FYE 31 March 2021 vs FYE 31 March 2022

Redina's revenue increased by RM3.0 million or 9.4% to RM35.0 million from RM32.0 million for FYE 31 March 2022 mainly due to higher sales contributed from departmental store and sales growth in the digital commerce amid the economy recovery from the COVID-19. The sales growth was primarily contributed by undergarments product, which had increased by 18.2% coupled with the increase of sales of apparels and others had increased by 3.5%.

Redina's GP increased by RM4.8 million or 37.5% to RM17.6 million from RM12.8 million for FYE 31 March 2022 mainly due to the reasons as explained above.

Redina recorded PAT of RM5.4 million in FYE 31 March 2022 from LAT of RM3.0 million in FYE 31 March 2021 mainly due to higher sales revenue and lower operating expenses as a result of the closure of non-performing retail shops and renegotiation of lower lease rental with lessors.

FYE 31 March 2022 vs FYE 31 March 2023

Redina's revenue increased by RM13.9 million or 39.7% to RM48.9 million from RM35.0 million for FYE 31 March 2023 mainly due to higher sales contributed from the retail shops, departmental stores and hypermarkets led by growing domestic demand for apparels. The sales growth was mainly contributed by undergarments products, which had increased by 32.9%, while the sales of apparels and others had increased by 45.0%.

Redina's GP increased by RM7.7 million or 43.8% to RM25.3 million from RM17.6 million for FYE 31 March 2023 mainly due to the reasons as explained above.

Redina's PAT decreased by RM0.5 million or 9.3% to RM4.9 million from RM5.4 million for FYE 31 March 2023 mainly due to management fees charged by its holding company, Perdanis Distribution (M) Sdn Bhd and related company, Perdanis Retail Sdn Bhd for services rendered whereas there are no management fees for FYE 31 March 2022.

Redina's cash and cash equivalents decreased by RM8.6 million or 83.5% to RM1.7 million from RM10.3 million for FYE 31 March 2023 mainly due to advances to its holding company, Perdanis Distribution (M) Sdn Bhd.

Redina's total borrowings increased to RM9.9 million or 100.0% from Nil for FYE 31 March 2023 mainly due to drawdown of term loan of RM7.5 million for the acquisition of property in Puchong which is currently used as head office and warehouse and invoice financing of RM2.2 million for purchase of inventories.

7. CONTRACTS

Save as disclosed below, as at the LPD, Redina has not entered into any contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:

(a) Sale and purchase agreement dated 3 May 2021 entered between Redina as the vendor and G&G Century (M) Sdn Bhd as the purchaser for the purchase one unit of commercial premise held under Strata Title Geran 56069/M1/4/360, Lot No. 2001 Seksyen 52, Bandar Kuala Lumpur, Daera Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring 20 square meters bearing postal address Lot 0343, 3rd Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur at cash consideration of RM800,000.00. The agreement was completed on October 2021.

8. LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Redina is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant and the director of Redina has no knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of Redina.

9. COMMITMENTS

As at the LPD, the director of Redina is not aware of any commitments incurred or known to be incurred by Redina that is likely to have an impact on Redina's profits or NA upon becoming enforceable.

10. CONTINGENT LIABILITIES

As at the LPD, the director of Redina is not aware of any contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have an impact on Redina's profits or NA.

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Registration No: 199501041821 (371025 - D)

REDINA MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 MARCH 2023

Registration No: 199501041821 (371025 - D)

REDINA MALAYSIA SDN. BHD.
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REDINA MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS	Chong King Foon Chong Mei Kim Lim Wai Kit
SECRETARY	Wong Chow Lan
AUDITORS	Grant Thornton Malaysia PLT (Member Firm of Grant Thornton International Ltd) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
REGISTERED OFFICE	62C, Jalan SS21/62 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan
PRINCIPAL PLACE OF BUSINESS	3&5, Jalan TPK 2/3 Taman Perindustrian Kinrara 47100 Puchong Selangor Darul Ehsan
BANKERS	Malayan Banking Berhad Public Bank Berhad CIMB Bank Berhad RHB Bank Berhad Alliance Bank Malaysia Berhad

REDINA MALAYSIA SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of importer, general merchant and dealer in shoes, clothings, articles and goods of all types and descriptions.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULT

	RM
Profit for the financial year	4,923,388

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIVIDENDS

Dividends paid since the end of the previous financial year are as follows:-

	RM
In respect of financial year ended 31 March 2023:-	
- a single-tier dividend of RM0.0483 per ordinary share, totalling RM1 million declared on 28 December 2022 and paid on 10 January 2023	1,000,000

On 17 April 2023, a single-tier dividend of RM0.0483 per ordinary share, amounting to RM1 million in respect of the financial year ended 31 March 2024 has been declared and paid on 27 April 2023. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.

HOLDING COMPANY

The holding company is Perdanis Distribution (M) Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Chong King Foon
Chong Mei Kim
Lim Wai Kit

DIRECTORS' REMUNERATION

During the financial year, the fees received by the Directors of the Company are as follows:-

	RM
Fees	2,500
Salaries and bonuses	435,900
Defined contribution plan	52,458
Social security contribution	2,410
	493,268

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Registration No: 199501041821 (371025 - D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, required to be kept under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of the financial year in the shares of the Company and its related corporations were as follows:-

	Number of ordinary shares			
	At 1.4.2022	Bought	Sold	At 31.3.2023
The Company				
Direct interest				
Oo Tin Leng	290,000	-	290,000	-
The Holding Company				
Indirect/deemed interest				
Chong Mei Kim	-	20,712,092	-	20,712,092
Chong King Foon	-	20,712,092	-	20,712,092
Lim Wai Kit	-	20,712,092	-	20,712,092

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage and insurance premium paid for Directors and Officers of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and no provision for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

Registration No: 199501041821 (371025 - D)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due;

(b) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

Registration No: 199501041821 (371025 - D)

AUDITORS

The Auditor, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

The amount of audit fee paid or payable to the Auditor by the Company for financial year ended 31 March 2023 amounted to RM32,000.

The Company has agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extend permissible under the provision of the Companies Act 2016 in Malaysia. However, no payment had been made arising from this indemnity for the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Director.

.... CHONG KING FOON	)	
	)	DIRECTORS
.... CHONG MEI KIM	)	

Kuala Lumpur
29 September 2023

Registration No: 199501041821 (371025 - D)

REDINA MALAYSIA SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 13 to 42 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of its financial performance and its cash flows for the financial year then ended 31 March 2023.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Director.

....	....
CHONG KING FOON	CHONG MEI KIM

Kuala Lumpur
29 September 2023

STATUTORY DECLARATION

I, Chong King Foon, being the Director primarily responsible for the financial management of Redina Malaysia Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 42 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
29 September 2023) ....
CHONG KING FOON

Before me:

Commissioner for Oaths

PESURUHJAYA SUMPAH
No: W671
RAMATHILAGAM
A/P T RAMASAMY
01.01.2022 - 31.12.2024
MALAYSIA

Tingkat 5 Wisma Harwant
Jalan Tuanku Abdul Rahman

GrantThornton

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

REDINA MALAYSIA SDN. BHD.

(Incorporated in Malaysia)
Registration No: 199501041821 (371025 - D)

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Redina Malaysia Sdn. Bhd., which comprise the statement of financial position as at 31 March 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 March 2023 and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 March 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

GrantThornton

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Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Grant Thornton

Registration No: 199501041821 (371025 - D)

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GrantThornton

Registration No: 199501041821 (371025 - D)

Report on the Audit of the financial statements (cont'd)

Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

CHAN LOO PEI
(NO: 03628/12/2023 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
29 September 2023

Registration No: 199501041821 (371025 - D)

REDINA MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2023 RM	2022 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	18,629,975	601,553
Other investment	5	7,141	7,141
Amount due from holding company	6	6,663,578	-
Total non-current assets		25,300,694	608,694
Current assets			
Inventories	7	14,037,308	6,710,330
Trade receivables	8	8,469,470	7,060,217
Other receivables	9	909,426	838,369
Amount due from holding company	6	1,500,000	-
Amount due from related companies	10	2,074,534	14,723
Tax recoverable		-	159,983
Fixed deposits with licenced banks	11	276,206	3,774,475
Cash and bank balances		1,665,220	6,500,000
Total current assets		28,932,164	25,058,097
Total assets		54,232,858	25,666,791
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	20,712,092	20,712,092
Revaluation surplus	13	497,095	-
Retained earnings		5,305,253	1,381,865
Total equity		26,514,440	22,093,957
LIABILITIES			
Non-current liabilities			
Borrowings	14	7,486,560	-
Finance lease liability	15	153,385	-
Total non-current liabilities		7,639,945	-
Current liabilities			
Trade payables	16	9,708,099	2,527,276
Other payables	17	7,866,023	893,248
Amount due to related companies	10	-	152,310
Finance lease liability	15	14,460	-
Borrowings	14	2,205,035	-
Tax payable		284,856	-
Total current liabilities		20,078,473	3,572,834
Total liabilities		27,718,418	3,572,834
Total equity and liabilities		54,232,858	25,666,791

The accompanying notes form an integral part of the financial statements.

Registration No: 199501041821 (371025 - D)

REDINA MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 RM	2022 RM
Revenue	18	48,889,988	34,954,531
Cost of sales		(23,636,391)	(17,394,185)
Gross profit		25,253,597	17,560,346
Other operating income	19	322,655	601,329
Administration and operating expenses		(19,155,906)	(11,611,522)
Profit from operations		6,420,346	6,550,153
Finance costs	20	(164,093)	(876)
Profit before tax	21	6,256,253	6,549,277
Tax expense	22	(1,332,865)	(1,179,853)
Profit for the financial year		4,923,388	5,369,424
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		497,095	-
Other comprehensive income for the financial year, net of tax		497,095	-
Total comprehensive income for the financial year		5,420,483	5,369,424

The accompanying notes form an integral part of the financial statements.

Registration No: 199501041821 (371025 - D)

REDINA MALAYSIA SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Share capital RM	Revaluation surplus RM	Retained earnings RM	Total RM
Balance at 1 April 2021		20,712,092	-	5,512,441	26,224,533
Transactions with the owners of the Company					
Dividend paid	23	-	-	(9,500,000)	(9,500,000)
Total comprehensive income for the financial year		-	-	5,369,424	5,369,424
Balance at 31 March 2022		20,712,092	-	1,381,865	22,093,957
Transactions with the owner of the Company					
Dividend paid	23	-	-	(1,000,000)	(1,000,000)
Profit for the financial year		-	-	4,923,388	4,923,388
Other comprehensive income for the financial year		-	497,095	-	497,095
Total comprehensive income for the financial year			497,095	4,923,388	5,420,483
Balance at 31 March 2023		20,712,092	497,095	5,305,253	26,514,440

The accompanying notes form an integral part of the financial statements.

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REDINA MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 RM	2022 RM
OPERATING ACTIVITIES			
Profit before tax		6,256,253	6,549,277
Adjustments for:-			
Depreciation of property, plant and equipment		656,428	515,827
Property, plant and equipment written off		320	111,113
Written down for slow moving inventories		-	82,396
Reversal of written down for slow moving inventories		(307,088)	(1,549,531)
Gain on disposal of property, plant and equipment		(86,130)	(493,966)
Interest income		(146,832)	(95,451)
Interest expense		164,093	876
Bad debts written off		-	10,829
Operating profit before working capital changes		6,537,044	5,131,370
Changes in working capital:-			
Inventories		(7,019,890)	7,954,385
Receivables		(1,480,310)	(317,072)
Payables		14,153,598	(2,821,837)
Related companies		311,051	(65,128)
Cash generated from operations		12,501,493	9,881,718
Tax paid		(888,026)	(790,108)
Net cash from operating activities		11,613,467	9,091,610
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	A	(18,019,075)	(14,586)
Proceeds from disposal of property, plant and equipment		86,130	814,895
Interest income received		146,832	95,451
Advances to holding company		(8,163,578)	-
(Advances to)/Repayment from related companies		(2,696,537)	506,652
Placement of fixed deposits with licensed banks pledged		(276,206)	-
Net cash (used in)/from investing activities		(28,922,434)	1,402,412

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REDINA MALAYSIA SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)

	Note	2023 RM	2022 RM
FINANCING ACTIVITIES			
Dividend paid		(1,000,000)	(9,500,000)
Interest paid		(164,093)	(876)
Drawndown from borrowings		9,691,595	-
Repayment of lease liability		(1,155)	-
Repayment from/(Repayment to) related companies		173,365	(173,365)
Net cash from/(used in) from financing activities		8,699,712	(9,674,241)
CASH AND CASH EQUIVALENTS			
Net change		(8,609,255)	819,781
At beginning of year		10,274,475	9,454,694
At end of year	B	1,665,220	10,274,475

NOTES TO STATEMENT OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Company acquired property, plant and equipment with an aggregate cost of RM18,188,075 (2022: RM14,586) of which amount of RM 169,000 (2022: RMNil) was acquired by means of financial lease. Cash payment of RM18,019,075 (2022: RM14,586) was made to purchase property, plant and equipment.

B. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Fixed deposits with licensed banks	276,206	3,774,475
Cash and bank balances	1,665,220	6,500,000
	1,941,426	10,274,475
Less: Fixed deposit pledged to a licensed bank (Note 11)	(276,206)	-
	1,665,220	10,274,475

The accompanying notes form an integral part of the financial statements.

REDINA MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2023

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office is located at 62C, Jalan SS21/62, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at 3&5, Jalan TPK 2/3, Taman Perindustrian Kinrara, 47100 Puchong, Selangor Darul Ehsan.

The principal activities of the Company are those of importer, general merchant and dealer in shoes, clothings, articles and goods of all types and descriptions.

There have been no significant changes in the nature of these activities during the financial year.

The holding company is Perdanis Distribution (M) Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 29 September 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Company are prepared under the historical cost convention, unless otherwise disclosed in the significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all value are rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Use of estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.4.1 Estimation uncertainties

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Revaluation of property, plant and equipment

The Company measures its leasehold building at revalued amount with changes in fair value being recognised in other comprehensive income. The Company engaged external independent valuation specialist to determine fair value as at the date of revaluation.

The carrying amount of the leasehold building at the end of the reporting date and the relevant revaluation bases are disclosed in Note 4 to the financial statements.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 71 years and reviews the useful live of depreciable assets at end each of the reporting period. At 31 March 2023, management assesses that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the assets of the Company. The carrying amount of property, plant and equipment of the end of the reporting date is disclosed in Note 4 to the financial statements.

Impairment of receivables

The Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 Use of estimates and judgements (cont'd)

2.4.1 Estimation uncertainties (cont'd)

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd):-

Impairment of receivables (cont'd)

The carrying amount of loans and receivables at the end of the reporting date are disclosed in Notes 6, 8, 9 and 10 to the financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Company's profit to change.

The carrying amount of inventories at the end of the reporting date is disclosed in Note 7 to the financial statements.

Income tax and deferred tax liabilities

Significant judgement is involved in determining the Company-wide provision for income tax and deferred tax liabilities. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

2.4.2 Significant management judgement

There are no significant judgements applied by the management in the accounting policies of the Company that have a significant effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Company, unless otherwise stated.

(a) Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Leasehold building is measured at fair value based on valuations by external valuer specialist, less accumulated depreciation on leasehold building and any accumulated impairment losses. Valuations are performed with sufficient regularity (e.g., every 5 years) to ensure that the carrying amount does not differ materially from the fair value of the building at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of asset is recognised in other comprehensive income and credited to the 'revaluation surplus in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of the asset is are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment, then those components are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Property, plant and equipment (cont'd)

The principal annual depreciation rates used are as follows:-

Leasehold building	71 years
Furniture and fittings	10%
Office equipment	10%
Renovation	20%
Computers	20%
Plant and machinery	20%
Motor vehicles	20%
Freehold shoplot	50 years

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its present depreciation method and, if current expectations differ, the Company would amend the residual value, depreciation method or useful life to reflect the new pattern.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised within statement of comprehensive income.

(b) Other investment

Other investment is stated at cost. Where necessary, an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as expense in the year in which the decline is identified.

(c) Inventories

Inventories are stated at lower of cost and net realisable value after adequate allowances has been made for deteriorated, obsolete and slow-moving inventories. Cost of inventories is determined on a weighted average basis.

The cost of inventories includes direct costs and transportation charges necessary to bring the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments

(i) Initial recognition and measurements

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instruments.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss.

For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For advances and other contractual arrangements, that constitute a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Derecognition of financial instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires.

A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

(iii) Subsequent measurement of financial assets

After initial recognition, the Company measures all financial assets at amortised cost using the effective interest method.

All other financial assets are subject to review of impairment in accordance with Note 3(d)(vi) to the financial statements.

(iv) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method.

(v) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(vi) Impairment and uncollectibility of financial assets

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

(vi) Impairment and uncollectibility of financial assets (cont'd)

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

(e) Tax expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Tax expense (cont'd)

(i) Deferred tax (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(f) Sales tax ("ST")

Expenses and assets are recognised net of the amount of ST, except:-

- When the ST incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the ST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and

- When receivables and payables are stated with the amount of ST included the net amount of ST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

The net amount of ST payable to the tax authority is included as part of payables in the statement of financial position.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and fixed deposit with a licensed bank, which have an insignificant risk of changes in fair value.

(h) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Equity (cont'd)

The revaluation surplus within equity comprises gain and losses due to the revaluation of property, plant and equipment.

Retained earnings include all current year's profit and prior years' retained earnings.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings.

All transactions with the owner of the Company are recorded separately within equity.

(i) Leases

The Company recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Finance leases

Leases in terms of which the Company assumes substantially all the risk and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciation over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the asset and the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Leases (cont'd)

Operating leases (cont'd)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(j) Borrowing costs

Borrowing costs of the Company include interest on loans and finance lease liabilities calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

(k) Revenue recognition

Revenue from sales is recognised upon delivery of goods and customers' acceptance, net of discounts and returns.

Interest income from fixed deposits is recognised on an accrual basis.

Rental income is recognised when the rent is due.

(l) Foreign currency transactions and translations

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

All foreign currency differences are recognised in statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year, in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the statement of comprehensive income as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

(n) Impairment of non-financial assets

An impairment loss arises when the carrying amount of an asset of the Company exceed its recoverable amount. At the end of each reporting date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets (including any allocated goodwill) in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by and appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in statement of comprehensive income. For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is then allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognised in statement of comprehensive income, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

(o) Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Related parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

(i) A person or a close member of that person's family is related to the Company if that person:-

1) has control or joint control over the Company; or
2) has significant influence over the Company; or
3) is a member of the key management personnel of the holding company of the Company, or the Company.

(ii) An entity is related to the Company if any of the following conditions applies:-

1) the entity and the Company are members of the same group.
2) the entity is an associate or joint venture of the Company.
3) both the Company and the entity are joint ventures of the same third party.
4) the Company is a joint venture of a third entity and the other entity is an associate of the third entity.
5) the entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
6) the entity is controlled or jointly-controlled by a person identified in (i) above.
7) a person identified in (i)(1) above has significant influence over the entity or is a member of the key management personnel of the holding company or the entity.
8) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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4. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost							
	Leasehold building	Furniture and fittings	Office equipment	Renovation	Computers	Plant and machinery	Motor vehicles	Freehold shoplot	Total
At cost/valuation	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 April 2021	-	6,323,065	1,141,138	9,542,095	2,744,790	67,596	387,339	496,688	20,702,711
Additions	-	-	850	11,926	1,810	-	-	-	14,586
Disposal	-	(149,744)	-	(763,530)	-	-	-	(496,688)	(1,409,962)
Written off	-	(2,478,709)	(338,477)	(2,252,397)	(16,764)	-	-	-	(5,086,347)
At 31 March 2022	-	3,694,612	803,511	6,538,094	2,729,836	67,596	387,339	-	14,220,988
Additions	17,502,905	45,802	9,070	337,548	24,124	-	268,626	-	18,188,075
Revaluation	497,095	-	-	-	-	-	-	-	497,095
Disposal	-	-	-	-	-	-	(265,000)	-	(265,000)
Written off	-	(200)	(1,774)	(542,479)	-	-	-	-	(544,453)
At 31 March 2023	18,000,000	3,740,214	810,807	6,333,163	2,753,960	67,596	390,965	-	32,096,705
Accumulated depreciation									
At 1 April 2021	-	5,442,652	923,147	9,456,857	2,718,927	67,595	387,339	171,358	19,167,875
Charge for the year	-	364,719	66,046	65,000	15,094	1	-	4,967	515,827
Disposal	-	(149,178)	-	(763,530)	-	-	-	(176,325)	(1,089,033)
Written off	-	(2,394,384)	(320,782)	(2,243,304)	(16,764)	-	-	-	(4,975,234)
At 31 March 2022	-	3,263,809	668,411	6,515,023	2,717,257	67,596	387,339	-	13,619,435
Charge for the year	253,521	246,361	59,302	31,372	12,147	-	53,725	-	656,428
Disposal	-	-	-	-	-	-	(265,000)	-	(265,000)
Written off	-	(87)	(1,567)	(542,479)	-	-	-	-	(544,133)
At 31 March 2023	253,521	3,510,083	726,146	6,003,916	2,729,404	67,596	176,064	-	13,466,730
Net book value									
31 March 2023	17,746,479	230,131	84,661	329,247	24,556	-	214,901	-	18,629,975
31 March 2022	-	430,803	135,100	23,071	12,579	-	-	-	601,553

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Included in the property, plant and equipment of the Company are motor vehicles acquired under finance lease arrangement with net book value of RM214,901 (2022: RMNil).

(ii) Had the leasehold building been carried under the cost model, the carrying amount would be RM17,420,538 (2022: RMNil) is built on land with unexpired lease period of more than 71 years.

(iii) Building was revalued on 29 December 2022 by reference to comparable market prices of similar properties of recent transactions in the market. The fair value is based on a valuation by an external independent valuation specialist who holds a recognised and relevant professional qualification and has recent experience in the location and class of assets being valued. The valuation conforms to the Malaysian Valuation Standards.

(iv) The building of the Company with net carrying value of RM17,746,479 (2022: RMNil) is pledged to licensed bank for banking facilities granted as disclosed in Note 14 to the financial statements.

5. OTHER INVESTMENT

	2023 RM	2022 RM
At cost:-		
Quoted shares in Malaysia	7,141	7,141
Market value – quoted shares	6,996	6,996

6. AMOUNT DUE FROM HOLDING COMPANY

	2023 RM	2022 RM
Current		
Non-trade in nature	6,663,578	-
Non-current		
Non-trade in nature	1,500,000	-

The amount due from holding company is unsecured, interest bearing at rate of 3.77% (2022: Nil) per anuum and repayable over a term of 11 years.

7. INVENTORIES

	2023 RM	2022 RM
Trading goods:-		
- At cost	14,037,308	6,710,330
Recognised in profit or loss:-		
Inventories recognised as cost of sales	21,790,566	16,160,633
Written down for slow moving inventories	-	82,396
Reversal of written down for slow moving inventories	(307,088)	(1,549,531)

The written down and reversal are included in cost of sales.

The reversal of written down for slow moving inventories was made during the year when the related inventories were sold above their carrying amounts.

8. TRADE RECEIVABLES

The normal credit terms granted by the Company to the trade receivables is within the range from 0 to 90 (2022: 0 to 90) days.

9. OTHER RECEIVABLES

	2023 RM	2022 RM
Deposits	906,915	835,931
Prepayments	408	2,438
Non-trade receivables	2,103	-
	909,426	838,369

10. AMOUNT DUE FROM/(TO) RELATED COMPANIES

Related companies refer to companies within Perdanis Distribution (M) Sdn. Bhd.'s group of companies.

Amount due from related companies

	2023 RM	2022 RM
Trade	(636,726)	-
Non-trade	2,711,260	14,723
	2,074,534	14,723

Amount due to related companies

	2023 RM	2022 RM
Trade	-	(325,675)
Non-trade	-	173,365
	-	(152,310)

The trade balances are subject to the normal credit terms of 30 (2022: 30) days, unsecured and interest free.

The non-trade balances are unsecured, interest free and are repayable on demand.

11. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Company amounting to RM276,206 (2022: RMNil) are pledged to licensed banks for credit facilities granted to the Company as disclosed in Note 14 to the financial statements.

The interest rate for fixed deposit with a licensed bank is from 1.60% to 2.80% (2022: 1.60%) per annum with maturity period ranging from 3 to 12 (2022: 3) months.

12. SHARE CAPITAL

	Number of shares		Amount	
	2023	2022	2023	2022
	Unit	Unit	RM	RM
Issued and fully paid with no par value:-				
At 1 April/ 31 March	20,712,092	20,712,092	20,712,092	20,712,092

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. REVALUATION SURPLUS

Revaluation surplus represented surplus of property, plant and equipment. Revaluation surplus is not available for distribution to the shareholders.

14. BORROWINGS

	2023	2022
	RM	RM
Secured:-		
Non-current liability		
Term loan	7,486,560	-
Secured:-		
Current liability		
Invoice financing	2,205,035	-
	9,691,595	-

The term loan bears interest at rate of 4.52% (2022: Nil) per annum.

The invoice financing bears interest at rate of 5.67% (2022: Nil) per annum.

The term loan and invoice financing of the Company are secured by way of:-

(i) Facility agreement as principal instruments;
(ii) First party charge over the leasehold building of the Company as disclosed in Note 4 to the financial statements;
(iii) Joint and several guarantee by the Directors of the Company;
(iv) Corporate guarantee by the holding company;
(v) Fixed deposit of the Company as disclosed in Note 11 to the financial statements; and
(vi) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

15. FINANCE LEASE LIABILITY

	2023 RM	2022 RM
Minimum lease payments		
- not later than 1 year	23,808	-
- later than 1 year but not later than 2 years	23,808	-
- later than 2 years but not later than 5 years	71,424	-
- more than 5 years	93,150	-
	212,190	-
Less: Interest in suspense	(44,345)	-
	167,845	-
Present value of finance lease liabilities		
- not later than 1 year	14,460	-
- later than 1 year but not later than 2 years	15,565	-
- later than 2 years but not later than 5 years	53,327	-
- more than 5 years	84,493	-
	153,385	-
	167,845	-

The financial lease liability bear interest at rates 2.97% (2022: Nil) per annum.

16. TRADE PAYABLES

The normal trade credit terms granted by the trade payables are 30 (2022: 30) days.

17. OTHER PAYABLES

	2023 RM	2022 RM
Non-trade payables	7,097,593	153,922
Accruals	768,430	739,326
	7,866,023	893,248

Included in non-trade payables consist of remaining balances due to a non-trade payable amounting to RM6,853,354 (2022: RMNil) for the acquisition of the leasehold building during the financial year. The amount is subsequently settled by the Company on 6 April 2023.

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18. REVENUE

Revenue represents the gross invoiced value of goods sold less of discounts and returns.

19. OTHER OPERATING INCOME

	2023 RM	2022 RM
Included in other operating income are the following:-		
Rental income	-	8,983
Realised gain on foreign exchange	139	110
Interest income from a licensed bank	146,816	95,451
Interest income from overdue account	16	-
Gain on disposal of property, plant and equipment	86,130	493,966

20. FINANCE COSTS

	2023 RM	2022 RM
Rental overdue interest	-	876
Finance lease liability interest	829	-
Bank borrowing interest	163,264	-
	164,093	876

21. PROFIT BEFORE TAX

Profit before tax has been determined after charging, amongst other items, the following:-

	2023 RM	2022 RM
Rental expense	2,725,500	2,171,005

22. TAX EXPENSE

	2023 RM	2022 RM
Malaysian income tax:-		
- Current year provision	1,700,000	1,150,000
- Overprovision in prior years	(367,135)	-
	1,332,865	1,150,000
Real property gain tax	-	29,853
Tax expense recognised in profit or loss	1,332,865	1,179,853

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	2023 RM	2022 RM
Profit before tax	6,256,253	6,549,277
Tax at applicable statutory tax rate 24%	1,501,501	1,571,826
Tax effect in respect of:-		
Non-deductible expenses	292,871	54,713
Non-taxable income	(94,372)	(118,552)
Movement of deferred tax assets not recognised	-	(357,987)
Overprovison of tax in prior years	(367,135)	-
Real property gain tax	-	29,853
	1,332,865	1,179,853

23. DIVIDENDS

	2023 RM	2022 RM
In respect of financial year ended 31 March 2023:-		
- a single-tier dividend of RM0.0483 per ordinary share, totalling RM1 million declared on 28 December 2022 and paid on 10 January 2023	1,000,000	-
In respect of financial year ended 31 March 2022:-		
- a single-tier dividend of RM0.2414 per ordinary share, totalling RM5.0 million declared on 1 September 2021 and paid on 20 September 2021	-	5,000,000
- a single-tier dividend of RM0.2173 per ordinary share, totalling RM4.5 million declared on 17 March 2022 and paid on 28 March 2022	-	4,500,000
	1,000,000	9,500,000

On 17 April 2023, a single-tier dividend of RM0.0483 per ordinary share, amounting to RM1 million in respect of financial year ended 31 December 2024 has been declared and paid on 27 April 2023.

24. EMPLOYEE INFORMATION

	2023 RM	2022 RM
Salaries, wages and bonuses	7,032,779	4,063,583
Defined contribution plans	906,194	706,308
Social security contribution	121,146	91,024
Other employee benefits	1,438,947	803,198
	9,499,066	5,664,113

Included in the employee information is the Director's remuneration as below:-

	2023 RM	2022 RM
Fees	2,500	30,000
Salaries and bonuses	435,900	-
Defined contribution plan	52,458	-
Social security contribution	2,410	-
	493,268	30,000

25. RELATED PARTY TRANSACTIONS

(a) The transactions of the Company with related parties were as follows:-

	2023 RM	2022 RM
Purchases from the related companies in which certain Directors have interest		
- Redina Fashion Sdn. Bhd.	308,142	230,245
- Perdanis Retail Sdn. Bhd.	75,802	-
Purchases from a holding company in which certain Directors have interest		
- Perdanis Distribution (M) Sdn. Bhd.	15,141	-
Sales to a related company in which certain Directors have interest		
- Perdanis Retail Sdn. Bhd.	52,453	-
Rental paid to the related companies in which certain Directors have interest		
- Infovines Sdn. Bhd.	-	864,000
Management fees paid to related company		
- Perdanis Retail Sdn. Bhd.	600,120	-
Management fees paid to holding company		
- Perdanis Distribution (M) Sdn. Bhd.	1,380,000	-
Dividend paid to holding company		
- Perdanis Distribution (M) Sdn. Bhd.	1,000,000	-

The Directors of the Company are of the opinion that the terms and conditions of the above transactions were entered on a am-length basis.

(b) The outstanding balances arising from related party transactions as at the reporting date were disclosed in Notes 6 and 10 to the financial statements.

(c) **Compensation of key management personnel**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Company. The Company has no other members of key management personnel apart from the Board of Directors.

The remuneration of the Directors is disclosed in Note 24 to the financial statements.

26. LEASE COMMITMENT

The future minimum lease payments payable under non-cancellable operating lease commitments are as follows:-

	2023 RM	2022 RM
Future minimum lease payments:-		
- not later than one year	884,125	436,742
- later than one year and not later than five years	224,267	34,736
	1,108,392	471,478

Operating lease commitments represent rental payables for rent of the Company's boutiques. Leases are negotiated for terms ranging from 1 to 3 (2022: 1 to 2) years.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

The carrying amounts of financial assets and financial liabilities of the Company as at the reports date are measured at amortised cost other than prepayments.

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

The information relating to Redina was obtained from Redina and the responsibility of the Board is limited to ensuring that the information is accurately reproduced in this Circular.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

2.1 M&A Securities

M&A Securities, the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

M&A Securities confirms that there is no conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals.

2.2 Protégé

Protégé, the Independent Market Researcher for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the name and all references thereon in the form and context in which they appear in this Circular.

Protégé confirms that there is no conflict of interest that exists or is likely to exist in relation to its role as the Independent Market Researcher for the Proposed Acquisition.

2.3 AER

AER, the Independent Business Valuer for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the name and all references thereon in the form and context in which they appear in this Circular.

AER confirms that there is no conflict of interest that exists or is likely to exist in relation to its role as the Independent Business Valuer for the Proposed Acquisition.

3. MATERIAL CONTRACTS

Save for the SSA, SHA and the following, Cscenic Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:

(a) Sale and purchase agreement dated 20 October 2021 entered between VE Surpass Frame (M) Sdn Bhd as the vendor and Finesse Moulding (M) Sdn Bhd, a subsidiary of Csenic ("**Finesse**"), as the purchaser for the purchase of the following leasehold industrial land together with a factory erected thereon all under Mukim Bidor, Daerah Batang Padang, Negeri Perak for a total purchase price of RM12,500.000.00:

(i) PN 348231, Lot 12821 measuring approximately 20,810 square metres;
(ii) PN 378156, Lot 12822 measuring approximately 9,556 square metres;
(iii) PN 378157, Lot 12823 measuring approximately 12,998 square metres; and
(iv) PN 313864, Lot 17334 measuring approximately 4,911 square metres.

The sale and purchase agreement was completed on 1 April 2022.

(b) Letter of award dated 21 December 2021 entered between Finesse as the employer and Pekat Solar Sdn Bhd as the contractor for the design, supply, install, testing and commissioning of 1,053kwp net energy metering scheme grid connected photovoltaic system at Lot 9,11,12,13, Jalan RP3, Rawang Industrial Estate, Taman Rawang Perdana, 48000 Rawang, Selangor, Malaysia for a total contract sum of RM3,100,000.00. The contract period was 7 months and the arrangement was completed on 3 July 2023.

(c) Share sale agreement dated 18 November 2021 entered between Liu, Jen Cheng and Hsieh, Hsing-Fen as the vendors and Cscenic as the purchaser for the purchase the entire equity interest in Hock Hoe Hin Forest Produce Sdn Bhd, representing 496,000 ordinary shares (347,200 ordinary shares from Lie Jen Cheng and 148,000 ordinary shares from Hsieh Hsing Fen) for the consideration of RM300,000.00. The share transfer was completed on 20 December 2021.

(d) Shareholders' Agreement dated 27 December 2023 between Lim Ket Leng Marketing Sdn Bhd, Tai Lang Claypot Sri Petaling Sdn Bhd and Barfood Sdn Bhd to regulate their relationship as shareholders in Delish Hub Sdn Bhd.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Cscenic Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Cscenic Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Cscenic Group.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, there are no material commitments incurred or known to be incurred by the Cscenic Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Cscenic Group.

	RM'000
Contracted but not provided for	202

6. CONTINGENT LIABILITIES

As at the LPD, there is no any contingent liabilities incurred or known to be incurred by the Cscenic Group, which upon becoming due or enforceable, may have a material impact in the ability of the Company to meet the obligations as and when they fall due.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Cscenic at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Mondays to Fridays (except public holidays), from the date of this Circular up to the date of the forthcoming EGM of the Company:

(i) Constitution of the Company;

(ii) Constitution of Redina;

(iii) Audited consolidated financial statements of Cscenic for the past 2 financial years up to 31 December 2022 as well as the latest quarterly report on consolidated results for the 9 months ended 30 September 2023;

(iv) Audited financial statements of Redina for the past 2 FYEs 31 March 2022 and 31 March 2023;

(v) The letters of consent and declaration of conflict of interest referred to in Section 2 above;

(vi) The material contracts referred to in Section 3 above;

(vii) The SSA dated 12 December 2023;

(viii) The SHA dated 12 December 2023;

(ix) Independent Market Research report by Protégé; and

(x) Fairness Opinion Report on the Purchase Price by AER.

CLASSIC SCENIC BERHAD
(Registration No. 200301031466 (633887-M))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Classic Scenic Berhad ("**CSCENIC**" or the "**Company**") will be held on a fully virtual basis through live streaming and entirely via Remote Participation and Electronic Voting ("**RPEV**") facilities at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657) on Tuesday, 27 February 2024 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, to pass with or without modifications the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 113,813,000 NEW ORDINARY SHARES IN CLASSIC SCENIC BERHAD ("CSCENIC" OR "COMPANY") ("CSCENIC SHARES" OR "SHARES") ("PLACEMENT SHARES"), REPRESENTING UP TO 30.0% OF THE NUMBER OF ISSUED SHARES ("PROPOSED 30% PRIVATE PLACEMENT")

"**THAT** approval be and is hereby given to the Board of Directors ("**Board**") to allot and issue up to 113,813,000 Placement Shares at an issue price to be determined based on the 5-day volume weighted average market price of Shares immediately preceding the date on which the price of the Placement Shares will be fixed with a discount of not more than 20.0% to such persons and at such time as the Board deems fit, for such purpose and utilisation of proceeds as set out in the Circular to shareholders dated 6 February 2024.

THAT the Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

THAT the Board be and is hereby authorised to do all acts and things as the Board may consider necessary or expedient in the best interest of the Company with the full powers to assent to any conditions, modifications, variations and/or amendments as may be required, or imposed by the relevant authorities, and to take all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfer, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed 30% Private Placement.

THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 54 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all Placement Shares to be issued pursuant to the Proposed 30% Private Placement.

AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the allotment and issuance of the Placement Shares pursuant to the Proposed 30% Private Placement."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY CSCENIC OF 10,563,167 ORDINARY SHARES IN REDINA MALAYSIA SDN BHD ("REDINA") ("REDINA SALE SHARES") FROM PERDANIS DISTRIBUTION (M) SDN BHD ("VENDOR") REPRESENTING 51.0% EQUITY INTEREST IN REDINA FOR A TOTAL PURCHASE CONSIDERATION OF RM35,700,000 TO BE SATISFIED WHOLLY BY WAY OF CASH ("PROPOSED ACQUISITION")

"**THAT**, subject to the passing of Ordinary Resolution 1, the terms and conditions as set out in the Conditional share sale agreement dated 12 December 2023 ("**SSA**") entered into between the Company and the Vendor for the Proposed Acquisition and/or the approvals of all relevant authorities and/or persons being obtained, approval be and is hereby given for Cscenic to acquire the Redina Sale Shares from the Vendor for a purchase consideration of RM35,700,000 to be satisfied wholly by way of cash in accordance to the terms and conditions of the SSA including any modifications, variations, amendments and additions thereto from time to time in relation to the Proposed Acquisition.

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised to do or procure all acts, deeds and things as are necessary and to execute, sign and deliver on behalf of the Company, all documents as the Board may deem fit or expedient and/or appropriate in order to carry out, finalise and give full effect and to complete the Proposed Acquisition, with full powers to assent to any conditions, modifications, variations and/or amendments thereto as may be required or permitted by any relevant authorities and to take all steps as the Board may consider necessary or expedient in the best interest of the Company in connection with the Proposed Acquisition."

ORDINARY RESOLUTION 3

PROPOSED DIVERSIFICATION OF CSCENIC GROUP'S EXISTING BUSINESSES TO INCLUDE THE RETAIL BUSINESS OF APPAREL AND FOOD AND BEVERAGES ("PROPOSED DIVERSIFICATION")

"**THAT**, subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2 and subject to the approvals of all relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Company and its subsidiaries to diversify its existing businesses to include the retail business of apparel and food and beverages.

AND THAT the Board be and is hereby authorised to do or procure all acts, deeds and things as are necessary to give full effect to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Diversification."

SPECIAL RESOLUTION 1

PROPOSED CHANGE OF NAME OF THE COMPANY FROM "CLASSIC SCENIC BERHAD" TO "HEXTAR RETAIL BERHAD" ("PROPOSED CHANGE OF NAME")

"**THAT** the name of the Company be changed from "Classic Scenic Berhad" to "Hextar Retail Berhad" effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company and that the Constitution of the Company be hereby amended by replacing all references to "Classic Scenic Berhad" to "Hextar Retail Berhad" subject to and upon issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia.

AND THAT the Directors and/or the Company Secretaries of the Company be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required) as they may consider necessary and/or expedient to give effect to the Proposed Change of Name."

BY ORDER OF THE BOARD OF
CLASSIC SCENIC BERHAD

WONG YOUN KIM
(MAICSA 7018778) (SSM PC No. 201908000410)
LIM LI HEONG
(MAICSA 7054716) (SSM PC No. 202008001981)
WONG MEE KIAT
(MAICSA 7058813) (SSM PC No. 202008001958)
Company Secretaries

Kuala Lumpur
6 February 2024

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. There shall be no restriction as to the qualification of proxy.

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

3. Where a member of the Company 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 one 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. In the case of a corporate member, the instrument appointing the proxy shall be given under its Common Seal or under the hand of a duly authorised officer or attorney and supported by a notarially certified copy of that power or authority.

5. The Form of Proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. **at G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**, not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof.

6. Only members whose names appear on the Record of Depositors as at 20 February 2024 ("**General Meeting Record of Depositors**") shall be entitled to attend, speak or vote at this EGM or appoint proxy(ies) to attend and/or vote in his/her behalf.

7. The Ordinary Resolutions and Special Resolution set out in this Notice will be put to vote by poll.

8. The EGM will be held entirely via RPEV facility through the online meeting platform at https://meeting.boardroomlimited.my*.* Please refer to the Administrative Notes for the procedures to register, participate and vote remotely at the fully virtual meeting.

DIGITAL COPY OF CIRCULAR TO SHAREHOLDERS, NOTICE OF EGM, ADMINISTRATIVE NOTES AND FORM OF PROXY

The Circular to shareholders, Notice of EGM, Administrative Notes and Form of Proxy are available online for download from the Company's announcement on Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

The abovementioned documents together with the Request Form for hardcopy of the Circular to shareholders can also be downloaded from the Company's website at www.classicscenic.com or by scanning the QR code below:

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purpose**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) for the Purpose, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CLASSIC SCENIC BERHAD
(Registration No. 200301031466 (633887-M))
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	CDS Account no.
Telephone no.	Email address

I/We..
(full name as per NRIC/Passport/Certificate of Incorporation in capital letters)
Passport/NRIC/Registration No...
of ....
(full address)
being a *member/members of Classic Scenic Berhad, hereby appoint:

(1) Name of proxy : ____________________ NRIC/ Passport no. : __________________________

Address : ____

Email address : ____________________ Telephone no. : __________________________

(2) Name of proxy : ____________________ NRIC/Passport no. : __________________________

Address : ____

Email address : ____________________ Telephone no. : __________________________

or failing *him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf, at the Extraordinary General Meeting of the Company, to be held on a fully virtual basis through live streaming and entirely via Remote Participation and Electronic Voting ("**RPEV**") facilities at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657) on Tuesday, 27 February 2024 at 11.00 a.m. or any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain at his/her discretion.

Ordinary Resolutions	**For**	**Against**
Proposed 30% Private Placement		
Proposed Acquisition		
Proposed Diversification		
Special Resolution		
Proposed Change of Name		

Dated this _____ day of ________________ 2024

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		**100%**

____
Signature/Common Seal of shareholder

Contact No. ______________________

* Strike out whichever is not applicable

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. There shall be no restriction as to the qualification of proxy.

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

3. Where a member of the Company 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 one 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. In the case of a corporate member, the instrument appointing the proxy shall be given under its Common Seal or under the hand of a duly authorised officer or attorney and supported by a notarially certified copy of that power or authority.

5. The Form of Proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. **at G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**, not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof.

6. Only members whose names appear on the Record of Depositors as at 20 February 2024 ("**General Meeting Record of Depositors**") shall be entitled to attend, speak or vote at this EGM or appoint proxy(ies) to attend and/or vote in his/her behalf.

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FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

Affix
stamp

THE SHARE REGISTRAR

CLASSIC SCENIC BERHAD
(Registration No. 200301031466 (633887-M))
(Incorporated in Malaysia)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1ST FOLD HERE
