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

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The Securities Commission Malaysia ("**SC**") had on 5 October 2023 notified that it has no further comments to the contents of this Circular and independent advice letter ("**IAL**") for the Proposed Exemption (as defined herein). However, such notification shall not be taken to suggest that the SC agrees with the recommendation of the independent adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL. The SC is not responsible for the contents of this Circular, does not represent that this Circular is accurate or complete and disclaims any liability for any loss arising from, or due to, your reliance on this Circular.



ICONIC WORLDWIDE BERHAD
Registration No. 196901000067 (8386-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PART A

- (i) **PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN GOLDENLUCK DEVELOPMENT SDN BHD FROM DATO' SERI TAN KEAN TET AND TAN SEOK YING FOR A CASH CONSIDERATION OF RM39.80 MILLION ("PURCHASE CONSIDERATION") ("PROPOSED ACQUISITION");**
- (ii) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,124,706,544 NEW ORDINARY SHARES IN ICONIC WORLDWIDE BERHAD ("ICONIC") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING SHARE HELD, TOGETHER WITH UP TO 749,804,362 FREE DETACHABLE WARRANTS IN ICONIC ("WARRANTS") ON THE BASIS OF 2 WARRANTS FOR EVERY 3 RIGHTS SHARES SUBSCRIBED BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON THE ENTITLEMENT DATE AND AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH FREE WARRANTS"); AND**
- (iii) **PROPOSED EXEMPTION UNDER PARAGRAPHS 4.08(1)(B) AND 4.08(1)(C) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ISSUED BY THE SECURITIES COMMISSION MALAYSIA TO DATO SERI TAN KEAN TET AND ANY PERSONS ACTING IN CONCERT ("PACS") WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER ON THE REMAINING ORDINARY SHARES IN ICONIC NOT ALREADY OWNED BY THEM, PURSUANT TO THE UNDERTAKING TO SUBSCRIBE FOR THE RIGHTS SHARES (INCLUDING EXCESS RIGHTS SHARES) ("UNDERTAKING") AND EXERCISE OF WARRANTS BY DATO' SERI TAN KEAN TET AND HIS PAC ("PROPOSED EXEMPTION")**

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF ICONIC IN RELATION TO THE PROPOSED ACQUISITION AND THE PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M & A SECURITIES SDN BHD
(197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser



MainStreet Advisers Sdn Bhd
(200701032292 (790320-P))

The Notice convening the Extraordinary General Meeting ("**EGM**") in respect of the Proposals will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> on Friday, 22 December 2023 at 10.30 a.m. together with the Proxy Form are enclosed in this Circular.

A shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his behalf. The Proxy Form must be deposited at the Registered Office of the Company at No. 1-2, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang on or before the date and time indicated below in order for it to be valid. You may also submit the proxy appointment electronically via TIIH Online at <https://tiih.online> before the proxy form submission cut-off time as indicated below. The lodging of the Proxy Form will not preclude a shareholder from attending and voting in person at the EGM should the shareholder subsequently wish to do so.

Last date and time for lodging the Proxy Form : 20 December 2023, Wednesday at 10.30 a.m.

Date and time of EGM : 22 December 2023, Friday at 10.30 a.m.

This Circular is dated 7 December 2023

DEFINITIONS

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

Abridged Prospectus or AP	: The abridged prospectus and its accompanying documents to be issued by Iconic in connection with the Proposed Rights Issue with Free Warrants
Act	: Companies Act, 2016, as amended from time to time including any re-enactment thereof
Board	: Board of Directors of Iconic
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
BYG	: BYG Architecture Sdn Bhd
CAGR	: compound annual growth rate
Circular	: This circular to shareholders of Iconic dated 7 December 2023
CMSA	: Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
COVID-19	: Coronavirus disease 2019
Creeping Threshold	: Acquisition of more than two per cent of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33.00% but not more than 50.00% of the voting shares or voting rights of the company
Deed Poll	: Deed Poll constituting the Warrants
Director	: A person defined in Section 2(1) of the CMSA and for the purposes of Proposed Acquisition includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a Director or a chief executive officer of the Company, its subsidiaries or holding company
EGM	: Extraordinary general meeting
Entitlement Date	: The date at the close of business (to be determined and announced later by the Board) on which persons must be registered as the shareholders in the Record of Depositors of Iconic in order to participate in the Proposed Rights Issue with Free Warrants
Entitled Shareholder(s)	: Shareholder(s) of Iconic whose names appear in the Record of Depositors of Iconic on the Entitlement Date
EPS	: Earnings per share
Exercise Period	: Any time during the tenure of the Warrants of 5 years including and commencing from the issue date of the Warrants

DEFINITIONS (CONT'D)

Exercise Price	:	Exercise price of the Warrants
Exercised Shares	:	Iconic Shares to be issued from the exercise of the Warrants
Existing Shares	:	Issued share capital of RM148,392,603 comprising 562,353,272 Iconic Shares as at the LPD
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year(s) ended/ending 31 March, as the case may be
GDP	:	Gross domestic product
Goldenluck	:	Goldenluck Development Sdn Bhd
Henry Butcher or Valuer	:	Henry Butcher Malaysia (Penang) Sdn Bhd
Iconic Group or Group	:	Iconic, its subsidiaries companies and its associate company, collectively
Iconic or Company	:	Iconic Worldwide Berhad
IGSB	:	Iconic Group Sdn Bhd
IGSB Group	:	IGSB and its subsidiaries and related companies
Iconic Shares or Shares	:	Ordinary shares in Iconic
IMR Report	:	Independent Market Research Report on the property development, PPE and tourism industry in Malaysia prepared by Providence Strategic Partners Sdn Bhd
Indicative Issue Price	:	The indicative issue price of RM0.0850 per Rights Share for the purpose of this Circular
Interested Directors	:	Collectively, Dato' Seri Tan Kean Tet, Tan Cho Chia, Tan Seok Ying and Jason Chung Wei Chiun
Interested Major Shareholders	:	Collectively, Dato' Seri Tan Kean Tet, Tan Cho Chia and Modern Rewards
Km	:	Kilometres
LAT	:	Loss after taxes
LBT	:	Loss before taxes
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	21 November 2023, being the latest practicable date prior to the date of printing of this Circular
M&A Securities	:	M&A Securities Sdn Bhd
Main Market	:	Main Market of Bursa Securities

DEFINITIONS (CONT'D)

MainStreet or Independent Adviser	:	MainStreet Advisers Sdn Bhd
Major Shareholder(s)	:	<p>A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares is:</p> <p>(a) 10% or more of the total number of voting shares in the Company; or</p> <p>(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,</p> <p>and for the purpose of the Proposed Acquisition including 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 major shareholder of the Company as defined above (or any other company which is its subsidiary or holding company). For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act.</p>
Mandatory Offer	:	<p>The obligation of Dato' Seri Tan Kean Tet and the PACs under paragraph 4.01 of the Rules and subsection 218(2) of the CMSA to undertake a mandatory take-over offer on the remaining Iconic Shares not already owned by them, pursuant to:</p> <p>(a) the subscription of the Rights Shares (including the excess Rights Shares) by Dato' Seri Tan Kean Tet and his PAC pursuant to the Undertakings; and</p> <p>(b) the exercise of the Warrants held by Dato' Seri Tan Kean Tet and his PAC into new Iconic Shares during the tenure of the Warrants</p>
MARGMA	:	Malaysian Rubber Glove Manufacturers Association
Maximum Subscription Level	:	The issuance of 1,124,706,544 Rights Shares assuming the Entitled Shareholders and/or their renouncee(s), where applicable, subscribe in full for their respective entitlements of the Rights Shares pursuant to the Proposed Rights Issue with Free Warrants
MIDA	:	Malaysian Investment Development Authority
Modern Rewards	:	Modern Rewards Sdn Bhd
MITI	:	Ministry of International Trade and Industry of Malaysia
Minimum Subscription Level	:	Minimum subscription level to raise minimum gross proceeds of RM60.0 million from the Proposed Rights Issue with Free Warrants which is derived from the Undertakings and Underwriting
NA	:	Net assets
NTP	:	National Tourism Policy

DEFINITIONS (CONT'D)

Official List	: The official list of the Main Market of Bursa Securities
Original Proposals	: Collectively, the Proposed Acquisition, Proposed Rights Issue with Free Warrants, Proposed Exemption and Proposed Set-off
PAT	: Profit after taxes
PAC(s)	: Persons acting in concert with Dato' Seri Tan Kean Tet for the purpose of the Proposed Exemption, pursuant to subsection 216(3) of the CMSA, namely Iconic Development Sdn Bhd, Iconic Land Sdn Bhd, Iconic Landmark Sdn Bhd, Iconic Sdn Bhd, Iconic Group Sdn Bhd, Iconic Global Sdn Bhd, Goldenluck, Lucky 888 Sdn Bhd, Lucky 18 Sdn Bhd, Modern Rewards, Iconic Hotel Sdn Bhd, Legacy 888 Sdn Bhd, Iconic Penang Sdn Bhd, Kean Lye Shen Sdn Bhd, Goh Swan Hua, Tan Kian Soo, Tan Ah Boh, Tan Ah Hiang, Tan Seok Ying, Tan Seok Fang, Tan Cho Chia and Tan Cho Chuan
PBT	: Profit before taxes
PPE	: Personal protective equipment
Private Placement 2021	: Private placement exercise undertaken by Iconic which involved the issuance of 84,200,000 new Shares, raising proceeds of approximately RM22.1 million which was completed on 29 December 2021
Proposed Acquisition	: Proposed acquisition of the Sale Shares from the Vendors for the Purchase Consideration
Proposed Exemption	: Proposed exemption under subparagraph 4.08(1)(b) and 4.08(1)(c) of the Rules to Dato' Seri Tan Keat Tet and the PACs from the obligation to undertake the Mandatory Offer
Proposed Rights Issue with Free Warrants	: Proposed renounceable rights issue of up to 1,124,706,544 Rights Shares on the basis of 2 Rights Shares for every 1 existing Share held, together with up to 749,804,362 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed by the Entitled Shareholders on the Entitlement Date
Proposed Set-Off	: Proposed set-off of the Purchase Consideration against the subscription monies payable by Dato Seri Tan Kean Tet and Modern Rewards pursuant to the Undertakings
Proposals	: Collectively, the Proposed Acquisition, Proposed Rights Issue with Free Warrants and Proposed Exemption
Providence or IMR	: Providence Strategic Partners Sdn Bhd, the independent market researcher in relation to the Proposals
Purchase Consideration	: Cash consideration of RM39.80 million for the Proposed Acquisition
Record of Depositors	: A record of securities holders established and maintained by Bursa Depository under the rules of depository, as amended from time to time

DEFINITIONS (CONT'D)

Rights Share(s)	:	Up to 1,124,706,544 new Shares to be issued pursuant to the Proposed Rights Issue with Free Warrants
Rights Shares Entitlement Basis	:	2 Rights Shares for every 1 existing Share held by the Entitled Shareholders
RM and sen	:	Ringgit Malaysia and sen, respectively
RNAV	:	Revalued net asset value
RPV	:	Remote Participation and Voting
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions, 2016 issued by the SC
Sale Share(s)	:	200,000 ordinary shares in Goldenluck, representing 100% equity interest in Goldenluck
SC	:	Securities Commission Malaysia
Single Entity Concept	:	The concept where in determining whether a person has incurred a mandatory offer obligation, the SC will have regard to the holdings of persons who are subject to his statutory control as set out in Note (4) to paragraph 4.01 of the Rules
SPA	:	Conditional share purchase agreement dated 19 September 2022 entered into by Iconic with the Vendors for the Proposed Acquisition
Subject Land	:	A parcel of freehold vacant land measuring 6.07 hectares held by Goldenluck under Geran 59034, Lot No. 7685, Mukim 13, District of Timor Laut, State of Pulau Pinang
sqm	:	Square metres
TERP	:	Theoretical ex-rights price
Undertakings	:	The written irrevocable and unconditional undertakings from the Undertaking Shareholders to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders and/or their renounce(s) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company are at least RM40.0 million
Undertaking Shareholders	:	The shareholders who have provided the Undertakings comprising Dato' Seri Tan Kean Tet and Modern Rewards
Underwriting Arrangement	:	Underwriting arrangement for the remainder of RM20.0 million to achieve the Minimum Subscription level taking into consideration the Undertakings
Vendors	:	Collectively, Dato' Seri Tan Kean Tet and Tan Seok Ying

DEFINITIONS (CONT'D)

Warrant(s)	:	Up to 749,804,362 free detachable warrants in Iconic to be issued pursuant to the Proposed Rights Issue with Free Warrants
Warrants Entitlement Basis	:	2 Warrants for every 3 Rights Shares subscribed by the Entitled Shareholders
5D-VWAMP	:	5-day volume weighted average market price

For the purpose of this Circular, reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation. Certain figures included in this Circular have been subject to rounding adjustments.

References to “we”, “us”, “our” and “ourselves” are to the Company save where the context otherwise requires, the subsidiaries and to “you” or “your” are to the shareholders of the Company.

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TABLE OF CONTENTS

PART A**LETTER TO THE SHAREHOLDERS OF ICONIC IN RELATION TO THE PROPOSALS** **PAGE**

EXECUTIVE SUMMARY	x
1. INTRODUCTION	1
2. PROPOSED ACQUISITION	3
3. PROPOSED RIGHTS ISSUE WITH FREE WARRANTS	11
4. PROPOSED EXEMPTION	28
5. RATIONALE FOR THE PROPOSALS	31
6. INDUSTRY OVERVIEW AND PROSPECTS	33
7. RISK FACTORS	41
8. FINANCIAL EFFECTS OF THE PROPOSALS	45
9. APPROVALS REQUIRED	50
10. INTER-CONDITIONALITY OF THE PROPOSALS	51
11. HIGHEST PERCENTAGE RATIO	51
12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	52
13. STATEMENT AND RECOMMENDATION BY THE BOARD	53
14. AUDIT COMMITTEE'S STATEMENT	54
15. TRANSACTIONS WITH THE SAME RELATED PARTY FOR THE PAST 12 MONTHS	54
16. ADVISER	54
17. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	55
18. ESTIMATED TIMEFRAME FOR COMPLETION	55
19. EGM	55
20. FURTHER INFORMATION	56

TABLE OF CONTENTS (CONT'D)

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF ICONIC IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION	57
--	-----------

APPENDIX

I	SALIENT TERMS OF THE SPA	187
II	INFORMATION ON GOLDENLUCK	190
III	AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023	193
IV	VALUATION CERTIFICATE ON THE SUBJECT LAND	218
V	REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023	230
VI	LETTER OF OPINION BY BYG	249
VII	FURTHER INFORMATION	255

NOTICE OF EGM**ENCLOSED****PROXY FORM****ENCLOSED**

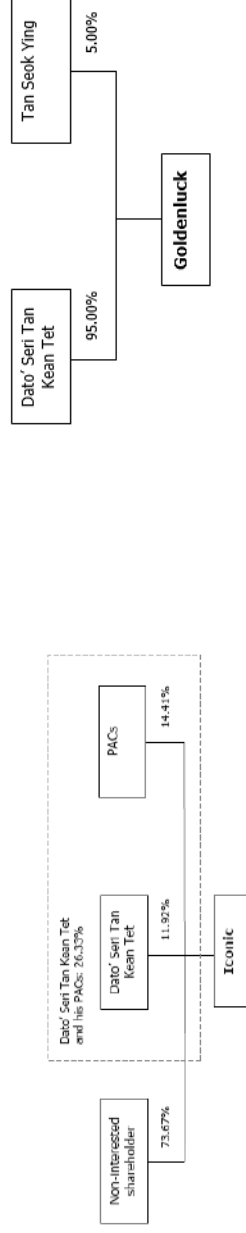
PART A

**LETTER TO THE SHAREHOLDERS OF ICONIC IN RELATION TO THE
PROPOSALS**

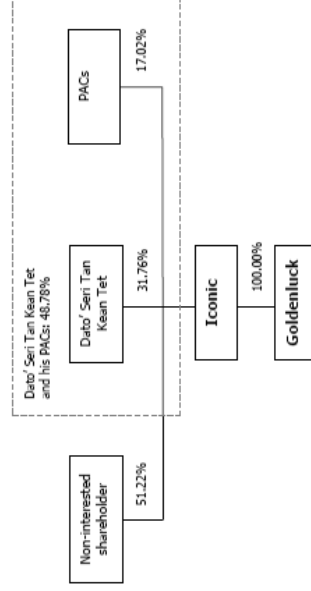
EXECUTIVE SUMMARY

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 ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to Section in Part A, of this Circular
Summary of the : Proposals	On 19 September 2022, M&A Securities had, on behalf of the Board announced the following: (i) Proposed Acquisition of the Sale Shares from the Vendors for the Purchase Consideration; (ii) Proposed Rights Issue with Free Warrants; and (iii) Proposed Exemption.	1
Shareholding of : Before the Proposed Acquisition and Proposed Rights Issue with Free Warrants		4



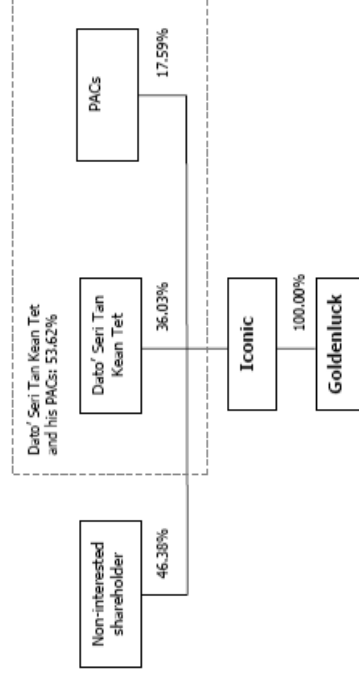
After the Proposed Acquisition and Proposed Rights Issue with Free Warrants



EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
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After the Proposed Acquisition and Proposed Rights Issue with Free Warrants and assuming full exercise of Warrants



Details of the Proposed Acquisition

The Proposed Acquisition entails the acquisition of the Sale Shares by Iconic, representing 100% equity interest in Goldenluck from the Vendors for the Purchase Consideration.

2

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

- (i) the valuation of the Subject Land of RM45.70 million as ascribed by Henry Butcher; and
- (ii) the audited NA of Goldenluck as at 30 June 2022 of approximately RM44.25 million; and
- (iii) the prospects of the Subject Land as set out in Section 6.5, Part A of this Circular.

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
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Details of the Proposed Rights Issue with Free Warrants : The Proposed Rights Issue with Free Warrants entails an issuance of up to 1,124,706,544 Rights Shares to the Entitled Shareholders and/or their renouncee(s) on the basis of 2 Rights Shares for every 1 existing Iconic Share held, together with up to 749,804,362 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for by the Entitled Shareholders and/or their renouncee(s) on the Entitlement Date.

3

The Proposed Rights Issue with Free Warrants will be undertaken in the Minimum Subscription Level basis. The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount range of between 5.00% to 25.00% to the TERP of Iconic Shares based on the 5D-VWAMP of Iconic Shares up to and including the last trading day prior to the price-fixing date.

Utilisation of proceeds (based on Indicative Issue Price)

Details of utilisation	Utilisation timeframe (from listing of Rights Shares)	Minimum Scenario	Maximum Scenario
Proposed Acquisition	Within 12 months	RM'000 39,800	RM'000 39,800
Repayment of bank borrowings	Within 24 months	12,386	37,680
Working capital	Within 24 months	6,314	16,620
Estimated expenses for the Proposals	Within 1 month	1,500	1,500
Total		60,000	95,600

Details of the Proposed Exemption : As at the LPD, Dato' Seri Tan Kean Tet and the PACs collectively hold 148,072,394 Iconic Shares representing approximately 26.33% equity interest in Iconic.

4

The shareholdings of Dato' Seri Tan Kean Tet and the PACs (who hold Iconic Shares) in Iconic as at the LPD and upon completion of the Proposed Rights Issue with Free Warrants as well as assuming full exercise of the Warrants are as follows:

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
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Shareholders	As at the LPD		After Proposed Rights Issue with Free Warrants		Minimum Scenario Assuming full exercise of Warrants	
	No. of Iconic Shares held	%	No. of Iconic Shares held	%	No. of Iconic Shares held	%
Dato' Seri Tan Kean Tet	67,058,204	11.92	402,764,463	31.76	626,568,636	36.03
<u>PACs (who holds Iconic Shares)</u>						
Modern Rewards	57,324,840	10.19	192,206,816	15.15	282,128,133	16.23
Tan Cho Chia	15,719,050	2.80	15,719,050	1.24	15,719,050	0.90
Legacy 888 Sdn Bhd	7,970,300	1.42	7,970,300	0.63	7,970,300	0.46
Total	148,072,394	26.33	618,660,629	48.78	932,386,119	53.62

The Proposed Exemption is being sought by Iconic Group pursuant to subscription of the Rights Shares (including the excess Rights Shares) by Dato' Seri Tan Kean Tet and Modern Rewards (pursuant to the Undertakings) under the Minimum Scenario and exercise of Warrants held by Dato' Seri Tan Kean Tet and the PACs into new Iconic Shares during the Exercise Period which may result in:

- (i) the individual shareholdings of Dato' Seri Tan Kean Tet in Iconic will potentially increase from approximately 11.92% to 31.76% of the enlarged issued share capital pursuant to the subscription of the Rights Shares and subsequently to 36.03% upon exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario;
- (ii) the direct shareholdings of Dato' Seri Tan Kean Tet in Iconic (including his shareholdings held via Legacy 888 Sdn Bhd pursuant to the Single Entity Concept) will potentially increase from approximately 13.34% to 32.39% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares and subsequently to 36.49% upon exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario.

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
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(iii) the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% of the enlarged issued share capital of Iconic (i.e. from 26.33% to 48.78% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares and subsequently to:

- (a) 50.78% upon exercise of Warrants into new Iconic Shares which will trigger the creeping threshold under the Minimum Scenario (being the acquisition* of more than 2.00% of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33.00% but not more than 50.00% of the voting shares or voting rights of the company) and incur a mandatory offer obligation; and

* Pursuant to Note (10) to paragraph 4.01 of the Rules, the exercise of any conversion or subscription rights or options is deemed an acquisition of voting shares or voting rights for the purposes of determining if a mandatory offer obligation has been triggered.

- (b) 53.62% upon full exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario) and incur a mandatory offer obligation.

- (iv) the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% of the enlarged issued share capital of Iconic (i.e. from 26.33% to 34.05%) upon exercise of Warrants into new Iconic Shares assuming only Dato' Seri Tan Kean Tet and the PACs in Iconic fully exercise their Warrants under the Maximum Scenario.

Rationale and : **Proposed Acquisition**
benefits of the
Proposals

The Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in accumulating new suitable land to be included in the Group's landbank and to scale up its property development portfolio to generate additional stream of income for the Group moving forward.

Proposed Rights Issue with Free Warrants

The issuance of Rights Shares would enable Iconic to secure funding of at least RM60.00 million under the Minimum Subscription Level and up to RM95.60 million under the Maximum Subscription Level without incurring interest costs compared to bank borrowings.

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
	<p>Further, the Proposed Rights Issue with Free Warrants will involve the issuance of new Iconic Shares without diluting the Entitled Shareholders' shareholdings, provided that all Entitled Shareholders subscribe in full for their respective entitlements.</p> <p>The Warrants attached to the Rights Shares is also expected to enhance the attractiveness of the Rights Shares and provides the shareholders with the option to further participate in the equity of the Company at a pre-determined price.</p>	
	<p><u>Proposed Exemption</u></p> <p>The Proposed Exemption will relieve Dato' Seri Tan Kean Tet and the PACs from the obligation to undertake a Mandatory Offer upon completion of the Proposed Rights Issue with Free Warrants as it is not the intention of Dato' Seri Tan Kean Tet and the PACs to undertake a Mandatory Offer.</p>	
Risk factors	<p>: The Proposals may expose the Group to certain risk factors which include the following:</p> <p>(i) there is no assurance that the rezoning application will be approved by the state authority and failure in obtaining the said approval will affect the implementation of the residential development project which will materially affect profitability of the Group.</p> <p>The Proposed Acquisition, once approved by the shareholders at the forthcoming EGM is irrevocable. The Entitled Shareholders who subscribed to the Proposed Rights Issue with Free Warrants will still hold the additional Shares they subscribed, but if the Subject Land cannot be developed due to failure of rezoning, the potential profits and value that would have justified the additional Shares issuance may not materialise. This could result in a dilution of the value of their original investment, as the expected benefits from the development may not be realised. Further, the shareholdings of shareholders who did not participate in the Proposed Rights Issue with Free Warrants will be diluted by the Rights Shares issued and subscribed by other Entitled Shareholders;</p> <p>(ii) delay in the completion of the property development projects may increase the development costs which will materially affect profitability of the Group;</p>	7

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
	(iii) occurrence of property overhang at the time of completion of the Group's future property development project will affect the sale of the Group's projects and consequentially affect the Group's future financial performance;	
	(iv) any adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial and prospects of the property development business;	
	(v) pursuant to the Undertakings, the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% and up to 53.62% of the enlarged issued share capital of Iconic. As a result, they will collectively be able to have effective control over the business direction and management of the Company;	
	(vi) the Proposed Acquisition may not proceed to completion if any of the conditions precedent are not fulfilled;	
	(vii) the Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960; and	
	(viii) potential dilution to the shareholdings of existing shareholders a result of the issuance of the Rights Shares arising from the subscription by other Entitled Shareholders.	
	BYG is of the opinion that the success rate may possibly outweigh the risks after taking into consideration that rezoning of the Subject Land, if undertaken would be supported by the precedent cases with similar circumstances. While the risks are considerable in this case, the application is in equally good standing to obtain approval from the Penang State Planning Committee. Furthermore, the Company will endeavour to comply with the submission requirements so that the chances of non-approval of the rezoning application is remote.	

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
Approvals required	<p>: The Proposals are subject to the following approvals being obtained:</p> <ul style="list-style-type: none"> (i) Bursa Securities for the following: <ul style="list-style-type: none"> (a) admission of Warrants to the Official List; (b) listing and quotation of the Rights Shares and Warrants; and (c) listing and quotation of the new Iconic Shares to be issued pursuant to the exercise of the Warrants; <p>on the Main Market of Bursa Securities which was obtained vide its letter dated 27 April 2023.</p> <ul style="list-style-type: none"> (ii) shareholders or non-interested shareholders of Iconic, where applicable, for the Proposals at the forthcoming EGM; (iii) SC for the Proposed Exemption; and (iv) any other relevant authorities and/or persons, if required. 	9
Parties involved and the element of conflict of interests	<p>: Save for the Interested Directors and Interested Major Shareholders of Iconic as disclosed under Section 12, Part A of this Circular, none of the Directors, Major Shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposals.</p> <p>The said Interested Directors and Interested Major Shareholders of Iconic will also abstain from voting and have undertaken to ensure that any persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in Iconic on the resolutions pertaining to the Proposals at the Company's forthcoming EGM.</p>	12

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to Section in Part A, of this Circular
Directors' statement/ recommendation	<p>The Board (save for the Interested Directors as disclosed under Section 12, Part A of this Circular) is of the opinion that the Proposed Acquisition is fair, reasonable, on normal commercial terms, not detrimental to the interest of the non-interested shareholders and is in the best interest of the Company due to the following:</p> <ul style="list-style-type: none"> (i) the Purchase Consideration represents discount of approximately 12.9% to the valuation of the Subject Land as ascribed by Henry Butcher and a discount of approximately 10.1% and 10.0% to the audited NA of Goldenluck as at 30 June 2022 and 30 June 2023, respectively; (ii) the risk of failure to rezone the Subject Land is mitigated. The Board (save for the Interested Directors) has the same view with BYG that the success rate may possibly outweigh the risks after taking into consideration that rezoning of the Subject Land, if undertaken would be supported by the precedent cases with similar circumstances which has been approved by the Penang State Planning Committee; and (iii) the Proposed Acquisition represents an opportunity for the Group to further increase its landbank at the purchase consideration of RM39.80 million to embark on its next development project. <p>The Board (save for the Interested Directors), having considered all aspects of the Proposals (including but not limited to the salient terms of the SPA, the basis and justification arriving at the Purchase Consideration, the potential impact to the minority shareholders in the event the rezoning application is denied, the rationale and the pro forma effects of the Proposals as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue with Free Warrants) as well as the evaluation of the Independent Adviser, is of the opinion that the Proposals as a whole are in the best interest of the Company and accordingly, recommends you to VOTE IN FAVOUR of the resolutions to give effect to the Proposals to be tabled at the forthcoming EGM.</p>	13



ICONIC WORLDWIDE BERHAD

Registration No. 196901000067 (8386-P)
(Incorporated in Malaysia)

Registered Office

No. 1-2, Jalan Icon City
Icon City
14000 Bukit Mertajam
Penang

7 December 2023

Board of Directors:

Dato' Seri Tan Kean Tet (*Executive Chairman*)
Tan Cho Chia (*Managing Director*)
Tan Seok Ying (*Executive Director*)
Jason Chung Wei Chiun (*Executive Director*)
Leow Chan Kiang (*Independent Non-Executive Director*)
Chia Yuet Yoong (*Independent Non-Executive Director*)
Lee Eng Eow (*Independent Non-Executive Director*)

To: The Shareholders of Iconic

Dear Sir / Madam,

- (I) PROPOSED ACQUISITION;**
(II) PROPOSED RIGHTS ISSUE WITH FREE WARRANTS; AND
(III) PROPOSED EXEMPTION

(COLLECTIVELY, THE "PROPOSALS")

1. INTRODUCTION

On 19 September 2022, M&A Securities had, on behalf of the Board, announced that the Company had on the same date entered into the SPA with the Vendors and proposes to undertake the Original Proposals.

On 15 December 2022, M&A Securities had, on behalf of the Board, announced that the Company had resolved to revise the Original Proposals after taking into account inter-alia the intention of the Vendors to receive the Purchase Consideration in cash, as follows:

No	Original Proposals	Revised Proposals
(i)	Proposed Acquisition	Payment of the Purchase Consideration will be settled fully in cash and shall not be effected by way of the Proposed Set-Off under any circumstances. All other terms remain unchanged.

No	Original Proposals	Revised Proposals
(ii)	Proposed Rights Issue with Free Warrants	Remain unchanged
(iii)	Proposed Exemption	Remain unchanged
(iv)	Proposed Set-Off	Aborted

The Board had also on 15 December 2022 announced that the Company had on even date, entered into a supplemental letter with the Vendors to amend the following terms in respect of the SPA for the acquisition of 100% equity interest in Goldenluck for a cash consideration of RM39.80 million:

- (i) the payment of the Purchase Consideration will be settled fully in cash and shall not be effected by way of the Proposed Set-Off pursuant to Clause 3.3(b) of the SPA under any circumstances; and
- (ii) the definition of "Proposed Set-Off" and item (iv) (being the Proposed Set-Off) of the definition of "Proposals", both under Clause 1.1 of the SPA shall be removed in totality and reading the SPA shall be interpreted accordingly (i.e. in accordance to the aforementioned removals).

The salient terms of the SPA are as set out in **Appendix I** of this Circular.

On 22 March 2023, M&A Securities had, on behalf of the Board, announced that the parties to the SPA have mutually agreed to extend the long stop date of the SPA by 3 months until 18 June 2023 to fulfil the conditions precedent.

On 28 April 2023, M&A Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter date 27 April 2023, granted its approval for the following:

- (i) admission of the Warrants to the Official List;
- (ii) listing and quotation for up to 1,124,706,544 Rights Shares and up to 749,804,362 Warrants pursuant to the Proposed Rights Issue with Free Warrants on the Main Market of Bursa Securities; and
- (iii) listing and quotation for up to 749,804,362 new Iconic Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the conditions as set out in Section 9, Part A of this Circular.

On 20 June 2023, M&A Securities had, on behalf of the Board announced that the parties to the SPA have mutually agreed to extend the long stop date of the SPA until 18 September 2023 to fulfil the conditions precedent.

Subsequently, on 12 September 2023, M&A Securities had, on behalf of the Board announced that the parties to the SPA have mutually agreed to further extend the long stop date of the SPA until 18 December 2023 to fulfil the conditions precedent.

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

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 SAME TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS OF ICONIC ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM OF THE COMPANY.

2. PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition of the Sale Shares by Iconic, representing 100% equity interest in Goldenluck from the Vendors for the Purchase Consideration, subject to the terms and conditions of the SPA.

Pursuant to the terms of the SPA, the Vendors have agreed to sell and Iconic has agreed to purchase the Sale Shares free from all claims, liens, charges and encumbrances and with full legal and beneficial title and with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the Completion Date (as defined herein).

The Proposed Acquisition is deemed as a related-party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Dato' Seri Tan Kean Tet (Executive Chairman) and Tan Seok Ying (Executive Director) are the Vendors of the Sale Shares under the Proposed Acquisition. In this regard, Iconic has appointed MainStreet to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of Iconic as to whether the Proposed Acquisition is fair and reasonable insofar as the non-interested shareholders are concerned, and whether the Proposed Acquisition is to the detriment of the minority shareholders of Iconic.

Please refer to Appendix I of this Circular for the salient terms of the SPA.

2.1 Basis and justification of arriving at the Purchase Consideration

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

- (i) the valuation of the Subject Land of RM45.70 million as ascribed by Henry Butcher;
- (ii) the audited NA of Goldenluck as at 30 June 2022 of approximately RM44.25 million; and
- (iii) the prospects of the Subject Land as set out in Section 6.5, Part A of this Circular.

In arriving at the market value of the Subject Land, the Valuer has adopted the Comparison Approach in the valuation of the Subject Land.

In accordance to paragraph 4.06 of the Asset Valuation Guidelines issued by the SC, at least 2 valuation approaches are to be adopted. However, the Valuer has only adopted the Comparison Approach in assessing the market value of the Subject Land after taking into consideration that the Subject Land comprises a parcel of vacant land without any development approval or approved layout plan by the local authority as at the date of the valuation.

The Comparison Approach entails analysing recent comparable transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, market condition, terrain, zoning, accessibility/visibility, size, tenure, shape and other relevant characteristics to arrive at the market value. However, there is no transaction of similar land in terms of zoning, terrain and size recorded in the same district as where the Subject Land is located in the past 7 years. Hence, for comparison purpose, the Valuer has considered 3 comparables with similar aspects as the Subject Land.

Please refer to Appendix IV, Part A of this Circular for the valuation certificate for the Subject Land.

2.2 Information on Goldenluck

Goldenluck is a private limited company incorporated in Malaysia on 19 May 2011 and commenced operations on 25 May 2011. Goldenluck is principally involved in property investment and currently owns the Subject Land as its sole major asset. However, Goldenluck is currently dormant as it does not have any business activity during the FYE 30 June 2020 to FYE 30 June 2023.

Please refer to Appendix II of this Circular for further information on Goldenluck.

2.3 Information on the Subject Land

The Subject Land was an auction property acquired by Goldenluck on 25 May 2011 for a purchase consideration of RM4.0 million. The Subject Land comprises a parcel of freehold vacant land identified as Lot No. 7685, Mukim 13, District of Timor Laut, State of Pulau Pinang held under Geran 59034, measuring approximately 6.07 hectares (or 60,700 Sqm). According to the gazetted Rancangan Struktur Negeri Pulau Pinang 2030, it is zoned as a "Hutan" (forest) and located within the hill land above 76 metres elevation in the Penang Environmentally Sensitive Area which forms part of Rancangan Struktur Pulau Pinang 2030. It is sited adjacent to a flatted residential development known as Green Garden and is located along the main thoroughfare of Jalan Paya Terubong, in the locality of Paya Terubong on Penang Island. Goldenluck have not applied for rezoning for the Subject Land since they acquired the Subject Land in 2011.

The Subject Land is located within a short distance to the recently-completed Malaysia's highest elevated highway known as Bukit Kukus Paired Road. This section of Bukit Kukus Paired Road, connects Paya Terubong to Relau, having a length of approximately 3.825 km, was constructed and completed by Majlis Bandaraya Pulau Pinang (Penang Island City Council) in December 2021 and opened to traffic on 4 January 2022.

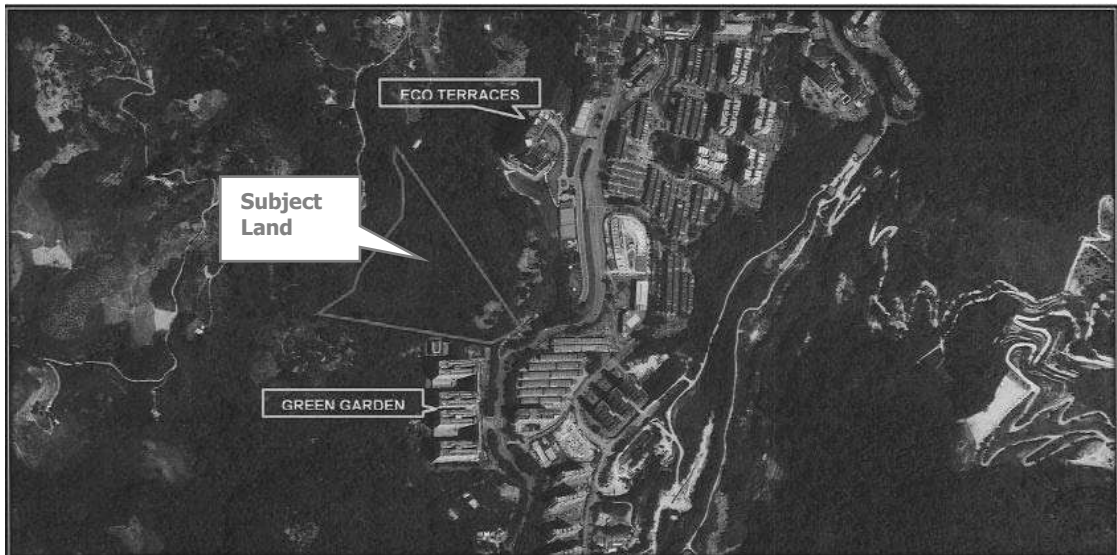
Prominent landmarks in the vicinity include Pasar & Kompleks Makanan Taman Terubong Jaya, Pine Valley Business Centre, Goldhill Complex, Petronas, Shell and Caltex petrol stations, United Hokkien Cemeteries Penang, EconSave Supermarket, Permata Sports Complex and Balai Bomba Dan Penyelamat Paya Terubong and the proposed Sunway Valley City by Sunway group.

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The location of the Subject Land is depicted in the map below:



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Further details of the Subject Land are summarised in the table below:

Particulars	Details
Lot No.	: 7685, Mukim 13, District of Timor Laut, State of Pulau Penang
Title particulars	: Geran 59034
Registered owner	: Goldenluck Development Sdn Bhd
Land area	: 6.07 hectares
Tenure	: Freehold
Category of land use	: Nil (as extracted from the title documents)
Express condition	: The Subject Land (First Grade): <ul style="list-style-type: none"> (i) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and (ii) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years shall revert to the State only if the proprietor for the time being dies without heirs; and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).
Restriction in interest	: Nil
Encumbrances	: Nil

Particulars	Details
Current use	: Vacant
Market value	: RM45,700,000 based on the valuation report prepared by the Valuer (date of valuation: 1 August 2023)
Audited net book value	: RM45,700,000 (based on the audited financial statements of Goldenluck for the financial year ended ("FYE") 30 June 2023)

(Source: Valuation certificate of the Subject Land)

The Company is in the midst of deliberating on the development plan for the Subject Land, and it is the Board's intention to undertake a residential development project on the Subject Land after the completion of the Proposed Acquisition. Iconic will be conducting feasibility studies to assess the risk-reward profile, prior to finalising the development plan for the Subject Land. Accordingly, the Company is unable to provide further details on the development and the eventual funding required to realise such future plan. Based on the Group's preliminary assessment on the Subject Land, the Group has decided to acquire the Subject Land as it is ideal for residential development after taking into consideration the location of the Subject Land and its close proximity to other residential properties, amenities, transportation links, schools and shopping centres. Prominent landmarks situated nearby include Pine Valley Business Centre, Goldhill Complex, petrol stations, supermarket, Permata Sports Complex and the proposed Sunway Valley City by Sunway group. Kindly refer to Section 6.5 of this Circular for the factors taken into consideration by the Board in deciding on the Proposed Acquisition.

Notwithstanding that the Subject Land holds a First-Grade title, rezoning application for the Subject Land is required and it normally takes 6 to 9 months for approval. Upon obtaining approval of rezoning application, a rezoning premium will be imposed on the land owner. The premium to be paid is based on the difference of land value before and after rezoning approval multiply by 37.5%. Hence, the estimated cost of rezoning is approximately RM4.0 million – RM5.0 million.

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The timeframe of the rezoning process is as follow:

Timeframe	Milestones	Details
T	Application to Department of Plan Malaysia Pulau Pinang	Submission of rezoning application, which typically includes a detailed description of the proposed change, reasons for the rezoning, type of development, layout plan and any required supporting documents, such as development proposal report (Laporan Cadangan Pemajuan).
T+4 months	Circulation to Technical Departments by Plan Malaysia Pulau Pinang	The submitted rezoning application will be reviewed by the Technical Department and other relevant government agencies. They will assess the proposal's compatibility with the surrounding area, adherence to the comprehensive land use plan, potential environmental impacts, traffic considerations, and community feedback.
T+7 months	Penang State Planning Committee Technical meeting	Meeting with the Penang State Planning Committee to address any technical concerns of the Penang State Planning Committee.
T+8 months	Penang State Planning Committee meeting	Meeting with the Penang State Planning Committee to address any outstanding concerns pursuant to the technical meeting of the Penang State Planning Committee and consider all aspects of the application prior to making decision.
T+9 months	Approval for rezoning	<ul style="list-style-type: none"> Final decision will be made on the rezoning request after taking into consideration the recommendation, public input and all other relevant factors. After obtaining the rezoning approval, the developer may submit for Planning Application and Building Plan Application.

Based on the past experiences of BYG, the average timeframe for the rezoning process ranges from 5 to 6 months from the date of the submission of rezoning application.

The factors that could result in non-approval of the rezoning application include, but not limited to the following:

(i) Negative impact on surrounding properties

If the proposed rezoning could negatively impact the character, property values or quality of life of the neighbouring properties, the application may be rejected.

(ii) Zoning incompatibility

Rezoning decisions often aim to maintain a consistent and coherent pattern of land uses and zoning designations within an area. If the proposed rezoning does not fit within the existing zoning context, it might be rejected to prevent incompatible developments from disrupting the neighbourhood's functionality.

(iii) Non-compliance to legal and technical requirements

Rezoning application must adhere to legal and procedural requirements and zoning control. If an application fails to meet these criteria, it could be rejected on technical grounds. It is essential to ensure that the application fulfils all legal procedures to avoid the risk of non-approval.

(iv) Height and density considerations

Land designated as 'Hill land' may have restrictions on building height and density to minimize their impact on the surrounding environment. If the rezoning application seeks to exceed the maximum limit for building heights and residential densities, the rezoning application may be rejected due to safety concerns.

(v) Slope stability and geotechnical concerns

Land designated as 'Hill land' are often prone to issues like erosion, landslides and soil instability. If a rezoning application is unable to ensure the safety and stability of the development, the application could be rejected.

Subsequent to rezoning, planning permission must be obtained from the local authority before a development can be established. If the development proposal is in compliance to all terms and conditions imposed to the development, chances of approval of the development is likely. The following are other possibilities of non-approval of the development subsequent to rezoning:

(i) Public objections or neighbouring objections lot owners leading to litigations and judgment against the development

Public objections occur when the general public express reservations, complaints or opposition to a proposed development project. These objections can due to a variety of reasons, including concerns on the environmental impact, increased traffic and pollutions. There will be likelihood of neighbouring objections involving residents and owners of properties adjacent to or in close proximity to the proposed development site. These objections often focus on potential negative impacts toward their property values, quality of life, privacy and other areas impacting the neighbourhood. Neighbouring objections can also be related to concerns about overshadowing, loss of views and increased congestion. Residents and property owners who feel that their interests are being adversely affected may oppose the development project through legal avenues.

(ii) Non-compliance of technical requirement in the rezoning application

Non-compliance of technical requirement in the rezoning application include impacts to general public health, safety and welfare issues such as traffic safety concerns, social issue such as neighbourhood compatibility, burdens on infrastructure, impact on the local environmental, encroaching on sensitive areas and illegal use of land could result in non-approval of the rezoning application.

(iii) The land is subjected to acquisition for public infrastructure

Public infrastructure projects, such as highways, utilities and public facilities sometimes require the acquisition of private land by the Malaysian government. In such case, the Malaysian government has the authority to acquire private land for public use while just providing compensation to the land owners.

BYG is of the opinion that the success rate may possibly outweigh the risks after taking into consideration that rezoning of the Subject Land, if undertaken would be supported by the precedent cases with similar circumstances. While the risks are considerable in this case, the application is in equally good standing to obtain approval from the Penang State Planning Committee. Furthermore, the Company will endeavour to comply with the submission requirements so that the chances non-approval of the rezoning application is remote.

Kindly refer to **Appendix VI** for the letter of opinion by BYG.

2.4 Information on the Vendors

(i) Dato' Seri Tan Kean Tet

Dato' Seri Tan Kean Tet, a Malaysian aged 61, is the Executive Chairman of Iconic. He is also the founder and chairman of IGSB Group, a property development group based in Penang. Dato' Seri Tan Kean Tet is the father of Tan Seok Ying.

He started his career in aquaculture in 1991 as a consultant with Penshrimp Sdn Bhd, an aquaculture company incorporated on 22 March 1991. Subsequently, he acquired Penshrimp Sdn Bhd and was appointed as the Chairman and Director of Penshrimp Sdn Bhd on 19 May 1993, a position which he held until January 2015. On 14 February 1997, 23 July 2002 and 22 August 2013, he incorporated Penshrimp Hatchery Sdn Bhd, Penshrimp Aquaculture Sdn Bhd and Penshrimp Fishery Sdn Bhd respectively, all of which are principally involved in breeding marine fishes for export.

After 20 years of experience in running his own aquaculture companies, he ventured into property development through the incorporation of IGSB in 2011 and subsequently expanded the business of IGSB Group into the hospitality sector in 2016. To-date, the IGSB Group has completed property development projects worth more than RM600.0 million in gross sales value.

(ii) Tan Seok Ying

Tan Seok Ying, a Malaysia aged 39, is the Executive Director of Iconic. She obtained her Bachelor of Accounting from Murdoch University, Perth, Australia in 2008. Tan Seok Ying is the daughter of Dato' Seri Tan Kean Tet.

She began her career as the Executive Director of IGSB Group. She is also the Human Resource, Accounting & Marketing Director of IGSB Group. Tan Seok Ying has accumulated more than 12 years of experience in the property development sector with direct involvement in various commercial, hotel and residential development projects mainly in Penang which includes Icon City, Iconic Hotel, Iconic Skies, Iconic Vue and Iconic Point. Apart from this, she is also actively involved in the management of Iconic Hotel, a 4-star Business Class hotel in Icon City, Penang. Tan Seok Ying is also the designated Chief Financial Officer for the PPE manufacturing business segment of the Group.

The original cost and date of investment by the Vendors in Goldenluck are as follows:

Name	Date of investment	No. of ordinary shares acquired	Consideration RM
Dato' Seri Tan Kean Teat	19 May 2011	1	1.00
Tan Seok Ying	19 May 2011	1	1.00
Dato' Seri Tan Kean Teat	15 September 2011	189,999	189,999.00
Tan Seok Ying	15 September 2011	9,999	9,999.00
Total		200,000	200,000.00

2.5 Source of funding of the Purchase Consideration

The Purchase Consideration, which will be paid on Completion Date, will be fully funded from the proceeds to be raised from the Proposed Rights Issue with Free Warrants.

2.6 Liabilities to be assumed

Save for the obligations and liabilities stated in and arising from, pursuant to or in connection with the SPA as disclosed under Appendix I, there is no other liability, including any contingent liability or guarantee, to be assumed by the Company arising from the Proposed Acquisition.

2.7 Additional financial commitment

Upon completion of the Proposed Acquisition, Iconic Group expects to incur additional financial commitment to develop the Subject Land which will include, amongst others, construction costs, infrastructure works, professional adviser fees and project management costs. For avoidance of doubt, the development costs for the Subject Land can only be determined after finalisation of the development plan. It is the Board's intention to undertake a residential development project on the Subject Land after the completion of the Proposed Acquisition. However, the Company is still unable to affirm the details of the said development plan and ascertain the expected timeline in terms of finalisation of the said development plan at this juncture as such plan is still at the preliminary stage. The development costs will be funded via a combination of bank borrowings, internally generated funds and potential equity fundraising exercises, the exact quantum of which, will be determined by the Board at a later stage, depending on the cost of funding and the Group's cash requirements at material time.

Save for the Purchase Consideration and development cost for the Subject Land, there is no additional financial commitment required by the Company to put the business of Goldenluck on-stream.

3. PROPOSED RIGHTS ISSUE WITH FREE WARRANTS

3.1 Details of the Proposed Rights Issue with Free Warrants

The Proposed Rights Issue with Free Warrants entails an issuance of up to 1,124,706,544 Rights Shares to the Entitled Shareholders and/or their renouncee(s) on the basis of 2 Rights Shares for every 1 existing Iconic Share held, together with up to 749,804,362 Warrants on the basis of 2 Warrants for every 3 Rights Shares subscribed for by the Entitled Shareholders and/or their renouncee(s) on the Entitlement Date.

The basis of 2 Rights Shares for every 1 Iconic Share held, together with 2 Warrants for every 3 Rights Shares subscribed for was arrived at after taking into consideration, amongst others, the following:

- (i) the amount of proceeds to be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in Section 3.8, Part A of this Circular; and
- (ii) pursuant to Paragraph 6.50 of the Listing Requirements which states that the number of new Shares which will arise from the exercise or conversion of all outstanding convertible equity securities (i.e. warrants and convertible preference shares (if any)) does not exceed 50.00% of the total number of issued Shares of the Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

As at the LPD, the Company has an issued share capital of RM148,392,603 comprising 562,353,272 Iconic Shares. The Proposed Rights Issue with Free Warrants will be undertaken on the Minimum Subscription Level to raise minimum gross proceeds of RM60.0 million which is derived from the Undertakings and Underwriting.

However, under the Maximum Scenario (as defined in Section 3.8) and assuming the Maximum Subscription Level, the Proposed Rights Issue with Free Warrants would entail the issuance of 1,124,706,544 Rights Shares based on the Existing Shares and the Rights Shares Entitlement Basis, potentially raising total gross proceeds of RM95,600,056 based on the Indicative Issue Price.

The actual number of Rights Shares and Warrants to be issued will depend on the eventual subscription level for the Proposed Rights Issue with Free Warrants.

3.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

The issue price of the Rights Shares will be determined and announced by the Board at a later date, before the announcement of the Entitlement Date (together with the justification for the quantum of discount) after taking into consideration, amongst others, the following:

- (a) the funding requirements of the Group as set out in Section 3.8, Part A of this Circular;
- (b) the TERP of Iconic Shares based on the 5D-VWAMP of Iconic Shares up to and including the last trading day prior to the price-fixing date; and
- (c) the rationale for the Proposed Rights Issue with Free Warrants as set out in Section 5, Part A of this Circular.

The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount range of between 5.00% to 25.00% to the TERP of Iconic Shares based on the 5D-VWAMP of Iconic Shares up to and including the last trading day prior to the price-fixing date. The intended range of discount was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive (based the prevailing market conditions and market sentiments) to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the proposed utilisation as set out in Section 3.8, Part A of this Circular.

Further, for illustration purposes only and taking into account the 5D-VWAMP of Iconic Shares up to and including the LPD of RM0.1163, the indicative issue price for each Rights Share for the purpose of this Circular is RM0.0850, representing a discount of approximately 6.70% (based on Minimum Subscription Level) and a discount of approximately 2.97% (under the Maximum Subscription Level) to the TERP of Iconic Shares of RM0.0911 and RM0.0876 respectively.

Illustration of the derivation of TERP (based on Minimum Subscription Level and assuming the Warrants is in-of-money)

$$TERP = \frac{(P \times Y) + (Z \times X) + (X \times \frac{W}{Q} \times Ep)}{Y + X + (X \times \frac{W}{Q})}$$

$$TERP = \frac{(0.1163 \times 562,353,272) + (0.08500 \times 705,882,353) + (705,882,353 \times \frac{2}{3} \times 0.07)}{(562,353,272 + 705,882,353 + (705,882,353 \times \frac{2}{3}))}$$

$$TERP = 0.0911$$

Where:

- P = 5D-VWAMP of Existing Shares up to and including the LPD
- Y = Total number of Existing Shares
- X = Number of Rights Shares based on Minimum Subscription Level
- Z = Illustrative issue price of the Rights Shares
- W = Warrants attached to the Rights
- Q = Rights Shares subscribed
- Ep = Exercise price of the Warrants

Illustration of the derivation of TERP (based on Maximum Subscription Level and assuming the Warrants is in-of-money)

$$TERP = \frac{(P \times Y) + (Z \times X) + (X \times \frac{W}{Q} \times Ep)}{Y + X + (X \times \frac{W}{Q})}$$

$$TERP = \frac{(0.1163 \times 562,353,272) + (0.08500 \times 1,124,706,544) + (1,124,706,544 \times \frac{2}{3} \times 0.07)}{(562,353,272 + 1,124,706,544 + (1,124,706,544 \times \frac{2}{3}))}$$

$$TERP = 0.0876$$

Where:

P	=	5D-VWAMP of Existing Shares up to and including the LPD
Y	=	Total number of Existing Shares
X	=	Number of Rights Shares based on Maximum Subscription Level
Z	=	Illustrative issue price of the Rights Shares
W	=	Warrants attached to the Rights
Q	=	Rights Shares subscribed
Ep	=	Exercise price of the Warrants

(ii) Warrants

The exercise price of the Warrants shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the TERP of Iconic Shares based on the 5D-VWAMP of Iconic Shares up to and including the last trading day prior to the price-fixing date and funding requirements of the Company.

In any event, the exercise price of the Warrants shall be fixed at a discount range of between 20.00% to 40.00% to the TERP based on the 5D-VWAMP of Iconic Shares up to and including the price fixing date. The above range of discount was determined after taking into consideration, among others, the following:

- (i) the Warrants will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who successfully subscribe for the Rights Shares; and
- (ii) the prevailing market conditions and the historical trading prices of Iconic Shares.

For illustrative purposes, the indicative exercise price of the Warrants is assumed to be RM0.0700 per Warrant, which represents a discount of approximately 23.16% (based on Minimum Subscription Level) and 20.09% (under the Maximum Subscription Level) to the TERP of RM0.0911 and RM0.0876 respectively based on the 5D-VWAMP of Iconic Shares up to and including the LPD of RM0.1163 per Share.

This discount range was determined by the Board after taking into consideration the prospects of the Group as stipulated under Section 6.5, Part A of this Circular. The Board is of the opinion that the discount of the exercise price to the TERP is reasonable to enhance the attractiveness of the Warrants which may act as a sweetener for the subscription of the Rights Shares.

The Board wishes to emphasise that the indicative exercise price of RM0.07 should not be taken as an indication of or reference to the actual exercise price of the Warrants, as it will only be determined and announced at a later date.

3.3 Entitlements to the Rights Shares

The Rights Shares and Warrants will be provisionally allotted and issued to the Entitled Shareholders. The Warrants are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renounee(s) who subscribe for the Rights Shares. Each Warrant will entitle its holder to subscribe for 1 new Share at a fixed exercise price to be determined by the Board at a later date. The Warrants will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants will be issued in registered form and constituted by a Deed Poll to be executed by the Company.

The entitlements for the Rights Shares together with the Warrants are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue with Free Warrants.

However, the Rights Shares and Warrants cannot be renounced separately and only the Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements shall be deemed to have renounced all the accompanying entitlements to the Warrants to be issued together with the Rights Shares. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants in proportion to their acceptance of their Rights Share entitlements.

Any Rights Shares which are not validly taken up shall be offered to other Entitled Shareholders and/or their renounee(s) under excess shares applications. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company.

Fractional entitlements arising from the Proposed Rights Issue with Free Warrants, if any, will be disregarded, and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

The indicative salient terms of the Warrants are set out in Section 3.10, Part A of this Circular.

3.4 Listing of the Rights Shares, Warrants and the new Iconic Shares to be issued arising from the exercise of the Warrants

On 27 April 2023, Bursa Securities has approved the admission of the Warrants to the Official List as well as listing of and quotation for the following on the Main Market of Bursa Securities:

- (i) the Rights Shares;
- (ii) the Warrants; and
- (iii) the new Iconic Shares to be issued from the exercise of the Warrants.

3.5 Ranking of the Rights Shares and Exercised Shares

The Rights Shares and Exercised Shares shall upon allotment and issuance, rank equally in all respects with the then existing Iconic Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares and Exercised Shares (from time to time during the tenure of the Warrants).

3.6 Undertakings by Director and underwriting arrangement

The Company intends to raise minimum gross proceeds of RM60.0 million from the Proposed Rights Issue with Free Warrants after taking into consideration, amongst others, the funding requirements of our Group as set out in Section 3.8, Part A of this Circular.

In view of the above, the Board has determined to undertake the Proposed Rights Issue with Free Warrants on the Minimum Subscription Level basis.

To achieve the Minimum Subscription Level:

- (i) the Company has procured the irrevocable and unconditional undertaking from Dato' Seri Tan Kean Tet and Modern Rewards Sdn Bhd to apply and subscribe in full for their entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders and/or their renounce(s) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company are at least RM40.0 million. Pursuant to the Undertakings, Dato' Seri Tan Kean Tet and Modern Reward undertake to subscribe at least RM28,535,032 and RM11,464,968 worth of Rights Shares, respectively; and
- (ii) underwriting arrangement will be made for the remainder of RM20.0 million. As at the LPD, the terms and underwriting commission for the underwriting agreement(s) are not finalised with potential underwriter(s) and they will be finalised at a later date after receipt of approval from the shareholders of Iconic for the Proposed Rights Issue with Free Warrants at the forthcoming EGM and be disclosed accordingly in the abridged prospectus for the Proposed Rights Issue with Free Warrants to be issued by the Company at a later date. For avoidance of doubt, the potential underwriter(s) shall not be party related to Dato' Seri Tan Kean Tet and his PACs. The underwriting arrangement is not intended to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements. As such, the underwriting arrangement may comprise the following:
 - (a) Engaging several joint underwriters to underwrite the remainder of RM20.0 million; and/or
 - (b) Placement arrangement by the underwriter(s) with independent placees where the underwriter(s) will place the Shares which the underwriter(s) are required to subscribe under the underwriting agreement by way of allotment directly to these placees.

In the event the Company is unable to achieve Minimum Subscription Level due to occurrence of termination events stated in underwriting agreement(s) or for any reason whatsoever (including compliance with Paragraph 6.51 of the Listing Requirements whereby the listing of the Warrants must fulfil the requirement of at least 100 Warrant holders holding not less than 1 board lot of the Warrants each), the Proposed Rights Issue with Free Warrants shall be aborted and all application monies received by the Company pursuant to the Proposed Rights Issue with Free Warrants will be refunded to all subscribers of the Rights Shares. The relevant provision which may allow the underwriter(s) to withdraw from its/their obligations pursuant to the underwriting agreement(s) and/or terminate the underwriting agreement(s) will be disclosed accordingly in the abridged prospectus for the Proposed Rights Issue with Free Warrants to be issued at a later date.

For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlement of the Rights Shares, the total number of Rights Shares to be subscribed by the Undertaking Shareholders and underwriter (based on the Indicative Issue Price) to achieve the Minimum Subscription Level are 470,588,235 Rights Shares and 235,294,118 Rights Shares, respectively. However, should the actual issue price be higher or lower than the Indicative Issue Price, the total number of Rights Shares and excess Rights Shares to be subscribed will be adjusted correspondingly such that the Company will raise a minimum of RM60.0 million to achieve the Minimum Subscription Level.

The illustration of the Undertakings are as follows:

Direct shareholdings after the Proposed Rights Issue with Free Warrants	Undertakings												
	Existing shareholdings as at the LPD	Entitlement under the Proposed Rights Issue with Free Warrants			Excess Rights Shares and Warrants to be subscribed pursuant to the Undertakings ⁽³⁾			Total subscription					
		No. of Iconic Shares	(1)%	No. of Rights Shares	(2)%	No. of Warrants	No. of Rights Shares	(2)%	No. of Warrants	No. of Rights Shares	No. of Warrants	Amount (RM)	
Dato' Seri Tan Kean Tet Modern Rewards	⁽⁵⁾ 52,639,154	9.36	105,278,308	9.36	70,185,539	230,427,951	20.49	153,618,634	335,706,259	223,804,173	28,535,032	388,345,413	30.62
	57,324,840	10.19	114,649,680	10.19	76,433,120	20,232,296	1.80	13,488,197	134,881,976	89,921,317	11,464,968	192,206,816	15.16

Notes:

- (1) Based on the issued share capital of 562,353,272 Shares as at the LPD.
- (2) Based on the total number of 1,124,706,544 Rights Shares to be issued.
- (3) Based on the Indicative Issue Price of RM0.0850, a total of 470,588,235 number of Rights Shares are required to be subscribed by the Undertaking Shareholders. Taking into consideration the 105,278,308 and 114,649,680 Rights Shares entitled by Dato' Seri Tan Kean Tet and Modern Rewards, respectively, a balance of 230,427,951 and 20,232,296 excess Rights Shares are required to be subscribed by Dato' Seri Tan Kean Tet and Modern Rewards, respectively.
- (4) Based on the issued capital of 1,268,235,625 Shares after the Proposed Rights Issue with Free Warrants based on the Minimum Subscription Level.
- (5) Not inclusive of Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).

The Undertaking Shareholders, had vide their letters dated 7 April 2023, confirmed that they have sufficient financial resources to fulfil their obligations under their respective Undertakings. The said confirmation has been verified by M&A Securities, being the Principal Adviser for the Proposed Rights Issue with Free Warrants.

In the event the Minimum Subscription Level is not achieved, the Proposed Rights Issue with Free Warrants will be terminated and all consideration received for the Rights Shares will be immediately returned to all subscribers of the Rights Shares.

3.7 Take-over implications and public shareholdings spread

The Undertakings may result in the following:

- (i) the individual shareholdings of Dato' Seri Tan Kean Tet in Iconic will potentially increase from approximately 11.92% to 31.76% of the enlarged issued share capital pursuant to the subscription of the Rights Shares and subsequently to 36.03% upon exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario;
- (ii) the direct shareholdings of Dato' Seri Tan Kean Tet in Iconic (including his shareholdings held via Legacy 888 Sdn Bhd pursuant to the Single Entity Concept) will potentially increase from approximately 13.34% to 32.39% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares and subsequently to 36.49% upon exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario.
- (iii) the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% of the enlarged issued share capital of Iconic (i.e. from 26.33% to 48.78% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares and subsequently to:
 - (a) 50.78% upon exercise of Warrants into new Iconic Shares which will trigger the creeping threshold under the Minimum Scenario (being the acquisition* of more than 2.00% of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33.00% but not more than 50.00% of the voting shares or voting rights of the company) and incur a mandatory offer obligation; and

* Pursuant to Note (10) to paragraph 4.01 of the Rules, the exercise of any conversion or subscription rights or options is deemed an acquisition of voting shares or voting rights for the purposes of determining if a mandatory offer obligation has been triggered.

- (b) 53.62% upon full exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario) and incur a mandatory offer obligation.
- (iv) the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% of the enlarged issued share capital of Iconic (i.e. from 26.33% to 34.05%) upon exercise of Warrants into new Iconic Shares assuming only Dato' Seri Tan Kean Tet and the PACs in Iconic fully exercise their Warrants under the Maximum Scenario.

Premised on the above, Dato' Seri Tan Kean Tet and the PACs (including Modern Rewards) will be obligated to undertake a Mandatory Offer. However, it is not their intention to undertake a mandatory take-over offer pursuant to the Undertakings as a result of the Proposed Rights Issue with Free Warrants. In this regard, an exemption from the SC under subparagraph 4.08(1)(b) and 4.08(1)(c) of the Rules to exempt Dato' Seri Tan Kean Tet and the PACs (including Modern Rewards) from the obligation to undertake a Mandatory Offer shall be sought from SC, after obtaining the approval for the

Proposed Exemption from our non-interested shareholders, by way of poll, at the forthcoming EGM. Further details of the Proposed Exemption are set out in Section 4, Part A of this Circular.

The Undertakings are not expected to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25.00% of its total listed shares (excluding treasury shares, if any) are in the hands of public shareholders. The pro forma public shareholding spread of the Company under the Minimum Scenario is illustrated as below:

	As at the LPD		After the Proposed Rights Issue with Free Warrants	
	No. of Shares	%	No. of Shares	%
Share capital	562,353,272	100.00	1,268,235,625	100.00
Less: Shareholdings of Directors and substantial shareholders of our Group, and their associates	(148,670,194)	(26.44)	(619,258,429)	(48.83)
Less: Shareholders holding less than 100 shares each	(208)	negligible	(208)	negligible
Public shareholdings spread	413,682,870	73.56	648,976,988	51.17

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3.8 Utilisation of proceeds

Based on the Indicative Issue Price of RM0.0850 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Free Warrants are intended to be utilised in the following manner based on the scenarios described below:

"Minimum Scenario" : Assuming that the Proposed Rights Issue with Free Warrants is undertaken on the Minimum Subscription Level.

Under the Minimum Subscription Level, the Proposed Rights Issue with Free Warrants would entail the issuance of 705,882,353 Rights Shares and 470,588,235 Warrants based on Indicative Issue Price.

"Maximum Scenario" : Assuming that all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Free Warrants which entail the issuance of 1,124,706,544 Rights Shares and 749,804,362 Warrants based on Indicative Issue Price.

The details of the utilisation of gross proceeds under the Minimum Scenario and Maximum Scenario are as follows:

Details of utilisation	Utilisation timeframe (from listing of Rights Shares)	Notes	Minimum Scenario	Maximum Scenario
			RM'000	RM'000
Proposed Acquisition	Within 12 months	(i)	39,800	39,800
Repayment of bank borrowings	Within 24 months	(ii)	12,386	37,680
Working capital (i.e. staff related cost and purchase of raw materials)	Within 24 months	(iii)	6,314	16,620
Estimated expenses for the Proposals	Within 1 month	(iv)	1,500	1,500
Total			60,000	95,600

Notes:

(a) The actual proceeds raised (which may be higher or lower than as illustrated above, depending on the actual number of Rights Shares subscribed and the actual issue price to be determined later) are intended to be utilised in the following order of priority, up to the respective maximum allocation in the following order:

- (i) Proposed Acquisition (RM39.80 million);
- (ii) Estimated expenses for the Proposals (up to RM1.50 million); and
- (iii) Repayment of bank borrowings and working capital on a proportionate basis.

(i) Proposed Acquisition

The Company intends to utilise RM39.80 million of the proceeds to fund the Proposed Acquisition. Further details of the Proposed Acquisition are set out in Section 2, Part A of this Circular.

(ii) Repayment of bank borrowings

As at the LPD, the total bank borrowings of the Group (excluding lease liabilities) stood at approximately RM98.98 million. The borrowings comprise of term loans and bankers' acceptances.

Pursuant to the Group's internal assessment of the outstanding principal amount of the borrowings and potential interest savings, the Company has earmarked up to RM37.68 million of the proceeds for the partial repayment of its existing term loans in the manner set out as follows while the bankers' acceptances will be settled upon maturity via internally generated funds due to its short tenure (i.e. maximum 120 days):

Type of facility/ Bank	Outstanding principal amount and interest as at LPD RM'000	Average interest rate per annum %	Minimum Scenario		Maximum Scenario	
			Proposed repayment	Estimated annual interest savings	Proposed repayment	Estimated annual interest savings
			RM'000	RM'000	RM'000	RM'000
Term loan A/AmBank Berhad ⁽¹⁾	8,277	5.20	-	-	6,856	356
Term loan B/AmBank Berhad ⁽²⁾	8,667	5.20	-	-	7,185	373
Term loan C/AmBank Berhad ⁽³⁾	26,461	5.20	6,050	315	11,445	595
Term loan D/AmBank Berhad ⁽⁴⁾	43,709	5.20	6,336	329	12,194	634
Total	87,114	-	12,386	644	37,680	1,958

Notes:

- (1) The total loan amount is RM9,460,000 which was used to finance the installation cost of system piping and system equipment. The loan amount was mainly utilised for the payment for progressive billings from various contractors for supply and installation of thermal oil boilers, chiller and cooling towers, latex, chemical and process water piping and pipe racks, compressed dry air equipment, waste water treatment plant, other related accessories and piping.
- (2) The total loan amount is RM10,000,000 which was used to finance the purchase of a leasehold vacant industrial land. The loan amount was utilised to pay 80% of the purchase price of the said land to the vendor.

- (3) The total loan amount is RM31,500,000 which was used to finance the purchase of 6 units of glove related manufacturing machines. The loan amount was mainly utilised for the payment of progressive billings from the contractors for fabrication, supply and installation of the first 6 glove dipping machine, related equipment and accessories.
- (4) The total loan amount is RM50,800,000 which was used to finance the construction cost of factory complex mainly the progressive billings from the main contractor.

Based on the above, the repayment of the bank borrowings is expected to result in annual interest savings of approximately RM0.64 million and RM1.96 million under the Minimum Scenario and Maximum Scenario, respectively, based on the prevailing interest rate.

Notwithstanding the proposed repayment amount stated above, the actual repayment amount may differ as this will be dependent on, amongst others, the actual amount of proceeds raised from the Proposed Rights Issue with Free Warrants and the prevailing interest rate of the respective borrowings at the relevant point in time. Nonetheless, the Board shall prioritise repayment of bank borrowings with impending maturity followed by the potential interest savings in determining the type of borrowings to be repaid and the quantum of repayment.

In the event that the actual proceeds raised under the Maximum Scenario are lower than as illustrated above (i.e. RM95.60 million) and subject to order of priority stipulated under Note (a) above, the proceeds earmarked for the repayment of Bank borrowings are intended to be utilised in the following order of priority, up to the respective maximum allocation in the following order:

- (1) repayment of term loan C;
- (2) repayment of term loan D;
- (3) repayment of term loan A; and
- (4) Repayment of term loan B.

Repayment of term loan C and D has been prioritised to reduce the higher exposure due to their higher outstanding principal amount as at the LPD.

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The audited consolidated financial information for the past 4 financial years up to FYE 31 March 2023 of Iconic are as follows:

	Audited			
	FYE 31 March 2020	FYE 31 March 2021	FYE 31 March 2022	FYE 31 March 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	24,215	49,167	107,139	86,838
PAT/(LAT)	8,005	8,837	9,593	(24,653)
PAT/(LAT) attributable to shareholders	8,007	8,839	9,595	(24,651)
Total equity	114,082	166,621	200,845	176,192
Equity attributable to shareholders	114,199	166,740	200,966	176,315
Total borrowings	3,661	3,166	97,617	99,838
Weighted average number of Shares in issue ('000)	290,149	361,496	440,948	562,353
NA per Share attributable to shareholders (sen)	0.39	0.46	0.46	0.31

Based on the past financial years up to FYE 31 March 2023, the borrowings of Iconic stood at RM3.67 million, RM3.17 million, RM97.62 million and RM99.84 million, respectively. The borrowings for the FYE 31 March 2022 substantially increased by RM94.45 million from RM3.17 million in FYE 31 March 2021 to RM97.62 million. The increase in borrowings was mainly due to the drawdown of term loans A, B, C and D for the purposes as stated under Notes (1), (2), (3) and (4) above and it is not an additional expenses from the initial proceeds raised from the Private Placement 2021.

(iii) Working capital

The Group intends to allocate proceeds of up to RM16.62 million from the Proposed Rights Issue with Free Warrants for working capital purposes in the following manner:

Description	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Purchase of raw materials (i.e. nitrile butadiene rubber latex and nitrile stabilizer) and consumables (i.e. liquid natural gas) required for the production of rubber gloves ⁽¹⁾	3,500	11,274
Staff costs (i.e. salaries, statutory contributions and staff welfare)	1,814	4,346
Operating and administrative expenses (i.e. insurance, transportation cost, office upkeep cost and day to day operating expenses)	1,000	1,000
Total	6,314	16,620

Note:

- (1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual production requirements of the Group at the relevant time.

(iv) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is illustrated below:

Description	RM'000
Professional fees ⁽¹⁾	550
Underwriting fees	500
Fees to authorities	150
Printing, meeting expenses and advertising	180
Miscellaneous charges and contingencies	120
Total	1,500

Note:

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

In the event the actual expenses are less than the allocated amount, the excess allocated amount shall be utilised as working capital for Iconic Group as per item (iii) above. Conversely, if the actual expenses incurred are higher than this budgeted amount, the deficit will be funded via the amount earmarked for working capital and/or internally generated funds.

Pending the utilisation of the proceeds from the Proposed Rights Issue with Free Warrants, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments with licensed financial institutions. Interest derived from such deposits or gains from such money market financial instruments will be utilised as working capital for Iconic Group as per item (iii) above.

3.9 Proceeds from the exercise of Warrants

The exact quantum of proceeds that may be raised from the Company from the exercise of Warrants would depend on the actual number of Warrants exercised and the exercise price of Warrants. The proceeds from the exercise of Warrants will be received on an "as and when basis" over the tenure of Warrants.

Based on an indicative exercise price of the Warrants of RM0.0700 each (which represents a discount of approximately 23.16% (Based on Minimum Subscription Level) and 20.09% (under the Maximum Subscription Level) to the TERP of RM0.0911 and RM0.0876 respectively based on the 5D-VWAMP of Iconic Shares up to and including the LPD of RM0.1163 per Share), the exercise of the Warrants will raise RM32.94 million (under the Minimum Scenario) and up to RM52.49 million (under the Maximum Scenario).

Any proceeds arising from the exercise of the Warrants in the future shall be utilised for capital expenditure, investment opportunities and/or working capital of Iconic Group. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined. The Company will make the announcements as and when the utilisation of proceeds have been determined, if required under the Listing Requirements.

3.10 Indicative salient terms of the Warrants

The indicative salient terms of the Warrants are set out below:

Terms	Details
Issuer	: Iconic
Number of Warrants	: Up to 749,804,362 Warrants to subscribe for up to 749,804,362 new Iconic Shares, to be issued at no consideration to the Entitled Shareholders and/or their renouncee(s) pursuant to the Proposed Rights Issue with Free Warrants.
Detachability	: The Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.
Exercise Price	: The basis of determining the exercise price of the Warrants (" Exercise Price ") is set out in Section 3.2(ii) above. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the exercise period.
Exercise Period	: The Warrants may be exercised any time during the tenure of the Warrants of 5 years including and commencing from the issue date of the Warrants (" Exercise Period ") until 5.00 p.m. on the expiry date. Warrants not exercised during the Exercise Period will thereafter become lapse and void.
Exercise Rights	: Each Warrant entitles the registered holder to subscribe for 1 new Iconic Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll.
Deed Poll	: The Warrants will be constituted by a Deed Poll.
Board Lot	: The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Iconic Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Modification	: Amendment to this Deed Poll must be effected by a supplemental Deed Poll, and to be executed by our Company and expressed to be supplemental; and a special resolution passed by the Warrant holders. However, Iconic may, without the consent of the Warrant holders effect any modification to the Warrants or the Deed Poll, which in its opinion is not materially prejudicial to the interest of the Warrants holders; or to correct a manifest error or to comply with mandatory provisions of Malaysian law.

Terms	Details
Ranking of new Iconic Shares to be issued pursuant to the exercise of Warrants	: The new Iconic Shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the then existing Iconic Shares in issue save and except that they shall not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the date of allotment of the new Iconic Shares to be issued pursuant to the exercise of the Warrants.
Rights in the Event of Winding-Up, Liquidation, Amalgamation or Reconstruction	<p>Where a resolution has been passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:</p> <p>(a) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a Special Resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrants holders; and</p> <p>: (b) in any other case, every Warrants holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that Warrants to the extent specified in the exercise forms and be entitled to receive out of the assets of our Company which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company will give effect to such election accordingly.</p>
Listing	: The Warrants and new Iconic Shares to be issued pursuant to the exercise of the Warrants will be listed on the Main Market of Bursa Securities.
Adjustment in the Exercise Price and/or the number of Warrants	: Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder may be adjusted by the Board in consultation with an adviser and the certification of the external auditors of Iconic, in the event of alteration to the share capital and/or issued shares of our Company.

Terms	Details
Rights of Warrants holders	<p>The Warrants holders are not entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid.</p> <p>The Warrants holders are not entitled to any voting rights in any general meeting of our Company or to participate in any distribution and/or offer of securities in our Company until and unless such holders of the Warrants exercise their Warrants into new Iconic Shares.</p>
Further Issues	<p>: Subject to the provision in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription of rights upon such terms and conditions as the Company sees fit but the Warrants holders will not have any participating rights in such issue unless the Warrants holder becomes a shareholder by exercising his/her Exercise Rights or otherwise resolved by the Company in a general meeting.</p>
Governing Law	<p>: Laws of Malaysia</p>

3.11 Other fund raising exercises in the past 12 months

The Company has not undertaken any other fund raising exercises in the 12 months prior to the date of this Circular.

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4. PROPOSED EXEMPTION

The shareholdings of Dato' Seri Tan Kean Tet and the PACs (who hold Iconic Shares) in Iconic as at the LPD and upon completion of the Proposed Rights Issue with Free Warrants as well as assuming full exercise of the Warrants are as follows:

Shareholders	As at the LPD		After Proposed Rights Issue with Free Warrants		Minimum Scenario Assuming full exercise of Warrants	
	No. of Iconic Shares held	%	No. of Iconic Shares held	%	No. of Iconic Shares held	%
Dato' Seri Tan Kean Tet ⁽⁵⁾	67,058,204	11.92	402,764,463	31.76	626,568,636	36.03
PACs (who holds Iconic Shares)						
Modern Rewards ⁽¹⁾⁽³⁾	57,324,840	10.19	192,206,816	15.15	282,128,133	16.23
Tan Cho Chia ⁽²⁾⁽⁵⁾	15,719,050	2.80	15,719,050	1.24	15,719,050	0.90
Legacy 888 Sdn Bhd ⁽¹⁾⁽⁴⁾	7,970,300	1.42	7,970,300	0.63	7,970,300	0.46
Total	148,072,394	26.33	618,660,629	48.78	932,386,119	53.62

Notes:

- (1) Dato' Seri Tan Kean Tet is deemed interested by virtue of his shareholding in Legacy 888 Sdn Bhd and Modern Rewards Sdn Bhd.
- (2) Son of Dato' Seri Tan Kean Tet.
- (3) The shareholders of Modern Rewards and their respective shareholdings are set out below:

Shareholders	No. of ordinary shares held	%
Dato' Seri Tan Kean Tet	260,000	46.0
Tan Seok Ying	100,000	18.0
Tan Cho Chia	100,000	18.0
Tan Cho Chuan	100,000	18.0
Total	560,000	100.0

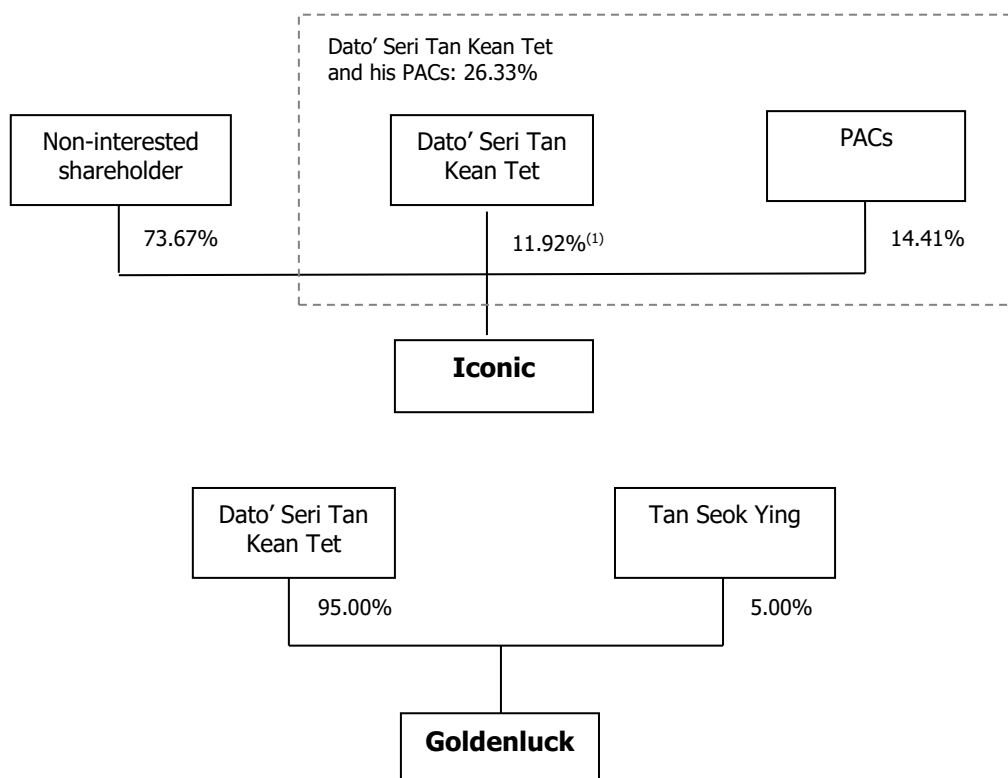
- (4) The shareholders of Legacy 888 Sdn Bhd and their respective shareholdings are set out below:

Shareholders	No. of ordinary shares held	%
Dato' Seri Tan Kean Tet	60	60.0
Tan Seok Ying	10	10.0
Tan Seok Fang	10	10.0
Tan Cho Chia	10	10.0
Tan Cho Chuan	10	10.0
Total	100	100.0

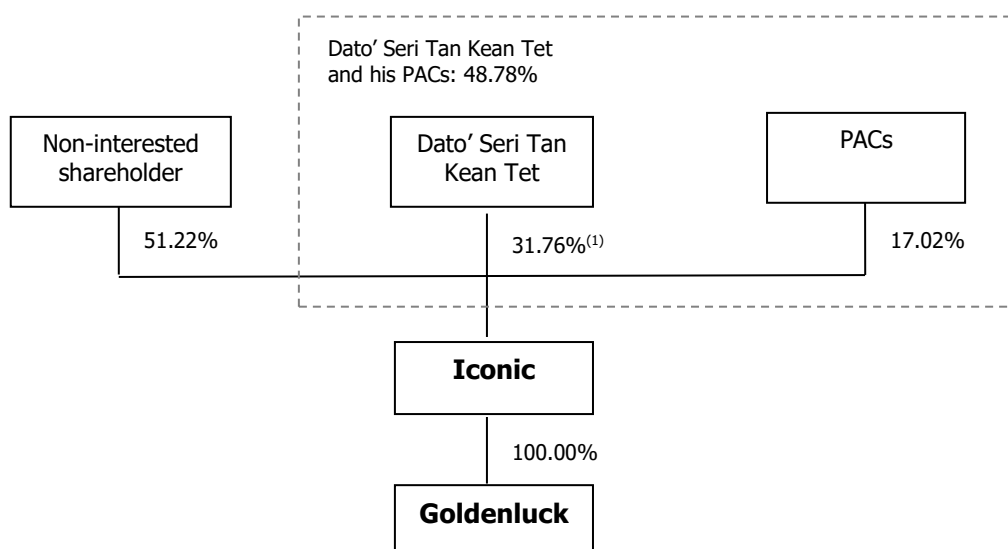
- (5) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).

The diagram below illustrates Dato' Seri Tan Kean Tet and his PACs' shareholdings in Iconic as at LPD and after the Proposed Acquisition and Proposed Rights Issue with Free Warrants.

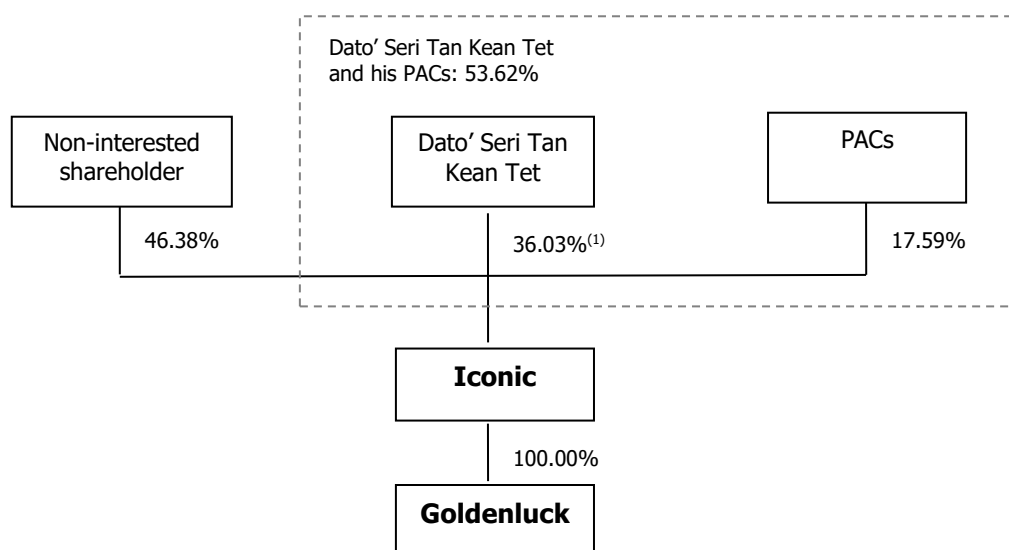
Before the Proposed Acquisition and Proposed Rights Issue with Free Warrants



After the Proposed Acquisition and Proposed Rights Issue with Free Warrants



After the Proposed Acquisition and Proposed Rights Issue with Free Warrants and assuming full exercise of Warrants



Note:

- ⁽¹⁾ Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).

The Proposed Exemption is being sought by Iconic Group pursuant to:

- (i) the subscription of the Rights Shares (including the excess Rights Shares) by Dato' Seri Tan Kean Tet and Modern Rewards (pursuant to the Undertakings) under the Minimum Scenario; and
- (ii) the exercise of the Warrants held by Dato' Seri Tan Kean Tet and his PAC into new Iconic Shares during the Exercise Period,

which may result in:

- (i) the individual shareholdings of Dato' Seri Tan Kean Tet in Iconic will potentially increase from approximately 11.92% to 31.76% of the enlarged issued share capital pursuant to the subscription of the Rights Shares and subsequently to 36.03% upon exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario;
- (ii) the direct shareholdings of Dato' Seri Tan Kean Tet in Iconic (including his shareholdings held via Legacy 888 Sdn Bhd pursuant to the Single Entity Concept) will potentially increase from approximately 13.34% to 32.39% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares and subsequently to 36.49% upon exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario.
- (iii) the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% of the enlarged issued share capital of Iconic (i.e. from 26.33% to 48.78% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares and subsequently to:

- (a) 50.78% upon exercise of Warrants into new Iconic Shares which will trigger the creeping threshold under the Minimum Scenario (being the acquisition* of more than 2.00% of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33.00% but not more than 50.00% of the voting shares or voting rights of the company) and incur a mandatory offer obligation; and
 - * Pursuant to Note (10) to paragraph 4.01 of the Rules, the exercise of any conversion or subscription rights or options is deemed an acquisition of voting shares or voting rights for the purposes of determining if a mandatory offer obligation has been triggered.
- (b) to 53.62% upon full exercise of Warrants into new Iconic Shares during the Exercise Period under the Minimum Scenario) and incur a mandatory offer obligation.
- (iv) the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% of the enlarged issued share capital of Iconic (i.e. from 26.33% to 34.05%) upon exercise of Warrants into new Iconic Shares assuming only Dato' Seri Tan Kean Tet and the PACs in Iconic fully exercise their Warrants under the Maximum Scenario.

Premised on the above, Dato' Seri Tan Kean Tet and the PACs are obliged to undertake a Mandatory Offer.

However, Dato' Seri Tan Kean Tet and the PACs do not intend to undertake the Mandatory Offer. As such, they intend to seek an exemption from the SC pursuant to subparagraphs 4.08(1)(b) and 4.08(1)(c) of the Rules from the obligation to undertake the Mandatory Offer.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Acquisition

The management has been continuously seeking business opportunities to expand the Group's property portfolio for property development and investment segment through acquisitions of companies (which own real estate), land banks and/or properties for property development and/or for capital appreciation purpose which in turn generate additional stream of income for the Group moving forward. As such, it is a commercial decision by the Group to acquire Goldenluck to become a wholly-owned subsidiary of Iconic Group and Iconic Group will be consolidating the financial results of Goldenluck.

The Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in accumulating new suitable land to be included in the Group's landbank and to scale up its property development and investment portfolio to contribute positively to the Group's earnings; improve the Group's cash flow position; and enhance the Group's financial performance and financial position in the mid to long term.

The Company is in the midst of deliberating on the development plan for the Subject Land, and it is the Board's intention to undertake residential development on the Subject Land after the completion of the Proposed Acquisition.

Notwithstanding the above, the Board is still unable to affirm the details of the said development at this juncture, which include amongst others, the timeframe for completion, the development costs, and the eventual funding requirements as such plan is still at the preliminary stage. Feasibility studies will be conducted to assess the risk-reward profile for the potential development, which is highly dependent on approvals obtained from relevant authorities and the demands of end purchasers. Nevertheless, the Board is optimistic that the

Proposed Acquisition represents an opportunity for the Group to own the entire interests in the Subject Land in a strategic location with strong growth potential to enhance the gross development value of the Group's development projects, which is expected to provide greater sustainability for the Group's future earnings.

5.2 Proposed Rights Issue with Free Warrants

After considering other methods of fundraising such as bank borrowings where the Group would have to incur interest expense and private placements, as well as the capital structure of Iconic, the Board is of the opinion that the Proposed Rights Issue with Free Warrants is a more appropriate method of raising funds, after taking into account the following:

- (i) The issuance of Rights Shares would enable Iconic to secure funding of at least RM60.00 million under the Minimum Scenario and up to RM95.60 million without incurring interest costs compared to bank borrowings;
- (ii) Compared to other equity offerings, the Proposed Rights Issue with Free Warrants will involve the issuance of new Iconic Shares without diluting the Entitled Shareholders' shareholdings, provided that all Entitled Shareholders subscribe in full for their respective entitlements;
- (iii) The Proposed Rights Issue with Free Warrants will increase the number of Iconic Shares in circulation which may potentially enhance the liquidity and marketability of Iconic Shares on the Main Market of Bursa Securities;
- (iv) The Warrants attached to the Rights Shares is expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of the Company at a pre-determined price and enable them to benefit from the future growth of the Company and any potential capital appreciation arising thereof;
- (v) The Proposed Rights Issue with Free Warrants will strengthen the Company's financial position with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of our Company; and
- (vi) The Warrants will also provide our Company with additional capital when they are exercised. The exercise of the Warrants will allow our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

5.3 Proposed Exemption

The Proposed Exemption will relieve Dato' Seri Tan Kean Tet and the PACs from the obligation to undertake a Mandatory Offer upon completion of the Proposed Rights Issue with Free Warrants as Dato' Seri Tan Kean Tet and the PACs do not intend to undertake a Mandatory Offer.

As the Proposed Rights Issue with Free Warrants is being undertaken on Minimum Subscription Level basis pursuant to the Undertakings, the Proposed Exemption will ensure that the Proposed Rights Issue with Free Warrants can be successfully undertaken to raise the minimum proceeds of RM60.0 million (via the combination of the Undertakings and Underwriting Arrangement).

Additionally, the Proposed Rights Issue with Free Warrants will result in an increase in the number of Iconic Shares in issue. Therefore, the shareholding of the existing shareholders of Iconic will be diluted in the event if they failed to subscribe for their respective entitlement to the rights issue.

6 INDUSTRY OVERVIEW AND PROSPECTS

6.1 Overview and outlook of the Malaysian economy

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% - 7% (2021: 3.1%). The domestic economy remains resilient and is forecast to expand between 4% - 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

Malaysia's economy will remain in a positive growth trajectory in 2023 mainly driven by domestic demand following the transition to the endemic phase and the reopening of international borders. The Government continues to support the economy through implementing policies and measures to ensure a conducive business environment that facilitates economic activities and meet the needs of the rakyat. In enhancing economic resilience and sustainable growth, the Government will prioritise the structural reform agenda to sustain the post-COVID-19 economic recovery momentum, amid the challenges arising from geopolitical uncertainties and climate change.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

6.2 Overview and outlook of the property development industry

Property development activities are largely economic-driven, whereby economic growth has the potential to contribute to increased disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential, commercial and industrial properties

In 2022, Malaysia's property market recorded a total of 389,107 transactions worth RM179.1 billion for 2022. This was an increase of 29.5% in volume and 23.6% in value compared to 2021. There were 243,190 residential property transactions worth RM94.3 billion recorded in 2022, an increase of 22.3% in volume and 22.6% in value as compared with 2021. The commercial property subsector recorded a further increase in market activity in 2022, with a total of 32,809 transactions worth RM32.6 billion, which was an increase of 46.3% in volume and 16.7% in value as compared with 2021 (2021: 22,428 transactions worth RM27.9 billion). Lastly, the industrial property subsector recorded 8,082 transactions worth RM21.2 billion in 2022. Compared to 2021, this was an increase of 44.5% in volume and 24.8% in value.

In the state of Pulau Pinang, total property transactions in 2022 rose to RM11.1 billion based on 20,387 transactions. A total of 17,892 residential property transactions worth RM8.0 million took place in 2022 depicting a year-on-year increase of 31.1% in terms of volume and 33.4% value. Specific to commercial properties, 1,973 transactions worth RM1.5 billion took place during the year. This was an increase of 55.5% in terms of volume and 15.4% in terms of value compared to 2021. During the year, industrial property transactions rose by 12.5% in terms of volume to reach 522 transactions (2021: 464 transactions) and 0.7% in terms of value to reach RM11.1 billion (2021: RM1.6 billion).

Growth in the property market in 2022 was supported by the implementation of various government initiatives and assistance, improving labour market conditions and higher tourist arrivals. Several initiatives which outlined under Budget 2022 contributed to improving property market activities, including the RM1.5 billion allocation for low-income groups housing projects (i.e. Rumah Mesra Rakyat and maintenance assistance programmes), lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies, as well as guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

According to Malaysia's Ministry of Finance, Malaysia's economy is expected to grow moderately between 4.0% to 5.0% in 2023, backed by strong fundamentals and diversified economic structure, coupled with ongoing policy support to cushion the impact of the rising cost of living and mitigate the downside risk stemming from the prolonged geopolitical uncertainties and tightening global financial conditions. Bank Negara Malaysia also anticipates that domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects.

Under the Budget 2024, several allocations have been made in relation to the property sector, among which include:

- In 2023, the Government has mobilised a special team under the Ministry of Local Government Development (KPKT) to address issues on delayed, sick and abandoned private housing projects that have burdened homebuyers. As of August 2023, 256 sick projects involving over 28,000 housing units have been restored, with a gross development value of RM23.37 billion;
- Overall, a total of RM2.47 billion will be allocated to implement housing projects for the rakyat in 2024:
 - (i) A special guarantee fund of RM1.0 billion has been allocated to encourage reputable developers to revive identified abandoned projects;
 - (ii) A total of RM546 million is allocated to continue the implementation of 36 Program Perumahan Rakyat (PPR), including a new project in Kluang, Johor. 15 PPR projects are expected to be completed in 2024 to benefit 5,100 potential new residents;
 - (iii) 14 Program Rumah Mesra Rakyat will continue, with the construction of 3,500 housing units with an allocation of RM358.0 million;
 - (iv) The Government will allocate RM460.0 million to aid approximately 65,000 impoverished rural residents for the construction of new homes or the renovation of their existing dilapidated houses;
 - (v) A sum of RM100.0 million is allocated for the maintenance of low and medium-cost public and private strata housing projects nationwide. This includes repairing water tanks, roofs, and electrical systems, as well as installing closed-circuit television cameras;

- The Government will provide guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan (SJKP) that will benefit 40,000 borrowers;
- As a measure to control property prices, the Government intends to impose a flat rate stamp duty of 4% on the transfer of land ownership documents by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia;
- The wellbeing of uniformed members and retirees will continue to be preserved:
 - (i) RM400.0 million is provided for the maintenance and refurbishment of all Armed Forces Family Homes;
 - (ii) RM20.0 million to upgrade the sewerage system of Malaysian army camp sewerage in phases; and
- In 2024, the Federal allocation for the development of Sarawak will increase to RM5.8 billion from RM5.6 billion. Meanwhile, for Sabah, the allocation will increase to RM6.6 billion compared to RM6.5 billion. To increase the effectiveness of the allocation, the Federal Government has also delegated the authority to implement development projects valued under RM50.0 million to technical agencies in Sabah and Sarawak.

As Malaysia's GDP growth is projected to be moderately lower in 2023 compared to 2022, which is in line with other countries in the region, Malaysia's property market performance is expected to be cautiously optimistic. The policies, Government support as well as implementation of measures in the revised Budget 2023 and initiatives under Twelfth Malaysia Plan (12MP) (2021 – 2025) are expected to support developments in the property sector.

(Source: Independent Market Research Report dated 30 November 2023 prepared by Providence)

6.3 Overview and outlook of the PPE industry

In 2022, the production of rubber gloves in Malaysia contracted at a year-on-year rate of 37.4% to 85.6 billion pairs. The sales value of manufactured rubber gloves rose to an estimated RM31.0 billion in 2020 at a year-on-year growth rate of 89.0%, before further rising to RM65.4 billion in 2021 at a year-on-year growth rate of 111.0%. The significant increase in production volume in 2020 and 2021 is attributable to increased global demand arising from the outbreak of COVID-19 in late 2019 that carried through 2020 and 2021, affecting nations worldwide. In 2022, the sales value of manufactured rubber gloves declined at a rate of 28.3% to RM46.9 billion. As nations globally transitioned into endemicity in 2022, Malaysia's rubber glove industry experienced an adjustment period en route to normality. In particular, the rubber glove industry contended with the challenges of glove oversupply coupled with pandemic driven excess stockpiling. These resulted in a temporary but substantial slowdown in demand in 2022.

Demand for rubber gloves is growing due to its significance to the healthcare industry, which is affected by epidemic and pandemic disease outbreaks. More recently in late 2019 and early 2020, there was an outbreak COVID-19 that spread widely in the People's Republic of China (China) before becoming a global pandemic, with Malaysia too being affected by this outbreak. The COVID-19 pandemic has resulted in a significant rise in the demand for personal protective equipment such as face masks and rubber gloves among healthcare professionals and the global population. According to the MARGMA, demand for rubber gloves surged 100% globally in 2020 due to countries implementing defensive and preventive strategies to avoid cross contamination arising from COVID-19.

Malaysia's exports of rubber gloves witnessed significant growth to RM35.3 billion in 2020 at a year-on-year growth rate of 102.9% and RM54.8 billion in 2021 at a year-on-year growth rate

of 55.2%. Malaysia is the world's biggest maker of rubber gloves, accounting for approximately 60.0% of global exports. This growth was driven by higher demand arising from the widespread of COVID-19, and government efforts to assist the rubber gloves industry. In 2022, the country's exports of rubber gloves declined at a rate of 65.3% to RM19.0 billion, demand normalised amidst the lower average selling prices.

MARGMA further foresees that the export value for rubber gloves from Malaysia would grow 10% annually from 2023 onwards as the global demand for rubber gloves will expand in the range of 12% to 15% in 2023, supported by rising hygiene awareness, ageing population and recovery in non-COVID-19 related demand.

The consumption of rubber gloves increases drastically when there is a major disease outbreak. Rubber gloves are the most basic form of personal protective equipment used by hospitals when there are cases of diseases that are highly contagious. In developed countries, rubber gloves are seen as a basic necessity to contain diseases and avoid an increase in the number of fatalities. As such, there is a noticeable surge in demand for medical rubber gloves during major incidences of disease outbreaks. While the COVID-19 pandemic has been largely responsible for the surge in world demand for rubber gloves, new outbreaks of diseases and pandemics such as monkeypox will spur future demand for rubber gloves.

Other than the healthcare industry, demand for rubber gloves from other manufacturing industries such as food processing, refined petroleum products, chemicals and chemical products and pharmaceutical products, fabricated metal products, machinery and equipment, computers and peripheral equipment, electrical equipment, electronic components and boards, communication equipment and consumer electronics, as well as motor vehicles and transport equipment, will also support demand for rubber gloves.

(Source: Independent Market Research Report dated 30 November 2023 prepared by Providence)

6.4 Overview and outlook of the tourism industry

Malaysia witnessed growth in tourism receipts between 2017 and 2019, as tourism receipts increased from RM82.1 billion to RM86.1 billion at a CAGR of 2.4%. During the same period, tourist arrivals increased from 26.0 million persons to 26.1 million persons at a CAGR of 0.2%. Malaysia registered 4.3 million tourist arrivals in 2020, marking a year-on-year decrease of 83.5%. During the year, tourism receipts dropped to RM12.7 billion at a rate of 85.2%. In 2021, tourism receipts declined further to RM0.2 billion at a rate of -98.4% as tourist arrivals dropped to 0.1 million at a rate of 97.7%. The reopening of Malaysia's international borders on 1st April 2022 positively impacted Malaysia's tourism industry as tourism receipts rose to RM28.2 billion (2021: RM0.2 billion) while tourist arrivals rose to 10.1 million (2021: 0.1 million) in 2022.

The significant drop in the number of tourists and excursionists in 2020 and 2021 is attributed to the closure of international borders in response to the spread of the COVID-19 virus. After the World Health Organisation (WHO)'s declaration of COVID-19 as a pandemic on 11 March 2020, the Government of Malaysia imposed the movement control order (MCO), barring entry of international tourists beginning 18 March 2020.

The Visit Malaysia 2020 campaign, with targets to increase tourist arrivals to 30.0 million and tourism receipts to RM100.0, was aborted in view of the COVID-19 pandemic and MCO imposed on 18 March 2020.

The Government of Malaysia then launched the NTP (2020-2030) in December 2020 to ensure the continuity of the country's tourism industry and position Malaysia a preferred tourist destination globally. Key approaches in achieving the NTP's agenda include effective recovery of the tourism industry based on new norms, strengthening competitiveness, sustainable and inclusive tourism development, as well as disaster risk management. Among

the transformation strategies outlined in the NTP is to embrace 'smart tourism'. Advances in digital technology have influenced the way people travel, causing tourism-related businesses to change the way they operate.

Smart tourism aims to improve resource management efficiency, enhance tourism experiences, maximise competitiveness, and enhance sustainability through technological innovation and practices. While the tourism sector has taken a hard blow due to the COVID-19 pandemic, the focus on digitalisation and developing smart products and infrastructure are among initiatives to build a more resilient and sustainable future in Malaysia. The COVID-19 pandemic crisis is pushing the tourism industry to adopt more sustainable tourism practices. Sustainable tourism has the potential to advance urban infrastructure and universal accessibility, promote the regeneration of damaged areas and preserve cultural and natural heritage, assets that depend on tourism.

In efforts to develop Malaysia's tourism landscape into a sustainable, competitive and resilient sector, incentives are provided to encourage existing operators of 4 and 5-star hotels and smart tourism. The MIDA supports quality investments that involve high-value and innovative tourism products and services, and contributes to a comprehensive ecosystem such as special tourism investment zones without compromising on environmental policies and legal requirements. MIDA also encourages companies to invest in modern and higher standard infrastructure and facilities to build up the resilience and long-term competitiveness of the tourism sector in Malaysia.

The Malaysia Tourism Promotion Board ("**Tourism Malaysia**") has been actively promoting domestic tourism through various campaigns in an effort to encourage Malaysians to travel for the local hospitality sector. Under its Tourism Malaysia Marketing Plan 2022 – 2026, Tourism Malaysia is focusing on, amongst others, boosting domestic tourism, enhancing online and offline tourism promotion to boost tourist arrivals to Malaysia post COVID-19 pandemic. Moving forward, Malaysia expects to see a continuation of trend away from mass tourism and towards more flexible, experiential, and individualistic trips such as adventure tourism.

Malaysia's tourism sector is expected to fully recover in 2024 to pre-pandemic levels. Several initiatives have been announced under Budget 2024 to boost the nation's tourism industry, among which include:

- The Government will draft a new legislation to implement a High Value Goods Tax at a rate of 5% to 10% on certain high value items such as jewellery and watches based on the threshold value of the goods. However, as an impetus for the tourism industry, tourists will be allowed to claim the relevant tax refunds before their departure from the country;
- The Government is committed to upgrade existing airports to enhance operational capabilities to meet the increasing influx of investors, traders, and tourists. A total of RM47.0 million will be provided to enhance passenger facilities at Tioman Airport terminals and to extend the existing runway to 1,300 metres;
- Therefore, the next Visit Malaysia Year has been set for 2026, with a target of 26.1 million foreign tourist arrivals and an estimated domestic expenditure of RM97.6 billion;
- The Government will provide RM350.0 million to boost promotion and tourism activities for Malaysia to regain its position as the world's preferred tourist destination. This provision includes among others:
 - (i) organising Visit Malaysia 2026 Campaign;
 - (ii) cooperation with the industry for promotional activities and to organise both domestic and international tourism events
 - (iii) assistance to more than 200 cultural activists to organise arts and cultural activities;

- (iv) charter flight matching grants to improve accessibility of international flights into Malaysia; and
- (v) funds to the Islamic Tourism Centre (ITC) to develop Muslim-friendly tourism industry in Malaysia.
- RM20.0 million will be provided for the benefit of the State Governments to maintain and conserve tourist attractions such as Tasik Timah Tasoh in Perlis, Kenong Rimba Park in Pahang and Pantai Teluk Kemang in Negeri Sembilan;
- A total of RM80.0 million is also provided to preserve and conserve heritage buildings and sites that could potentially be recognised by the United Nations Educational, Scientific and Cultural Organisation (UNESCO), such as Gua Niah, Sarawak; Lembah Bujang, Kedah and Royal Belum, Perak;
- Recognising the significant contribution of the tourism and manufacturing sectors to the development of the country, the Government is committed to introduce new initiatives under the Malaysian Visa Liberalisation Plan, involving the following facilities:
 - (i) facilitate employment pass approvals for strategic investors in key sectors;
 - (ii) introduce long-term social visit pass for international students who have graduated to meet industrial skilled personnel needs; and
 - (iii) improve visa-on-arrival facilities, social visit passes and multiple entry visa offers to encourage the entry of tourists and investors, especially from India and China.
- The Government has also agreed to ease existing conditions for the application of Malaysia My Second Home (MM2H) Programme to increase the arrival of tourists and foreign investors to Malaysia. This improvement is expected to increase investment activities in the Malaysian financial market and the country's real estate industry.

(Source: Independent Market Research Report dated 30 November 2023 prepared by Providence)

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6.5 Prospects of Iconic Group

	Property development	Manufacturing	Tourism services	(1)Others
	RM'000	RM'000	RM'000	RM'000
<u>2023</u>				
Total revenue	35,202	47,828	3,566	8,609
Segment profit/(loss) before tax	3,395	(26,806)	(416)	(2,110)
<u>2022</u>				
Total revenue	36,904	68,056	1,947	603
Segment profit/(loss) before tax	8,559	6,113	(808)	(1,565)

Note:

- (1) Comprises investment holding, trading and other services, neither of which is of a sufficient size to be reported separately.

Manufacturing segment

In the fourth quarter of FYE 2023, the Iconic Group commenced the development of a pipeline of new personal care products under the Iconic Medicare brand, along with new glove products that will deliver enhanced value from an Environmental, Social and Governance (ESG) perspective. These initiatives will leverage the established brand presence of Iconic Medicare, as well as the Iconic Group's manufacturing capabilities, to meet projected growth in demand as economies re-open and day-to-day activities increase.

With the world entering into the endemic stage of COVID-19, demand for PPE normalised in FYE 2023. Correspondingly, the Iconic Group's manufacturing segment reported revenue of RM47.83 million in FYE 2023, down 29.7% from RM68.06 million a year earlier.

In FYE 2023, the Manufacturing segment contributed about 55.1% of the Iconic Group's revenue (excluding inter-segment revenue). The segment posted LBT of RM26.81 million, as compared to a PBT of RM6.11 million in FYE 2022 mainly due to impairment on the value of its inventories amounting to approximately RM16.69 million, which was made to account for differences between the initial cost of producing the gloves and masks in its inventories, and the realisable value of those inventories.

The manufacturing segment will continue to spearhead Iconic Group's business direction with contributions from the glove business expected to improve in line with the gradual increase in demand registered for the product since the beginning of the current year. The existing glove production lines will be sufficient and capable of producing the required volume of gloves. The face mask business is expected to experience a gradual decline in volume but will continue and provide the support for the revenue stream of the PPE business segment with the diversified product range (i.e. 3ply face masks, 4ply face masks, duckbill face masks and KF99 face masks). In addition to this, Iconic Group is also exploring into the distribution of high volume consumable related hygiene products such as diapers and wipes.

Tourism Services Segment

In FYE 2023, the tourism services segment generated RM3.57 million in revenue, or 4.1% of the Group's total topline, up 83.1% from RM1.95 million in FYE 2022. In terms of its bottom line, the tourism services segment's LBT reduced to RM0.42 million in FYE 2023 as compared to RM0.81 million in FYE 2022.

Before the Iconic Group entered the property development and PPE manufacturing segments, Tourism Services segment was the Group's core business segment. However, with COVID-19 lockdowns, the closure of international borders and a protracted decline in tourism activity, the segment's performance was significantly impacted. As the pandemic raged on, Iconic Group discontinued its tourism and tourism-related businesses, with the exception to its hospitality management services.

Moving forward, Iconic Group will likely explore the possibility of reviving its tourism business. This could enable Iconic Group to benefit from the recovery of international tourism arrivals in Malaysia.

Property Segment

In the fourth quarter of FYE 2023, the Iconic Group successfully completed and delivered Iconic Point, its maiden property project, to its buyers. Built on a 8.7 acres of land, Iconic Point is the first commercial real estate development in the Simpang Ampat township in Penang. Strategically located near a KTM station and just off the North-South Expressway, Iconic Point features 49 freehold shop offices and a four-story boutique hotel. By quarter 2 of FYE 2023, Iconic Point was fully taken up, having managed to attract renowned brand tenants including The Coffee Bean & Tea Leaf, McDonald's, Starbucks, Family Mart, CU Mart, ZUS Coffee, Secret Recipe and Watsons.

In FYE 2023, the Property Development division's revenue was RM35.20 million, down 4.6% from RM36.90 million in the previous corresponding financial year. The division reported a PBT of RM3.40 million in FYE 2023 as compared to RM8.56 million in FYE 2022.

The Iconic Group is expected to launch a new development project in the northern region by end of 2024. The details of the said development project are as follows:

Type of development	:	(i) 751 units of affordable houses (Rumah Mampu Milik); and (ii) 16 units of 2-storey shops and offices
Gross development value	:	Approximately RM259.0 million
Gross development cost	:	Approximately RM219.0 million
Commencement date of development	:	March 2024
Expected completion date of development	:	December 2027

The Iconic Group is also continuously reviewing the prospects of other new development projects to be launched utilising the available land bank of the Group. As at the LPD, the Group has the following lands available for development:

No.	Location	Tenure	Existing use	Land area (sq ft)
1.	Lot 3423 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	67,889
2.	H.S.(D) 51225-51238 & 51264-51276 Mukim Kulai, Daerah Kulaijaya, Johor	Freehold	Vacant land and shop offices	44,784
3.	Lot 6057 - Lot 6080 Mukim Pasir Panjang Port Dickson, Negeri Sembilan	Freehold	Vacant land	51,817
4.	Lot 61352, 61353 & 62417, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold	Vacant land	728,781
5.	Lot 31794 Mukim 15 Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	146,422

In deciding on the Proposed Acquisition, the Board has taken into consideration the location of the Subject Land, which is sited adjacent to a flatted residential development known as Green Garden and it is located along the main thoroughfare of Jalan Paya Terubong. It is also strategically located within a short distance to Bukit Kukus Paired Road connecting Paya Terubong to Relau, and approximately 10.2 km due south west of Kompleks Tun Abdul Razak, about 5.9 km due south of Penang Hill Lower Station and is about 10 km due north of Penang International Airport in Bayan Lepas.

Surrounding residential properties include Green Garden, Majestic Height, Sunmoon City, Taman Oriental, Pine Residences and 2 on-going affordable housing developments known as The Stone and The Dew. Prominent landmarks situated nearby include Pine Valley Business Centre, Goldhill Complex, petrol stations, supermarket, Permata Sports Complex and the proposed Sunway Valley City by Sunway group.

Premised on the above, the Board remains optimistic for the prospects of the Subject Land and its potential development. It is situated in a prominent location with fast growing residential areas and easy accessibility to surrounding facilities. The Board endeavours to carefully deliberate on the most ideal development plan to be undertaken, so as to enhance the attraction of the Subject Land.

(Source: Management of Iconic)

7 RISK FACTORS

7.1 Business and operational risk

The Proposed Acquisition are subject to inherent risks in the property development industry, of which the Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, but not limited to, the following:

(i) Failure to rezone the Subject Land

The Subject Land is a parcel of freehold vacant land identified as Lot No. 7685, Mukim 13, District of Timor Laut, State of Pulau Pinang measuring approximately 6.07 hectares (or 60,700 Sqm). According to the gazetted Rancangan Struktur Negeri Pulau Pinang

2030, it is zoned as a "Hutan" (forest) and located within the hill land above 76 metres elevation in the Penang Environmentally Sensitive Area which forms part of Rancangan Struktur Pulau Pinang 2030. It is the Board's intention to undertake a residential development project on the Subject Land which requires the Subject Land to be rezoned for residential purpose for compliance with the land use zoning notwithstanding that the Subject Land holds a First-Grade title. As such, the Company intends to apply to the state authority of Pulau Pinang for such changes upon the completion of the Proposed Acquisition.

However, there is no assurance that such application will be approved by the state authority and failure in obtaining the said approval will affect the implementation of the residential development project which will materially affect profitability of the Group. In the event that the rezoning application is not approved by the state authority, Iconic will continue to be bound by the existing zoning regulations, which might restrict the types of uses and developments they can undertake on the Subject Land. As the Board intends to undertake a residential development project on the Subject Land, failure to rezone could prevent Iconic from undertaking the development plan they are deliberating under the new zoning. Therefore, the Group has to reassess their entire business plan and long-term vision for the Subject Land. Further, the Group will have to cover the cost of the rezoning process and the cost associated with the Proposed Acquisition. In the event that Iconic Group is unable to carry out the development plan due to factors not within their control, the Group may consider to dispose of the Subject Land as holding onto it will incur ongoing expenses such as property taxes and maintenance costs which will affect profitability of the Group's financial position. However, the Group may have to dispose the Subject Land at a lower price resulting in a financial loss based on the market condition at that point in time which will impact its potential usage and market value.

The Proposed Acquisition, once approved by the shareholders at the forthcoming EGM is irrevocable. The Entitled Shareholders who subscribed to the Proposed Rights Issue with Free Warrants will still hold the additional Shares they subscribed, but if the Subject Land cannot be developed due to failure of rezoning, the potential profits and value that would have justified the additional Shares issuance may not materialise. This could result in a dilution of the value of their original investment, as the expected benefits from the development may not be realised. Further, the shareholdings of shareholders who did not participate in the Proposed Rights Issue with Free Warrants will be diluted by the Rights Shares issued and subscribed by other Entitled Shareholders. The failure to obtain rezoning approval and proceed with the development project could negatively affect the Company's overall financial performance and growth prospects. The Subject Land will remain status quo and unable to generate revenue for the Group until rezoning approval is obtained. This, in turn, could impact the Company's share price. The shareholders, including those who participated in the Proposed Rights Issue with Free Warrants, may experience a decline in the market value of their shares.

Notwithstanding the above, the Group will submit the rezoning application at soonest possible after the Proposed Acquisition and shall use their best endeavours to ensure every effort is taken to procure the rezoning approval.

(ii) Project completion risk

The property development segment is exposed to the risk that there may be delay in the completion of the property development projects. Such events include, amongst others, natural disasters, adverse weather conditions, delay in obtaining approvals/permits necessary for the property development projects, shortage or unavailability of building materials and/or labour workforce and other unforeseen circumstances. There is no assurance that delay in the property development projects will not increase the development costs which will materially affect profitability of the Group.

(iii) Market risk

The real estate market prices are highly dependent on the demand and supply factors which are mainly affected by the prevailing economic conditions, government regulations, competition with other property developers. There may be a possibility of occurrence of property overhang at the time of completion of the Group's future property development project. This will affect the sale of the Group's projects and consequentially affect the Group's future financial performance.

(iv) Political, economic and regulatory risk

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial and prospects of the property development business. Amongst the political, economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introductions of new rules or regulations affecting the property development industry, changes in interest rates, inflation, taxation method, general employment outlook and political leadership.

7.2 Dato' Seri Tan Kean Tet and the PACs will be able to exert significant influence over the Company

Pursuant to the Undertakings, the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% and up to 53.62% of the enlarged issued share capital of Iconic. As a result, they will collectively be able to have effective control over the business direction and management of the Company, including election of directors, timing and payment of dividends as well as having voting control and as such will likely have significant influence on the outcome of certain matters requiring the vote of the shareholders, unless they and persons connected with them are required to abstain from voting by law and/or by the relevant guidelines and regulations.

7.3 Completion risk

The completion of the Proposed Acquisition is subject to, amongst others, the fulfilment of the Conditions Precedent of the SPA as disclosed in Appendix I, Section 1 of this Circular. In the event any of the conditions precedent are not fulfilled, the Proposed Acquisition may not proceed to completion, which may result in the failure of the Group to achieve the objectives and benefits of the Proposed Acquisition.

Notwithstanding that, the Board and management of the Company shall use their best endeavours to ensure every effort is taken to procure all necessary approvals to satisfy the conditions precedent within the stipulated timeframe.

7.4 Compulsory acquisition

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960 for certain purposes where the compensation to be awarded is based on the fair market value of a property assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws. Compulsory acquisition by the Government at a point in time when the fair market value of the Subject Land has decreased, the level of compensation being awarded may be less than the value of the Subject Land, which could impair the Group's financial position and results of operations.

7.5 Potential dilution of existing Shareholders' shareholding

Those Entitled Shareholders who do not subscribe for their entitlement of Proposed Rights Issue with Free Warrants will experience dilution in their existing shareholding in the

Company as a result of the issuance of the Rights Shares arising from the subscription by other Entitled Shareholders and/or their transferees and/or their renouncees. In addition, the issuance of new Shares arising from the exercise of the Warrants in the future will lead to further such dilution.

Consequently, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after completion of the Proposed Rights Issue with Free Warrants will correspondingly be diluted.

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8 FINANCIAL EFFECTS OF THE PROPOSALS

8.1 Share capital

The Proposed Acquisition and Proposed Exemption will not have any effect on the issued share capital of Iconic as it does not involve any issuance of new shares in Iconic.

The pro forma effects of the Proposed Rights Issue with Free Warrants on the issued share capital of Iconic is set out below:

	Minimum Scenario		Maximum Scenario	
	No. of Iconic Shares	RM	No. of Iconic Shares	RM
Existing issued share capital	562,353,272	148,392,603	562,353,272	148,392,603
Issuance of Rights Shares	705,882,353	⁽¹⁾ 31,764,706	1,124,706,544	⁽¹⁾ 58,109,838
Enlarged share capital after Proposed Rights Issue with Free Warrants	1,268,235,625	180,157,309	1,687,059,816	206,502,441
New Shares to be issued assuming full exercise of Warrants	470,588,235	⁽²⁾ 61,176,470	749,804,362	⁽²⁾ 89,976,523
Enlarged share capital	1,738,823,860	241,333,779	2,436,864,178	296,478,964

Notes:

- (1) Based on indicative issue price of RM0.085 per Rights Share and after accounting for the creation of RM28,235,294 and RM37,490,218 warrant reserve at a fair value of RM0.060 and RM0.050 per Warrant based on the Minimum Scenario and Maximum Scenario, respectively.
- (2) Based on the indicative exercise price of RM0.070 per Warrant and after accounting for the reversal of RM28,235,294 and RM37,490,218 warrant reserve based on the Minimum Scenario and Maximum Scenario, respectively.

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8.2 Substantial shareholders' shareholdings

The Proposed Acquisition and Proposed Exemption will not have any effect on Iconic's substantial shareholders' shareholdings as it does not involve any issuance of new shares in Iconic. The pro forma effects of the Proposed Rights Issue with Free Warrants on the shareholdings of the substantial shareholders of Iconic as at the LPD are set out below:

Minimum Scenario

	As at the LPD		(I) After the Proposed Rights Issue with Free Warrants			
	Direct		Indirect		Direct	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
Dato' Seri Tan Kean Tet	52,639,154	9.36	(4)94,133,240	16.74	388,345,413	30.62
Modern Rewards	57,324,840	10.19	-	-	192,206,816	15.16
Tan Cho Chia	1,300,000	0.23	(5)36,808,400	6.55	1,300,000	0.10
Underwriter	-	-	-	-	235,294,118	18.55
					(4)229,015,216	18.06
					(5)36,808,400	2.90
					-	-

(II)

After (I) and assuming full exercise of Warrants

	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Dato' Seri Tan Kean Tet	612,149,586	35.20	(4)318,936,533	18.34
Modern Rewards	282,128,133	16.23	-	-
Tan Cho Chia	1,300,000	0.07	(5)36,808,400	2.12
Underwriter	392,156,863	22.55	-	-

Notes:

- (1) Based on the existing issued share capital of 562,353,272 Shares.
- (2) Based on the issued share capital of 1,268,235,625 Shares after the Proposed Rights Issue with Free Warrants.
- (3) Based on the issued share capital of 1,738,823,860 Shares assuming full exercise of the Warrants.
- (4) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd, Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local) and Modern Rewards pursuant to Section 8 of the Act

- ⁽⁵⁾ Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local) pursuant to Section 8 of the Act.

Maximum Scenario

	As at the LPD		(I) After the Proposed Rights Issue with Free Warrants			
	Direct		Indirect		Direct	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
Dato' Seri Tan Kean Tet	52,639,154	9.36	(4)94,133,240	16.74	157,917,462	9.36
Modern Rewards	57,324,840	10.19	-	-	171,974,520	10.19
Tan Cho Chia	1,300,000	0.23	(5)36,808,400	6.55	3,900,000	0.23
					(4)282,399,720	16.74
					(5)110,425,200	6.55

(II)

After (I) and assuming full exercise of Warrants

	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Dato' Seri Tan Kean Tet	228,103,000	9.36	(4)407,910,707	16.74
Modern Rewards	248,407,640	10.19	-	-
Tan Cho Chia	5,633,333	0.23	(5)159,503,066	6.55

Notes:

- (1) Based on the existing issued share capital of 562,353,272 Shares.
- (2) Based on the issued share capital of 1,687,059,816 Shares after the Proposed Rights Issue with Free Warrants.
- (3) Based on the issued share capital of 2,436,864,178 Shares assuming full exercise of the Warrants.
- (4) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd, Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local) and Modern Rewards pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local) pursuant to Section 8 of the Act.

8.3 NA and gearing

The Proposed Exemption will not have any pro forma effects on the NA and gearing of Iconic. Based on the audited consolidated statement of financial position of Iconic as at 31 March 2023, the pro forma effects of the Proposed Acquisition and Proposed Rights Issue with Free Warrants on the NA and gearing of the Group are set out below:

Minimum Scenario

		(I)	(II)	(III)
	Audited as at 31 March 2023	After the Proposed Rights Issue with Free Warrants	After (I) and the Completion of Proposed Acquisition and Utilisation of Proceeds	After (II) and assuming full exercise of all Warrants
	RM'000	RM'000	RM'000	RM'000
Share capital	148,393	⁽¹⁾ 180,158	180,158	⁽⁵⁾ 241,334
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	⁽²⁾ 28,235	28,235	⁽⁵⁾ -
Retained earnings	2,156	2,156	⁽³⁾ 656	656
Shareholders' funds/NA	176,315	236,315	234,815	267,756
Non-controlling interest	(123)	(123)	(123)	(123)
Total equity	176,192	236,192	234,692	267,633
No. of Iconic Shares ('000)	562,353	⁽¹⁾ 1,268,235	1,268,235	⁽⁵⁾ 1,738,823
NA per Share attributable to Shareholders (RM)	0.31	0.19	0.19	0.15
Interest bearing borrowings (RM'000)	99,838	99,838	⁽⁴⁾ 87,452	87,452
Gearing (times)	0.57	0.42	0.37	0.33

Notes:

- (1) Based on the issuance of 705,882,353 Rights Shares at an indicative issue price of RM0.085 each.
- (2) After accounting for the creation of RM28,235,294 warrant reserve based on the issuance of 470,588,235 Warrants at a fair value of RM0.0600 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (3) After deducting the estimated expenses of RM1.50 million for the Proposals.
- (4) After adjusting for the utilisation of proceeds pursuant to the Proposed Rights Issue with Free Warrants for the partial repayment of bank borrowings amounting to RM12.39 million.
- (5) Based on the exercise of 470,588,235 Warrants at an indicative exercise price of RM0.07 per Warrant and after accounting for the reversal of RM28,235,294 warrant reserve.

Maximum Scenario

		(I)	(II)	(III)
	Audited as at 31 March 2023	After the Proposed Rights Issue with Free Warrants	After (I) and Completion of Proposed Acquisition and Utilisation of Proceeds	After (II) and assuming full exercise of all Warrants
	RM'000	RM'000	RM'000	RM'000
Share capital	148,393	⁽¹⁾ 206,503	⁽¹⁾ 206,503	⁽⁵⁾ 296,479
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	⁽²⁾ 37,490	37,490	⁽⁵⁾ -
Retained earnings	2,156	2,156	⁽³⁾ 656	656
Shareholders' funds/NA	176,315	271,915	270,415	322,901
Non-controlling interest	(123)	(123)	(123)	(123)
Total equity	176,192	271,792	270,292	322,778
No. of Iconic Shares ('000)	562,353	⁽¹⁾ 1,687,060	1,687,060	⁽⁵⁾ 2,436,864
NA per Share (RM)	0.31	0.16	0.16	0.13
Interest bearing borrowings (RM'000)	99,838	99,838	⁽⁴⁾ 62,158	62,158
Gearing (times)	0.57	0.37	0.23	0.19

Notes:

- (1) Based on the issuance of 1,124,706,544 Rights Shares at an indicative issue price of RM0.085 each.
- (2) After accounting for the creation of RM37,490,218 warrant reserve based on the issuance of 749,804,362 Warrants at a fair value of RM0.050 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (3) After deducting the estimated expenses of RM1.50 million for the Proposals.
- (4) After adjusting for the utilisation of proceeds pursuant to the Proposed Rights Issue with Free Warrants for the partial repayment of bank borrowings amounting to RM37.68 million.
- (5) Based on the exercise of 749,804,362 Warrants at an indicative exercise price of RM0.070 per Warrant and after accounting for the reversal of RM37,490,218 warrant reserve.

8.4 Losses and LPS

The Proposed Exemption will not have any pro forma effects on the losses and LPS of the Company. The effects of the Proposed Rights Issue with Free Warrants on the consolidated losses and LPS of the Company will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the use of the proceeds to be raised from the Proposed Rights Issue with Free Warrants.

The Proposed Rights Issue with Free Warrants is expected to contribute to the future earnings of Iconic Group as the proceeds to be raised from the Proposed Rights Issue with Free Warrants will be mainly utilised for the Proposed Acquisition and working capital for the Group's PPE business.

However, the LPS may be proportionately diluted as a result of the increase in the number of Iconic Shares following the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants.

For illustration purposes only, the pro forma effect on the consolidated earnings and earnings per Share assuming the Proposed Acquisition and Proposed Rights Issue with Free Warrants had been effected at the beginning of FYE 2023, are set out below:

	Minimum Scenario			Maximum Scenario		
	LAT (RM'000)	No. of Shares ('000)	LPS (RM)	LAT (RM'000)	No. of Shares ('000)	LPS (RM)
Audited LAT for FYE 2023	(24,653)	562,353	(0.044)	(24,653)	562,353	(0.044)
After Proposed Rights Issue with Free Warrants	(24,653)	1,268,235	(0.019)	(24,653)	1,687,060	(0.015)
After Proposed Acquisition and Utilisation of Proceed	⁽ⁱ⁾ (26,153)	1,268,235	(0.021)	⁽ⁱ⁾ (26,153)	1,687,060	(0.016)
Assuming full exercise of Warrants	(26,153)	1,738,823	(0.015)	(26,153)	2,436,864	(0.011)

Note:

- (i) After deducting the estimated expenses relating to the Proposals of approximately RM1.50 million.

8.5 Convertible securities

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

9 APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the following:
 - (a) admission of Warrants to the Official List;
 - (b) listing and quotation of the Rights Shares and Warrants; and

- (c) listing and quotation of the new Iconic Shares to be issued pursuant to the exercise of the Warrants;

on the Main Market of Bursa Securities which was obtained vide its letter dated 27 April 2023, subject to the following conditions:

Conditions	Status of compliance
Iconic and M&A Securities must fully comply with the relevant provisions under the Listing Requirement pertaining to the implementation of the Proposed Rights Issue with Free Warrants;	To be complied
Iconic and M&A Securities are required to inform Bursa Securities upon completion of the Proposed Rights Issue with Free Warrants;	To be complied
Iconic and M&A Securities are required to provide a written confirmation that the terms of the Warrants are in compliance with paragraph 6.54(3) of the Listing Requirements;	To be complied
Iconic is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Free Warrants is completed; and	To be complied
Iconic is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) shareholders or non-interested shareholders of Iconic, where applicable, for the Proposals at the forthcoming EGM;
- (iii) SC for the Proposed Exemption; and
- (iv) any other relevant authorities and/or persons, if required.

10 INTER-CONDITIONALITY OF THE PROPOSALS

Each component of the Proposals is inter-conditional upon each other.

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

11 HIGHEST PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Acquisition is approximately 19.80%, computed based on the Purchase Consideration divided by the audited NA of Iconic Group for the FYE 31 March 2022.

12 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, Major Shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposals, save for the following:

- (i) Dato' Seri Tan Kean Tet, the Executive Chairman and a Major Shareholder of Iconic, is also a director and substantial shareholder of Goldenluck. He is the father of Tan Seok Ying and Tan Cho Chia. He is the father-in-law of Jason Chung Wei Chiun;
- (ii) Tan Cho Chia is the Managing Director of Iconic. He is the son of Dato' Seri Tan Kean Tet and brother of Tan Seok Ying;
- (iii) Tan Seok Ying, the Executive Director of Iconic, is also a director and substantial shareholder of Goldenluck. She is the daughter of Dato' Seri Tan Kean Tet, spouse of Jason Chung Wei Chiun and sister of Tan Cho Chia;
- (iv) Jason Chung Wei Chiun, an Executive Director of Iconic is the spouse of Tan Seok Ying and son-in-law of Dato' Seri Tan Kean Tet; and
- (v) Modern Rewards, being a Major Shareholder of Iconic, is also the Undertaking Shareholder.

As at the LPD, the direct and/or indirect shareholdings of the Interested Directors and Interested Major Shareholders in Iconic are as follows:

	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
<u>Interested Directors</u>				
Tan Seok Ying	-	-	-	-
Jason Chung Wei Chiun	-	-	-	-
<u>Interested Directors and Interested Major Shareholders</u>				
Dato' Seri Tan Kean Tet	52,639,154	9.36	(2)94,133,240	16.74
Tan Cho Chia	1,300,000	0.23	(3)36,808,400	6.55
<u>Interested Major Shareholder</u>				
Modern Rewards	57,324,840	10.19	-	-

Notes:

- (1) Based on the existing issued share capital of 562,353,272 Shares.
- (2) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd, Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local) and Modern Rewards pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local) pursuant to Section 8 of the Act.

The Proposed Acquisition is a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholders of Iconic.

In view of the above and the inter conditionality of the Proposals, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposals at the relevant Board meetings of the Company. The Interested Directors and Interested Major Shareholders will also abstain from voting and have undertaken to ensure that any persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in Iconic on the resolutions pertaining to the Proposals at the Company's forthcoming EGM.

13 STATEMENT AND RECOMMENDATION BY THE BOARD

The Board (save for the Interested Directors) is of the opinion that the Proposed Acquisition is fair, reasonable, on normal commercial terms, not detrimental to the interest of the non-interested shareholders and is in the best interest of the Company due to the following:

- (i) the Purchase Consideration represents discount of approximately 12.9% to the valuation of the Subject Land as ascribed by Henry Butcher and a discount of approximately 10.1% and 10.0% to the audited NA of Goldenluck as at 30 June 2022 and 30 June 2023, respectively;
- (ii) the risk of failure to rezone the Subject Land (as stated in Section 7.1 of this Part A of this Circular) is mitigated. The Board (save for the Interested Directors) has the same view with BYG (based on their letter of opinion included in Appendix VI of this Circular) that the success rate may possibly outweigh the risks after taking into consideration that rezoning of the Subject Land, if undertaken would be supported by the precedent cases with similar circumstances which has been approved by the Penang State Planning Committee ("**SPC**"), as follows:

No.	Details
1	<u>SPC approved on 27 January 2012</u> Rezoned from Hill Land to Residential Zone Lot 20288, 20289, 20290, Mukim 10, Daerah Barat Daya, Changkat Sungai Ara 6, Pulau Pinang.
2	<u>SPC approved on 14 March 2019</u> Rezoned from Hill Land to Residential Zone (Affordable Housing) Lot 5572 Dan 486, Lebuhraya Paya Terubong 4, Mukim 14, Daerah Timur Laut, Pulau Pinang.
3	<u>SPC approved on 21 May 2020</u> Rezoned from Agriculture Land to Residential Zone (Affordable Housing) Lot 20004 & 20030, Lintang Bukit Penara 10, Mukim 5, Balik Pulau, Daerah Barat Daya, Pulau Pinang.

Even though the current zoning of the Subject Land is Forest Land differing from the zoning indicated in the precedent case No. 1 and No. 2 above, which were classified as Hill Land under the previous Interim Zoning Plan, the classification of Hill Land under the Interim Zoning Plan is now effectively classified as Forest Land under the State Structure Plan 2030 which was gazetted on 24 October 2019.

In regards to the rezoning of Agriculture Land in the precedent case No. 3, the required steps and processes remain the same as rezoning of Forest Land. Additionally,

the land in case No. 3 is located within close proximity to Forest Land, thus making it a close reference for the rezoning of the Subject Land.

Therefore, The Board (save for the Interested Directors) shares the same view as BYG (based on their letter of opinion included in Appendix VI of this Circular) that the above precedent cases can still be valid references for the rezoning of the Subject Land; and

- (iii) the Proposed Acquisition represents an opportunity for the Group to further increase its landbank at the purchase consideration of RM39.80 million to embark on its next development project.

Accordingly, the Board (save for the Interested Directors), having considered all aspects of the Proposals (including but not limited to the salient terms of the SPA, the basis and justification arriving at the Purchase Consideration, the potential impact to the minority shareholders in the event the rezoning application is denied, the rationale and the pro forma effects of the Proposals as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue with Free Warrants) as well as the evaluation of the Independent Adviser, is of the opinion that the Proposals as a whole are in the best interest of the Company and accordingly, recommends you to **VOTE IN FAVOUR** of the resolutions to give effect to the Proposals to be tabled at the forthcoming EGM.

14 AUDIT COMMITTEE'S STATEMENT

The Audit Committee, after having considered all relevant aspects of the Proposals (including but not limited to the salient terms of the SPA, basis and justification arriving at the Purchase Consideration, rationale and financial effects of the Proposals) as well as the evaluation of the Independent Adviser on the Proposals, is of the opinion that the Proposals are in the best interest of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the non-interested Shareholders.

15 TRANSACTIONS WITH THE SAME RELATED PARTY FOR THE PAST 12 MONTHS

Save for the Proposed Acquisition and the recurrent related party transactions disclosed by Iconic on Bursa Securities, there were no transactions entered into between Iconic Group and/or the Interested Directors and/or Interested Major Shareholders as well as persons connected to them for the preceding 12 months from the LPD.

16 ADVISER

M&A Securities has been appointed as Adviser to Iconic for the Proposals.

In view of the interests of the Interested Directors and Interested Major Shareholder as set out in Section 12, Part A of this Circular and in compliance with Paragraph 10.08 of the Listing Requirements, MainStreet has been appointed by the Company as the Independent Adviser to undertake the following in relation to the Proposed Acquisition:

- (i) comment as to whether the Proposed Acquisition is:
 - (a) fair and reasonable so far as the non-interested shareholders of Iconic are concerned; and
 - (b) to the detriment of the non-interested shareholders of Iconic,
- and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

- (ii) advise the non-interested shareholders of Iconic on whether they should vote in favour of the Proposed Acquisition; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

Additionally, pursuant to subparagraph 4.08(3) of the Rules, MainStreet has been appointed by the Company as the Independent Adviser to the non-interested shareholders of the Company on the Proposed Exemption.

17 CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

There are no other corporate exercises which have been announced by the Company but have yet to be completed as at the LPD.

18 ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timeline of events leading to the completion of the Proposals is as follows:

Date	Events
22 December 2023	▪ EGM for the Proposals
Mid February 2024	▪ Announcement for final issue price for the Proposed Rights Issue with Free Warrants; and ▪ Announcement of the Entitlement Date for the Proposed Rights Issue with Free Warrants
Early March 2024	▪ Issuance of the Abridged Prospectus
End March 2024	▪ Closing date of the application and acceptance for the Rights Shares
Early April 2024	▪ Listing of and quotation for the Rights Shares and Warrants on the Main Market of Bursa Securities

19 EGM

The EGM, the notice of which is enclosed together with this Circular, will be conducted on a fully virtual basis through live streaming and online remote voting via RPV facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> on Friday, 22 December 2023 at 10.30 a.m., or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions so as to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM and wish to appoint a proxy instead, you are requested to complete and return the relevant Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Registered Office of the Company, not later than 48 hours before the date and time fixed for the EGM or any adjournment thereof. You may also submit the proxy appointment electronically via TIIH Online at <https://tiih.online> before the proxy form submission cut-off time. The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

20 FURTHER INFORMATION

Shareholders of Iconic are requested to refer to the attached Appendix VII of this Circular for further information.

Yours faithfully,
For and on behalf of
ICONIC WORLDWIDE BERHAD

LEOW CHAN KHIANG
INDEPENDENT NON-EXECUTIVE DIRECTOR

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF ICONIC IN
RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION**

EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meanings and expressions as defined in the “Definitions” section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to “we”, “us” or “our” in this IAL are references to MainStreet, being the Independent Adviser for the Proposed Acquisition and Proposed Exemption.

This Executive Summary is intended to provide a brief summary of the pertinent information and recommendation as set out in the IAL. This Executive Summary only highlights the key information from other parts of this IAL. It does not contain all the information that may be important to you. You are advised to read and fully understand this IAL, together with the letter from the Board to the shareholders of Iconic in relation to the Proposals in Part A of the Circular and the accompanying appendices for other relevant information and not rely solely on this Executive Summary in forming an opinion on the Proposed Acquisition, Proposed Rights Issue with Free Warrants and Proposed Exemption.

You are also advised to carefully consider the recommendations and other information contained in the Circular and our IAL before voting on the relevant resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of Iconic.

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

1. Introduction

On 19 September 2022, M&A Securities had, on behalf of the Board, announced that the Company had on the same date entered into the SPA with the Vendors and proposed to undertake the Original Proposals.

On 15 December 2022, M&A Securities had, on behalf of the Board, announced that the Company had resolved to revise the Original Proposals after taking into account inter-alia the intention of the Vendors to receive the Purchase Consideration in cash, as follows:

No	Original Proposals	Revised Proposals
(i)	Proposed Acquisition	Payment of the Purchase Consideration will be settled fully in cash and shall not be effected by way of the Proposed Set-Off under any circumstances. All other terms remain unchanged.
(ii)	Proposed Rights Issue with Free Warrants	Remain unchanged
(iii)	Proposed Exemption	Remain unchanged
(iv)	Proposed Set-Off	Aborted

The Board had also on 15 December 2022 announced that the Company had on even date, entered into a supplemental letter with the Vendors to amend the following terms in respect of the SPA for the acquisition of 100% equity interest in Goldenluck for a cash consideration of RM39.80 million:

- (i) the payment of the Purchase Consideration will be settled fully in cash and shall not be effected by way of the Proposed Set-Off pursuant to Clause 3.3(b) of the SPA under any circumstances; and
- (ii) the definition of “Proposed Set-Off” and item (iv) of the definition of “Proposals” (being the Proposed Set-Off), both under Clause 1.1 of the SPA shall be removed in totality and reading of the SPA shall be interpreted accordingly (i.e. in accordance to the aforementioned removals).

EXECUTIVE SUMMARY (Cont'd)

On 22 March 2023, M&A Securities had, on behalf of the Board, announced that the parties to the SPA have mutually agreed to extend the long stop date of the SPA by 3 months until 18 June 2023 to fulfil the conditions precedent.

On 20 June 2023, M&A Securities had, on behalf of the Board announced that the parties to the SPA have mutually agreed to extend the long stop date of the SPA until 18 September 2023 to fulfil the conditions precedent.

Subsequently, on 12 September 2023, M&A Securities had, on behalf of the Board announced that the parties to the SPA have mutually agreed to further extend the long stop date of the SPA until 18 December 2023 to fulfil the conditions precedent.

The Proposed Acquisition is deemed as a related-party transaction pursuant to paragraph 10.08 of the Listing Requirements in view that Dato' Seri Tan Kean Tet (Executive Chairman) and Tan Seok Ying (Executive Director) are the Vendors of the Sale Shares under the Proposed Acquisition.

In conjunction with the Proposed Rights Issue with Free Warrants, the Company has procured the Undertakings and will make the Underwriting Arrangement in meeting the Minimum Subscription Level under the Minimum Scenario.

Pursuant to subparagraphs 4.01(a) and 4.01(b) of the Rules, a mandatory offer shall apply to an acquirer where the acquirer acquires more than 33% of the voting shares or voting rights of the company or the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of six (6) months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company respectively.

Based on the maximum potential holdings of Dato' Seri Tan Kean Tet and his PACs in Iconic as illustrated in **Section 12.1 of this IAL**, there are three (3) different scenarios which may lead to the trigger of the Mandatory Offer as set out below:

(i) Collective trigger by Dato' Seri Tan Kean Tet and his PACs under the Minimum Scenario

The collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic may increase—

- beyond 33%, from 26.33% to 48.78% of the enlarged issued share capital of Iconic upon completion of the Proposed Rights Issue with Free Warrants; and
- by more than 2%, from 48.78% to 53.62% upon the subsequent full exercise of Warrants into new Iconic Shares during the Exercise Period.

Accordingly, there would be a trigger of mandatory offer obligation by Dato' Seri Tan Kean Tet and his PACs pursuant to subparagraphs 4.01(a) and 4.01(b) of the Rules upon completion of the Proposed Rights Issue with Free Warrants and upon the subsequent full exercise of Warrants respectively.

(ii) Individual trigger by Dato' Seri Tan Kean Tet under the Minimum Scenario

The individual shareholdings of Dato' Seri Tan Kean Tet in Iconic may increase—

- from 11.92% to 31.76% of the enlarged issued share capital of Iconic upon completion of the Proposed Rights Issue with Free Warrants; and
- beyond 33%, from 31.76% to 36.03% upon the subsequent full exercise of Warrants into new Iconic Shares during the Exercise Period.

EXECUTIVE SUMMARY (Cont'd)

The direct shareholdings of Dato' Seri Tan Kean Tet in Iconic including his shareholdings held via Legacy 888 Sdn Bhd pursuant to the Single Entity Concept will potentially increase—

- from 13.34% to 32.39% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares; and
- beyond 33%, from 32.39% to 36.49% upon the subsequent exercise of Warrants into new Iconic Shares during the Exercise Period.

Based on the above, Dato' Seri Tan Kean Tet is then obliged to undertake the Mandatory Offer pursuant to subparagraph 4.01(a) of the Rules upon the subsequent full exercise of Warrants.

(iii) Collective trigger by Dato' Seri Tan Kean Tet and his PACs under the Maximum Scenario

In the event that no other shareholders of Iconic except Dato' Seri Tan Kean Tet and his PACs exercise their Warrants into new Iconic Shares during the Exercise Period, the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic may increase beyond 33%, from 26.33% to 34.05% upon the subsequent exercise of all Warrants by Dato' Seri Tan Kean Tet and his PACs.

Accordingly, there would be a trigger of mandatory offer obligation by Dato' Seri Tan Kean Tet and his PACs pursuant to subparagraph 4.01(a) of the Rules upon the subsequent exercise of all Warrants by Dato' Seri Tan Kean Tet and his PACs.

As it is not the intention of Dato' Seri Tan Kean Tet and his PACs to undertake the Mandatory Offer, they intend to make an application to the SC to seek the SC's approval for the Proposed Exemption subject to the Company obtaining the approval of the non-interested shareholders of Iconic for the Proposals.

The Board (save for the Interested Directors) had on 19 September 2022 appointed MainStreet to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of Iconic in respect of the Proposed Acquisition (pursuant to Rule 10.08 of the Listing Requirements) and the Proposed Exemption (pursuant to subparagraph 4.08(3)(g) of the Rules). Subsequently, MainStreet had on 20 September 2022 and 21 September 2022 declared its independence to the SC to act as the Independent Adviser for the Proposed Exemption.

The SC had on 5 October 2023 given its notification that it has no further comments to the content of this IAL pertaining to the Proposed Exemption and such notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL.

As each component of the Proposals is inter-conditional upon one another, our evaluation would also encompass the evaluation of the Proposed Rights Issue with Free Warrants in order to provide the non-interested Directors and non-interested shareholders of Iconic with a holistic view of the fairness and reasonableness of the Proposals.

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2. Evaluation of the Proposals

Area of evaluation	MainStreet's comments
Rationale for the Proposals	<p>(i) Proposed Acquisition</p> <p>We note that the Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in acquiring suitable land to be included in the Group's landbank and to enlarge its property development portfolio in order to sustain the profitability of its property development business moving forward.</p> <p>We also note that the Company is currently in the midst of deliberating on the development plan for the Subject Land, and it is the Board's intention to undertake residential development on the Subject Land after the completion of the Proposed Acquisition. However, the Company is unable to disclose in detail on the intended development on the Subject Land or ascertain the expected timeline for its finalisation as the said plan is still under preliminary study stage at this juncture.</p> <p>Considering that the Subject Land is located in a strategic location in Penang Island with good growth potential, the Board is optimistic of the prospects of the Proposed Acquisition which is expected to contribute to the Group's future earnings when the Subject Land is developed. As a result of potential contribution in earnings, the shareholders value will also be enhanced accordingly.</p> <p>Please refer to Section 6.1 of the IAL for further details.</p> <p>(ii) Proposed Rights Issue with Free Warrants</p> <p>We note that the Proposed Rights Issue with Free Warrants is intended to raise the required funds for the proposed utilisation which include, amongst others, the partial repayment of bank borrowings and full settlement of the Purchase Consideration.</p> <p>As stated in Section 5.2, Part A of the Circular, the Board is of the opinion that the Proposed Rights Issue with Free Warrants is a more appropriate avenue of fund raising as compared to bank borrowings and private placements.</p> <p>Our comments on the rationale for the Proposed Rights Issue with Free Warrants are set out below:</p> <p>(1) Strengthening the financial position and capital base of the Iconic Group</p> <p>The Company expects to raise at least RM60.00 million under the Minimum Scenario and up to RM95.60 million (before any subsequent exercise of the Warrants) under the Maximum Scenario.</p> <p>The Proposed Rights Issue with Free Warrants would strengthen the Iconic Group's financial position and capital base through increase in capital, reduced gearing level, as well as the improved pro forma NA, which would provide the Group with better financial footing.</p>

Area of evaluation	MainStreet's comments
	<p>This will in turn provide the Iconic Group with greater financial flexibility in the event the Group needs to source for additional funds and/or gear up in the future to fund its business expansion and/or any potential investment opportunities in the future.</p> <p>(2) Conserving cash reserve for capital requirement of the Group</p> <p>As at the LPD, the cash and cash equivalents balance of the Group stood at RM1.69 million, which will be used for its working capital requirements.</p> <p>Besides the working capital requirement of the Group for its day-to-day operations, we note that the Group is expected to incur major expenditure in relation to the following:</p> <ul style="list-style-type: none"> • a new development project in the northern region expected to be launched by the end of FYE 2024; • the testing and commissioning of the remaining six (6) glove production lines; and • purchase of raw materials and consumables required for the production of rubber gloves. <p>Based on the above, it appears that the Group will not have readily available excess cash that it could use to fund (either partially or fully) the Proposed Acquisition via its cash reserves. In this regard, fund raising via equity seems to be the most appropriate avenue at this juncture.</p> <p>(3) Potential impact to the cost of capital and gearing level of the Group</p> <p>We have assessed the following pro forma changes in the weighted average cost of capital ("WACC") and the gearing of the Iconic Group based on the following scenarios:</p> <ul style="list-style-type: none"> (i) the issuance of Rights Shares upon completion of the Proposed Rights Issue with Free Warrants under the Maximum Scenario ("Rights Issue with Warrants Scenario"); (ii) the issuance of Rights Shares upon completion of the Proposed Rights Issue with Free Warrants under the Maximum Scenario and assuming full exercise of the Warrants ("Rights Issue with Warrants Exercised Scenario"); and (iii) assuming the Iconic Group uses borrowings to raise up to RM56.42 million, being the proceeds earmarked for the Proposed Acquisition and working capital ("Debt Funding Scenario").

Area of evaluation	MainStreet's comments
	<p>The WACC of the Group will be lower under the Debt Funding Scenario as compared to the Rights Issue with Warrants Scenario and the Rights Issue with Warrants Exercised Scenario, mainly due to the lower cost of debt as compared to the cost of equity as well as the tax shield on interest expense incurred for the bank borrowings.</p> <p>Notwithstanding this, we are of the view that the decision of the Company to raise funds via the Proposed Rights Issue with Free Warrants is reasonable and in the interest of the Company as opposed to the option of raising fund under the Debt Funding Scenario in view of the improvement in gearing level (i.e. from 1.48 times as at LPD to 0.32 times under the Rights Issue with Warrants Scenario and 0.22 times under the Rights Issue with Warrants Exercised Scenario) and thereby providing greater financial flexibility to the Group as well as the annual interest savings of up to RM1.96 million from the partial repayment of bank borrowings and additional RM3.00 million which would otherwise be incurred under the Debt Funding Scenario.</p> <p>(4) Providing an opportunity to all Entitled Shareholders to participate in an equity offering in the Company on a pro-rata basis without diluting shareholders equity interest</p> <p>The Proposed Rights Issue with Free Warrants represents an opportunity for all Entitled Shareholders to further increase their equity participation in the Iconic Group's future growth and prospects on a pro-rata basis as compared to other fund-raising options that may not be offered to all Entitled Shareholders and thus may have a dilutive impact to the equity interest of shareholders provided that all Entitled Shareholders subscribe in full for their respective entitlements.</p> <p>However, assuming that only Dato' Seri Tan Kean Tet and his PACs subscribe for the Proposed Rights Issue with Free Warrants and the Underwriting Arrangement materialise on the Minimum Subscription Level, your collective shareholdings could potentially be diluted from 73.67% to 32.67% after the Proposed Rights Issue with Free Warrants, and further diluted to 23.83% after the full exercise of the Warrants.</p> <p>Entitled Shareholders are able to further increase their equity participation in the Group's future growth and prospects at a discount ranging from 5.00% to 25.00% to the TERP of Iconic Shares based on the 5 Day volume weighted average market price ("VWAMP") prior to the price-fixing date.</p> <p>The free Warrants attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares while providing additional funds to the Iconic Group, through the subsequent exercise of the Warrants. Further, the Warrants will allow the Entitled Shareholders to either further increase their equity participation in the Iconic Group by exercising the Warrants or monetise the Warrants via disposal in the open market.</p> <p>Please refer to Section 6.2 of the IAL for further details.</p>

Area of evaluation	MainStreet's comments
	<p>(iii) Rationale for the Proposed Exemption</p> <p>Pursuant to subparagraphs 4.01(a) and 4.01(b) of the Rules, a mandatory offer shall apply to an acquirer where the acquirer acquires more than 33% of the voting shares or voting rights of the company or the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of six (6) months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company respectively.</p> <p>Based on the maximum potential holdings of Dato' Seri Tan Kean Tet and his PACs in Iconic as illustrated in Section 12.1 of this IAL, there are three (3) different scenarios which may lead to the trigger of the Mandatory Offer as set out in Section 1 of this IAL.</p> <p>As it is not the intention of Dato' Seri Tan Kean Tet and his PACs to undertake the Mandatory Offer, they intend to make an application to the SC to seek the SC's approval for the Proposed Exemption subject to the Company obtaining the approval of the non-interested shareholders of Iconic for the Proposals.</p> <p>Given that the Proposed Acquisition, Proposed Rights Issue with Free Warrants and the Proposed Exemption are inter-conditional upon one another, the approval of the Proposed Exemption is crucial to ensure the successful implementation of the Proposed Acquisition and Proposed Rights Issue with Free Warrants. Similarly, if any component of the Proposals is not approved, the entire Proposals will not go through.</p> <p>If the Proposed Exemption is not approved, the Proposed Acquisition and Proposed Rights Issue with Free Warrants will not be implemented and consequently Iconic will not be able to realise the potential benefits from the Proposed Acquisition and Proposed Rights Issue with Free Warrants.</p> <p>Please refer to Section 6.3 of the IAL for further details.</p> <p>Premised on the above, we are of the view that the rationale for the Proposals is reasonable.</p>
Evaluation of the Proposed Acquisition	<p>(i) Basis and justification of arriving at the Purchase Consideration</p> <p>We note that the Purchase Consideration was arrived at on a willing buyer-willing seller basis and after taking into consideration the following:</p> <ul style="list-style-type: none"> the valuation of the Subject Land of RM45.70 million as ascribed by Henry Butcher. We have assessed the valuation of the Subject Land by Henry Butcher and are of the view that the valuation methodology, selected comparables and adjustment factors applied by Henry Butcher are reasonable. Furthermore, the valuation methodology is appropriately applied and consistent with generally applied valuation methodologies for property valuations. As such, we are satisfied with and have relied on the valuation of the Subject Land as conducted by Henry Butcher;

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<ul style="list-style-type: none"> the audited NA of Goldenluck as at 30 June 2022 of approximately RM44.25 million; and the prospects of the Subject Land as set out in Section 6.5, Part A of the Circular. <p>We are of the opinion that the asset-based valuation method using adjusted NA is the most suitable valuation methodology to be used for the valuation of Goldenluck based on the following justifications:</p> <ul style="list-style-type: none"> Goldenluck is predominantly an asset-based company. Goldenluck is principally involved in property investment and currently owns the Subject Land as its sole major asset. The Subject Land constitutes approximately 99.96% of Goldenluck's total assets as at 30 June 2023; We note that no tax on the surplus of the revaluation of Subject Land had been recognised in Goldenluck's financial statements for financial year ended 30 June ("FYE 30 June") 2022 (i.e. when the revaluation surplus was first recognised in the financial statements, pursuant to the valuation conducted in May 2022) and FYE 2023 as Goldenluck did not generate any income for both FYEs 30 June 2022 and 2023; We are unable to apply earnings-based valuation methodologies as Goldenluck did not generate any revenue for the past four (4) financial years from FYE 30 June 2019 to FYE 30 June 2023 and Goldenluck's business is not expected to have any consistent or predictable cashflow in the immediate term; and Based on Goldenluck's accounting policies as at 30 June 2023, Goldenluck recorded its assets at their respective fair values. <p>As at LPD, there is no indication that any of the assets may be impaired. The non-current asset of Goldenluck comprises only the Subject Land which has been recently revalued. Based on the updated valuation by Henry Butcher as at 1 August 2023, there is no change in the market value of the Subject Land of RM45.70 million. The current assets owned by Goldenluck comprise tax recoverable and cash and cash equivalents of which the carrying value approximates their fair value. As such, we are of the view that none of the assets of Goldenluck requires any impairment.</p> <p>Based on the audited NA of Goldenluck as at 30 June 2023 which has incorporated the market value of the Subject Land of RM45.70 million and adjusted for the deferred tax on revaluation surplus, the adjusted NA of Goldenluck is RM40.09 million.</p> <p>We are of the view that the Purchase Consideration is fair and reasonable as it represents a discount of RM0.29 million or 0.74% to the adjusted NA of Goldenluck as at 30 June 2023 of RM40.09 million.</p> <p>Please refer to Section 7.1 of this IAL for further details.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<p>(ii) Evaluation of the salient terms of the SPA</p> <p>We have reviewed the SPA, which includes its salient terms and conditions as set out in Appendix I of the Circular. We are of the opinion that the SPA is based on normal commercial terms and therefore we are of the view that they are fair and reasonable and are not detrimental to the non-interested shareholders of Iconic.</p> <p>Please refer to Section 7.2 of this IAL for further details.</p>
Evaluation of the issue price of the Rights Shares and the exercise price of the Warrants	<p>Based on our evaluation, we note that the indicative issue price of RM0.0850 per Rights Share represents:</p> <ul style="list-style-type: none"> (i) a discount of RM0.0104 (10.90%) to the TERP based on the last traded price of Iconic Shares as at the LTD; (ii) a discount of RM0.0103 (10.81%) to the TERP based on the five (5)-day VWAMP up to the LTD; (iii) a discount of RM0.0023 (2.63%) to the TERP based on the last traded price of Iconic Shares as at the LPD; (iv) a discount ranging from RM0.0024 to RM0.0054 (2.75% to 5.97%) to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD; and (v) a steep discount of RM0.215 (71.67%) to the unaudited NA per Iconic Share as at 30 September 2023 of RM0.30 and steep discounts of RM0.065 and RM0.045 (43.33% and 34.62%) to the pro forma consolidated NA per Iconic Share as at 30 September 2023 under the Minimum Scenario and Maximum Scenario of RM0.15 and RM0.13, respectively. <p>In our evaluation of the issue price of the Rights Shares, we are of view that a period of not more than six (6) months up to the LPD is a reasonable assessment period as it reflects the most recent market transactions and market prices of Iconic Shares and accordingly, the current market sentiments.</p> <p>We are of the view that the Board's intention for the price-fixing of the issue price of the Rights Share at a range of discount between 5.00% to 25.00% to the TERP of Iconic Shares and the abovementioned discounts represented by the Indicative Issue Price are reasonable for a rights issue exercise as they serve to increase the pricing attractiveness of the Rights Shares and in turn encourage the Entitled Shareholders and/or their renounees to participate in the Proposed Rights Issue with Free Warrants on a pro-rata basis.</p> <p>Although the abovementioned discounts also enable Dato' Seri Tan Kean Tet and his PACs to increase their shareholdings in Iconic and trigger Mandatory Offer obligation (via subscription by the Undertakings) in Iconic at a discounted price, the shareholdings of the Undertaking Shareholders will only increase in the event that there are remaining Rights Shares which are not fully subscribed by the other Entitled Shareholders at their own discretion.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<p>Should all the remaining Rights Shares be subscribed for by the other Entitled Shareholders and/or their renouncee(s), the collective percentage of shareholdings of Dato' Seri Tan Kean Tet and his PACs will remain unchanged. In this respect, Dato' Seri Tan Kean Tet and his PACs do not gain any advantage or additional entitlement over the non-interested shareholders of Iconic.</p> <p>Hence, the Proposed Exemption is only intended to ensure that the Proposed Rights Issue with Free Warrants will successfully raise the funding required by the Company for its intended utilisation of proceeds as set out in Section 3.8, Part A of the Circular and would not result in any dilution to the non-interested shareholders unless they forego, renounce or sell their rights entitlement to the Proposed Rights Issue with Free Warrants.</p> <p>We are of the opinion that the above basis of arriving at the final issue price for the Rights Shares to be determined by the Board is reasonable taking into consideration the following factors:</p> <ul style="list-style-type: none"> the funding requirements of the Group and the proposed utilisation of the proceeds arising from the Proposed Rights Issue with Free Warrants as discussed in Section 3.8, Part A of the Circular; the effects of the Proposals as set out in Section 9 of this IAL; and all shareholders of Iconic are entitled to participate in the Proposed Rights Issue with Free Warrants on the same terms and basis. <p>The exercise price of the Warrants will be determined and announced by the Board at a later date. In any event, the exercise price of the Warrants shall be fixed at a discount range of between 20.00% to 40.00% to the TERP based on the 5D-VWAMP of Iconic Shares up to and including the price fixing date. Based on the indicative exercise price of the Warrants of RM0.0700, it represents:</p> <ol style="list-style-type: none"> a discount of RM0.0254 (26.62%) to the TERP based on the last traded price of Iconic Shares as at the LTD; a discount of RM0.0253 (26.55%) to the TERP based on the five (5)-day VWAMP up to the LTD; a discount of RM0.0173 (19.82%) to the TERP based on the last traded price of Iconic Shares as at the LPD; and a discount ranging from RM0.0174 to RM0.0204 (19.91% to 22.57%) to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD. <p>In our evaluation of the exercise price of the Warrants, we also view the period of not more than six (6) months up to the LPD a reasonable assessment period as it reflects the current market sentiments.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<p>The Warrants will have a theoretical value of RM0.05 per Warrant based on the Trinomial option pricing model. As the Warrants are to be issued for free, the theoretical value of the Warrants, if the Warrants are realised for a value, would effectively add to the discount of the indicative issue price of the Rights Shares which translates to a total discount of approximately RM0.0359 or 40.98% to the TERP of RM0.0876, based on the 5D-VWAMP of Iconic Shares up to and including the LPD. Further, the subsequent exercise of the Warrants will strengthen the shareholders' funds of Iconic.</p> <p>Based on the above, we are of the view that the above basis of arriving at the final exercise price of the Warrants to be determined by the Board is reasonable.</p> <p>Please refer to Section 8 of the IAL for further details.</p>
Effects of the Proposals	<p>We set out below are our comments on the pro forma effects of the Proposals:</p> <p>(1) Issued share capital</p> <p>We note that the Proposed Exemption, on a standalone basis, will not have any effect on the issued share capital, NA per Iconic Share, gearing level, losses and loss per share ("LPS") as well as the substantial shareholders' structure of the Iconic Group. However, in view of the inter-conditionality of each component of the Proposals, the Proposed Acquisition and Proposed Rights Issue with Free Warrants will not proceed without the Proposed Exemption.</p> <p>The Proposed Acquisition and Proposed Exemption will not have any effect on the issued share capital of Iconic.</p> <p>Upon completion of the Proposed Rights Issue with Free Warrants, the issued share capital will increase from RM148.39 million comprising 562.35 million Iconic Shares as at the LPD to RM180.16 million comprising 1,268.24 million Iconic Shares based on the Minimum Scenario and RM206.50 million comprising 1,687.06 million Iconic Shares based on the Maximum Scenario.</p> <p>Assuming the full exercise of the Warrants, the issued share capital will increase further to RM241.33 million comprising 1,738.82 million Iconic Shares under the Minimum Scenario and RM296.48 million comprising 2,436.86 million Iconic Shares under the Maximum Scenario.</p>

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Area of evaluation	MainStreet's comments																																								
	<p>(2) NA and gearing</p> <p>The increase in the number of Iconic Shares to be issued pursuant to the Proposed Rights Issue with Free Warrants and the utilisation of proceeds will have the following effects on the pro forma consolidated NA, the NA per Iconic Share and gearing of the Iconic Group:</p> <p><u>Minimum Scenario</u></p> <table><tr><th></th><th>Shareholders' equity / NA (RM' million)</th><th>NA per Share (RM)</th><th>Gearing ratio (times)</th></tr><tr><td>Unaudited as at 30 September 2023</td><td>167.26</td><td>0.30</td><td>0.58</td></tr><tr><td>(I): After the Proposed Rights Issue with Free Warrants</td><td>227.26</td><td>0.18</td><td>0.43</td></tr><tr><td>(II): After (I) and completion of Proposed Acquisition and utilisation of proceeds</td><td>225.76</td><td>0.18</td><td>0.37</td></tr><tr><td>(III): After (II) and assuming full exercise of Warrants</td><td>258.70</td><td>0.15</td><td>0.33</td></tr></table> <p><u>Maximum Scenario</u></p> <table><tr><th></th><th>Shareholders' equity / NA (RM' million)</th><th>NA per Share (RM)</th><th>Gearing ratio (times)</th></tr><tr><td>Unaudited as at 30 September 2023</td><td>167.26</td><td>0.30</td><td>0.58</td></tr><tr><td>(I): After the Proposed Rights Issue with Free Warrants</td><td>262.86</td><td>0.16</td><td>0.37</td></tr><tr><td>(II): After (I) and completion of Proposed Acquisition and utilisation of proceeds</td><td>261.36</td><td>0.15</td><td>0.23</td></tr><tr><td>(III): After (II) and assuming full exercise of Warrants</td><td>313.85</td><td>0.13</td><td>0.19</td></tr></table> <p>(3) Losses and LPS</p> <p>The Proposed Rights Issue with Free Warrants will result in an immediate reduction in the Company's consolidated LPS as a result of the increase in the number of Iconic Shares in issue upon completion of the Proposed Rights Issue with Free Warrants. The extent of immediate reduction of the LPS, if any, is dependent on the actual number of Rights Shares to be issued.</p> <p>Assuming the Proposed Rights Issue with Free Warrants had been effected in six (6)-month FPE 30 September 2023, the pro forma LPS after the issuance of the Rights Shares and assuming full exercise of the Warrants would decrease from 1.61 sen to 0.61 sen under Minimum Scenario and 0.43 sen under Maximum Scenario.</p>		Shareholders' equity / NA (RM' million)	NA per Share (RM)	Gearing ratio (times)	Unaudited as at 30 September 2023	167.26	0.30	0.58	(I): After the Proposed Rights Issue with Free Warrants	227.26	0.18	0.43	(II): After (I) and completion of Proposed Acquisition and utilisation of proceeds	225.76	0.18	0.37	(III): After (II) and assuming full exercise of Warrants	258.70	0.15	0.33		Shareholders' equity / NA (RM' million)	NA per Share (RM)	Gearing ratio (times)	Unaudited as at 30 September 2023	167.26	0.30	0.58	(I): After the Proposed Rights Issue with Free Warrants	262.86	0.16	0.37	(II): After (I) and completion of Proposed Acquisition and utilisation of proceeds	261.36	0.15	0.23	(III): After (II) and assuming full exercise of Warrants	313.85	0.13	0.19
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EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<p>The Proposed Rights Issue with Free Warrants is expected to contribute to the future earnings of Iconic Group as the proceeds to be raised from the Proposed Rights Issue with Free Warrants will be mainly to: (i) enlarge the Group's property development portfolio via the Proposed Acquisition; (ii) reduce the indebtedness of the Group and (iii) finance the working capital for the Group's PPE business.</p> <p>(4) Substantial shareholders' shareholdings</p> <p>Under the Minimum Scenario, the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic will increase from 26.33% to 48.78% upon completion of the Proposed Rights Issue with Free Warrants, and further increase to 53.62% after the full exercise of the Warrants.</p> <p>In the event that no other shareholders of Iconic except Dato' Seri Tan Kean Tet and his PACs exercise their Warrants into new Iconic Shares during the Exercise Period under the Maximum Scenario, the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic will remain at 26.33% upon completion of the Proposed Rights Issue with Free Warrants, and then increase to 34.05% upon the subsequent exercise of all Warrants by Dato' Seri Tan Kean Tet and his PACs.</p> <p>However, in the event that all the Entitled Shareholders fully exercise their Warrants during the Exercise Period under the Maximum Scenario, the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic will remain at 26.33% after the full exercise of the Warrants.</p> <p>Premised on the evaluation above, we are of the view that the overall effects of the Proposals are not detrimental to the interest of the non-interested shareholders of Iconic.</p> <p>Please refer to Section 9 of the IAL for further details.</p>
Economic outlook, industry overview and prospects of the Iconic Group	<p>As China reopens its borders and eases domestic restrictions sooner than expected since 8 Jan 2023, Malaysia tourism sector is expected to record a stronger recovery in 2023. Pre-pandemic, Chinese tourists used to contribute to third highest share of inbound tourists in Malaysia but the contribution dropped significantly in 2021 and 2022. Based on past and current trends, the room to grow and recover is significant. This could augur well for the Group which tourism segment has not been performing well for the past four (4) years up to FYE 2023. The contribution, however, may not be significant as the tourism segment only made up 4.10% of the Group's revenue for FYE 2023.</p> <p>With regard to the property business and taking into account the prospects of the Malaysian economy and outlook of the property market in Malaysia and Penang as set out in Section 6, Part A of the Circular, the Board expects the property development projects to be undertaken on the Subject Land to contribute positively to the Group's financial performance in the future.</p> <p>The Proposed Acquisition is in line with the Group's plan to expand its land bank for its strategic growth and future expansion plan, which would strengthen Iconic's position and market presence in property development.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<p>Given the good location, easy accessibility and the surrounding development of the Subject Land, we note that the subsequent development is expected to contribute positively to the earnings of the Iconic Group in the longer term.</p> <p>Nonetheless, we wish to highlight that the future property development plans to be undertaken by the Company are subject to uncertainties which are not within the Board's control such as changes in market conditions, changes in Government policies, changes in interest rates and changes in the global economic conditions. The occurrence of any of such events may materially impact the Group's operations and affect the Iconic Group's ability to implement the property development plans for the Subject Land within a reasonable timeframe or such plans may not achieve the expected results.</p> <p>Please refer to Section 10 of the IAL for further details.</p>
Risk factors of the Proposed Acquisition	<p>In evaluating the Proposed Acquisition, you should carefully consider the risk factors as set out in Section 7, Part A of the Circular. In particular, the risk of failure to rezone the Subject Land which could– (i) limit the growth potential of the Subject Land; (ii) leave the Group with a parcel of idle land without the rezoning approval as the Proposed Acquisition is not reversible once completed; (iii) render the Group not being able to achieve its plan to strengthen its position and market presence in property development via the Proposed Acquisition; and (iv) lead the Group to dispose of the Subject Land at a loss. As a result, the Company's share price could also be adversely impacted.</p> <p>Notwithstanding the above, we note that the Group will submit the rezoning application soonest possible after the Proposed Acquisition and shall use their best endeavours to comply with the submission requirements so that the chances of non-approval of the rezoning application would be remote. In the event the initial application is rejected, Iconic will resubmit fresh application with necessary modifications, as many as required, until approval for rezoning of the Subject Land is granted. We have also taken note of BYG's opinion that the application for rezoning of the Subject Land is in good standing to be approved by the Penang State Planning Committee taking into consideration similar cases of rezoning of the various parcels of land in the vicinity of the Subject Land had been preceded.</p> <p>We take cognisance that the Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in acquiring suitable land to be included in the Group's landbank and to enlarge its property development portfolio to sustain the profitability of its property development business which has been the highest PBT contributor to the Group for the last four (4) financial years up to FYE 2023. Therefore, our view is that the long-term benefits from the Proposed Acquisition are expected to outweigh the cost and associated risks. Further, the increased participation of one of the Vendors namely Dato' Seri Tan Kean Tet (together with his PACs as the potential controlling shareholders of Iconic) by virtue of the increase in their collective shareholdings upon the subsequent full exercise of Warrants (from 26.33% to 53.62% under Minimum Scenario) reaffirms his commitment to the success of the Iconic Group.</p> <p>On an overall basis, we note that the non-interested Directors have exercised and will continue to exercise due care in considering the potential risks and benefits associated with the Proposed Acquisition.</p>

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<p>Notwithstanding the above, we wish to highlight that although efforts and measures would be taken by Iconic to mitigate the risk associated with the Proposed Acquisition, no assurance can be given that one or combination of risk factors will not occur and give rise to material and adverse impact on the business and operations of the Iconic Group, its competitiveness, financial performance, financial position or prospects thereon.</p> <p>In evaluating the Proposed Acquisition, non-interested shareholders of Iconic should carefully consider the said risk factors and their respective mitigating factors prior to voting on the resolutions pertaining to the Proposals at the forthcoming EGM of Iconic. Non-interested shareholders of Iconic should also note that the risk factors mentioned therein are not meant to be exhaustive.</p> <p>Please refer to Section 11 of the IAL for further details.</p>
Implications of the Proposed Exemption	<p>As disclosed in Section 2.7, Part A of the Circular, Iconic Group expects to incur additional financial commitment to develop the Subject Land upon completion of the Proposed Acquisition. The additional financial commitment will include, amongst others, construction costs, infrastructure works, professional adviser fees and project management costs. For the avoidance of doubt, the development costs for the Subject Land can only be determined after finalisation of the development plan. The development costs will be funded via a combination of bank borrowings, internally generated funds and potential equity fundraising exercises, the exact quantum of which, will be determined by the Board at a later stage, depending on the cost of funding and the Group's cash requirements at material time.</p> <p>(i) If you vote in favour of the Proposed Exemption</p> <ul style="list-style-type: none"> • The SC would be able to consider the application for the Proposed Exemption. The approval from the SC for the Proposed Exemption would then exempt Dato' Seri Tan Kean Tet and his PACs from the obligation to undertake the Mandatory Offer. • The shareholding limit to be established for the Proposed Exemption will be based on the actual number and percentage of voting rights that Dato' Seri Tan Kean Tet and his PACs individually and/or collectively will hold upon completion of the Proposed Rights Issue with Free Warrants, and assuming that Dato' Seri Tan Kean Tet and his PACs fully exercise their entitled Warrants ("Exemption Limit"). <p>Any further acquisition by Dato' Seri Tan Kean Tet and his PACs exceeding the Exemption Limit would be subject to the mandatory offer obligation if the percentage shareholdings of the potential controlling shareholders increased to over 33% or, if already over 33%, by more than 2% in any six (6)-month period.</p> <p>In the event Dato' Seri Tan Kean Tet and his PACs acquire further voting shares after the date of issue of the Warrants, the Proposed Exemption will only apply to the exercise of Warrants such that the number of Iconic Shares issued, when added to the further voting rights acquired, do not exceed the Exemption Limit to be determined upon completion of the Proposed Rights Issue with Free Warrants.</p>

Area of evaluation	MainStreet's comments
	<ul style="list-style-type: none"> In the event the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs increase to above 50% upon completion of the Proposed Acquisition and Proposed Rights Issue with Free Warrants, any further increase in their collective shareholdings in Iconic would not trigger a Mandatory Offer obligation unless any member of the PACs increases their individual shareholdings in Iconic to more than 33% (who hold less than 33%) or by more than 2% in any period of six (6) months (when their shareholdings in Iconic were already more than 33% but not more than 50% during that six (6) months period), unless an exemption is granted by the SC. <p>However, should their shareholdings remain below 50% upon completion of the Proposed Acquisition and Proposed Rights Issue with Free Warrants, Dato' Seri Tan Kean Tet and his PACs would still need to comply with subparagraph 4.01(b) of the Rules in the future in the event their shareholdings increase by more than two percent (2%) in any six (6) months period, unless an exemption from the Mandatory Offer obligation is obtained under the Rules.</p> <ul style="list-style-type: none"> Your approval of the Proposed Exemption will imply that you have agreed to waive your rights and exempt Dato' Seri Tan Kean Tet and his PACs from the obligation to undertake the Mandatory Offer (which shall be no lower than the highest price paid by Dato' Seri Tan Kean Tet and his PACs for the Iconic Shares in the past six (6) months before the incurrence of such obligation to undertake the Mandatory Offer). Should the Proposed Exemption be approved by the non-interested shareholders of Iconic, it does not in any way affect the rights of the Entitled Shareholders and/or their renouncee(s) to participate in the Proposed Rights Issue with Free Warrants on the same terms as all shareholders of Iconic. Should you decide not to subscribe for your entitlements pursuant to the Proposed Rights Issue with Free Warrants, <ul style="list-style-type: none"> the collective shareholding of Dato' Seri Tan Kean Tet and his PACs would increase from 26.33% to 48.78% upon completion of the Proposed Rights Issue with Free Warrants, and further increase to 53.62% after the full exercise of the Warrants; and your percentage shareholdings would be diluted from 73.67% to 32.67% after the Proposed Rights Issue with Free Warrants, and further diluted to 23.83% after the full exercise of the Warrants. <p>(ii) If you vote against the Proposed Exemption</p> <ul style="list-style-type: none"> The SC would not be able to consider the application by Dato' Seri Tan Kean Tet and his PACs for the Proposed Exemption. In view of the inter-conditionality of the Proposed Acquisition, Proposed Rights Issue with Free Warrants and Proposed Exemption as set out in Section 10, Part A of the Circular, the Proposed Acquisition and Proposed Rights Issue with Free Warrants will not proceed without the Proposed Exemption.

EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<p>Consequently, Iconic will not be able to realise the potential benefits from the Proposed Acquisition and Proposed Rights Issue with Free Warrants. As at the LPD, other than the Proposed Rights Issue with Free Warrants, the Board has yet to determine other alternatives of fund raising in the event the Proposed Exemption is not approved.</p> <p>Please refer to Section 12 of the IAL for further details.</p>

3. Other information – material litigation

Save for the following, as at the LPD, the Iconic Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Iconic Group and the Board has no knowledge of any proceedings, pending or threatened, against Iconic Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of Iconic Group:

(i) **Iconic Medicare Sdn Bhd (“IMED” or “Defendant”) vs. CeramTec Innovative Ceramic Engineering (M) Sdn Bhd (“CICE” or “Plaintiff”)**

Preamble	: IMED had vide letter from CICE's solicitors, Messrs Fahrol, Pretam & Co dated 20 March 2023, been served with a writ of summons and a statement of claims both dated 13 March 2023 under Seremban Magistrates' Court Civil Suit No. NA-A72NCvC-129-03/2023 by CICE.
Claim	: (a) the judgement sum of RM44,130.00; (b) a 4% interest per annum the judgement sum of RM44,130.00 from the date of judgement up to the date of full settlement of the judgement sum; (c) costs; and (d) such further and/or other relief that the Court deems fit and appropriate.
Counter Claim against CICE	: (a) general damages under para 14 of the Statement of Defence and Counterclaim for RM609,000.00; (b) general damages under para 15 of the Statement of Defence and Counterclaim for USD3,760,000.00; (c) interest; (d) costs; and (e) any other order and/or relief.
Case management	: The pre-trial case management is fixed on 11 December 2023.
Financial and operational impact	: Though the actual quantum of the Counter Claim against CICE is subject to the outcome to be determined by the court, the Board is of the opinion that this suit will have a favourable impact on the future earnings and NA of the Group for FYE 31 March 2024.

The management of IMED is currently working closely with Messrs S. Param & G. Thila on this legal suit to effectively manage it so as to ensure a positive outcome for IMED. Messrs S. Param & G. Thila is of the view that IMED has a fair and arguable case with a reasonable good chance of dismissing the claim by CICE on the basis that CICE had breached the

EXECUTIVE SUMMARY (Cont'd)

contract between the parties due to its inability to meet its commitments to IMED. In addition, Messrs S. Param & G. Thila is of the view that IMED will be successful with the Counter Claim against CICE as all evidence supports a breach of contract by CICE.

(ii) Iconic Medicare Sdn Bhd (“IMED” or “Defendant”) vs Latex Form Sdn Bhd (“Latex Form” or ‘Plaintiff’)

- Preamble** : IMED, a wholly-owned subsidiary of the Company had on 17 August 2023 received a Writ of Summons and Statement of Claim dated 4 August 2023 filed by Messrs Tee Tai Tzian & Sim, the Solicitors acting on behalf of Latex Form.
- Claim** : (a) an outstanding sum of RM11,038,004.00, allegedly being the value of the work carried out by the Plaintiff on six (6) Double Former Glove Dipping machines (“**Glove Machines**”) at the Defendant’s factory;
- (b) damages in the sum of RM1,600,000.00 being the amount lost by the Plaintiff as a result of the said sum being forfeited by their suppliers due to the Defendant terminating the Glove Machine installation contract;
- (c) the Liquidated and Ascertained Damages (“**LAD**”) of RM2,400,000.00 which was paid by the Plaintiff to the Defendant by agreement, to be declared void ab initio and not valid (i.e. void from the beginning);
- (d) the said sum of RM2,400,000.00 being the LAD to be refunded to the Plaintiff;
- (e) interest at 1.5% per month on the sum of RM15,038,004.00 claimed by the Plaintiff from the date of filing of the Writ of Summons until the date of full settlement;
- (f) costs; and
- (g) such further and/or other relief that the Court deems fit and appropriate.
- Counter Claim against Latex Form** : Messrs Presgrave & Matthews had on 5 October 2023 filed a Statement of Defence and a Counterclaim on behalf of IMED. Latex Form however did not file their Reply to Defence by 19 October 2023 (as earlier directed by the court) as they requested for an extension of time of 14 days to do so, which Messrs Presgrave & Matthews did not object to.
- Case management** : The first case management was held on 4 September 2023 via e-review (virtually). The second case management was held on 20 October 2023. The third case management date was fixed on 21 November 2023. Pursuant to the case management held on 21 November 2023, the Court has now fixed the hearing date for the Transfer Application on 26 March 2024 at Shah Alam High Court.
- Financial and operational impact** : Though the actual quantum of the litigation is subject to the outcome to be determined by the court, the Board opines that the quantum of the claim as well as the Counter Claim against Latex Form will be substantial and may have a material impact on the future financial results and NA of the Group. The Board further opines that this litigation is not expected to have any impact on the financial results and NA of the Group for the FYE 31 March 2024 as such legal suits will generally take time and is expected to only be settled at least one (1) year from the LPD.

EXECUTIVE SUMMARY (Cont'd)

The management of IMED is currently working with Messrs Presgrave & Matthews to manage this legal suit in an effective manner. Messrs Presgrave & Matthews is of the opinion that IMED has a fair and arguable case with a reasonable chance of dismissing Latex Form's claim on the basis that Latex Form had fundamentally breached the contract between parties when it failed to complete and deliver four (4) of the Glove Machines whereas the other two (2) of the Glove Machines (which were delivered late), have many issues/defects, which Latex Form had failed to rectify despite numerous requests. In addition, IMED also has a fair and arguable case with a reasonable chance of success in obtaining judgment for the Counter Claim against Latex Form for declaratory reliefs as well as for damages for the various losses and damage suffered totaling more than RM25 million.

Please refer to **Section 11 of Attachment I of the IAL** for further details.

4. Conclusion and recommendation

Our evaluation of the Proposed Exemption was based on parameters as guided by Schedule 2: Part III of the Rules. In accordance with Paragraph 8 of Schedule 2: Part III of the Rules, a holistic approach should be taken in assessing whether the Proposed Exemption is fair and reasonable and whether the shareholders of Iconic should vote for or against the Proposed Exemption.

As the Proposed Exemption is inter-conditional upon all other components of the Proposals, evaluations of Proposed Acquisition and Proposed Rights Issue with Free Warrants are necessary to provide the shareholders of Iconic with a holistic view of the Proposed Exemption. Therefore, our opinion on the fairness and reasonableness of the Proposed Exemption is rendered on a holistic basis.

The Proposed Exemption (if granted by the non-interested shareholders of Iconic and approved by the SC) will allow Iconic to undertake the Proposed Acquisition and the Proposed Rights Issue with Free Warrants (if they are also approved by the non-interested shareholders of Iconic). The following are the advantages and disadvantages of the Proposals for your consideration:

Advantages
(1) The Proposed Acquisition is in line with the Group's strategy to further expand its property development business given that it has been the highest PBT contributor to the Group for the last four (4) financial years (2020: 105.08%, 2021: 109.07%, 2023: 13.09%). In addition, the Proposed Acquisition is expected to provide sustainability to its property development business and to contribute positively towards the Group's overall earnings and shareholders value in the longer term.
(2) The Purchase Consideration represents a discount of RM0.29 million (0.74%) and RM5.90 million (12.91%) to the adjusted NA of Goldenluck as at 30 June 2023 of RM40.09 million and the valuation of the Subject Land of RM45.70 million respectively. This will enable the Group to derive better profit margins from the development of the Subject Land and increase shareholders value in the future.
(3) The Proposed Rights Issue with Free Warrants and Proposed Acquisition will enable the Iconic Group to strengthen the financial position and capital base of the Iconic Group through— <ul style="list-style-type: none">• reduced gearing level from 0.58 times to 0.37 times (under the Minimum Scenario) and 0.23 times (under the Maximum Scenario); and• improved NA from RM167.26 million to RM225.76 million (under the Minimum Scenario) and RM261.36 million (under the Maximum Scenario),

Advantages

upon completion of the Proposed Rights Issue with Free Warrants, Proposed Acquisition and the utilisation of proceeds but prior to the exercise of the Warrants.

Assuming full exercise of the Warrants,

- the gearing ratio will be further reduced to 0.33 times (under the Minimum Scenario) and 0.19 times (under the Maximum Scenario); and
- the NA will increase to RM258.70 million (under the Minimum Scenario) and RM313.85 million (under the Maximum Scenario).

This will in turn provide the Iconic Group with greater financial flexibility in the event the Group needs to source for additional funds and/or gear up to fund its business expansion and/or any potential investment opportunities in the future.

- (4) The Proposed Rights Issue with Free Warrants will provide an opportunity for you to participate in the equity offering in the Company on a pro-rata basis without diluting shareholders' equity interest in Iconic (provided that you subscribe in full for your respective entitlement of the Rights Shares). The proceeds from the Proposed Rights Issue with Free Warrants are expected to contribute positively to the future earnings of the Iconic Group, as part of the proceeds will be utilised towards reducing the Iconic Group's borrowings and thereby reducing the Iconic Group's finance cost. The proceeds will also be utilised to finance the Proposed Acquisition which may contribute positively to the earnings of the Iconic Group in the future.
- (5) You would be able to subscribe for the Rights Shares at the issue price with **discount** to the TERP and be entitled to free Warrants. The indicative issue price of RM0.0850 represents **discounts** ranging from 2.75% to 5.97% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs of Iconic Shares up to the LPD.
- (6) The free Warrants attached to the Rights Shares will provide an added incentive for you to subscribe for the Rights Shares. Through the subsequent exercise of the Warrants, you will be able to further increase your equity participation in Iconic while also providing additional funds to the Iconic Group for additional working capital to finance the Group's day-to-day operations. Alternatively, you will have the option to monetise your Warrants via disposal in the open market.

Disadvantages

- (1) There is no assurance that the Iconic Group will be able to realise the anticipated benefits from the Proposed Acquisition, and the Proposed Acquisition may expose the Iconic Group to the following risks, which are not meant to be exhaustive:
 - (i) Failure to rezone the Subject Land – It is the Board's intention to undertake a residential development project on the Subject Land which requires the Subject Land to be rezoned for residential purpose for compliance with the land use zoning requirement. However, there is no assurance that such rezoning application will be approved by the Penang State Planning Committee. In the event the rezoning application for the Subject Land is not approved, the Group will not be able to realise the expected benefits from the Proposed Acquisition and the Group will end up with an idle land with limited growth potential. While it may be possible to dispose of the Subject Land if circumstances require, there is no assurance that the Group would be

Disadvantages
<p>able to recoup the total costs incurred as the final selling price of the Subject Land is influenced by various factors including the market conditions at the point of transaction. Under both scenarios, the Group's overall financial performance and growth prospects could be adversely impacted. This would be to the disadvantage of the non-interested shareholders; and</p> <p>(ii) Inherent risks in the property development industry, of which the Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, but not limited to, project completion risk, market risk, as well as political, economic and regulatory risks.</p> <p>(2) Should you decide not to subscribe for your entitlements pursuant to the Proposed Rights Issue with Free Warrants, your percentage shareholdings will be diluted accordingly. Depending on your eventual subscription rate of the Rights Shares, the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic under the Minimum Scenario could potentially increase from 26.33% to 48.78% after the Proposed Rights Issue with Free Warrants and further increase to 53.62% after the full exercise of the Warrants. Conversely, your collective shareholding could potentially be diluted from 73.67% to 32.67% after the Proposed Rights Issue with Free Warrants, and further diluted to 23.83% after the full exercise of the Warrants. You should note that these maximum potential holdings of Dato' Seri Tan Kean Tet and his PACs as indicated above are purely illustrative and may not materialise.</p> <p>After the issuance of the Rights Shares and assuming full exercise of the Warrants, Dato' Seri Tan Kean Tet and his PACs will hold approximately 53.62% interest in Iconic. Therefore, Dato' Seri Tan Kean Tet and his PACs will have statutory control over Iconic and as such will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share (unless Dato' Seri Tan Kean Tet and his PACs are required to abstain from voting). Furthermore, Dato' Seri Tan Kean Tet and his PACs will be able to significantly influence the outcome of any special resolution which requires a special majority of at least 75% tabled at general meetings (unless Dato' Seri Tan Kean Tet and his PACs are required to abstain from voting).</p> <p>(3) In the event that the shareholdings of Dato' Seri Tan Kean Tet and his PACs increase to above 50% upon completion of the Proposed Acquisition and Proposed Rights Issue with Free Warrants, subject to the Proposed Exemption being approved, Dato' Seri Tan Kean Tet and his PACs would increase their shareholdings collectively without incurring any further obligation to make a Mandatory Offer.</p> <p>The Proposed Exemption could potentially allow Dato' Seri Tan Kean Tet and his PACs to increase control or obtain control in Iconic at the issue price with a discount ranging from 5.00% to 25.00% to the TERP, without a premium being paid to the non-interested shareholders and be entitled to free Warrants.</p> <p>(4) The issuance of additional Iconic Shares pursuant to the Proposed Rights Issue with Free Warrants and the subsequent exercise of the Warrants are expected to result in a dilution to the unaudited NA per Iconic Share as at 30 September 2023 from RM0.30 to RM0.15 and RM0.13 under the Minimum Scenario and the Maximum Scenario respectively.</p> <p>In addition, for the Entitled Shareholders who do not subscribe for their entitlement of Proposed Rights Shares with Warrants, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Rights Issue will correspondingly be diluted.</p>

EXECUTIVE SUMMARY (Cont'd)

We wish to highlight that the Proposals could potentially allow Dato' Seri Tan Kean Tet and his PACs to increase control or obtain control in Iconic (under the Minimum Scenario, Dato' Seri Tan Kean Tet and his PACs' shareholdings in Iconic would increase to more than 33%) at a discount to the TERP of up to 25.00% despite there being no assurance that Iconic Group will be able to realise the anticipated benefits from the Proposed Acquisition in the event the rezoning approval for the Subject Land is not obtained. Under such scenario, the following would be the likely outcome:

- (i) the Subject Land will have limited growth potential as it will continue to be bound by the existing zoning regulations;
- (ii) the Group will end up owning a parcel of idle land without the residential land use zoning approval as the Proposed Acquisition, once completed, is not reversible;
- (iii) the Group will not be able to realise the anticipated benefits from the Proposed Acquisition and its plan to strengthen its position and market presence in property development; and
- (iv) the Group may have to dispose the Subject Land at a loss as the costs of holding and maintaining the Subject Land might adversely impact the Group's profitability and the final selling price of the Subject Land is influenced by various factors including the market conditions at the point of transaction.

Nonetheless, we also wish to highlight the following:

- (i) the Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in acquiring suitable land to be included in the Group's landbank and to enlarge its property development portfolio to sustain the profitability of its property development business moving forward. We note that the Subject Land is located in Paya Terubong which is presently one of the most sought-after alternative locations for developers to carry out mass high-rise affordable housing developments in Penang Island which supports the Board's intention to undertake residential development on the Subject Land after the completion of the Proposed Acquisition. Considering that the Subject Land is located in a strategic location with good growth potential, we note that the subsequent development of the Subject Land is expected to contribute positively to the earnings of the Iconic Group in the longer term; and
- (ii) based on the letter of opinion by BYG, taking into consideration, among others, similar cases of rezoning of the various parcels of land in the vicinity of the Subject Land had been preceded, BYG is of the view that the rezoning application is in good standing to obtain approval from the Penang State Planning Committee. Furthermore, the Company will endeavour to comply with the submission requirements so that the chances of non-approval of the rezoning application would be remote.

Premised on the factors discussed above and our evaluation of the Proposals on a holistic basis, and based on the information made available to us, we are of the view that the Proposals are **FAIR** and **REASONABLE**. Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolutions in respect of the Proposals to be tabled at the forthcoming EGM of Iconic.

However, the other Entitled Shareholders should take note that should you decide not to subscribe for the Rights Shares, your percentage of shareholdings in the Company will be diluted accordingly. The dilutive effect on the collective shareholdings of the non-interested shareholders of Iconic from 73.67% to 23.83% as stated above would cause a significant transfer of value in the form of:

- **Rights Shares**

- a discount ranging from 2.75% to 5.97% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD; and
- a discount of 71.67% to the unaudited NA per Iconic Share as at 30 September 2023,

based on the indicative issue price of RM0.0850 per Rights Share; and

- **Warrants**

- a discount ranging from 19.91% to 22.57% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD based on the indicative exercise price of RM0.0700 per Warrant;

from the non-participating shareholders to the participating shareholders and it is detrimental to the interest of shareholders who do not subscribe for the Proposed Rights Issue with Free Warrants. Entitled Shareholders who do not take up the Rights Shares will have the opportunity to sell the rights entitlements in the market. However, the price of the rights entitlement may not trade at the intrinsic value* of the Rights Shares.

Note:

* *Intrinsic value = (Stock price - Right subscription price) / Number of rights needed to buy a share*

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders of Iconic. We recommend that any non-interested shareholders of Iconic who require specific advice in relation to the Proposals in the context of their individual investment objectives, financial situation or particular needs, to consult their respective stockbrokers, investment advisers, accountants, solicitors or other professional advisers.

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

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7 December 2023

To: The non-interested directors and non-interested shareholders of Iconic Worldwide Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED DIRECTORS AND NON-INTERESTED SHAREHOLDERS OF ICONIC WORLDWIDE BERHAD IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION

This IAL is prepared for inclusion as Part B in the Circular to the shareholders of Iconic. All definitions used in this IAL shall have the same meanings and expressions as defined in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to "we", "us" or "our" in this IAL are references to MainStreet, being the Independent Adviser for the Proposed Acquisition and Proposed Exemption.

1. INTRODUCTION

On 19 September 2022, M&A Securities had, on behalf of the Board, announced that the Company had on the same date entered into the SPA with the Vendors and proposed to undertake the Original Proposals.

On 15 December 2022, M&A Securities had, on behalf of the Board, announced that the Company had resolved to revise the Original Proposals after taking into account inter-alia the intention of the Vendors to receive the Purchase Consideration in cash, as follows:

No	Original Proposals	Revised Proposals
(i)	Proposed Acquisition	Payment of the Purchase Consideration will be settled fully in cash and shall not be effected by way of the Proposed Set-Off under any circumstances. All other terms remain unchanged.
(ii)	Proposed Rights Issue with Free Warrants	Remain unchanged

No	Original Proposals	Revised Proposals
(iii)	Proposed Exemption	Remain unchanged
(iv)	Proposed Set-Off	Aborted

The Board had also on 15 December 2022 announced that the Company had on even date, entered into a supplemental letter with the Vendors to amend the following terms in respect of the SPA for the acquisition of 100% equity interest in Goldenluck for a cash consideration of RM39.80 million:

- (i) the payment of the Purchase Consideration will be settled fully in cash and shall not be effected by way of the Proposed Set-Off pursuant to Clause 3.3(b) of the SPA under any circumstances; and
- (ii) the definition of “Proposed Set-Off” and item (iv) of the definition of “Proposals” (being the Proposed Set-Off), both under Clause 1.1 of the SPA shall be removed in totality and reading of the SPA shall be interpreted accordingly (i.e. in accordance to the aforementioned removals).

On 22 March 2023, M&A Securities had, on behalf of the Board, announced that the parties to the SPA have mutually agreed to extend the long stop date of the SPA by 3 months until 18 June 2023 to fulfil the conditions precedent.

On 20 June 2023, M&A Securities had, on behalf of the Board announced that the parties to the SPA have mutually agreed to extend the long stop date of the SPA until 18 September 2023 to fulfil the conditions precedent.

Subsequently, on 12 September 2023, M&A Securities had, on behalf of the Board announced that the parties to the SPA have mutually agreed to further extend the long stop date of the SPA until 18 December 2023 to fulfil the conditions precedent.

The Proposed Acquisition is deemed as a related-party transaction pursuant to paragraph 10.08 of the Listing Requirements in view that Dato’ Seri Tan Kean Tet (Executive Chairman) and Tan Seok Ying (Executive Director) are the Vendors of the Sale Shares under the Proposed Acquisition.

In conjunction with the Proposed Rights Issue with Free Warrants, the Company has procured the Undertakings and will make the Underwriting Arrangement in meeting the Minimum Subscription Level under the Minimum Scenario.

Pursuant to subparagraphs 4.01(a) and 4.01(b) of the Rules, a mandatory offer shall apply to an acquirer where the acquirer acquires more than 33% of the voting shares or voting rights of the company or the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of six (6) months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company respectively.

Based on the maximum potential holdings of Dato’ Seri Tan Kean Tet and his PACs in Iconic as illustrated in **Section 12.1 of this IAL**, there are three (3) different scenarios which may lead to the trigger of the Mandatory Offer as set out below:

(i) Collective trigger by Dato’ Seri Tan Kean Tet and his PACs under the Minimum Scenario

The collective shareholdings of Dato’ Seri Tan Kean Tet and his PACs in Iconic may increase—

- beyond 33%, from 26.33% to 48.78% of the enlarged issued share capital of Iconic upon completion of the Proposed Rights Issue with Free Warrants; and
- by more than 2%, from 48.78% to 53.62% upon the subsequent full exercise of Warrants into new Iconic Shares during the Exercise Period.

Accordingly, there would be a trigger of mandatory offer obligation by Dato' Seri Tan Kean Tet and his PACs pursuant to subparagraphs 4.01(a) and 4.01(b) of the Rules upon completion of the Proposed Rights Issue with Free Warrants and upon the subsequent full exercise of Warrants respectively.

(ii) Individual trigger by Dato' Seri Tan Kean Tet under the Minimum Scenario

The individual shareholdings of Dato' Seri Tan Kean Tet in Iconic may increase—

- from 11.92% to 31.76% of the enlarged issued share capital of Iconic upon completion of the Proposed Rights Issue with Free Warrants; and
- beyond 33%, from 31.76% to 36.03% upon the subsequent full exercise of Warrants into new Iconic Shares during the Exercise Period.

The direct shareholdings of Dato' Seri Tan Kean Tet in Iconic (including his shareholdings held via Legacy 888 Sdn Bhd pursuant to the Single Entity Concept) will potentially increase—

- from 13.34% to 32.39% of the enlarged issued share capital of Iconic pursuant to the subscription of the Rights Shares; and
- beyond 33%, from 32.39% to 36.49% upon the subsequent exercise of Warrants into new Iconic Shares during the Exercise Period.

Based on the above, Dato' Seri Tan Kean Tet is then obliged to undertake the Mandatory Offer pursuant to subparagraph 4.01(a) of the Rules upon the subsequent full exercise of Warrants.

(iii) Collective trigger by Dato' Seri Tan Kean Tet and his PACs under the Maximum Scenario

In the event that no other shareholders of Iconic except Dato' Seri Tan Kean Tet and his PACs exercise their Warrants into new Iconic Shares during the Exercise Period, the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic may increase beyond 33%, from 26.33% to 34.05% upon the subsequent exercise of all Warrants by Dato' Seri Tan Kean Tet and his PACs.

Accordingly, there would be a trigger of mandatory offer obligation by Dato' Seri Tan Kean Tet and his PACs pursuant to subparagraph 4.01(a) of the Rules upon the subsequent exercise of all Warrants by Dato' Seri Tan Kean Tet and his PACs.

As it is not the intention of Dato' Seri Tan Kean Tet and his PACs to undertake the Mandatory Offer, they intend to make an application to the SC to seek the SC's approval for the Proposed Exemption under subparagraphs 4.08(1)(b) and 4.08(1)(c) of the Rules subject to the Company obtaining the approval of the non-interested shareholders of Iconic for the Proposals.

In view of the above, the Board (save for the Interested Directors) had on 19 September 2022 appointed MainStreet to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of Iconic in respect of the Proposed Acquisition (pursuant to paragraph 10.08 of the Listing Requirements) and the Proposed Exemption (pursuant to

subparagraph 4.08(3)(g) of the Rules). Subsequently, MainStreet had on 20 September 2022 and 21 September 2022 declared its independence to the SC to act as the Independent Adviser for the Proposed Exemption.

The SC had on 5 October 2023 given its notification that it has no further comments to the content of this IAL pertaining to the Proposed Exemption and such notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

As each component of the Proposals is inter-conditional upon one another, our evaluation would also encompass the evaluation of the Proposed Rights Issue with Free Warrants in order to provide the non-interested Directors and non-interested shareholders of Iconic with a holistic view of the fairness and reasonableness of the Proposals.

The purpose of this IAL is to provide the non-interested Directors and non-interested shareholders of Iconic with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition and Proposed Exemption together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified herein, in relation to the Proposals. The non-interested shareholders of Iconic should nonetheless rely on their own evaluation of the merits of the Proposals before making a decision on the course of action to be taken.

Other than for this intended purpose, this IAL should not be used or relied upon by any other party for any other purpose whatsoever.

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

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

2. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSALS

MainStreet was not involved in the formulation of, deliberations, negotiations or discussion on the terms and conditions of the Proposals. Our scope as the Independent Adviser is to provide comments, opinions, information and recommendation on the Proposals based on the information and documents requested by and provided to us or which are available to us, including the following:

- (i) the information contained in Part A of the Circular and the appendices attached thereto;
- (ii) the valuation certificate and report by Henry Butcher on the Subject Land;
- (iii) the SPA and the supplemental letter with the Vendors to amend certain terms in respect of the SPA;
- (iv) the audited financial statements of Goldenluck for the last four (4) financial years from FYE 30 June 2020 to FYE 30 June 2023 and other relevant information, documents, confirmations and representation furnished to us (both orally and in writing) by the board of directors and management of Goldenluck;

- (v) the audited financial statements of Iconic for the last four (4) financial years from FYE 2020 to FYE 2023 and other relevant information furnished to us (both orally and in writing) by the Board and management of Iconic; and
- (vi) other relevant publicly available information.

In assuming our role as the Independent Adviser and in line with the terms of our appointment, we have relied on the Board and management of Iconic as well as the board of directors and management of Goldenluck to ensure that all relevant facts and information necessary for our evaluation of the Proposals (including the information and/or documents as described above) are reasonable, reliable and accurate and there is no omission of any material facts which would make any information incomplete, misleading or inaccurate.

Nonetheless, we have made all reasonable enquiries and after undertaking reasonableness check and corroborating such information with independent sources, where possible, we are satisfied with the disclosures and the sufficiency of information provided or available to us and we have no reason to believe that any of the information is unreliable, incomplete, misleading and/or inaccurate as at the LPD. To the best of our knowledge, the information is reasonable, accurate, complete and free from material omission which would make any statement in this IAL false or misleading.

In carrying out our evaluation, we have taken into consideration various pertinent factors, which we believe are of general importance to our assessment of the Proposals, and therefore of general concern to the non-interested shareholders of Iconic. In rendering our recommendation, we have not taken into consideration any specific investment objectives, financial situations, risk profiles, tax status or positions, investment horizons and particular needs or constraints or other particular circumstances of any individual non-interested shareholder or any specific group of non-interested shareholders of Iconic. Any non-interested shareholder or group of non-interested shareholders of Iconic who require specific advice in relation to the Proposals should consult your respective stockbroker, investment adviser, accountant, solicitor or other professional advisers immediately.

Our opinion as set out in this IAL is based on the prevailing market, economic, industry and other conditions (where applicable) and the information/documents made available to us as at the LPD. We shall immediately disclose to the SC and notify you immediately, by way of press notice and announcement on Bursa Securities before 9 a.m. on the next market day, pursuant to subparagraph 11.07(3) of the Rules if, after the despatch of this IAL, as guided by subparagraph 11.07(1) of the Rules, we become aware that the information or document previously circulated or provided:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development which will have a material impact on the Proposed Exemption.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders of Iconic in accordance with subparagraph 11.07(2) of the Rules.

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MainStreet is a holder of a Capital Markets Services License for advising on corporate finance, issued by the SC. The role as an independent adviser for corporate exercises undertaken by MainStreet in the past two (2) years prior to the LPD include amongst others, the following:

- (i) Voluntary withdrawal of MyKRIS International Berhad (currently known as Zenworld Holdings Berhad) from the official list of the LEAP Market of Bursa Securities pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements, as per our independent advice letter dated 16 December 2021;
- (ii) Conditional voluntary take-over offer by Hextar Tech Sdn Bhd and Dato' Ong Choo Meng through M&A Securities to acquire all the remaining ordinary shares in Complete Logistic Services Berhad not already owned by Hextar Tech Sdn Bhd and Dato' Ong Choo Meng, as per our independent advice circular ("**IAC**") dated 31 December 2021;
- (iii) Unconditional voluntary take-over offer by Chew Choo Soon and Chang Wai Hoong through UOB Kay Hian Securities (M) Sdn Bhd to acquire all the remaining ordinary shares in Zenworld Holdings Berhad not already owned by Chew Choo Soon and Chang Wai Hoong, as per our IAC dated 14 February 2022;
- (iv) Unconditional mandatory take-over offer by Dato' Sri Dr. Pang Chow Huat through M&A Securities to acquire all the remaining ordinary shares in Computer Forms (Malaysia) Berhad not already owned by Dato' Sri Dr. Pang Chow Huat, as per our IAC dated 5 May 2022;
- (v) Proposed acquisition of the entire equity interest in iMedia Asia Sdn Bhd by Catcha Digital Berhad ("**Catcha Digital**") from Catcha Investments Ltd and iCreative Asia Sdn Bhd for a total purchase consideration of RM10.00 million ("**Proposed Acquisition of iMedia**"); and proposed exemption under subparagraphs 4.08(1)(a) and 4.08(1)(b) of the Rules for Patrick Ykin Grove, Catcha Group Pte Ltd and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer upon completion of the Proposed Acquisition of iMedia and the proposed rights issue in Catcha Digital, as per our independent advice letter dated 30 June 2022;
- (vi) Proposed disposal of 100% equity interest in Lee Soon Seng Plastic Industries Sdn Bhd, a wholly-owned subsidiary of SCGM Bhd for a total cash consideration of approximately RM544.38 million, as per our independent advice letter dated 29 July 2022;
- (vii) Proposed exemption under subparagraph 4.08(1)(b) of the Rules to Heng Holdings Sdn Bhd and persons acting in concert with it, from the obligation to undertake a mandatory offer for the remaining Hua Yang Berhad ("**HYB**") shares pursuant to the proposed renounceable rights issue of new shares and warrants in HYB, as per our independent advice letter dated 12 August 2022;
- (viii) Unconditional voluntary take-over offer by Lee Ming Tee, Lee Seng Huang, Lee Seng Hui, Klang Enterprise Sdn Bhd, Sagittarius Management Sdn Bhd, Mount Glory Investments Limited, Magic Unicorn Limited, Mountbatten Corporation & Nautical Investments Limited (collectively, the "**Joint Offerors**") to acquire all the remaining ordinary shares in Mulpha International Bhd not already held by the Joint Offerors, as per our IAC dated 25 October 2022;
- (ix) Conditional mandatory take-over offer by Intisari Delima Sdn Bhd (the "**Offeror**") through TA Securities Holdings Berhad to acquire all the remaining ordinary shares in Ornapaper Berhad not already owned by the Offeror as well as Sai Ah Sai, Sai Han Siong, Sai Chin Hock and persons acting in concert with them, as per our IAC dated 25 October 2022;

- (x) Proposed disposal of 100% equity interest in Seng Yip Furnitures Sdn Bhd, a wholly-owned subsidiary of SYF Resources Berhad (“**SYF**”) to Mieco Chipboard Berhad for a total cash consideration of RM50.0 million, proposed disposal of two (2) parcels of freehold land to Juta Development Sdn Bhd for a total cash consideration of RM21.2 million, proposed acquisition of the entire equity interest and redeemable convertible preference shares in M&A Securities by SYF from Insas Berhad (“**Insas**”) for a purchase consideration of RM222.0 million (“**Proposed Acquisition of M&A Securities**”) and proposed exemption under subparagraph 4.08(1)(a) of the Rules for Insas and the persons acting in concert with it from the obligation to undertake a mandatory offer to acquire the remaining shares in SYF not already owned by them upon completion of the Proposed Acquisition of M&A Securities, as per our independent advice letter dated 28 December 2022;
- (xi) Proposed acquisitions of three (3) industrial properties by RHB Trustees Berhad, being the trustee of AME Real Estate Investment Trust, from the subsidiaries of AME Elite Consortium Berhad for a total cash consideration of RM69,250,000, as per our independent advice letter dated 10 February 2023;
- (xii) Proposed private placement of 240,405,370 new ordinary shares in LFE Corporation Berhad (“**LFE**”), representing approximately 30.0% of the total number of issued shares in LFE; and proposed acquisition of 367,500 ordinary shares in Cosmo Property Management Sdn Bhd (“**CPBMSB**”), representing the remaining 49.0% equity interest in CPMSB from Resolute Accomplishment Sdn Bhd for a purchase consideration of RM29,400,000 to be satisfied via a combination of cash and the issuance of new shares in LFE, as per our independent advice letter dated 12 April 2023;
- (xiii) Conditional mandatory take-over offer by Special Flagship Holdings Sdn Bhd (“**SFHSB**”) through UOB Kay Hian Securities (M) Sdn Bhd to acquire all the remaining ordinary shares in Minda Global Berhad not already held by SFHSB and Tan Sri Dato’ Dr Palaniappan A/L Ramanathan Chettiar, as per our IAC dated 19 June 2023;
- (xiv) Proposed acquisition of 100% equity interest in Zapland Property Sdn Bhd from Gan Lee Ha and Lee Cheh Hian for a purchase consideration of RM39,034,668.65; proposed acquisition of 100% equity interest in Asiatic Network Sdn Bhd from Chai Chang Guan and Chai Seong Min for a purchase consideration of RM32,196,845.87; proposed acquisition of 100% equity interest in Brogan Maxim Sdn Bhd from Tan Sri Gan Seong Lam and Gan Kuok Chyuan for a purchase consideration of RM21,411,281.71; proposed acquisition of 100% equity interest in Maxim Realty Sdn Bhd from Tan Sri Gan Seong Liam and Puan Sri Loh Foong Ping for a purchase consideration of RM10,757,108.81 and proposed acquisition of 13.11% equity interest in Maxim Holdings Sdn Bhd from Sanlens Sdn Bhd for a purchase consideration of RM15,600,094.96, as per our independent advice letter dated 20 July 2023; and
- (xv) Proposed disposal by Eurospan Holdings Berhad (“**EHB**”) of 2,600,000 ordinary shares in Dynaspan Furniture Sdn Bhd (“**DFSB**”) and 15,000,000 non-cumulative redeemable convertible preference shares in DFSB, representing the entire equity interest in DFSB for a total disposal consideration of RM38.90 million to be fully satisfied via cash; proposed disposal by Eurospan Furniture Sdn Bhd (“**EFSB**”), a wholly-owned subsidiary of EHB, of two (2) parcels of freehold industrial land in mukim 16, Daerah Seberang Perai Utara, Negeri Pulau Pinang, together with the buildings erected thereon (collectively, “**EFSB Properties**”) to DFSB for a total disposal consideration of RM15.65 million to be fully satisfied via cash (“**Proposed Disposal of EFSB Properties**”); and proposed tenancy between DFSB as landlord, and EFSB as tenant, in respect of EFSB Properties upon completion of the Proposed Disposal of EFSB Properties.

Premised on the foregoing, MainStreet is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise non-interested Directors and non-interested shareholders of Iconic in relation to the Proposals.

3. DETAILS OF THE PROPOSALS

The details of the Proposals as disclosed in the following sections in Part A of the Circular should be read in entirety by the non-interested shareholders of Iconic:

		Details in Part A of the Circular
(i)	Proposed Acquisition	Section 2
(ii)	Proposed Rights Issue with Free Warrants	Section 3
(iii)	Proposed Exemption	Section 4

4. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

The interests of the Directors, Major Shareholders, chief executive and/or persons connected with them are disclosed in **Section 12, Part A of the Circular**. Save for those disclosed in **Section 12, Part A of the Circular**, none of the Directors, Major Shareholders, chief executive and/or persons connected with them have any interests in the Proposals.

5. EVALUATION OF THE PROPOSALS

As each component of the Proposals is inter-conditional upon each other, the evaluation of the Proposed Rights Issue with Free Warrants is necessary to provide the non-interested shareholders of Iconic with a holistic view of the fairness and reasonableness of the Proposals.

We have taken into consideration the following factors in our evaluation of the Proposals:

	Consideration factors	Details in this IAL
(i)	Rationale for the Proposals	Section 6
(ii)	Evaluation of the Proposed Acquisition <ul style="list-style-type: none"> • Basis and justification of arriving at the Purchase Consideration • Evaluation of the salient terms of the SPA 	Section 7.1 Section 7.2
(iii)	Evaluation of the issue price of the Rights Shares and the exercise price of the Warrants	Section 8
(iv)	Effects of the Proposals	Section 9
(v)	Economic outlook, industry overview and prospects of the Iconic Group	Section 10
(vi)	Risk factors of the Proposed Acquisition	Section 11
(vii)	Implications of the Proposed Exemption	Section 12

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6. RATIONALE FOR THE PROPOSALS

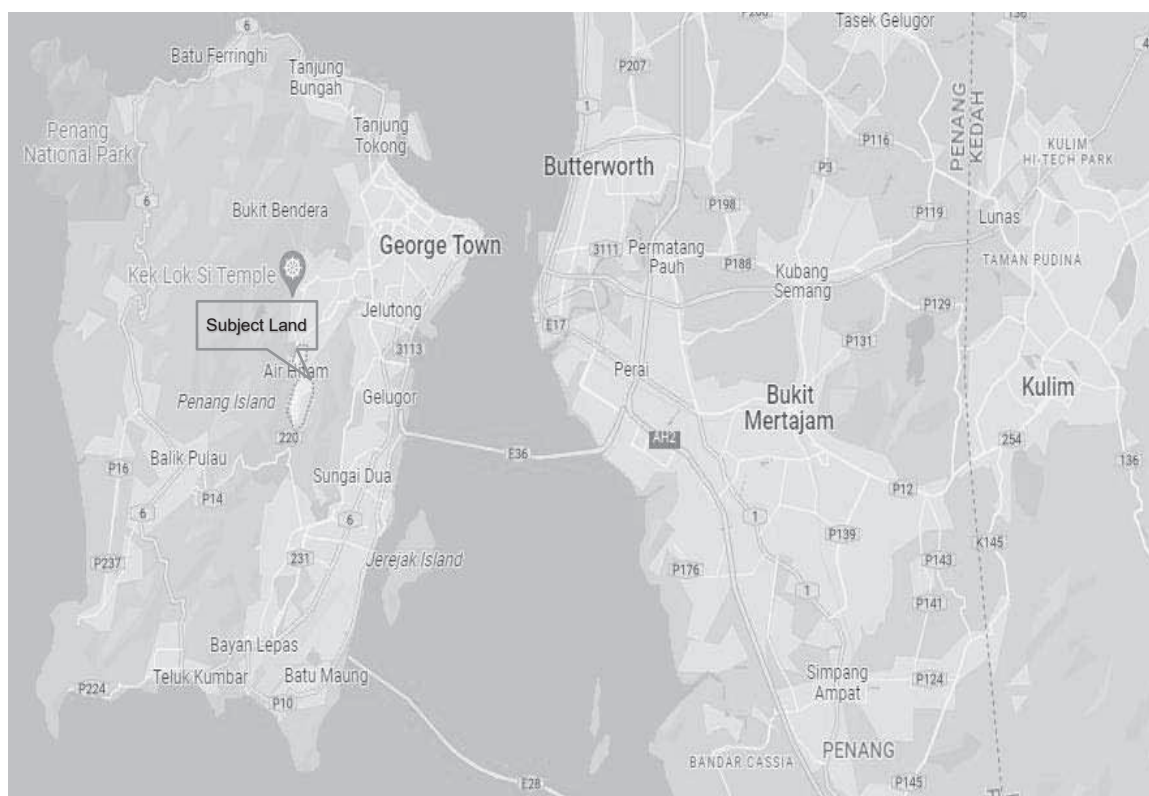
We take note of the rationale for the Proposals as set out in **Section 5, Part A of the Circular** and our commentaries are summarised below:

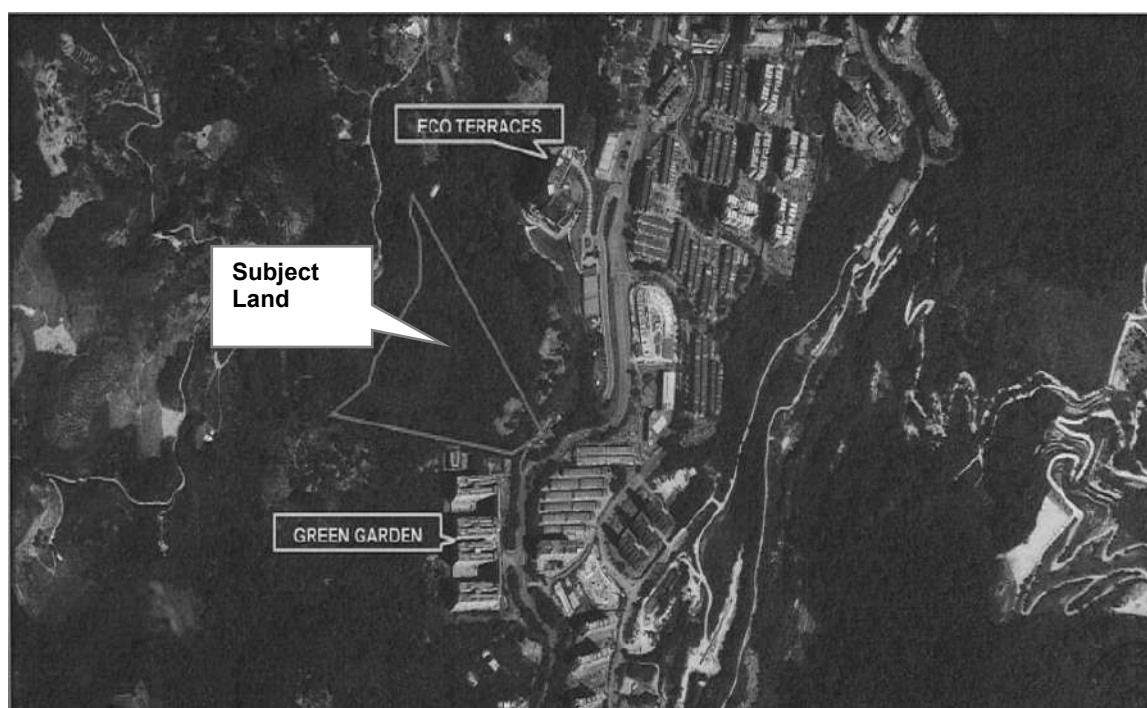
6.1 Proposed Acquisition

Goldenluck is principally involved in property investment and currently owns the Subject Land as its sole major asset. However, Goldenluck is currently dormant as it does not have any business activity during the FYE 30 June 2020 to FYE 30 June 2023.

The Subject Land was an auction property acquired by Goldenluck on 25 May 2011 for a purchase consideration of RM4.0 million. The Subject Land comprises a parcel of freehold vacant land identified as Lot No. 7685, Mukim 13, District of Timor Laut, State of Pulau Pinang held under Geran 59034, measuring approximately 6.07 hectares or 60,700 sqm. According to the gazetted Rancangan Struktur Negeri Pulau Pinang 2030, it is zoned as a “Hutan” (forest) and located within the hill land above 76 metres elevation in the Penang Environmentally Sensitive Area which forms part of Rancangan Struktur Pulau Pinang 2030. It is sited adjacent to a flatted residential development known as Green Garden and is located along the main thoroughfare of Jalan Paya Terubong, in the locality of Paya Terubong on Penang Island. Goldenluck has not applied for rezoning for the Subject Land since it acquired the Subject Land in 2011.

The location of the Subject Land is depicted in the map below:





Further details on the Subject Land are set out in **Section 2.3, Part A of the Circular**.

The summary of the financial information of Goldenluck for the FYE 30 June 2020, FYE 30 June 2021, FYE 30 June 2022 and FYE 30 June 2023 are as follows:

	Audited			
	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022	FYE 30 June 2023
	RM	RM	RM	RM
Revenue	-	-	-	-
Fair value adjustment on investment property	-	-	41,462,398	-
Other income	1,167	404	-	-
Administrative expenses	(10,818)	(6,189)	(7,219)	(7,601)
(LBT) / LAT	(9,651)	(5,785)	41,455,179	(7,601)
(LAT) / PAT	(9,918)	(5,877)	41,455,179	(7,601)
Current assets	460,527	23,885	27,749	20,201
Current liabilities	1,898,648	1,467,883	1,478,966	1,479,019
Total assets	4,698,129	4,261,487	45,727,749	45,720,201
Total liabilities	1,898,648	1,467,883	1,478,966	1,479,019
Shareholders' funds / NA	2,799,481	2,793,604	44,248,783	44,241,182
Issued and paid-up share capital (units)	200,000	200,000	200,000	200,000
Basic (LPS) / EPS (RM) ⁽¹⁾	(0.05)	(0.03)	207.28	(0.04)
Current ratio (times) ⁽²⁾	0.24	0.02	0.02	0.01

Notes:

- (1) Computed based on (LAT) / PAT divided by issued share capital of 200,000 ordinary shares in Goldenluck.
- (2) Computed based on current assets divided by current liabilities.

We note that Goldenluck did not generate any revenue for the past four (4) financial years.

In evaluating the rationale for the Proposed Acquisition, we take cognisance that the Proposed Acquisition is in line with Iconic Group's ordinary course of business. Iconic is principally involved in investment holding. The main business segments of Iconic Group are as follows:

Segment	Description
Property development	Development and sale of commercial properties
Manufacturing	Manufacturing and sales of personal protective equipment
Tourism services	Hospitality management services and related businesses
Others	Comprises investment holding, trading and other services

The revenue and PBT/(LBT) of the business segments of Iconic for FYE 2020 to FYE 2023 are as follows:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Revenue								
Property development	16,124	66.59	39,333	79.99	36,904	34.44	35,202	40.54
Manufacturing	-	-	7,412	15.08	68,045	63.51	47,821	55.07
Tourism services	7,503	30.98	1,935	3.94	1,947	1.82	3,566	4.10
Others	588	2.43	487	0.99	243	0.23	249	0.29
Total	24,215	100.00	49,167	100.00	107,139	100.00	86,838	100.00
PBT / (LBT)								
Property development	8,568	105.08	9,293	109.07	8,559	69.59	3,395	13.09
Manufacturing	-	-	2,070	24.29	6,113	49.70	(26,806)	(103.35)
Tourism services	2,055	25.20	(386)	(4.53)	(808)	(6.57)	(416)	(1.60)
Others	(2,469)	(30.28)	(2,457)	(28.83)	(1,565)	(12.72)	(2,110)	(8.14)
Total	8,154	100.00	8,520	100.00	12,299	100.00	(25,937)	100.00

Based on the table above, we noted that prior to FYE 2022, the property development division has been the main revenue contributor to Iconic Group. In addition, the property development division has been consistently the highest PBT contributor to the Group for the last four (4) financial years.

Moving forward, the demand for properties, especially for residential units, are likely to improve further. This is in line with the expectation by Penang Real Estate and Housing Developers Association (Penang REHDA) that the real estate market performance, especially the residential property subsector in Penang, to improve in tandem with the expected economic recovery in 2023. Furthermore, the government initiative offering stamp duty exemption for first-home buyers i.e. 100% stamp duty exemption for properties priced RM500,000 and below (until 31 December 2025) and 75% stamp duty exemption for properties priced between RM500,001 to RM1 million (until 31 December 2023) is expected to further drive the appetite for properties.

We note that the Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in acquiring suitable land to be included in the Group's landbank and to enlarge its property development portfolio to sustain the profitability of its property development business moving forward.

We also note that the Company is currently in the midst of deliberating on the development plan for the Subject Land, and it is the Board's intention to undertake residential development on the Subject Land after the completion of the Proposed Acquisition. We note that Iconic will be conducting feasibility studies to assess the risk-reward profile, prior to finalising the development plan for the Subject Land. Accordingly, the Company is unable to provide further details on the development and the eventual funding required to realise such future plan at this juncture.

Notwithstanding the above, it is pertinent to note that the Subject Land is not immediately ready for development as it is currently zoned as a forest. Prior to submission of Planning Application & Building Plan Application to commence residential development, rezoning application for the Subject Land is required. We note that the rezoning application typically takes six (6) to nine (9) months for approval and is subject to a rezoning premium imposed on the landowner, estimated at approximately RM4.0 million – RM5.0 million (computed based on the difference of land value before and after rezoning approval multiply by 37.5%). Furthermore, until the development of the Subject Land is completed and the residential units are sold, no revenue will be generated from the Subject Land.

Based on the Group's preliminary assessment on the Subject Land, the Group has decided to acquire the Subject Land as it is ideal for residential development after taking into consideration the location of the Subject Land and its close proximity to other residential properties, amenities, transportation links, schools and shopping centres. Prominent landmarks situated nearby include Pine Valley Business Centre, Goldhill Complex, petrol stations, supermarket, Permata Sports Complex and the proposed Sunway Valley City by Sunway group.

Considering that the Subject Land is located in a strategic location in Penang Island with good growth potential, the Board is optimistic of the prospects of the Proposed Acquisition which is expected to contribute to the Group's future earnings when the Subject Land is developed. As a result of potential contribution in earnings, the shareholders value will also be enhanced accordingly.

Based on the valuation report, the Subject Land in Paya Terubong is located in between Air Itam town centre on its North and Relau town centre on its south. The Subject Land is located within a short distance to prominent landmarks such as the recently-completed Malaysia's highest elevated highway known as Bukit Kukus Paired Road, Kompleks Tun Abdul Razak, Penang Hill Lower Station and Penang International Airport in Bayan Lepas. There are myriad of amenities nearby such as Farlim Night Market, SJKC Kong Min 2, Taman Metropolitan Relau, INTI International College, Bukit Jambul Complex, Bukit Jambul Country Club and Bukit Jambul Golf Course.

We note that Paya Terubong has become one of the most in-demand alternative locations for developers to carry out mass high-rise affordable housing developments due to scarcity of development land suitable for high-rise developments in Timur Laut, Penang Island. Based on the breakdown of value of residential property transactions by district as extracted from Jabatan Penilaian dan Perkhidmatan Harta, the total value of residential property transactions in Penang in 2022 is the highest in Timur Laut with approximately RM3.41 billion recorded, representing 42.8% of total value of residential property transactions in Penang of RM7.96 billion.

The general demand of affordable housing in Paya Terubong is strong and healthy as evidenced by the overwhelming response from the buyers of the newly-launched projects known as The Stone and The Dew undertaken by PLB Engineering Berhad Group. Based on the Annual Report 2022 published by PLB Engineering Berhad, we noted that The Stone and The Dew, which are located within an approximate radius of 10 km from the Subject Land, have recorded a take-up rate of 97% and 48% respectively.

In this regard, we are of the view that the Subject Land is located in a strategic location in Penang Island with good growth potential.

Premised on the above, we are of the view that the rationale for the Proposed Acquisition is reasonable.

6.2 Proposed Rights Issue with Free Warrants

As stated in **Section 5.2, Part A of the Circular**, the Board is of the opinion that the Proposed Rights Issue with Free Warrants is a more appropriate avenue of fund raising as compared to bank borrowings and private placements. Our comments on the rationale for the Proposed Rights Issue with Free Warrants are set out below:

6.2.1 Strengthening the financial position and capital base of the Iconic Group

The total borrowings, NA and gearing ratio of the Iconic Group for the past three (3) financial years are as follows:

	Audited as at 31 March		
	2021	2022	2023
Borrowings (excluding lease liabilities) (RM'000)	2,922	97,294	98,983
Equity attributable to owners of the Company (RM'000)	114,199	200,966	176,315
Gearing ratio (times)	0.02	0.48	0.56

Based on the table above, we note that the Iconic Group's gearing ratio as at 31 March 2022 is 24 times higher than gearing ratio as at 31 March 2021 and it continued to increase in FYE 2023. This is due to drawdown of term loans* from AmBank Berhad to finance the purchase of glove related manufacturing machines and finance the construction cost of factory complex for the PPE business. As at the LPD, the total bank borrowings of the Group (excluding lease liabilities) stood at approximately RM98.98 million. The borrowings comprise term loans from AmBank Berhad and Hong Leong Bank Berhad of RM88.91 million, bankers' acceptances of RM7.21 million, trade loan of RM0.93 million and bank overdraft of RM1.93 million.

Note:

* The terms loans secured in FYE 2023 represent approximately 97.04% of the Iconic Group's borrowings as at 31 March 2023. The funds raised from the Proposed Rights Issue with Free Warrants are intended to be utilised, amongst others, for the partial repayment of these term loans in the following manner:

Type of facility / Bank	Average interest rate per annum (%)	Outstanding principal amount and interest as at LPD (RM'000)	Proposed repayment under Minimum Scenario (RM'000)	Proposed repayment under Maximum Scenario (RM'000)
Term loan A / AmBank Berhad	5.20	8,277	-	6,856
Term loan B / AmBank Berhad	5.20	8,667	-	7,185
Term loan C / AmBank Berhad	5.20	26,461	6,050	11,445
Term loan D / AmBank Berhad	5.20	43,709	6,336	12,194
Total		87,114	12,386	37,680

As set out in **Section 3.8, Part A of the Circular**, the Company expects to raise up to RM95.60 million from the Proposed Rights Issue with Free Warrants (before any subsequent exercise of the Warrants) under the Maximum Scenario. We note that RM12.39 million and RM37.68 million from the gross proceeds to be raised from the Proposed Rights Issue with Free Warrants will be utilised to partially settle the Iconic Group's term loans under the Minimum Scenario and Maximum Scenario respectively.

This will reduce the Iconic Group's total term loans from RM88.91 million as at LPD to RM76.52 million under the Minimum Scenario and RM51.23 million under the Maximum Scenario, which will in turn contribute positively to the Group's earnings via reduction in its debt servicing obligations and improvement in the Group's cashflow. Additionally, the repayment of the term loan facilities is expected to result in estimated annual interest savings of RM0.64 million under the Minimum Scenario and RM1.96 million under the Maximum Scenario. The corresponding reduction of interest tax shield is approximately RM0.15 million under the Minimum Scenario and RM0.47 million under the Maximum Scenario.

Upon completion of the Proposed Rights Issue with Free Warrants, the Iconic Group's financial position would strengthen as its share capital will increase from RM148.39 million as at the LPD to RM180.16 million (under the Minimum Scenario) and RM206.50 million (under the Maximum Scenario), prior to the exercise of the Warrants. Assuming the full exercise of the Warrants based on the indicative exercise price of RM0.0700 per Warrant, Iconic's share capital will increase further to RM241.33 million (under the Minimum Scenario) and RM296.48 million (under the Maximum Scenario).

As disclosed in **Section 9.2 of this IAL**, the Proposed Rights Issue with Free Warrants would strengthen the Iconic Group's financial position and capital base through increase in capital, reduced gearing level, as well as the improved pro forma NA, which would provide the Group with better financial footing. This will in turn provide the Iconic Group with greater financial flexibility in the event the Group needs to source for additional funds and/or gear up to fund its business expansion and/or any potential investment opportunities in the future.

The stronger financial position may be reflected in an appreciation in the share price of Iconic Shares. However, non-interested shareholders of Iconic should note that the share price of Iconic Shares is also subjected to various factors including market sentiments and market conditions. Hence, share prices may not correlate directly with the financial performance of the Company.

6.2.2 Conserving cash reserve for capital requirement of the Group

As at the LPD, the cash and cash equivalents balance of the Group stood at RM1.69 million, which will be used for its working capital requirements.

Besides the working capital requirement of the Group for its day-to-day operations, we note that the Group is expected to incur major expenditure in relation to the following:

- We note that the Group expects to launch a new development project in the northern region by the end of FYE 2024 with gross development cost of approximately RM219 million; and
- We further note that the Group has six (6) glove production lines pending testing and commissioning with two (2) completed and the remaining four (4) pending completion (which commissioning is expected to be in 2024). Upon commissioning, these lines will be able to provide the capacity to produce

higher volume of gloves. As at LPD, the Group has incurred RM30 million for the six (6) glove production lines and expect to incur RM18 million to completion.

- In addition to the partial repayment of Group's term loans as discussed in **Section 6.2.1 above**, we note that the Company also intend to utilise RM6.31 million (under Minimum Scenario) and RM16.62 million (under Maximum Scenario) from the gross proceeds to be raised from the Proposed Rights Issue with Free Warrants for the working capital requirement. More than half of this allocation is intended for the purchase of raw materials (i.e. nitrile butadiene rubber latex and nitrile stabilizer) and consumables (i.e. liquid natural gas) required for the production of rubber gloves.

Based on the above, it appears that the Group will not have readily available excess cash that it could use to fund (either partially or fully) the Proposed Acquisition via its cash reserves. In this regard, fund raising via equity seems to be the most appropriate avenue at this juncture.

6.2.3 Potential impact to the cost of capital and gearing level of the Group

In addition to the Company's intention to utilise up to RM37.68 million of the total gross proceeds to be raised from the Proposed Rights Issue with Free Warrants for the partial repayment of bank borrowings as disclosed in **Section 6.2.1 above**, Iconic also intends to utilise RM46.11 million (under the Minimum Scenario) and RM56.42 million (under the Maximum Scenario) for the following:

- (i) To fully settle the Purchase Consideration for the Proposed Acquisition of RM39.80 million; and
- (ii) To finance the Group's working capital requirement of RM6.31 million (under the Minimum Scenario) and RM16.62 million (under the Maximum Scenario) which comprises mainly the purchase of raw materials for Iconic's PPE business.

As disclosed in **Section 3.9, Part A of the Circular**, any proceeds arising from the exercise of the Warrants in the future shall be utilised for capital expenditure, investment opportunities and/or working capital of Iconic Group. However, the exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined. The Company will make the announcements as and when the utilisation of proceeds have been determined, if required under the Listing Requirements.

Considering that there will be changes to the capital structure of the Group pursuant to the Proposed Rights Issue with Free Warrants and the utilisation of proceeds, we have assessed the pro forma changes in the WACC and gearing of the Iconic Group based on the following scenarios:

- Rights Issue with Warrants Scenario;
- Rights Issue with Warrants Exercised Scenario; and
- Debt Funding Scenario.

The WACC of the Iconic Group is derived as follows:

$$WACC = \frac{E}{D + E} (k_e) + \frac{D}{D + E} (k_d)(1 - t)$$

Where:

E - Market value of Iconic's equity, as follows:

As at the LPD and Debt Funding Scenario	:	Based on the 5D-VWAMP of Iconic Shares up to and including the LPD of RM0.1163 and the issued share capital of Iconic as at the LPD of 562,353,272 Iconic Shares
Rights Issue with Warrants Scenario	:	Based on the TERP of RM0.0876 computed based on the 5D-VWAMP of Iconic Shares up to and including the LPD of RM0.1163 and the enlarged share capital of Iconic of 1,687,059,816 Iconic Shares based on the Maximum Scenario
Rights Issue with Warrants Exercised Scenario	:	Based on the TERP of RM0.0876 computed based on the 5D-VWAMP of Iconic Shares up to and including the LPD of RM0.1163 and the enlarged share capital of Iconic of 2,436,864,179 Iconic Shares based on the Maximum Scenario

D - Market value of Iconic's debt, as follows:

As at the LPD	:	Based on the latest unaudited consolidated financial statement of Iconic as at 30 September 2023 amounting to RM96.62 million.
Rights Issue with Warrants Scenario and Rights Issue with Warrants Exercised Scenario	:	Based on the latest unaudited consolidated financial statement of Iconic as at 30 September 2023 amounting to RM96.62 million less partial repayment of borrowings of RM37.68 million.
Debt Funding Scenario	:	Based on the latest unaudited consolidated financial statement of Iconic as at 30 September 2023 amounting to RM96.62 million plus additional borrowings of RM56.42 million.

K_e - being the cost of equity of Iconic as at the LPD derived based on Capital Asset Pricing Model below:

$$k_e = R_f + \beta (R_m - R_f)$$

where:

- R_f : Risk-free rate of return, representing the expected rate of return from a risk-free investment and is derived based on the yield of ten (10)-year Malaysian Government Securities as at the LPD of 3.86%.
- β : Beta, representing the sensitivity of an asset's returns to the changes in the market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than one (1) signifies that the asset is riskier than the market and vice versa. The re-levered beta of Iconic as at the LPD was derived from the average historical three (3)-year unlevered beta of 0.66 of selected comparable companies listed on Bursa Securities with similar principal activities and re-levered based on the capital structure of Iconic as at LPD and for respective

scenario. Relying on the three (3)-year historical beta of the peers is appropriate as it will capture the characteristics and risk profiles of the companies that are comparable to Iconic today and adequately estimate the systematic risks (relying on the beta of a longer time period may include covering a time period where a peer may have materially different characteristics and risk profiles e.g. due to, amongst others, being in a different industry life cycle, position in the value chain and/or different product mix which would then declassify such peer from being comparable with Iconic).

There is no company listed on Bursa Securities that may be considered identical to Iconic in terms of, amongst others, composition of business activities, scale and size of operations, risk profile, track record and prospects. The selection criteria that we have applied in identifying comparable companies are as follows:

- (a) market capitalisation between RM50 million and RM100 million; and
- (b) The revenue contribution from the property development segment represents at least 50% of the total revenue of the respective selected comparable companies.

We have only considered companies primarily involved in property development in view that the property development division of Iconic has been consistently the highest PBT contributor to the Group for the last four (4) financial years. Prior to FYE 2022, the property development division had also been the main revenue contributor to Iconic Group.

The selected comparable companies are as follows:

- (i) Thriven Global Berhad;
- (ii) LBI Capital Berhad;
- (iii) Encorp Berhad;
- (iv) Jiankun International Berhad;
- (v) Majuperak Holdings Berhad; and
- (vi) Acme Holdings Berhad.

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The market capitalisation, percentage of revenue contribution from property development segment and un-levered beta of the selected comparable companies and Iconic are as follows:

	Market capitalisation as at LPD (RM million)	Percentage of revenue contribution from property segment*	Un-levered beta
(i) Thriven Global Berhad	60.16	96.78%	0.06
(ii) LBI Capital Berhad	56.66	93.51%	0.69
(iii) Encorp Berhad	91.84	53.38%	0.60
(iv) Jiankun International Berhad	66.70	99.04%	0.86
(v) Majuperak Holdings Berhad	85.33	70.28%	1.03
(vi) Acme Holdings Berhad	93.28	90.13%	0.74
(vii) Iconic	64.67	40.54%	0.62

Note:

* Based on the latest audited financial statements available as at LPD.

Whilst we noted that the respective companies may have different business models and offer different products and services, we are of the view that the identified companies are adequately comparable to Iconic's business and are reasonable to be adopted for the purpose of deriving the estimated beta of the industry.

The comparable companies' betas are adjusted (de-gearred) for their individual gearing ratios, and the median is then re-gearred based on the gearing level of Iconic as at the LPD and for respective scenario. The re-levered beta of Iconic is as follows:

	β
As at the LPD	1.40
Rights Issue with Warrants Scenario	0.82
Rights Issue with Warrants Exercised Scenario	0.77
Debt Funding Scenario	1.84

R_m : R_m is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.

As extracted from Bloomberg, we have adopted the historical average Malaysia's country risk premium for the past 10 years up to the LPD of 9.53%.

The K_e of the respective scenarios are as follows:

	K_e %
As at the LPD	11.81
Rights Issue with Warrants Scenario	8.52
Rights Issue with Warrants Exercised Scenario	8.24
Debt Funding Scenario	14.27

K_d - Being the cost of debt of Iconic as at the LPD, being the average interest rate 5.31% derived from Iconic's weighted average interest rate on borrowings.

T - Corporate tax rate, which is based on the latest statutory tax rate of 24%.

The WACC and the gearing of the Iconic Group as at the LPD and based on the abovementioned pro forma changes, are set out below:

	WACC %	Gearing ⁽¹⁾ (times)
As at the LPD	7.17	1.48
Rights Issue with Warrants Scenario	7.43	0.32
Rights Issue with Warrants Exercised Scenario	7.47	0.22
Debt Funding Scenario	7.10	2.34

Note:

(1) Calculated based on the total borrowings (including lease liabilities) divided by the total equity.

WACC is the minimum required rate of return that all capital providers (i.e. shareholders and lenders) should demand for from a cash flow stream generated by the business, given the riskiness of the cash flows. A high WACC indicates a higher risk associated with a firm's operations for which the shareholders and lenders would demand a higher return to neutralise the higher risk associated with the company. Conversely, a lower WACC indicates a lower risk perceived by the capital providers.

As illustrated above, the WACC of the Group will be lower at 7.10% under the Debt Funding Scenario as compared to 7.43% under the Rights Issue with Warrants Scenario and 7.47% under the Rights Issue with Warrants Exercised Scenario. This is mainly due to the lower cost of debt as compared to the cost of equity as well as the tax shield on interest expense incurred for the bank borrowings.

Nevertheless, the additional bank borrowings of RM56.42 million under the Debt Funding Scenario would result in an increase in gearing ratio from 1.48 times to 2.34 times. Furthermore, the Group would have to incur additional interest expense from the additional bank borrowings which would result in a higher cash outflow and thus reducing the Group's earnings. The total interest expenses incurred by the Iconic Group for FYE 2023 are approximately RM4.92 million. For illustrative purposes, at the pre-tax cost of debt of approximately 5.31%, the use of borrowings to raise RM56.42 million would result in additional annual interest expense to the Group of approximately RM3.00 million.

Despite the higher WACC under the Rights Issue with Warrants Scenario and Rights Issue with Warrants Exercised Scenario, we are of the view that the decision of the Company to raise funds via the Proposed Rights Issue with Free Warrants is **reasonable and in the interest of the Company** as opposed to the option of raising fund under the Debt Funding Scenario in view of the improvement in gearing level and thereby providing greater financial flexibility to the Group as well as the annual interest savings of up to RM1.96 million from the partial repayment of bank borrowings and additional RM3.00 million which would otherwise be incurred under the Debt Funding Scenario.

6.2.4 Providing an opportunity to all Entitled Shareholders to participate in an equity offering in the Company on a pro-rata basis without diluting shareholders equity interest

The Proposed Rights Issue with Free Warrants represents an opportunity for all Entitled Shareholders to further increase their equity participation in the Iconic Group's future growth and prospects on a pro-rata basis as compared to other fund-raising options that may not be offered to all Entitled Shareholders and thus may have a dilutive impact to the equity interest of shareholders, provided that all Entitled Shareholders subscribe in full for their respective entitlements. It is important to note that only unsubscribed Rights Shares which are not taken up shall be made available for excess application. We note that it is the intention of the Board to allocate the excess Rights Shares on a fair and equitable manner and on a basis to be determined by the Board and announced later by the Company. However, assuming that only Dato' Seri Tan Kean Tet and his PACs subscribe for the Proposed Rights Issue with Free Warrants and the Underwriting Arrangement materialise on the Minimum Subscription Level, your collective shareholdings could potentially be diluted from 73.67% to 32.67% after the Proposed Rights Issue with Free Warrants, and further diluted to 23.83% after the full exercise of the Warrants. Subparagraph 8.02(1) of the Listing Requirements states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. We note from **Section 3.6, Part A of the Circular** that the Underwriting Arrangement shall be made in such a way that Iconic will not be in breach of the aforementioned public shareholding spread requirement by (i) engagement of several joint underwriters; and/or (ii) placement arrangement by the underwriter(s) with independent placees by way of direct allotment to the placees.

Entitled Shareholders are able to further increase their equity participation in the Group's future growth and prospects at a **discount** ranging from 5.00% to 25.00% to the TERP of Iconic Shares based on the 5D-VWAMP prior to the price-fixing date.

The free Warrants attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares while providing additional funds to the Iconic Group, through the subsequent exercise of the Warrants if they are in-the-money. Such gross proceeds raised will be utilised as additional working capital to finance the Group's day-to-day operations, which include amongst others, purchase of raw materials of Iconic's PPE business, general administrative and daily operational expenses such as staff-related costs and other overhead expenditures.

The Warrants will allow the Entitled Shareholders to further increase their equity participation in the Iconic Group by exercising the Warrants. Further, as the Warrants will be listed on the Main Market of Bursa Securities, the Entitled Shareholders can also decide to monetise the Warrants via disposal in the open market. The non-interested shareholders of Iconic should also take note that the value of the Warrants and the potential upside may be limited in the event the Warrants are out-of-the-money.

6.3 Rationale for the Proposed Exemption

The rationale for the Proposed Exemption is set out in **Section 5.3, Part A of the Circular**.

Based on the maximum potential holdings of Dato' Seri Tan Kean Tet and his PACs in Iconic as illustrated in **Section 12.1 of this IAL**, there are three (3) different scenarios which may lead to the trigger of the Mandatory Offer as set out in **Section 1 of this IAL**.

Pursuant to subparagraphs 4.01(a) and 4.01(b) of the Rules, a mandatory offer shall apply to an acquirer where the acquirer acquires more than 33% of the voting shares or voting rights of the company or the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of six (6) months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company respectively.

As it is not the intention of Dato' Seri Tan Set Tet and his PACs to undertake any such Mandatory Offer, they intend to make an application for an exemption pursuant to:

- (i) subparagraph 4.08(1)(b) of the Rules for the subscription of the Rights Shares (including the excess Rights Shares) by Dato' Seri Tan Kean Tet and Modern Rewards (pursuant to the Undertakings) under the Minimum Scenario; and
- (ii) subparagraph 4.08(1)(c) of the Rules for the full exercise of the Warrants held by Dato' Seri Tan Kean Tet and the PACs into new Iconic Shares during the Exercise Period.

The entitlements to the Rights Shares are proportionate to the shareholdings of the Entitled Shareholders who subscribe for their Rights Shares and are fair and equitable to all Shareholders. Should all the Entitled Shareholders and/or their renouncee(s) subscribe in full their entitlements under the Proposed Rights Issue with Free Warrants, there will not be any excess Rights Shares to be subscribed by Dato' Seri Tan Kean Tet and Modern Rewards and your existing shareholdings in Iconic would not be diluted.

Non-interested shareholders of Iconic should note that should you resolve not to subscribe for your entitlement to the Rights Shares or resolve to renounce your entitlement pursuant to the Proposed Rights Issue with Free Warrants, your existing shareholdings in Iconic would be diluted accordingly.

Since the Proposed Rights Issue with Free Warrants is being undertaken on Minimum Subscription Level basis pursuant to the Undertakings, the Proposed Exemption will ensure that the Proposed Rights Issue with Free Warrants can be successfully undertaken to raise the minimum proceeds of RM60.0 million (via the combination of the Undertakings and Underwriting Arrangement).

Given that the Proposed Acquisition, Proposed Rights Issue with Free Warrants and the Proposed Exemption are inter-conditional upon one another, the approval of the Proposed Exemption is crucial to ensure the successful implementation of the Proposed Acquisition and Proposed Rights Issue with Free Warrants. Similarly, if any component of the Proposals is not approved, the entire Proposals will not go through.

If the Proposed Exemption is not approved, the Proposed Acquisition and Proposed Rights Issue with Free Warrants will not be implemented. Consequently, Iconic may miss out on an opportunity to scale up its property development portfolio and the Group will need to raise the funds for the purpose stated in **Section 3.8, Part A of the Circular** via borrowings or other means which may result in higher interest cost.

Premised on the above, we are of the view that the rationale for the Proposals is reasonable.

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7 EVALUATION OF THE PROPOSED ACQUISITION

7.1 Basis and justification of arriving at the Purchase Consideration

As set out in **Section 2.1, Part A of the Circular**, the Purchase Consideration was arrived at on a willing buyer-willing seller basis and after taking into consideration the following:

- (i) the valuation of the Subject Land of RM45.70 million as ascribed by Henry Butcher;
- (ii) the audited NA of Goldenluck as at 30 June 2022 of approximately RM44.25 million; and
- (iii) the prospects of the Subject Land as set out in **Section 6.5, Part A of the Circular**.

We are of the opinion that the asset-based valuation method using adjusted NA is the most suitable valuation methodology to be used for the valuation of Goldenluck based on the following justifications:

- (i) The asset-based valuation method is a generally accepted valuation method in the valuation of predominantly asset-based companies. The Subject Land constitutes approximately 99.96% of Goldenluck's total assets as at 30 June 2023.

The composition of Goldenluck's NA based on its audited financial position as at 30 June 2023 is as follows:

	As at 30 June 2023		Remarks
	RM	%*	
<u>Non-current asset</u>			
Investment property	45,700,000	99.96	The investment property comprises solely the Subject Land which has been revalued and recorded at fair value based on market value appraised by Henry Butcher on 30 May 2022. Please refer to Section 7.1.1 of this IAL for further details on the revaluation of the Subject Land.
<u>Current assets</u>			
Tax recoverable	176	Negligible	The carrying amount of the tax recoverable approximates its fair value due to its short-term nature.
Cash and cash equivalents	20,025	0.04	The cash and cash equivalents consist of cash balances and deposits with licensed financial institutions, of which the carrying values approximate their fair value.
	20,201		
Total assets	45,720,201	100.00	
<u>Current liabilities</u>			
Other payables	1,479,019	100.00	Other payables comprise accruals and amount due to a director, of which the carrying amounts approximate their fair value.
Total liabilities	1,479,019	100.00	
Net assets	44,241,182		

Note:

* Computed based on total assets/total liabilities, as the case may be.

Given that the Subject Land in Goldenluck's audited financial statements for FYE 30 June 2023 is based on its value as appraised by Henry Butcher, this method takes in consideration any surplus and/or deficit (net of tax) attributable to the owners of the company arising from the revaluation of material assets are realisable on a willing-buyer willing-seller basis in the open market;

- (ii) We note that no tax on the surplus of the revaluation of Subject Land had been recognised in Goldenluck's financial statements for FYE 30 June 2022 (i.e. when the revaluation surplus was first recognised in the financial statements, pursuant to the valuation conducted in May 2022) and FYE 2023 as Goldenluck did not generate any income for FYEs 30 June 2022 and 2023.

In accordance with IAS 12, deferred tax should be 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 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.

In accordance with MFRS 112, for non-depreciable properties, such as freehold land, there is no recovery through use as the asset is not subject to depreciation. In such circumstances, deferred tax on the temporary differences (i.e. the revaluation surplus) is recognised on the expected property gains tax payable, as such minimum RPGT rate of 10% shall be used.

As the Subject Land comprises a parcel of freehold vacant land, for the valuation of Goldenluck, we have applied deferred tax of 10% on the revaluation surplus of the Subject Land arising from the appraisal by Henry Butcher in May 2022;

- (iii) Goldenluck is principally involved in property investment. We noted that Goldenluck did not generate any revenue for the past four (4) financial years from FYE 30 June 2019 to FYE 30 June 2023. Please refer to **Section 6.1 of this IAL** for further details on the financial performance of Goldenluck.

We also noted that the Company is in the midst of deliberating on the development plan for the Subject Land, and it is the Company's intention to undertake residential development project on the Subject Land after the completion of the Proposed Acquisition. Thereafter, Iconic will be conducting feasibility studies to assess the risk-reward profile, prior to finalising the development plan for the Subject Land.

In view of the above, we are of the view that Goldenluck's business is not expected to have any consistent or predictable cashflow in the immediate term. Therefore, we are unable to apply earnings-based valuation methodologies such as price-to earnings multiple, enterprise value / earnings before interest, taxation, depreciation and amortisation (EV/EBITDA) multiple and discounted cashflow based approach as a basis to determine the fair value of Goldenluck; and

- (iv) We noted that based on Goldenluck's accounting policies as at 30 June 2023, Goldenluck had assessed at each reporting date, whether or not there is an indication that an asset may be impaired. If such indication exists, or when an annual impairment assessment for an asset is required, Goldenluck will estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost of disposal (sometimes called net selling price) and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at LPD, there is no indication that any of the assets may be impaired. The non-current asset of Goldenluck comprise only the Subject Land which has been recently revalued.

Based on the updated valuation by Henry Butcher as at 1 August 2023, there is no change in the market value the Subject Land of RM45.70 million. The current assets owned by Goldenluck comprise tax recoverable and cash and cash equivalents of which the carrying value approximate their fair value. As such, we are of the view that none of the assets of Goldenluck requires any impairment.

Based on the valuation of the Subject Land of RM45.70 million, the Purchase Consideration represents a **discount** of RM5.90 million or 12.91%.

Based on the audited NA of Goldenluck as at 30 June 2023 (which has incorporated the market value of the Subject Land) and adjusted for the deferred tax on revaluation surplus, the fair value of Goldenluck vis-à-vis the Purchase Consideration is as follows:

	RM
Audited NA of Goldenluck as at 30 June 2023	44,241,182
Less: Deferred tax on the revaluation surplus*	(4,146,240)
Adjusted NA of Goldenluck	40,094,942
Purchase Consideration	39,800,000
Discount to the adjusted NA of Goldenluck – RM	294,942
Discount to the adjusted NA of Goldenluck – %	0.74

Note:

* The deferred tax on revaluation surplus of the Subject Land is computed as follows:

	RM
Investment property at cost, as at 30 June 2021	4,237,602
Investment property at fair value, as at 30 June 2023	45,700,000
Revaluation surplus	41,462,398
Deferred tax at 10%	4,146,240

In accordance with MFRS 112, for non-depreciable properties such as freehold land, there is no recovery through use as the asset is not subject to depreciation. In such circumstances, deferred tax on the temporary differences (i.e. the revaluation surplus) is recognised on the expected property gains tax payable, as such minimum RPGT rate of 10% shall be used.

Based on the above, we are of the view that the Purchase Consideration is **fair and reasonable** as it represents a **discount** of RM0.29 million or 0.74% to the adjusted NA of Goldenluck as at 30 June 2023 of RM40.09 million.

For information purpose only, the price-to-book ratio of Iconic based on the audited NA of Goldenluck as at 30 June 2023 and the Purchase Consideration is 0.90 times.

7.1.1 Valuation of the Subject Land

The Proposed Acquisition entails the acquisition of the Subject Land which comprises a parcel of freehold vacant land identified as Lot No. 7685, Mukim 13, District of Timor Laut, State of Pulau Pinang, measuring approximately 6.07 hectares or 60,700 sqm. According to the gazetted Rancangan Struktur Negeri Pulau Pinang 2030, it is zoned as a forest and located within the hill land above 76 metres elevation in the Penang Environmentally Sensitive Area which forms part of Rancangan Struktur Pulau Pinang 2030. At this juncture, the Subject Land cannot be developed as the approvals pertaining to the rezoning application, planning application and building plan application have not been obtained.

We note that the Company had appointed Henry Butcher to undertake an independent valuation on the market value of the Subject Land.

Pursuant to paragraph 4.06 of the Asset Valuation Guidelines issued by the SC, at least two (2) valuation approaches are to be adopted. However, given that the Subject Land comprises a parcel of vacant land without any development approval or approved layout plan by the local authority as at the material date of the valuation, the Valuer had only adopted the Comparison Approach in assessing the market value of the Subject Land as other alternative valuation methods such as Income Approach and Cost Approach as defined the Malaysian Valuation Standards Sixth Edition 2019 are not applicable. For the valuation of the Subject Land (with no development plan, development approval or approved layout plan by the local authority), alternative methods of valuation such as Income Approach and Cost Approach cannot be applied as the basis and assumptions of the cashflows and costs cannot be justified in order to adopt these valuation methodologies.

The Comparison Approach entails analysing recent comparable transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, market condition, terrain, zoning, accessibility/visibility, size, tenure, shape and other relevant characteristics to arrive at the market value. We concur with the Valuer that the Comparison Approach is the most appropriate valuation in arriving at the market values of the Subject Land considering that the Subject Land is a parcel of vacant land without any development approval or approved layout plan by the local authority as at the material date of the valuation and therefore Income Approach and Cost Approach cannot be applied.

We note that over the last seven (7) years, there is no transaction of similar land in terms of zoning, terrain and size recorded in the same district as where the Subject Land is located. Hence, for comparison purpose, the Valuer has considered three (3) comparables with similar aspects as the Subject Land i.e., being a vacant land, located in Mukim 11 and Mukim 12 of District of Barat Daya. We are of the view that the selected comparables are reasonable as the comparables are located within an approximate radius of 10 km from the Subject Land.

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A summary of the comparable transactions of vacant land considered by Henry Butcher in arriving at the market value of the Subject Land is as follows:

Description	Subject Land	Comparable 1	Comparable 2	Comparable 3
Particulars	: Lot no 7685, held under title no. Geran 59034, Mukim 13, District of Timor Laut, Pulau Pinang	Lot nos. 359, 362 & 553 held under title nos. Geran Mukim 617, Geran Mukim 503 & Geran Mukim 537 respectively, all within Mukim 11, District of Barat Daya, Pulau Pinang	Lot no. 918 held under title no. Geran Mukim 283, Mukim 11, District of Barat Daya, Pulau Pinang	Lot no. 17073 held under title no. Geran 121271, Mukim 12, District of Barat Daya, Pulau Pinang
Location	: Along the main thoroughfare of Jalan Paya Terubong, in the locality of Paya Terubong on Penang Island	Along Jalan Permatang Damar Laut (Permatang Damar Laut in Bayan Lepas)	Off Lorong Kampung Bukit 3 (Near to Sungai Ara)	Along Jalan Sungai Ara 1, Sungai Ara
Type of property	: A parcel of vacant land	3 adjoining parcels of vacant land	A parcel of vacant land	A parcel of vacant land
Zoning	: Forest	Residential	Hill land	Residential
Restriction in interest	: Nil	Information not available in the valuation report prepared by the Valuer		
Distance from Subject Land	: -	10.6 km	9.7 km	7.4 km
Transaction date	: -	16 February 2021	16 January 2018	20 October 2015
Vendor	: Goldenluck	Charterway Development Sdn Bhd	GSM Feedmills Sdn Bhd	WLB Properties Sdn Bhd
Purchaser	: Iconic	M Summit Premium Sdn Bhd	Charterway Realty Sdn Bhd	Diamaward (M) Sdn Bhd
Tenure	: Freehold interest	Freehold interest		
Share	: -	Full share		
Source	: -	Sale & purchase agreement	Jabatan Penilaian dan Perkhidmatan Hartanah	

Description	Subject Land	Comparable 1	Comparable 2	Comparable 3
Land area	: 653,369 square feet ("sq ft") 14.99 acres	130,098 sq ft 2.987 acres	162,524 sq ft 3.731 acres	422,376 sq ft 9.696 acres
Consideration	: RM39,800,000	RM10,407,836	RM14,302,138	RM57,020,420
Base value	: -	RM80.00 per square foot ("psf")	RM88.00 psf	RM135.00 psf
Adjustments on: • Size (land area) ⁽¹⁾ • Location ⁽²⁾ • Terrain ⁽³⁾ • Zoning ⁽⁴⁾ • Time difference ⁽⁵⁾	: - - - - -	Downward Upward Downward Downward No adjustment	Downward No adjustment Downward No adjustment No adjustment	Downward Downward Downward Downward Downward
Effective adjustments	-	15% downward	20% downward	50% downward
Adjusted value	: -	RM68.00 psf	RM70.40 psf	RM67.50 psf

The adjustments made on the comparable lands are based on the following factors:

- (1) All comparable lands are bigger in size.
- (2) The location of Subject Land is superior to Comparable 1, similar to Comparable 2 but inferior to Comparable 3.
- (3) The terrain of Subject Land is steeper than the terrain of all the comparable lands.
- (4) The "Residential" zoning of Comparable 1 and 3 are better than the Subject Land. Comparable 2 is located within an area zoned for "Hill Land" and the Subject Land, although zoned as a forest in accordance with the gazetted Rancangan Struktur Negeri Pulau Pinang 2030, is located within the hill land above 76 metres elevation in the Penang Environmentally Sensitive Area diagram which forms part of Rancangan Struktur Pulau Pinang 2030.
- (5) Property values in the locality of Comparable 1 and Comparable 2 appear to be relatively stable over the period since their respective transaction date. For Comparable 3, the overall property market situation in Pulau Pinang was much better in 2015 as compared to 2022.

From the above analysis, the adjusted values range from RM67.50 psf to RM70.40 psf. Premised on the foregoing and having considered all other relevant factors in the valuation, Henry Butcher has adopted Comparable 1 as a reasonable benchmark given that this comparable is the most recent transaction, with lesser adjustment has been made in the valuation computation and the similarity in terms of terrain being hilly and located along the main road. We concur with the Valuer that Comparable 1 is the best comparable being the latest transaction with the least effective adjustments.

The base value of RM70.00 psf (rounded up from RM68.00 psf and within the adjusted values range from RM67.50 psf to RM70.40 psf) was adopted by Henry Butcher for the valuation of the Subject Land. The Valuer arrived and rounded down the market value of the Subject Land at RM45.70 million.

We have assessed the valuation of the Subject Land by Henry Butcher and are of the view that the valuation methodology, selected comparables and adjustment factors applied by Henry Butcher are **reasonable**. Furthermore, the valuation methodology is appropriately applied and consistent with generally applied valuation methodologies for property in conformity with the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents, and Property Managers Malaysia. As such, we are satisfied with and have relied on the valuation of the Subject Land as conducted by Henry Butcher.

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7.2 Evaluation of the salient terms of the SPA

We have reviewed the SPA, which includes its salient terms and conditions as set out in **Appendix I of the Circular**. Set out below are our comments on the pertinent salient terms of the SPA:

	Salient terms	MainStreet's comments
1	<p><u>Conditions precedent</u></p> <p>The SPA is conditional upon the satisfaction of the following conditions:</p> <ul style="list-style-type: none">(i) the passing at a general meeting of the non-interested shareholders and a meeting of the board of directors of Iconic of a resolution respectively to approve the Proposals;(ii) there are no material adverse findings based on the results of the due diligence exercise to be conducted;(iii) the approval, sanction and/or consent of any other relevant authorities or parties required to be obtained by Iconic for the Proposals (excluding the Proposed Exemption);(iv) the exemption granted by the SC to the Vendors exempting them from the mandatory take-over obligation as a result of the issuance and subscription of the Proposed Rights Issue with Free Warrants pursuant to the Proposals;(v) where the terms of any material contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the board of directors of Goldenluck or include any right to terminate exercisable prior to or as a result of the SPA, written confirmation by the counterparties, or the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate;	<p>Conditions (i), (iii), (iv) and (vi) are reasonable as the approvals from the relevant parties are necessary for Iconic to comply with the applicable rules and regulations, amongst others, the Listing Requirements and the Act.</p> <p>Conditions (ii) and (vii) are reasonable and protect the interest of Iconic as they ensure that there are no adverse findings during the due diligence review such that the Proposed Acquisition do not pose unnecessary risks to Iconic.</p> <p>This condition is reasonable and typical in transactions of this nature, as it sets out the circumstances under which the SPA may be terminated and the rights of the non-defaulting party.</p>

	Salient terms	MainStreet's comments																
	<p>(vi) if any, the consents or approvals for the purpose of the sale of the Sale Shares by the Vendors to Iconic as required under any licences issued to Goldenluck having been obtained from relevant authority(ies); and</p> <p>(vii) the Vendors providing the audited accounts for the financial year ended 30 June 2022 and Iconic being satisfied with the contents therein (including without limitation, the revaluation of the Subject Land to approximately RM39,800,000.00 or more).</p> <p>(Collectively, “Conditions Precedent”)</p> <p><u>Payment of Purchase Consideration</u></p> <p>Iconic will pay the Purchase Consideration to the Vendors in accordance to their respective proportion, as illustrated in the following manner:</p> <table><tr><th>Vendors</th><th>Number of ordinary shares</th><th>%</th><th>Cash consideration (RM)</th></tr><tr><td>Dato' Seri Tan Kean Tet</td><td>190,000</td><td>95.00</td><td>37,810,000.00</td></tr><tr><td>Tan Seok Ying</td><td>10,000</td><td>5.00</td><td>1,990,000.00</td></tr><tr><td>Total</td><td>200,000</td><td>100.00</td><td>39,800,000.00</td></tr></table> <p>The payment of the Purchase Consideration shall be effected by crediting for same day value the account as specified by the Vendors by way of telegraphic transfer unless the respective Vendors by written notice to the Purchaser, not later than 3 business days prior to the due date for payment, elects to be paid by cashier's order or banker's draft drawn on any licensed bank in Malaysia.</p>	Vendors	Number of ordinary shares	%	Cash consideration (RM)	Dato' Seri Tan Kean Tet	190,000	95.00	37,810,000.00	Tan Seok Ying	10,000	5.00	1,990,000.00	Total	200,000	100.00	39,800,000.00	<p>This term is reasonable and commonly featured in similar transactions as it describes the Purchase Consideration and the associated payment terms. For more details on our evaluation on the Purchase Consideration, please refer to Section 7.1 of this IAL.</p> <p>We note that the payment of Purchase Consideration shall be made on Completion which will fall within 10 business days from the SPA being unconditional.</p> <p>We also note that there is no payment of deposit upon the signing of the SPA. The absence of deposit is not uncommon for transactions of such nature. In addition, since this is a related party transaction and the parties to the agreements are known to each other by virtue of Dato' Seri Tan Kean Tet interest in both the Company and Goldenluck, there is no commitment issue from Goldenluck to complete the transaction. Furthermore, the absence of deposit does not preclude Iconic from pursuing damages from the related parties in the event of default under the terms of the SPA.</p> <p>In view of this, we opine that the term is not detrimental to the non-interested shareholders of Iconic.</p>
Vendors	Number of ordinary shares	%	Cash consideration (RM)															
Dato' Seri Tan Kean Tet	190,000	95.00	37,810,000.00															
Tan Seok Ying	10,000	5.00	1,990,000.00															
Total	200,000	100.00	39,800,000.00															
2																		

	Salient terms	MainStreet's comments
3	<p><u>Termination</u></p> <p>If it shall be found that the Vendors:</p> <ul style="list-style-type: none"> (i) fail to complete the SPA in accordance with its terms by or on Completion; (ii) any of the Vendors has committed a material breach of any term of the SPA; (iii) any of the warranties was, when given, or will be or would be, at completion not complied with or otherwise untrue or misleading; or (iv) a petition is presented or an order is made for the bankruptcy of any of the Vendors, <p>Iconic shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to the Vendors to terminate the SPA but failure to exercise this right shall not constitute a waiver of any other rights of Iconic arising out of such breach.</p>	<p>These are standard terms of termination normally incorporated in an agreement for similar transactions. Thus, these terms are reasonable and not detrimental to the non-interested shareholders of Iconic, as it sets out the rights of Iconic and the circumstances under which the SPA may be terminated.</p>
4	<p><u>Completion</u></p> <p><u>Date and place</u></p> <p>Completion shall take place within the completion period at the office of Iconic or via electronic means or at such other place/method or on such other date as may be agreed between Iconic and the Vendors ("Completion Date").</p> <p><u>Mechanics of completion</u></p> <p>At completion, the following will take place:</p> <ul style="list-style-type: none"> (i) the Vendors will deliver to Iconic: (i) evidence of the due fulfillment of the Conditions Precedent; (ii) the relevant duly completed and signed 	<p>This term is reasonable and not detrimental to the non-interested shareholders of Iconic as it provides the timeframe in order to complete the Proposed Acquisition is to be mutually decided by Iconic and the Vendors.</p> <p>This term is reasonable and serve to protect the interest of Iconic and the Vendors as it sets out the obligations of both parties in order to complete the Proposed Acquisition.</p>

	Salient terms	MainStreet's comments
	<p>Form of Transfer of Securities together with all appropriate supporting documents, including share certificates, to effect the transfer and the registration of the Sale Shares in favour of Iconic in respect of the Sale Shares; (iii) (for the Iconic and as agent for Goldenluck) the certificates of incorporation, corporate seals (if any), cheque books, statutory and other books of the Company (duly written up-to-date); (iv) all the financial and accounting books and records of Goldenluck; (v) all certificates of title in respect of all properties of the Goldenluck which are not charged to any third party (including but not limited to banks) and are in the possession of the Goldenluck (including the original title of the Subject Land); and (v) online bank statements of all bank accounts of Goldenluck as at the date of completion;</p> <p>(ii) the Vendors will deliver to Iconic, the board resolution of Goldenluck approving the registration of the transfer of the Sale Shares subject only to their being duly stamped;</p> <p>(iii) Iconic will deliver to the Vendors, board and shareholders' resolutions of Iconic approving the purchase of the Sale Shares; and</p> <p>(iv) upon compliance with the foregoing provisions, Iconic will pay to the Vendors the Purchase Consideration in accordance to Section 2 above.</p> <p><u>Rights to terminate</u></p> <p>If the foregoing provisions are not fully complied with by the Vendors or Iconic by or on the date set for completion, Iconic, in the case of non-compliance by any of the Vendors, or the Vendors, in the case of non-compliance by Iconic, shall be entitled (in addition to and without prejudice to all other rights or remedies available to the terminating party including the right to claim damages) by written notice to the other party/parties served on such date:</p> <p>(i) to elect to terminate the SPA (other than the provisions referred to in clause 4.5 of the SPA - surviving provisions) without liability on the part of the terminating party; or</p>	<p>This term is reasonable and not detrimental to the non-interested shareholders of Iconic, as it sets out the rights of Iconic and the circumstances under which the SPA may be terminated.</p>

	Salient terms	MainStreet's comments
	<p>(ii) to effect completion so far as practicable having regard to the defaults which have occurred; or</p> <p>(iii) to fix a new date for Completion (not being more than 20 business days after the agreed date for completion), in which case the foregoing provisions shall apply to completion as so deferred but provided such deferral may only occur once.</p>	

Based on the above, we are of the view that the salient terms of the SPA is based on normal commercial terms, are fair and reasonable and are not detrimental to the non-interested shareholders of Iconic.

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8 EVALUATION OF THE ISSUE PRICE OF THE RIGHTS SHARES AND THE EXERCISE PRICE OF THE WARRANTS

8.1 Evaluation of the issue price of the Rights Shares

As set out in **Section 3.2(i), Part A of the Circular**, the issue price of the Rights Shares will be determined and announced by the Board at a later date, before the announcement of the Entitlement Date (together with the justification for the quantum of discount) after taking into consideration, amongst others, the following:

- (i) the funding requirements of the Group as set out in **Section 3.8, Part A of the Circular**;
- (ii) the TERP of Iconic Shares based on the 5D-VWAMP of Iconic Shares up to and including the last trading day prior to the price-fixing date; and
- (iii) the rationale for the Proposed Rights Issue with Free Warrants as set out in **Section 5, Part A of the Circular**.

As at the LPD, the Board has yet to determine the rate of discount to be applied to the TERP of Iconic Shares. The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount range of between 5.00% to 25.00% to the TERP of Iconic Shares based on the 5D-VWAMP of Iconic Shares up to and including the last trading day prior to the price-fixing date.

We note that an indicative issue price of RM0.0850 per Rights Share has been adopted for illustration purposes in **Part A of the Circular**, after taking into consideration the 5D-VWAMP of Iconic Shares up to and including the LPD of RM0.1163. We have evaluated the Indicative Issue Price based on the relevant TERP derived from the respective closing price and VWAMPs of the Iconic Shares as set out below:

Closing market prices and VWAMPs of Iconic Shares

The comparison of the indicative issue price per Rights Share of RM0.0850 to the following TERP of Iconic Shares based on the closing market prices and the VWAMPs of Iconic Shares are as follows:

	Closing price/ VWAMP (RM)	TERP* (RM)	Discount of the Indicative Issue Price to the TERP	
			(RM)	(%)
<u>Up to 15 September 2022, being the latest trading date prior to the date of the announcement of the Original Proposals (“LTD”):</u>				
Last traded price	0.1500	0.0954	0.0104	10.90
Five (5)-day VWAMP	0.1495	0.0953	0.0103	10.81
<u>Up to the LPD:</u>				
Last traded price	0.1150	0.0873	0.0023	2.63
Five (5)-day VWAMP	0.1163	0.0876	0.0026	2.97
One (1)-month VWAMP	0.1152	0.0874	0.0024	2.75
Three (3)-month VWAMP	0.1159	0.0875	0.0025	2.86
Six (6)-month VWAMP	0.1281	0.0903	0.0053	5.87
Twelve (12)-month VWAMP	0.1285	0.0904	0.0054	5.97

Note:

- * Computed after taking into account the Proposed Rights Issue with Free Warrants based on the following formula:

$$TERP = \frac{(P \times Y) + (X + Z) + (X \times W/Q \times Ep)}{Y + Z + (X \times W/Q)}$$

Where:

- P* = Respective closing market price / VWAMP of Iconic Shares in the table above
Y = Total number of existing Iconic Shares
X = Illustrative issue price of the Rights Shares
Z = Number of Rights Shares based on Maximum Subscription Level
W = Warrants attached to the Rights Shares
Q = Rights Shares subscribed
Ep = Exercise price of the Warrants

Based on the table above, we note that the indicative issue price of RM0.0850 per Rights Share represents:

- (i) a **discount** of RM0.0104 (10.90%) to the TERP based on the last traded price of Iconic Shares as at the LTD;
- (ii) a **discount** of RM0.0103 (10.81%) to the TERP based on the five (5)-day VWAMP up to the LTD;
- (iii) a **discount** of RM0.0023 (2.63%) to the TERP based on the last traded price of Iconic Shares as at the LPD; and
- (iv) a **discount** ranging from RM0.0024 to RM0.0054 (2.75% to 5.97%) to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD.

In our evaluation of the issue price of the Rights Shares, we are of view that a period of not more than six (6) months up to the LPD is a reasonable assessment period as it reflects the most recent market transactions and market prices of Iconic Shares and accordingly, the current market sentiments.

Consolidated NA per Iconic Shares

The comparison of the Indicative Issue Price to the pro forma consolidated NA per Iconic Share after the Proposed Rights Issue with Free Warrants are as follows:

	Unaudited / Pro forma consolidated NA per Iconic Share RM	Discount of Indicative Issue Price to the unaudited and pro forma consolidated NA	
		RM	%
Unaudited as at 30 September 2023	0.30	0.215	71.67
Based on Minimum Scenario ⁽¹⁾	0.15	0.065	43.33
Based on Maximum Scenario ⁽¹⁾	0.13	0.045	34.62

Note:

- (1) *Calculated based on the enlarged pro forma consolidated NA divided by the number of Iconic Shares after the Proposed Rights Issue with Free Warrants and assuming the full exercise of the Warrants. Kindly refer to **Section 9.2 of this IAL** for further details.*

We note that the indicative issue price of RM0.0850 is lower than the unaudited / pro forma consolidated NA per Iconic Share as at 30 September 2023. Based on the table above, the indicative issue price of RM0.0850 per Rights Share represents a **steep discount** of RM0.215 (71.67%) to the unaudited pro forma consolidated NA per Iconic Share as at 30 September 2023 of RM0.30 and **steep discounts** of RM0.065 and RM0.045 (43.33% and 34.62%) to the pro forma consolidated NA per Iconic Share as at 30 September 2023 under the Minimum Scenario and Maximum Scenario of RM0.15 and RM0.13, respectively.

Despite the steep discounts to the unaudited and pro forma consolidated NA per Iconic Share, we view the Indicative Issue Price as reasonable as there is no assurance that Iconic will be able to realise the consolidated NA per Share at its full value, taking into consideration various factors such as the nature of the Group's assets which are mostly non-current assets (e.g. land, buildings, and plant and machinery) which are illiquid and may not be readily realised and converted into cash or cash equivalents, existence of ready and committed buyers, payment of incidental costs related to such sale transactions as well as the time required to conclude such sale transactions.

We are of the view that the Board's intention for the price-fixing of the issue price of the Rights Share at a range of discount between 5.00% to 25.00% to the TERP of Iconic Shares and the abovementioned **discounts** represented by the Indicative Issue Price are **reasonable** for a rights issue exercise as they serve to increase the pricing attractiveness of the Rights Shares and in turn encourage the Entitled Shareholders and/or their renounees to participate in the Proposed Rights Issue with Free Warrants on a pro-rata basis. The Entitled Shareholders and/or their renounee(s) would need to incur cash outlay to subscribe for the Rights Shares and thus are entitled for the discount stated above.

The non-interested shareholders of Iconic should also take note that the issue price is the same for the Undertaking Shareholders and the other Entitled Shareholders and/or their renounees. Hence, all the Entitled Shareholders and/or their renounees will have the opportunity to subscribe for the Rights Shares at the same price.

Although the abovementioned discounts also enable Dato' Seri Tan Kean Tet and his PACs to increase their shareholdings in Iconic and trigger Mandatory Offer obligation (via subscription by the Undertakings) in Iconic at a discounted price, the shareholdings of the Undertaking Shareholders will only increase in the event that there are remaining Rights Shares which are not fully subscribed by the other Entitled Shareholders at their own discretion. Should all the remaining Rights Shares be subscribed for by the other Entitled Shareholders and/or their renounee(s), the collective percentage of shareholdings of Dato' Seri Tan Kean Tet and his PACs will remain unchanged. In this respect, Dato' Seri Tan Kean Tet and his PACs do not gain any advantage or additional entitlement over the non-interested shareholders of Iconic.

Hence, the Proposed Exemption is only intended to ensure that the Proposed Rights Issue with Free Warrants will successfully raise the funding required by the Company for its intended utilisation of proceeds as set out in **Section 3.8, Part A of the Circular** and would not result in any dilution to the non-interested shareholders unless they forego, renounce or sell their rights entitlement to the Proposed Rights Issue with Free Warrants.

Nevertheless, it should also be noted that the Indicative Issue Price is purely for illustration purpose and the final issue price of the Rights Shares will be determined and announced on the price-fixing date later. As such, the discounts stated above are variable figures and may increase or decrease, depending on the final issue price of the Rights Shares and the TERP of Iconic Shares.

We are of the opinion that the above basis of arriving at the final issue price for the Rights Shares to be determined by the Board is **reasonable** taking into consideration the funding requirements of the Group and the proposed utilisation of the proceeds arising from the Proposed Rights Issue with Free Warrants as well as the effects of the Proposals as discussed in **Section 3.8, Part A of the Circular** and **Section 9 of this IAL** respectively.

Furthermore, all shareholders of Iconic are entitled to participate in the Proposed Rights Issue with Free Warrants on the same terms and basis.

8.2 Evaluation of the exercise price of the Warrants

As set out in **Section 3.2(ii), Part A of the Circular**, the exercise price of the Warrants shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the following:

- (i) the TERP of Iconic Shares based on the 5D-VWAMP of Iconic Shares up to and including the last trading day prior to the price-fixing date; and
- (ii) the funding requirements of the Group as set out in **Section 3.8, Part A of the Circular**.

In any event, the exercise price of the Warrants shall be fixed at a discount range of between 20.00% to 40.00% to the TERP based on the 5D-VWAMP of Iconic Shares up to and including the price fixing date. The above range of discount was determined after taking into consideration, among others, the following:

- (i) the Warrants will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) who successfully subscribe for the Rights Shares; and
- (ii) the prevailing market conditions and the historical trading prices of Iconic Shares.

We note that an indicative exercise price of RM0.0700 per Warrant has been adopted for illustration purposes in **Part A of the Circular**. We have evaluated the indicative exercise price based on the relevant TERP derived from the respective closing price/VWAMP of the Iconic Shares as set out below:

	Closing price / VWAMP (RM)	TERP* (RM)	Discount of the indicative exercise price of RM0.0700 to the TERP	
			(RM)	(%)
<u>Up to the LTD:</u>				
Last traded price	0.1500	0.0954	0.0254	26.62
Five (5)-day VWAMP	0.1495	0.0953	0.0253	26.55
<u>Up to the LPD:</u>				
Last traded price	0.1150	0.0873	0.0173	19.82
Five (5)-day VWAMP	0.1163	0.0876	0.0176	20.09
One (1)-month VWAMP	0.1152	0.0874	0.0174	19.91
Three (3)-month VWAMP	0.1159	0.0875	0.0175	20.00
Six (6)-month VWAMP	0.1281	0.0903	0.0203	22.48
Twelve (12)-month VWAMP	0.1285	0.0904	0.0204	22.57

Note:

- * Computed after taking into account the Proposed Rights Issue with Free Warrants based on the following formula:

$$TERP = \frac{(P \times Y) + (X + Z) + (X \times W/Q \times Ep)}{Y + Z + (X \times W/Q)}$$

Where:

- P* = Respective closing market price / VWAMP of Iconic Shares in the table above
- Y* = Total number of existing Iconic Shares
- X* = Illustrative issue price of the Rights Shares
- Z* = Number of Rights Shares based on Maximum Subscription Level
- W* = Warrants attached to the Rights Shares
- Q* = Rights Shares subscribed
- Ep* = Exercise price of the Warrants

Based on the table above, we note that the indicative exercise price of RM0.0700 per Warrant represents:

- (i) a **discount** of RM0.0254 (26.62%) to the TERP based on the last traded price of Iconic Shares as at the LTD;
- (ii) a **discount** of RM0.0253 (26.55%) to the TERP based on the five (5)-day VWAMP up to the LTD;
- (iii) a **discount** of RM0.0173 (19.82%) to the TERP based on the last traded price of Iconic Shares as at the LPD; and
- (iv) a **discount** ranging from RM0.0174 to RM0.0204 (19.91% to 22.57%) to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD.

In our evaluation of the exercise price of the Warrants, we also view the period of not more than six (6) months up to the LPD a reasonable assessment period as it reflects the current market sentiments.

In the event the exercise price of the Warrant at any point over the Exercise Period (i.e. during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants) be at a discount to the Iconic Share price, the shareholders will hold an “in-the-money” Warrant and will therefore benefit from exercising said Warrant into new Iconic Share.

We opine the **discount** of the exercise price to the TERP as **reasonable** as it is intended to act as a sweetener for the subscription of the Rights Shares and allow the shareholders to have an option to further participate in the equity of the Company.

Nevertheless, it should also be noted that the indicative exercise price is purely for illustration purpose and the final exercise price of the Warrants will be determined and announced on the price-fixing date. Further, the **discounts** stated above are variable figures and may increase or decrease, depending on the final exercise price of the Warrants and the TERP of Iconic Shares.

We have also derived the theoretical fair value of the Warrants based on the Trinomial option pricing model. The parameters used for the calculation of the theoretical fair value of the Warrants include, amongst others, the following:

- (i) exercise period of five (5) years;
- (ii) indicative exercise price of RM0.0700 per Warrant;

- (iii) underlying price of Iconic Shares of RM0.0876 being the TERP of the Iconic Shares based on the 5D-VWAMP of the Iconic Shares up to and including the LPD;
- (iv) the historical volatility of the underlying existing Iconic Shares of 60.33% based on a period of twelve (12) months up to the LPD, as extracted from Bloomberg; and
- (v) the expected risk-free interest rate of 3.63%, based on the yield of five (5)-year Malaysian Government Securities as at the LPD, as extracted from Bank Negara Malaysia.

Based on the parameters above, the theoretical value of the Warrants is RM0.05 per Warrant.

Non-interested shareholders of Iconic should note that the theoretical value of Warrants is not necessarily realisable as Warrants do not have an intrinsic value. It should also be noted that the abovementioned theoretical value of the Warrants is for illustration purposes only and it may not reflect the actual market price of the Warrants to be traded upon listing on Bursa Securities which price is affected by various factors.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. As the Warrants will be given free to the Entitled Shareholders and/or their renounees who subscribe for the Rights Shares, the recipients of such free Warrants may choose to either:

- (i) retain the Warrants and eventually exercise into new Iconic Shares: or
- (ii) dispose of the Warrants after listing on Bursa Securities,

at any time during the Exercise Period.

The free Warrants attached to the Rights Shares would provide incentive for the Entitled Shareholders to subscribe for their respective entitlements while providing them with potential for capital appreciation. Based on the theoretical value of RM0.05 per Warrant, the Warrants, if realised for a value, would reduce the effective cost of investing in the Rights Shares as the Warrants shall be issued for free, that is at no cost to the Entitled Shareholders pursuant to the Proposed Rights Issue with Free Warrants. On the basis of two (2) free Warrants for three (3) Rights Share subscribed, the theoretical value of RM0.05 per Warrant shall translate to a theoretical reduction of RM0.0333 in every Rights Share subscribed.

The theoretical value of the Warrants, if the Warrants are realised for a value, would effectively add to the discount of the indicative issue price of the Rights Shares which translate to a total **discount** of approximately RM0.0359 (i.e. discount of indicative issue price of RM0.0026 plus theoretical reduction of the Warrant in every Rights Share subscribed of RM0.0333) or 40.98% to the TERP of RM0.0876, based on the 5D-VWAMP of Iconic Shares up to and including the LPD. Further, the subsequent exercise of the Warrants will strengthen the shareholders' funds of Iconic.

Should the non-interested shareholders of Iconic vote in favour of the Proposed Exemption, Iconic would be able to proceed with the Proposed Rights Issue with Free Warrants and the non-interested shareholders of Iconic would be able to subscribe for the Rights Shares at a **discount** and at the same time enjoy the benefits of the Warrants as mentioned above. The non-interested shareholders of Iconic should also note that in the event that such Warrants are disposed of and not subsequently repurchased, they may not be able to maintain their shareholding percentage in the event that other Warrant holders exercise their Warrants.

We are of the view that the above basis of arriving at the final exercise price of the Warrants to be determined by the Board is **reasonable** as the Warrants are to be issued for free to the Entitled Shareholders who successfully subscribe for the Rights Shares. Nevertheless, the non-interested shareholders of Iconic should take note that the actual premium or discount to the TERP can only be determined after both the final issue price of the Rights Shares and the final exercise price of

the Warrants have been determined by the Board at a later date. The non-interested shareholders of Iconic should also take note that there can be no assurance that an active market for the Warrants will develop and continue to develop upon the completion of the Proposed Rights Issue with Free Warrants or, if developed, that such market can be or will be sustained.

However, the other Entitled Shareholders should take note that should they decide not to subscribe for the Rights Shares, their percentage of shareholdings in the Company will be diluted accordingly. The dilutive effect on the collective shareholdings of the non-interested shareholders of Iconic from 73.67% to 23.83% would cause a significant transfer of value in the form of:

(i) **Rights Shares**

- a discount ranging from 2.75% to 5.97% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD; and
- a discount of 71.67% to the unaudited NA per Iconic Share as at 30 September 2023,

based on the indicative issue price of RM0.0850 per Rights Share; and

(ii) **Warrants**

- a discount ranging from 19.91% to 22.57% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD based on the indicative exercise price of RM0.0700 per Warrant;

from the non-participating shareholders to the participating shareholders and it is detrimental to the interest of shareholders who do not subscribe for the Proposed Rights Issue with Free Warrants. Entitled Shareholders who do not take up the Rights Shares will have the opportunity to sell the rights entitlements in the market. However, the price of the rights entitlement may not trade at the intrinsic value* of the Rights Shares.

Note:

* $\text{Intrinsic value} = (\text{Stock price} - \text{Right subscription price}) / \text{Number of rights needed to buy a share}$

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9 EFFECTS OF THE PROPOSALS

We note that the Proposed Exemption, on a standalone basis, will not have any effect on the issued share capital, NA per Iconic Share, gearing level, losses and LPS as well as the substantial shareholders' structure of the Iconic Group. However, in view of the inter-conditionality of each component of the Proposals, the Proposed Acquisition and Proposed Rights Issue with Free Warrants will not proceed without the Proposed Exemption.

We take cognisance of the effects of the Proposals as detailed out in **Section 8, Part A of the Circular** and we set out below are our comments on the pro forma effects thereon.

9.1 Issued share capital

The Proposed Acquisition and Proposed Exemption will not have any effect on the issued share capital of Iconic as it does not involve any issuance of new shares in Iconic.

The pro forma effects of the Proposed Rights Issue with Free Warrants on the issued share capital of Iconic, as extracted from **Section 8.1, Part A of the Circular**, are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares '000	RM '000	No. of Shares '000	RM '000
Existing issued share capital	562,353	148,393	562,353	148,393
Issuance of Rights Shares	705,883	31,765 ⁽¹⁾	1,124,707	58,110 ⁽¹⁾
Enlarged share capital after Proposed Rights Issue with Free Warrants	1,268,236	180,157	1,687,060	206,503
New Shares to be issued assuming full exercise of Warrants	470,588	61,176 ⁽²⁾	749,804	89,976 ⁽²⁾
Enlarged share capital	1,738,824	241,334	2,436,864	296,479

Notes:

- (1) Based on indicative issue price of RM0.0850 per Rights Share and after accounting for the creation of RM28,235,294 and RM37,490,218 warrant reserve at a fair value of RM0.0600 and RM0.0500 per Warrant based on the Minimum Scenario and Maximum Scenario, respectively.
- (2) Based on the indicative exercise price of RM0.0700 per Warrant and after accounting for the reversal of RM28,235,294 and RM37,490,218 warrant reserve based on the Minimum Scenario and Maximum Scenario, respectively.

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9.2 NA and gearing

The Proposed Exemption will not have any pro forma effects on the NA and gearing of Iconic. The pro forma effects of the Proposed Acquisition and Proposed Rights Issue with Free Warrants on the NA and gearing of the Group based on the latest unaudited consolidated financial statements of the Company as at 30 September 2023 as illustrated in **Section 8.3, Part A of the Circular** is summarised below:

Minimum Scenario

	Unaudited as at 30 September 2023 RM'000	(I) After the Proposed Rights Issue with Free Warrants RM'000	(II) After (I) and completion of Proposed Acquisition and utilisation of proceeds RM'000	(III) After (II) and assuming full exercise of all Warrants RM'000
Share capital	148,393	180,157 ⁽¹⁾	180,157 ⁽¹⁾	241,334 ⁽⁵⁾
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	28,235 ⁽²⁾	28,235 ⁽²⁾	- ⁽⁵⁾
Accumulated losses	(6,900)	(6,900)	(8,400) ⁽³⁾	(8,400)
Shareholders' funds/NA	167,259	227,258	225,758	258,700
Non-controlling interest	(123)	(123)	(123)	(123)
Total equity	167,136	227,135	225,635	258,577
No. of Iconic Shares ('000)	562,353	1,268,235 ⁽¹⁾	1,268,235 ⁽¹⁾	1,738,823 ⁽⁵⁾
NA per Share attributable to Shareholders (RM)	0.30	0.18	0.18	0.15
Interest bearing borrowings (RM'000)	96,624	96,624	84,238 ⁽⁴⁾	84,238
Gearing (times) ⁽⁶⁾	0.58	0.43	0.37	0.33

Notes:

- (1) Based on the issuance of 705,882,353 Rights Shares at an indicative issue price of RM0.0850 each.
- (2) After accounting for the creation of RM28,235,294 warrant reserve based on the issuance of 470,588,235 Warrants at a fair value of RM0.0600 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).

- (3) After deducting the estimated expenses of RM1.50 million for the Proposals.
- (4) After adjusting for the utilisation of proceeds pursuant to the Proposed Rights Issue with Free Warrants for the partial repayment of bank borrowings amounting to RM12.39 million.
- (5) Based on the exercise of 470,588,235 Warrants at an indicative exercise price of RM0.0700 per Warrant and after accounting for the reversal of RM28,235,294 warrant reserve.
- (6) Calculated based on the total borrowings divided by the total equity.

Maximum Scenario

	Unaudited as at 30 September 2023 RM'000	(I) After the Proposed Rights Issue with Free Warrants RM'000	(II) After (I) and completion of Proposed Acquisition and utilisation of proceeds RM'000	(III) After (II) and assuming full exercise of all Warrants RM'000
Share capital	148,393	206,502 ⁽¹⁾	206,502 ⁽¹⁾	296,479 ⁽⁵⁾
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	37,490 ⁽²⁾	37,490 ⁽²⁾	- ⁽⁵⁾
Accumulated losses	(6,900)	(6,900)	(8,400) ⁽³⁾	(8,400)
Shareholders' funds/NA	167,259	262,858	261,358	313,845
Non-controlling interest	(123)	(123)	(123)	(123)
Total equity	167,136	262,735	261,235	313,722
No. of Iconic Shares ('000)	562,353	1,687,060 ⁽¹⁾	1,687,060 ⁽¹⁾	2,436,864 ⁽⁵⁾
NA per Share attributable to Shareholders (RM)	0.30	0.16	0.15	0.13
Interest bearing borrowings (RM'000)	96,624	96,624	58,944 ⁽⁴⁾	58,944
Gearing (times) ⁽⁶⁾	0.58	0.37	0.23	0.19

Notes:

- (1) Based on the issuance of 1,124,706,544 Rights Shares at an indicative issue price of RM0.0850 each.
- (2) After accounting for the creation of RM37,490,218 warrant reserve based on the issuance of 749,804,362 Warrants at a fair value of RM0.0500 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (3) After deducting the estimated expenses of RM1.50 million for the Proposals.
- (4) After adjusting for the utilisation of proceeds pursuant to the Proposed Rights Issue with Free Warrants for the partial repayment of bank borrowings amounting to RM37.68 million.
- (5) Based on the exercise of 749,804,362 Warrants at an indicative exercise price of RM0.0700 per Warrant and after accounting for the reversal of RM37,490,218 warrant reserve.
- (6) Calculated based on the total borrowings divided by the total equity.

9.3 Losses and LPS

The Proposed Exemption will not have any pro forma effects on the losses and LPS of the Company. The Proposed Rights Issue with Free Warrants will result in an immediate reduction in the Company's consolidated LPS as a result of the increase in the number of Iconic Shares in issue upon completion of the Proposed Rights Issue with Free Warrants. The extent of immediate reduction of the LPS, if any, is dependent on the actual number of Rights Shares to be issued.

For illustration purposes only, the pro forma effect on the consolidated losses and LPS assuming the Proposed Acquisition and Proposed Rights Issue with Free Warrants had been effected in six (6)-month FPE 30 September 2023, are set out below:

	Minimum Scenario			Maximum Scenario		
	LAT RM'000	No. of Shares '000	LPS Sen	LAT RM'000	No. of Shares '000	LPS sen
Unaudited LAT for six (6)-month FPE 30 September 2023	(9,056)	562,353	(1.61)	(9,056)	562,353	(1.61)
After Proposed Rights Issue with Free Warrants	(9,056)	1,268,235	(0.71)	(9,056)	1,687,060	(0.54)
After Proposed Acquisition and utilisation of proceeds	(10,556) ⁽¹⁾	1,268,235	(0.83)	(10,556) ⁽¹⁾	1,687,060	(0.63)
Assuming full exercise of Warrants	(10,556)	1,738,823	(0.61)	(10,556)	2,436,864	(0.43)

Note:

- (1) *After deducting the estimated expenses relating to the Proposals of approximately RM1.50 million.*

However, we note from **Section 8.4, Part A of the Circular** that the Proposed Rights Issue with Free Warrants is expected to contribute to the future earnings of Iconic Group as the proceeds to be raised from the Proposed Rights Issue with Free Warrants will be mainly utilised to: (i) enlarge the Group's property development portfolio via the Proposed Acquisition, in order to sustain the profitability of its property development business moving forward; (ii) reduce the indebtedness of the Group and thereby reducing interest expenses through the partial of repayment of bank borrowings and (iii) finance the working capital for the Group's PPE business.

The above illustration has not taken into account any future profits from the development of the Subject Land and PPE business which in turn may result in a progressive increase in the Group's earnings. The actual impact on the Group's financial performance in the future would ultimately be subject to the level of returns generated by the Group from the utilisation of the proceeds raised from the Proposed Rights Issue with Free Warrants.

9.4 Convertible securities

We note from **Section 8.5, Part A of the Circular** that the Company does not have any convertible securities as at the LPD.

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9.5 Substantial shareholders' shareholdings

The Proposed Acquisition and Proposed Exemption will not have any effect on Iconic's substantial shareholders' shareholdings as it does not involve any issuance of new shares in Iconic. The pro forma effects of the Proposed Rights Issue with Free Warrants on the substantial shareholders' shareholdings are set out in **Section 8.2, Part A of the Circular** as follows:

Minimum Scenario

	As at the LPD				(I) After the Proposed Rights Issue with Free Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Dato' Seri Tan Kean Tet Modern Rewards Tan Cho Chia Underwriter	67,058,204 ⁽⁴⁾	11.92	65,295,140 ⁽⁶⁾	11.61	402,764,463	31.76	200,177,116 ⁽⁶⁾	15.78
	57,324,840	10.19	-	-	192,206,816	15.15	-	-
	15,719,050 ⁽⁵⁾	2.80	7,970,300 ⁽⁷⁾	1.42	15,719,050	1.24	7,970,300 ⁽⁷⁾	0.63
	-	-	-	-	235,294,118	18.55	-	-
	140,102,094	24.91			845,984,447	66.70		

	(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect	
	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
Dato' Seri Tan Kean Tet Modern Rewards Tan Cho Chia Underwriter	626,568,636	36.03	290,098,433 ⁽⁶⁾	16.68
	282,128,133	16.23	-	-
	15,719,050	0.90	7,970,300 ⁽⁷⁾	0.46
	392,156,863	22.55	-	-
	1,316,572,682	75.71		

Notes:

- (1) Based on the existing issued share capital of 562,353,272 Shares.
- (2) Based on the issued share capital of 1,268,235,625 Shares after the Proposed Rights Issue with Free Warrants.
- (3) Based on the issued share capital of 1,738,823,860 Shares assuming full exercise of the Warrants.

- (4) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (5) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (6) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Modern Rewards pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act.

Maximum Scenario

	As at the LPD			(I) After the Proposed Rights Issue with Free Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Dato' Seri Tan Kean Tet Modern Rewards Tan Cho Chia	67,058,204 ⁽⁴⁾	11.92	65,295,140 ⁽⁶⁾	11.61	201,174,612	11.92
	57,324,840	10.19	-	-	171,974,520	10.19
	15,719,050 ⁽⁵⁾	2.80	7,970,300 ⁽⁷⁾	1.42	47,157,150	2.80
	140,102,094	24.91			420,306,282	24.91

	(II) After (I) and assuming full exercise of Warrants		
	Direct		Indirect
	No. of Shares	% ⁽³⁾	No. of Shares
Dato' Seri Tan Kean Tet Modern Rewards Tan Cho Chia	290,585,550	11.92	282,945,607 ⁽⁶⁾
	248,407,640	10.19	-
	68,115,883	2.80	34,537,967 ⁽⁷⁾
	607,109,073	24.91	

Notes:

- (1) Based on the existing issued share capital of 562,353,272 Shares.
- (2) Based on the issued share capital of 1,687,059,816 Shares after the Proposed Rights Issue with Free Warrants.

- (3) Based on the issued share capital of 2,436,864,178 Shares assuming full exercise of the Warrants.
- (4) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (5) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (6) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Modern Rewards pursuant to Section 8 of the Act.
- (7) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act.

Under the Minimum Scenario, the collective shareholding of the Undertaking Shareholders and Dato' Seri Tan Kean Tet and his PACs in Iconic will be as follows:

Shareholders	As at the LPD		(I) After Proposed Rights Issue with Free Warrants		(II) After (I) and assuming full exercise of Warrants	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾
Undertaking Shareholders Dato' Seri Tan Kean Tet Modern Rewards	67,058,204 ⁽⁴⁾	11.92	402,764,463	31.76	626,568,636	36.03
	57,324,840	10.19	192,206,816	15.15	282,128,133	16.23
	124,383,044	22.11	594,971,279	46.91	908,696,769	52.26
Other PACs (who holds Iconic Shares) Tan Cho Chia Legacy 888 Sdn Bhd	15,719,050 ⁽⁵⁾	2.80	15,719,050	1.24	15,719,050	0.90
	7,970,300	1.42	7,970,300	0.63	7,970,300	0.46
	23,689,350	4.22	23,689,350	1.87	23,689,350	1.36
Total	148,072,394	26.33	618,660,629	48.78	932,386,119	53.62

Notes:

- (1) Computed based on total issued share capital of 562,353,272 Iconic Shares as at LPD.
- (2) Computed based on total enlarged issued share capital of 1,268,235,625 Iconic Shares after the issuance of Rights Shares pursuant to the Proposed Rights Issue with Free Warrants under Minimum Scenario.

- (3) Computed based on total enlarged issued share capital of 1,738,823,860 Iconic Shares after the issuance of Rights Shares and full exercise of the Warrants by all subscribers of the Rights Shares pursuant to the Proposed Rights Issue with Free Warrants under Minimum Scenario.
- (4) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (5) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).

In the event that no other shareholders of Iconic except Dato' Seri Tan Kean Tet and his PACs exercise their Warrants into new Iconic Shares during the Exercise Period under the Maximum Scenario, the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs in Iconic will be as follows:

Shareholders	As at the LPD		(I) After Proposed Rights Issue with Free Warrants		(II) After (I) and assuming exercise of all Warrants by only Dato' Seri Tan Kean Tet and his PACs	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾
Undertaking Shareholders Dato' Seri Tan Kean Tet Modern Rewards	67,058,204 ⁽⁴⁾	11.92	201,174,612	11.92	290,585,550	15.42
	57,324,840	10.19	171,974,520	10.19	248,407,640	13.18
	124,383,044	22.11	373,149,132	22.11	538,993,190	28.60
Other PACs (who holds Iconic Shares) Tan Cho Chia Legacy 888 Sdn Bhd	15,719,050 ⁽⁵⁾	2.80	47,157,150	2.80	68,115,883	3.62
	7,970,300	1.42	23,910,900	1.42	34,537,967	1.83
	23,689,350	4.22	71,068,050	4.22	102,653,850	5.45
Total	148,072,394	26.33	444,217,182	26.33	641,647,040	34.05

Notes:

- (1) Computed based on total issued share capital of 562,353,272 Iconic Shares as at LPD.
- (2) Computed based on total enlarged issued share capital of 1,687,059,816 Iconic Shares after the issuance of Rights Shares pursuant to the Proposed Rights Issue with Free Warrants under Maximum Scenario.

- (3) *Computed based on total enlarged issued share capital of 1,884,489,674 Iconic Shares after the issuance of Rights Shares and full exercise of the Warrants by only Dato' Seri Tan Kean Tet and his PACs pursuant to the Proposed Rights Issue with Free Warrants under Maximum Scenario.*
- (4) *Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).*
- (5) *Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).*

Under such scenario, if other Entitled Shareholders decide not to subscribe for their entitlements pursuant to the Proposed Rights Issue with Free Warrants, their percentage shareholdings would be diluted accordingly. The collective shareholdings of the other Entitled Shareholders (excluding the PACs) could potentially decrease as follows:

- from 73.67% to 23.83% under the Minimum Scenario; and
- from 73.67% to 65.95% under the Maximum Scenario, upon the subsequent exercise of all Warrants by Dato' Seri Tan Kean Tet and his PACs.

However, in the event that all the Entitled Shareholders fully exercise their Warrants during the Exercise Period under the Maximum Scenario, the collective shareholding of the Undertaking Shareholders in Iconic will remain at 22.11% after the full exercise of the Warrants. Consequently, the collective shareholdings of the other Entitled Shareholders (excluding the PACs) would also remain at 73.67%.

The other Entitled Shareholders should take note that should they decide not to subscribe for the Rights Shares, they will not be entitled to the free Warrants and their percentage of shareholdings in the Company will be diluted accordingly. Depending on the eventual subscription rate of the Rights Shares by you, your collective shareholding (excluding the shareholdings of the PACs) could potentially be diluted from 73.67% to 23.83% after the full exercise of the Warrants under the Minimum Scenario. You should note that the maximum potential holdings of the Undertaking Shareholders as indicated above are purely illustrative and may not materialise. Subparagraph 8.02(1) of the Listing Requirements states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. We note from **Section 3.6, Part A of the Circular** that the Underwriting Arrangement shall be made in such a way that Iconic will not be in breach of the aforementioned public shareholding spread requirement by (i) engagement of several joint underwriters; and/or (ii) placement arrangement by the underwriter(s) with independent placees by way of direct allotment to the placees.

Premised on the evaluation above, we are of the view that the overall effects of the Proposals are **not detrimental** to the interest of the non-interested shareholders of Iconic.

10 ECONOMIC OUTLOOK, INDUSTRY OVERVIEW AND PROSPECTS OF THE ICONIC GROUP

The industry outlook and prospects of Malaysian economy, property development industry, PPE industry, tourism industry as well as the prospects of Iconic Group are set out in **Section 6, Part A of the Circular**.

10.1 Outlook of the Malaysian economy

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.

Growth of the Malaysian economy going forward will be largely driven 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. Further, continued progress of multi-year infrastructure projects and implementation of catalytic initiatives will support investment activity. Budget 2024 measures will also provide additional push 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 headline and core inflation have continued to ease through the year amid the more moderate cost conditions. This would likely continue for the remainder of 2023 amid moderate momentum of price increases. Overall, headline inflation is expected to average between 2.5% and 3.0% in 2023. Barring further cost shocks, headline and core inflation are projected to remain moderate moving into 2024. However, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments. Additionally, the outlook for inflation and demand conditions will also be influenced by the Government's intention to review price controls and subsidies in 2024.

(Source: Quarterly Bulletin – Q3 2023, Bank Negara Malaysia)

10.2 Overview and outlook of the property market

In the first three quarters of 2022, property transaction activities in Penang recorded a remarkable rebound y-o-y, with a total of 17,297 properties valued at RM9.51 billion. This reflected y-o-y increases in overall property transaction volume and value of 44.4% and 31.5% respectively.

Infrastructure developments would be an important factor in boosting the property projects in Penang and elevate Penang to the next level of urbanisation. Among the infrastructure initiatives in Penang with expected spill-over impact on the property projects in Penang are the Bayan Lepas Light Rail Transit (LRT) project (expected commencement in 4Q 2023); development of 5G network (commenced in September 2022) and monopole transmission tower next to the Penang (First) Bridge (planned completion in 2024).

On the residential sub-sector side, the property market resumed being active in 2022. Transaction volume increased by 18% to 10,885 units while transaction value grew to RM4.67 billion, up 14% as compared to the corresponding period last year. The recovery is expected to continue in 2023, albeit at a slower pace due to the increasing borrowing costs and rising inflationary pressure.

(Source: Malaysia Real Estate – Market Outlook 2023, CBRE WTW)

10.3 Overview and outlook of the PPE industry

In general, all industry players are still affected by (i) excess capacity leading to reluctance of customers to commit sizeable orders, (ii) margin erosion as costs keeps increasing including the energy and labour costs against declining average selling price (ASP), and (iii) reduced economies of scale arising from volume that is less than optimum, particularly, due to poor cost absorption.

The recent round of results reported by glove makers suggested that the operating environment is likely to remain challenging due to rising costs, declining average selling price and massive capacity leading to suppressed industry utilisation rate. Nevertheless, Kenanga Research expects the oversupply situation to be less acute and gradually improve following signs of players culling production capacity via decommissioning of selective plants.

Based on its estimates, the demand-supply situation will only start to head towards equilibrium in 2025 when there is no more new capacity coming onstream while the global demand for gloves continues to rise by 15% per annum on the back of increasing hygiene awareness.

(Source: Gloves 1QCY23 Report Card: Clearer Picture of “How Bad is Bad”; Consolidation, Sector Update by Kenanga Research)

Anticipation of rising Covid cases amid the re-opening of China borders has turned the sentiment on glove stocks positive. However, there is doubt that this may not sustain in view that surging in Covid cases may not happen taking into consideration amongst others the herd immunity, Covid rules imposed on Chinese arrivals and current high level of gloves inventory by end users.

Major Malaysian glove players expect demand and supply to rebalance by end-2023 after restocking activities resume in June 2023 and the normalisation of glove demand in 2024. Maybank Investment Bank Berhad, on the other hand, is less optimistic as the projection above was based on existing supply situation without accounting for the resumption of/any potential capacity expansion.

(Source: Malaysia Gloves Sector: Daunting outlook by Maybank Investment Bank Berhad)

10.4 Overview and outlook of the tourism industry

The global tourism sector is expected to record a stronger recovery in 2023 as China reopens its borders and eases domestic restrictions sooner than expected since 8 Jan 2023. The World Tourism Organisation (UNWTO) projects that international tourist arrivals could reach 80%-95% of pre-pandemic levels in 2023 (vs. 63% in 2022) despite the challenges in economic situation, health headwind and continued geopolitical uncertainty.

The ongoing recovery of travel in Asia and the Pacific alongside China's reopening starting are expected to spur the revival of global tourism and economic outlook in 2023. In Malaysia, the nation's multicultural attractions and diverse landscapes will help drive the recovery of inbound tourism on the back of China's resumed outbound travels and improvement in global tourism activities.

During the Covid outbreak and closure of the country's international border for tourism activities in 2020 and 2021, Malaysia recorded two straight years of contractions in inbound tourist arrivals whereby the number of foreign tourist arrivals dropped from 2019 (pre-pandemic) levels by 83.4% to 4.33 million in 2020 and further drop to 0.13 million people in 2021.

Despite the expected rebound in 2022 amid the re-opening of economy and borders from 1 Apr 2022, the tourism sector in Malaysia has yet to fully recover to pre-pandemic levels partly due to the prolonged lockdown in China, higher global inflation affecting the airline ticket prices, caution amid pandemic risks, and capacity constraints including labour shortages. In fact, the recovery of Malaysia's tourism sector last year was largely buoyed by strong domestic tourism demand as inbound tourist arrivals only recovered to 21.3% of 2019 levels in the first nine months of 2022 (9M22). Foreign tourist receipts managed to recover only 19.0% of 2019 levels, of which 53.5% was from Singapore, 14.4% from Indonesia, 6.8% from Thailand and only 1.9% from China. Pre-pandemic, China used to be the third-ranked foreign visitors.

Based on past and current trends, the room to grow and recover is significant with positive spill-over effects on consumption of goods and services, accommodation, passenger transport, and food & beverages sub-sectors.

(Source: Malaysia: Tourism Rides on a High Note by UOB Global Economics & Market Research)

10.5 Prospects of Iconic Group

	Property development RM'000	Manufacturing RM'000	Tourism services RM'000	Others ⁽¹⁾ RM'000
2023				
Total revenue	35,202	47,828	3,566	8,609
Segment PBT/(LBT)	3,395	(26,806)	(416)	(2,110)
2022				
Total revenue	36,904	68,056	1,947	603
Segment PBT/(LBT)	8,559	6,113	(808)	(1,565)

Note:

(1) Comprises investment holding, trading and other services, neither of which is of a sufficient size to be reported separately.

Manufacturing segment

In the fourth quarter of FYE 2023, the Iconic Group commenced the development of a pipeline of new personal care products under the Iconic Medicare brand, along with new glove products that will deliver enhanced value from an Environmental, Social and Governance (ESG) perspective. These initiatives will leverage the established brand presence of Iconic Medicare, as well as the Iconic Group's manufacturing capabilities, to meet projected growth in demand as economies re-open and day-to-day activities increase.

With the world entering into the endemic stage of COVID-19, demand for PPE normalised in FYE 2023. Correspondingly, the Iconic Group's manufacturing segment reported revenue of RM47.83 million in FYE 2023, down 29.7% from RM68.06 million a year earlier.

In FYE 2023, the Manufacturing segment contributed about 55.1% of the Iconic Group's revenue (excluding inter-segment revenue). The segment posted LBT of RM26.81 million, as compared to a PBT of RM6.11 million in FYE 2022 mainly due to impairment on the value of its inventories amounting to approximately RM16.69 million, which was made to account for differences between the initial cost of producing the gloves and masks in its inventories, and the realisable value of those inventories.

The manufacturing segment will continue to spearhead Iconic Group's business direction with contributions from the glove business expected to improve in line with the gradual increase in demand registered for the product since the beginning of the current year. The existing glove production lines will be sufficient and capable of producing the required volume of gloves. The face mask business is expected to experience a gradual decline in volume but will continue and provide the support for the revenue stream of the PPE business segment with the diversified product range (i.e. 3ply face masks, 4ply face masks, duckbill face masks and KF99 face masks). In addition to this, Iconic Group is also exploring into the distribution of high volume consumable related hygiene products such as diapers and wipes.

Tourism Services Segment

In FYE 2023, the tourism services segment generated RM3.57 million in revenue, or 4.1% of the Group's total topline, up 83.1% from RM1.95 million in FYE 2022. In terms of its bottom line, the tourism services segment's LBT reduced to RM0.42 million in FYE 2023 as compared to RM0.81 million in FYE 2022.

Before the Iconic Group entered the property development and PPE manufacturing segments, Tourism Services segment was the Group's core business segment. However, with COVID-19 lockdowns, the closure of international borders and a protracted decline in tourism activity, the segment's performance was significantly impacted. As the pandemic raged on, Iconic Group discontinued its tourism and tourism-related businesses, with the exception to its hospitality management services.

Moving forward, Iconic Group will likely explore the possibility of reviving its tourism business. This could enable Iconic Group to benefit from the recovery of international tourism arrivals in Malaysia.

Property Segment

In the fourth quarter of FYE 2023, the Iconic Group successfully completed and delivered Iconic Point, its maiden property project, to its buyers. Built on a 8.7 acres of land, Iconic Point is the first commercial real estate development in the Simpang Ampat township in Penang. Strategically located near a KTM station and just off the North-South Expressway, Iconic Point features 49 freehold shop offices and a four-story boutique hotel. By quarter 2 of FYE 2023, Iconic Point was fully taken up, having managed to attract renowned brand tenants including The Coffee Bean & Tea Leaf, McDonald's, Starbucks, Family Mart, CU Mart, ZUS Coffee, Secret Recipe and Watsons.

In FYE 2023, the Property Development division's revenue was RM35.20 million, down 4.6% from RM36.90 million in the previous corresponding financial year. The division reported a PBT of RM3.40 million in FYE 2023 as compared to RM8.56 million in FYE 2022.

The Iconic Group is expected to launch a new development project in the northern region by the end of FYE 2024. The details of the said development project are as follows:

Type of development	:	(i) 751 units of affordable houses (Rumah Mampu Milik); and (ii) 16 units of 2-storey shops and offices
Gross development value	:	Approximately RM259 million
Gross development cost	:	Approximately RM219 million
Expected commencement date of development	:	March 2024
Expected completion date of development	:	December 2027

The Iconic Group is also continuously reviewing the prospects of other new development projects to be launched utilising the available land bank of the Group.

In deciding on the Proposed Acquisition, the Board has taken into consideration the strategic location of the Subject Land and promising prospects. The Board endeavours to carefully deliberate on the most ideal development plan to be undertaken, so as to enhance the attraction of the Subject Land.

Moving into 2024, the growth of the Malaysian economy will be driven largely by resilient domestic expenditure, with some support from E&E exports recovery. Tourist arrivals and spending are expected to improve further while continued progress of multi-year infrastructure projects and implementation of catalytic initiatives will support investment activity. Budget 2024 measures will also provide additional push to economic activity.

The global demand for gloves is expected to moderate underpinned by the present overcapacity situation which is expected to persist at least over the next two years. Anticipation of rising Covid cases amid the re-opening of China borders has turned the sentiment on glove stocks positive. However, this may not sustain as there is no guarantee that the Covid cases will upsurge and in view of the current high level of inventory by end users, which will then affect the demand for rubber gloves. Until the demand-supply stabilises, it may be difficult for Iconic to bank on the manufacturing segment to improve the Group's financial performance, despite the new glove production lines.

As China reopens its borders and eases domestic restrictions sooner than expected since 8 Jan 2023, Malaysia tourism sector is expected to record a stronger recovery in 2023. Pre-pandemic, Chinese tourists used to contribute to third highest share of inbound tourists in Malaysia but the contribution dropped significantly in 2021 and 2022. Based on past and current trends, the room to grow and recover is significant. This could bode well for the Group which tourism segment has not been performing well for the past four (4) years up to FYE 2023. The contribution, however, may not be significant as the tourism segment only made up 4.10% of the Group's revenue for FYE 2023.

With regard to the property business and taking into account the prospects of the Malaysian economy and outlook of the property market in Malaysia and Penang as set out in Section 6, Part A of the Circular, the Board expects the property development projects to be undertaken on the Subject Land to contribute positively to the Group's financial performance in the future.

The Proposed Acquisition is in line with the Group's plan to expand its land bank for its strategic growth and future expansion plan, which would strengthen Iconic's position and market presence in property development. Given the good location, easy accessibility and the surrounding development of the Subject Land, we note that the subsequent development is expected to contribute positively to the earnings of the Iconic Group in the longer term.

Nonetheless, we wish to highlight that the future property development plans to be undertaken by the Company are subject to uncertainties which are not within the Board's control such as changes in market conditions, changes in Government policies, changes in interest rates and changes in the global economic conditions. The occurrence of any of such events may materially impact the Group's operations and affect the Iconic Group's ability to implement the property development plans for the Subject Land within a reasonable timeframe or such plans may not achieve the expected results.

11 RISK FACTORS OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, you should carefully consider the following risk factors as set out in **Section 7, Part A of the Circular**:

- (i) The Proposed Acquisition is subject to inherent risks in the property development industry, of which the Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, but not limited to, the following:

- (a) **Failure to rezone the Subject Land**

It is pertinent to note that the Subject Land is not immediately ready for development as it is currently zoned as a forest land and has not been rezoned. Prior to submission of Planning Application & Building Plan Application to initiate residential development, rezoning application for the Subject Land is required. Upon completion of the Proposed Acquisition, Iconic intends to apply to the state authority of Pulau Pinang for the Subject Land to be rezoned for residential purpose for compliance with the land use zoning. The rezoning application process normally takes six (6) to nine (9) months for approval and there is no guarantee that the rezoning application for the Subject Land will be approved.

The factors that could result in non-approval of the rezoning application include, but not limited to, the negative impact on surrounding properties; zoning incompatibility; non-compliance to legal and technical requirements; height and density considerations as well as slope stability and geotechnical concerns. In the event the initial application is rejected, Iconic will seek the advice from the state government on the preferred type of developments that can help boost Penang economy. Iconic will then re-evaluate the development proposal holistically to ensure that the interests of Iconic is not compromised and accordingly resubmit fresh application with necessary modifications, as many as required, until approval for rezoning of the Subject Land is granted.

We note that the Board has appointed BYG to opine on the likelihood of getting the approval for the rezoning application. Based on the letter of opinion by BYG, BYG is of the view that the success rate of the rezoning application may possibly outweigh the risks after taking into consideration that rezoning of the Subject Land, if undertaken, would be supported by the precedent cases with similar circumstances which has been approved by the Penang State Planning Committee. While the risks are considerable in this case, the application is in equally good standing to obtain approval from the Penang State Planning Committee. Furthermore, the Company will endeavour to comply with the submission requirements so that the chances of non-approval of the rezoning application is remote. Please refer to the letter of opinion from BYG in **Appendix VI of the Circular** for more details.

If there is no chance of rezoning or subsequent development of the Subject Land due to factors beyond Iconic's control such as public objections or the Subject Land being subjected to acquisition for public infrastructure, the Group will then have to reassess their entire business plan and long-term vision for the Subject Land by selling the Subject Land as the costs of holding and maintaining the Subject Land might adversely impact the Group's profitability. Due to the scarcity of sizeable vacant land on Penang Island, the Group is confident that they are able to sell the Subject Land if circumstances require.

However, there is no assurance that the Group would be able to recoup the total costs incurred as the final selling price of the Subject Land is influenced by various factors including the market conditions at the point of transaction.

(b) Project completion risk

The property development segment is exposed to the risk that there may be delay in the completion of the property development projects. There is no assurance that delay in the property development projects will not increase the development costs which will materially affect profitability of the Group.

(c) Market risk

The real estate market prices are highly dependent on the demand and supply factors which are mainly affected by the prevailing economic conditions, government regulations and competition with other property developers. There may be a possibility of occurrence of property overhang at the time of completion of the Group's future property development project. This will affect the sale of the Group's projects and consequentially affect the Group's future financial performance.

(d) Political, economic and regulatory risk

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial and prospects of the property development business.

- (ii) Pursuant to the Undertakings, the collective shareholdings of Dato' Seri Tan Kean Tet and the PACs in Iconic may potentially increase to above 33.00% and up to 53.62% of the enlarged issued share capital of Iconic. As a result, they will collectively be able to have effective control over the business direction and management of the Company.
- (iii) The Proposed Acquisition may not proceed to completion if any of the Conditions Precedent are not fulfilled. Accordingly, this may result in the failure of the Group to realise the objectives and benefits of the Proposed Acquisition;
- (iv) The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act 1960. Compulsory acquisition by the Government at a point in time when the fair market value of the Subject Land has decreased, the level of compensation being awarded may be less than the value of the Subject Land, which could impair the Group's financial position and results of operations; and
- (v) The Entitled Shareholders who do not subscribe for their entitlement of Proposed Rights Shares with Warrants will experience dilution in their existing shareholding in the Company as a result of the issuance of the Rights Shares arising from the subscription by other Entitled Shareholders and/or their renouncees. In addition, the issuance of new Shares arising from the exercise of the Warrants in the future will lead to further such dilution. Consequently, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Rights Issue will correspondingly be diluted.

We wish to highlight that the Group will have to incur additional cost for the rezoning application and cost for holding and maintaining the Subject Land as well as the cost associated with the Proposed Acquisition. This may negatively impact the Group's overall financial performance and growth prospects in the immediate years following the completion of the Proposed Acquisition to the disadvantage of the non-interested shareholders of Iconic (in view of the dilution in shareholdings pursuant to the Proposed Rights Issue with Free Warrants and the Proposed Exemption which are inter-conditional upon the Proposed Acquisition). In addition, the Proposals could potentially allow Dato' Seri Tan Kean Tet and his PACs to increase control or obtain control in Iconic (under the Minimum Scenario, Dato' Seri Tan Kean Tet and his PACs' shareholdings in Iconic would increase to more than 33%) at a discount to the TERP of up to 25.00%, notwithstanding that there is no assurance that Iconic Group will be able to realise the anticipated benefits from the Proposed Acquisition in the event of the failure to rezone the Subject Land.

Failure to obtain rezoning approval for the Subject Land would result in the following:

- (i) the Subject Land will have limited growth potential as it will continue to be bound by the existing zoning regulations;**
- (ii) the Group will end up owning a parcel of idle land without residential land use zoning approval as the Proposed Acquisition, once completed, is not reversible;**
- (iii) the Group will not be able to realise the anticipated benefits from the Proposed Acquisition and its plan to strengthen its position and market presence in property development; and**
- (iv) the Group may have to dispose of the Subject Land at a loss as the costs of holding and maintaining the Subject Land might adversely impact the Group's profitability and the final selling price of the Subject Land is influenced by various factors including the market conditions at the point of transaction.**

As a result, the Company's share price could also be adversely impacted.

Notwithstanding the above, we note that the Group will submit the rezoning application soonest possible after the Proposed Acquisition and shall use their best endeavours to comply with the submission requirements so that the chances of non-approval of the rezoning application would be remote. In the event the initial application is rejected, Iconic will resubmit fresh application with necessary modifications, as many as required, until approval for rezoning of the Subject Land is granted. We have also taken note of BYG's opinion that the application for rezoning of the Subject Land is in good standing to be approved by the Penang State Planning Committee taking into consideration similar cases of rezoning of the various parcels of land in the vicinity of the Subject Land had been precedented. Although the precedent cases may not be entirely comparable* to the Subject Land in terms of the initial zoning status, they were selected as comparables to provide insights into the rezoning process as well as the rezoning approval of the Subject Land. We are of the view that the selected precedent cases as comparables are reasonable, taking into consideration the location and the rezoned status of the precedent cases whereby they are located within close proximity to the Subject Land and had been rezoned to residential. Nevertheless, it should be noted that the rezoning approval is still subject to the concurrence and endorsement of the State Planning Committee chaired by the Chief Minister of the State.

Note:

- * Subject Land is zoned as forest under the State Structure Plan 2030 while the precedent cases were zoned as follows:*

No.	Details	Zoning	Rezoning approval by the Penang State Planning Committee
1	Lot 20288, 20289, 20290, Mukim 10, Daerah Barat Daya, Changkat Sungai Ara 6, Pulau Pinang. Distance to Subject Land: Approximately 6 km	Rezoned from hill land to residential zone	Timeframe: 6 months Approved on: 27 January 2012
2	Lot 5572 dan 486, Lebuhraya Terubong 4, Mukim 14, Daerah Timur Laut, Pulau Pinang. Distance to Subject Land: Approximately 4 km	Rezoned from hill land to residential zone	Timeframe: 5 months Approved on: 14 March 2019
3	Lot 20004 & 20030, Lintang Bukit Penara 10, Mukim 5, Balik Pulau, Daerah Barat Daya, Pulau Pinang. Distance to Subject Land: Approximately 10 km	Rezoned from agriculture land to residential zone	Timeframe: 5 months Approved on: 21 May 2020

For information purposes, the difference in initial zoning between precedent cases no. 1 and no. 2 and the Subject Land is due to the change in classification. The initial zoning of the precedent cases no. 1 and no. 2 as hill land was under the then zoning plan of Policy Plan (previously known as Interim Zoning Plan) prior to the gazette of State Structure Plan 2030. The classification of hill land under the Interim Zoning Plan is now effectively classified as forest land under the State Structure Plan 2030 which was gazetted on 24 October 2019.

As for precedent case no. 3, despite the difference in initial zoning i.e. as agriculture land, the required steps and processes for rezoning to residential zone remain the same.

Save for the risk of failure to obtain the rezoning approval for the Subject Land as highlighted above, we note that most of the risks associated with the Proposed Acquisition are typical risks in transactions of similar nature. Further, the realisation of anticipated benefits is very much dependent upon, amongst others, the successful development and subsequent sale of the residential project Iconic intends to undertake.

As the Iconic Group is presently involved in property development, we are of the view that the business risk profile of the Group will not change significantly upon completion of the Proposed Acquisition. The inherent risks in the property development business which includes the risk in relation to obtaining approval for the rezoning application for the Subject Land will be addressed as part of the Group's ordinary course of business. Notwithstanding that the Group's overall financial performance and growth prospects in the immediate years following the completion of the Proposed Acquisition may be impacted in view of the incidental costs to be incurred for owning and rezoning of the Subject Land, we are of the view that such impact to the Group's overall performance will be cushioned over the long term with the gradual realisation of benefits expected from the Proposed Acquisition which include, among others, additional stream of income for the Group from the eventual property development project on the Subject Land as well as stronger position and market presence in the property development industry.

Premised on the above, on an overall basis, we note that the non-interested Directors have exercised and will continue to exercise due care in considering the potential risks, among others, the risk of non-approval for the rezoning application, the inherent risks in property development industry and compulsory acquisition risk as well as the expected benefits associated with the Proposed Acquisition.

We take cognisance that the Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in acquiring suitable land to be included in the Group's landbank and to enlarge its property development portfolio to sustain the profitability of its property development business which has been the highest PBT contributor to the Group for the last four (4) financial years up to FYE 2023. Therefore, our view is that the long-term benefits from the Proposed Acquisition are expected to outweigh the cost and associated risks. Further, the increased participation of one of the Vendors namely Dato' Seri Tan Kean Tet (together with his PACs as the potential controlling shareholders of Iconic) by virtue of the increase in their collective shareholdings upon the subsequent full exercise of Warrants (from 26.33% to 53.62% under Minimum Scenario) reaffirms his commitment to the success of the Iconic Group.

Notwithstanding the above, we wish to highlight that although efforts and measures would be taken by Iconic to mitigate the risk associated with the Proposed Acquisition, no assurance can be given that one or combination of risk factors will not occur and give rise to material and adverse impact on the business and operations of the Iconic Group, its competitiveness, financial performance, financial position or prospects thereon.

In evaluating the Proposed Acquisition, non-interested shareholders of Iconic should carefully consider the said risk factors and their respective mitigating factors prior to voting on the resolutions pertaining to the Proposals at the forthcoming EGM of Iconic. Non-interested shareholders of Iconic should also note that the risk factors mentioned therein are not meant to be exhaustive.

12 IMPLICATIONS OF THE PROPOSED EXEMPTION

In accordance with paragraph 4.01 of the Rules, Dato' Seri Tan Kean Tet and his PACs are obliged to undertake a Mandatory Offer pursuant to:

- (i) the subscription of the Rights Shares (including the excess Rights Shares) by Dato' Seri Tan Kean Tet (pursuant to the Undertakings) under the Minimum Scenario; and
- (ii) the exercise of the Warrants held by Dato' Seri Tan Kean Tet and his PACs into new Iconic Shares during the Exercise Period.

As it is not the intention of Dato' Seri Tan Kean Tet and his PACs to undertake the Mandatory Offer, they intend to make an application to the SC to seek the SC's approval for the Proposed Exemption subject to the Company obtaining the approval of the non-interested shareholders of Iconic for the Proposed Exemption and the following procedures being complied with:

- (i) the resolution for the Proposed Exemption is separate from other resolutions but may be conditional on other resolutions;
- (ii) all interested parties are required to abstain from voting on the resolution at the forthcoming EGM to be convened;
- (iii) the voting at the forthcoming EGM is conducted by way of a poll;

- (iv) the Company must appoint its auditors, share registrar or external accountants who are qualified to serve as auditors for the Company, as scrutineer for the vote-taking. The identity of the scrutineer and the results of the poll (including the number of shares voted for and against the resolution) must be announced;
- (v) the non-interested shareholders are provided with competent independent advice regarding the Proposed Exemption where this IAL must be submitted to the SC for comments and must not be issued until the SC has notified that it has no further comments thereon;
- (vi) this IAL contains all information as required under Schedule 2 of the Rules;
- (vii) where the SC has notified that it has no further comments to the contents of this IAL, a statement shall be included that such notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL; and
- (viii) this IAL is despatched to the shareholders at least 14 days before the EGM to be convened.

Pursuant to subparagraph 4.08(2) of the Rules, where an offeror applies for an exemption pursuant to subparagraph 4.08(1) of the Rules, the SC may consider granting an exemption if an offeror and persons acting in concert, seeking exemption under this subparagraph, have satisfied the following conditions:

- (i) there has been no acquisition of Iconic Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for new shares or new instruments convertible into or options in respect of new shares which have been disclosed in the whitewash circular) by Dato' Seri Tan Kean Tet and the persons acting in concert with him in the six (6) months prior to the announcement of the Proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of Iconic in relation to the Proposed Rights Issue with Free Warrants until completion of the subscription (i.e. from 19 March 2022 up to the completion of the subscription) ("**Disqualifying Transaction**"); and
- (ii) approval has been obtained from the non-interested shareholders of the Company at the EGM to be convened for the Proposed Exemption. The voting at the meeting shall be conducted by way of a poll.

Any exemption granted will be invalidated if Dato' Seri Tan Kean Tet and/or persons acting in concert with him have engaged or engages in a Disqualifying Transaction. As at LPD, Dato' Seri Tan Kean Tet and his PACs did not engage in any Disqualifying Transaction.

The implications of the non-interested shareholders' votes on the Proposed Exemption to be tabled at the forthcoming EGM are set out in the ensuing sections.

12.1 If the non-interested shareholders of Iconic vote in favour of the Proposed Exemption

As disclosed in **Section 2.7, Part A of the Circular**, Iconic Group expects to incur additional financial commitment to develop the Subject Land upon completion of the Proposed Acquisition. The additional financial commitment will include, amongst others, construction costs, infrastructure works, professional adviser fees and project management costs. For the avoidance of doubt, the development costs for the Subject Land can only be determined after finalisation of the development plan. It is the Board's intention to undertake

a residential development project on the Subject Land after the completion of the Proposed Acquisition. However, the Company is still unable to affirm the details of the said development plan and ascertain the expected timeline in terms of finalisation of the said development plan at this juncture as such plan is still at the preliminary stage. The development costs will be funded via a combination of bank borrowings, internally generated funds and potential equity fundraising exercises, the exact quantum of which, will be determined by the Board at a later stage, depending on the cost of funding and the Group's cash requirements at material time.

It is pertinent to note that the Subject Land is not immediately ready for development as it is currently zoned as a forest land. To initiate residential development, rezoning application for the Subject Land is required and it normally takes 6 to 9 months for approval. Nevertheless, there is no guarantee that the rezoning application for the Subject Land will be approved. Failure to obtain rezoning approval for the Subject Land could– (i) limit the growth potential of the Subject Land; (ii) leave the Group with a parcel of idle land without the rezoning approval as the Proposed Acquisition is not reversible once completed; (iii) render the Group not being able to achieve its plan to strengthen its position and market presence in property development via the Proposed Acquisition; and (iv) lead the Group to dispose of the Subject Land at a loss.

Should you **vote in favour** of the Proposed Exemption, the SC would be able to consider the application for the Proposed Exemption. The approval from the SC for the Proposed Exemption would then exempt Dato' Seri Tan Kean Tet and his PACs from the obligation to undertake the Mandatory Offer.

To facilitate the implementation of the Proposed Rights Issue with Free Warrants on the Minimum Subscription Level basis, the Company has procured the Undertakings from Dato' Seri Tan Kean Tet and Modern Rewards to collectively subscribe at least RM40.00 million worth of Rights Shares and the Underwriting Arrangement will be made for the remainder of RM20.00 million. As at the LPD, the terms and underwriting commission for the underwriting agreement(s) are not finalised with potential underwriter(s) and they will be finalised at a later date after receipt of approval from the shareholders of Iconic for the Proposed Rights Issue with Free Warrants at the forthcoming EGM and be disclosed accordingly in the abridged prospectus for the Proposed Rights Issue with Free Warrants to be issued by the Company at a later date. For the avoidance of doubt, the potential underwriter(s) shall not be party related to Dato' Seri Tan Kean Tet and his PACs. The underwriting arrangement is not intended to result in any breach in the public shareholding spread requirement by the Company under subparagraph 8.02(1) of the Listing Requirements. As such, the underwriting arrangement may comprise the following:

- (a) Engaging several joint underwriters to underwrite the remainder of RM20.00 million; and/or
- (b) Placement arrangement by the underwriter(s) with independent placees where the underwriter(s) will place the Shares which the underwriter(s) are required to subscribe under the underwriting arrangement by way of allotment directly to these placees,

Further details of the Undertakings and the Underwriting Arrangement are as set out in **Section 3.6, Part A of the Circular**.

For illustrative purpose only, the maximum potential shareholdings of Dato' Seri Tan Kean Tet and his PACs (excluding PACs who do not hold any Iconic Shares) arising from the Proposed Rights Issue with Free Warrants are as follows:

Shareholders	As at the LPD		Minimum Scenario		Maximum Scenario		
			After Proposed Rights Issue with Free Warrants		After Proposed Rights Issue with Free Warrants		Assuming full exercise of Warrants by Dato' Seri Tan Kean Tet and his PACs
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽⁴⁾	% ⁽⁵⁾
Dato' Seri Tan Kean Tet	67,058,204 ⁽⁶⁾	11.92	402,764,463	31.76	626,568,836	36.03	290,585,550
PACs (who holds Iconic Shares)							
Modern Rewards	57,324,840	10.19	192,206,816	15.15	282,128,133	16.23	248,407,640
Tan Cho Chia	15,719,050 ⁽⁷⁾	2.80	15,719,050	1.24	15,719,050	0.90	68,115,883
Legacy 888 Sdn Bhd	7,970,300	1.42	7,970,300	0.63	7,970,300	0.46	34,537,967
Total	148,072,394	26.33	618,660,629	48.78	932,386,119	53.62	641,647,040

Notes:

- (1) Computed based on total issued share capital of 562,353,272 Iconic Shares as at LPD.
- (2) Computed based on total enlarged issued share capital of 1,268,235,625 Iconic Shares after the issuance of Rights Shares pursuant to the Proposed Rights Issue with Free Warrants under Minimum Scenario.
- (3) Computed based on total enlarged issued share capital of 1,738,823,860 Iconic Shares after the issuance of Rights Shares and full exercise of the Warrants by all subscribers of the Rights Shares pursuant to the Proposed Rights Issue with Free Warrants under Minimum Scenario.
- (4) Computed based on total enlarged issued share capital of 1,687,059,816 Iconic Shares after the issuance of Rights Shares pursuant to the Proposed Rights Issue with Free Warrants under Maximum Scenario.
- (5) Computed based on total enlarged issued share capital of 1,884,489,674 Iconic Shares after the issuance of Rights Shares and full exercise of the Warrants by only Dato' Seri Tan Kean Tet and his PACs pursuant to the Proposed Rights Issue with Free Warrants under Maximum Scenario.
- (6) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (7) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).

The maximum potential holdings of Dato' Seri Tan Kean Tet and his PACs in Iconic illustrated above is based on the following assumptions:

Minimum Scenario

- (ii) Only the Undertaking Shareholders (namely Dato' Seri Tan Kean Tet and Modern Rewards) subscribe for their respective Rights Shares entitlements pursuant to the Undertakings, and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue with Free Warrants;
- (iii) Dato' Seri Tan Kean Tet and Modern Rewards elect to subscribe for the remaining unsubscribed Rights Shares not taken up by the other Entitled Shareholders on Minimum Subscription Level, amounting to RM28.54 million and RM11.46 million worth of Rights Shares respectively; and
- (iv) Dato' Seri Tan Kean Tet and Modern Rewards, being the only subscribers of the Rights Shares, exercise their Warrants in full.

Maximum Scenario

- (i) All Entitled Shareholders and/or their renouncee(s), where applicable, subscribe in full for their respective entitlements of the Rights Shares pursuant to the Proposed Rights Issue with Free Warrants; but
- (ii) Only Dato' Seri Tan Kean Tet and his PACs exercise all their Warrants and none of the other subscribers of the Rights Shares exercise any of their Warrants.

Pursuant to subparagraphs 4.01(a) and 4.01(b) of the Rules, a mandatory offer shall apply to an acquirer where the acquirer acquires more than 33% of the voting shares or voting rights of the company or the acquirer has triggered an acquisition of more than 2% of the voting shares or voting rights of a company in any period of six (6) months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company respectively.

Based on the maximum potential holdings of Dato' Seri Tan Kean Tet and his PACs in Iconic as illustrated above, there are three (3) different scenarios which may lead to the trigger of the Mandatory Offer as set out in **Section 1 of this IAL**.

The approval of the Proposed Exemption by the non-interested shareholders of Iconic will imply that they agreed to waive their rights and exempt Dato' Seri Tan Kean Tet and his PACs from the obligation to undertake the Mandatory Offer (which shall be no lower than the highest price paid by Dato' Seri Tan Kean Tet and his PACs for the Iconic Shares in the past six (6) months before the incurrence of such obligation to undertake the Mandatory Offer).

Dato' Seri Tan Kean Tet will be able to subscribe for the Rights Shares at the same price as the non-interested shareholders of Iconic and increase their shareholdings in Iconic without the obligation to undertake the Mandatory Offer. Dato' Seri Tan Kean Tet and his PACs will also be able to gain control of Iconic at a **discount** without a premium being paid to the non-interested shareholders of Iconic.

The shareholding limit to be established for the Proposed Exemption will be based on the actual number and percentage of voting rights that Dato' Seri Tan Kean Tet and his PACs individually and/or collectively will hold upon completion of the Proposed Rights Issue with Free Warrants, and assuming that Dato' Seri Tan Kean Tet and his PACs fully exercise

their entitled Warrants. Any further acquisition by Dato' Seri Tan Kean Tet and his PACs exceeding the Exemption Limit would be subject to the mandatory offer obligation if the percentage shareholdings of the potential controlling shareholders increased to over 33% or, if already over 33%, by more than 2% in any six (6)-month period. In the event Dato' Seri Tan Kean Tet and his PACs acquire further voting shares after the date of issue of the Warrants, the Proposed Exemption will only apply to the exercise of Warrants such that the number of Iconic Shares issued, when added to the further voting rights acquired, do not exceed the Exemption Limit to be determined upon completion of the Proposed Rights Issue with Free Warrants.

In the event the collective shareholdings of Dato' Seri Tan Kean Tet and his PACs increase to above 50% upon completion of the Proposed Acquisition and Proposed Rights Issue with Free Warrants, any further increase in their collective shareholdings in Iconic would not trigger a Mandatory Offer obligation unless any member of the PACs increases their individual shareholdings in Iconic to more than 33% (who hold less than 33%) or by more than 2% in any period of six (6) months (when their shareholdings in Iconic were already more than 33% but not more than 50% during that six (6) months period), unless an exemption is granted by the SC.

However, should their shareholdings remain below 50% upon completion of the Proposed Acquisition and Proposed Rights Issue with Free Warrants, Dato' Seri Tan Kean Tet and his PACs would still need to comply with subparagraph 4.01(b) of the Rules in the future in the event their shareholdings increase by more than two percent (2%) in any six (6) months period, unless an exemption from the Mandatory Offer obligation is obtained under the Rules.

After the Proposed Rights Issue with Free Warrants, Dato' Seri Tan Kean Tet and/or his PACs will hold approximately 53.62% interest in Iconic. Therefore, Dato' Seri Tan Kean Tet and his PACs will have statutory control over Iconic and as such, will be able to determine the outcome of ordinary resolutions which require a simple majority of more than half of the members of a company who are entitled to vote and do vote, whether in person or by proxy (if allowed) at general meetings (unless Dato' Seri Tan Kean Tet and his PACs are required to abstain from voting).

Furthermore, Dato' Seri Tan Kean Tet and his PACs will be able to significantly influence the outcome of any special resolution which requires not less than three-fourths of the members of a company as being entitled so to do vote in person or by proxy (if allowed) tabled at general meetings of which not less than 21 days' notice specifying the intention to propose the resolution as a special resolution has been duly given (unless Dato' Seri Tan Kean Tet and his PACs are required to abstain from voting).

Should the Proposed Exemption be approved by the non-interested shareholders of Iconic, it does not in any way affect the rights of the Entitled Shareholders and/or their renounee(s) to participate in the Proposed Rights Issue with Free Warrants on the same terms as all Shareholders. However, should the Entitled Shareholders other than Dato' Seri Tan Kean Tet and his PACs decide not to subscribe for their entitlements pursuant to the Proposed Rights Issue with Free Warrants,

- the collective shareholding of Dato' Seri Tan Kean Tet and his PACs would increase from 26.33% to 48.78% upon completion of the Proposed Rights Issue with Free Warrants, and further increase to 53.62% after the full exercise of the Warrants; and
- the non-interested shareholders shareholdings would be diluted from 73.67% to 32.67% after the Proposed Rights Issue with Free Warrants, and further diluted to 23.83% after the full exercise of the Warrants.

In view of the inter-conditionality of the Proposed Acquisition, Proposed Rights Issue with Free Warrants and Proposed Exemption as set out in **Section 10, Part A of the Circular**, the Proposed Acquisition and Proposed Rights Issue with Free Warrants will not proceed without the Proposed Exemption. Therefore, voting in favour of the Proposed Exemption will enable Iconic will to realise the potential benefits from the Proposed Acquisition and Proposed Rights Issue with Free Warrants.

12.2 If the non-interested shareholders of Iconic vote against the Proposed Exemption

In the event that the non-interested shareholders of Iconic vote against the Proposed Exemption and the Proposed Exemption is not approved at the EGM, the SC would not be able to consider the application by Dato' Seri Tan Kean Tet and his PACs for the Proposed Exemption.

The Proposed Acquisition and Proposed Rights Issue with Free Warrants will not be implemented due to their inter-conditionality with the Proposed Exemption. Consequently, Iconic will not be able to realise the potential benefits from the Proposed Acquisition and Proposed Rights Issue with Free Warrants. As at the LPD, other than the Proposed Rights Issue with Free Warrants, the Board has yet to determine other alternatives of fund raising in the event the Proposed Exemption is not approved.

13 DECLARATIONS AND CONFIRMATIONS

Pursuant to Schedule 2: Part II of the Rules, the following declarations have been made in respect of the Proposed Exemption as at LPD:

13.1 Declarations by Dato' Seri Tan Kean Tet and his PACs

- (i) Dato' Seri Tan Kean Tet and his PACs do not intend to:
 - (a) effect any major changes to the continuation of the business of the Iconic Group;
 - (b) effect any major changes to the existing business activities of the Iconic Group, including any plans to liquidate any of the companies within the Group, sell the assets or re-deploy the fixed assets of the Iconic Group or make any other major changes in the business of the Iconic Group; and
 - (c) effect any changes to the continued employment of the employees of the Iconic Group or its employment policies,

except where such changes are considered by the Iconic Group to be necessary to improve amongst others, its business, profitability, operation and/or market position and in the best interest of the Iconic Group. Dato' Seri Tan Kean Tet and his PACs shall at any time consider any options which are in the best interest of the Iconic Group;
- (ii) Dato' Seri Tan Kean Tet and his PACs' commercial justification for the Proposed Exemption is to ensure the completion of the Proposals, without Dato' Seri Tan Kean Tet and his PACs having to undertake a take-over offer;
- (iii) There is no agreement, arrangement or understanding that exists between Dato' Seri Tan Kean Tet and his PACs and any of the directors or recent directors of Iconic, holders of voting shares or voting rights or recent holders of voting shares or voting rights of Iconic having any connection with or dependence upon the Proposals;

- (iv) Dato' Seri Tan Kean Tet and his PACs do not have any arrangement with any person including any arrangement involving rights over Iconic Shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to Iconic Shares which may be an inducement to deal or refrain from dealing;
- (v) As at the LPD, there have not been, within the knowledge of Dato' Seri Tan Kean Tet and his PACs, any material changes in the financial position or prospects of Iconic since 31 March 2023, being the latest audited consolidated financial statements of Iconic;
- (vi) Dato' Seri Tan Kean Tet and his PACs have not borrowed or lent any Iconic Shares; and
- (vii) Dato' Seri Tan Kean Tet and his PACs have not dealt in Iconic Shares during the period of six (6) months prior to 19 September 2022, being the date of the announcement of the Proposals and up to the LPD.

Having considered the above confirmations and barring unforeseen circumstances, there will not be any major disruption to the operations of the Iconic Group's business. Furthermore, the above confirmations and the undertakings by Dato' Seri Tan Kean Tet and his PACs reflect their commitment and confidence in the prospects of the Iconic Group.

13.2 Declarations by the Board

- (i) As at the LPD, save for disclosed below, the directors of Iconic do not have any interest (direct and indirect) in Iconic Shares. Their intention to vote in relation to the Proposed Exemption is as follows:

Name	<----- Direct ----->		<----- Indirect ----->		Intention to vote
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
Dato' Seri Tan Kean Tet	67,058,204 ⁽²⁾	11.92	65,295,140 ⁽⁴⁾	11.61	Abstain
Tan Cho Chia	15,719,050 ⁽³⁾	2.80	7,970,300 ⁽⁵⁾	1.42	Abstain
Tan Seok Ying	-	-	-	-	Not applicable
Jason Chung Wei Chiun	-	-	-	-	Not applicable
Chia Yuet Yoong	-	-	-	-	Not applicable
Leow Chan Khiang	-	-	-	-	Not applicable
Ong Lay See	-	-	-	-	Not applicable
Lee Eng Eow	-	-	-	-	Not applicable

Notes:

- (1) Based on the issued share capital of 562,353,272 Shares as at LPD.
- (2) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (3) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (4) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Modern Rewards pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act.

As set out in **Section 12, Part A of the Circular**, the Interested Directors are deemed interested in the Proposals. Accordingly, they have abstained and will continue to abstain and will undertake to ensure that persons connected with them (if any) will abstain from all deliberations and voting at Board meetings pertaining to the Proposals and voting in respect of their shareholdings in Iconic on the ordinary resolutions pertaining to the Proposals to be table at the forthcoming EGM of Iconic.

- (ii) Neither Iconic nor its subsidiary has any service contracts with any directors of Iconic, which have been entered into or amended within six (6) months prior to the announcement of the Proposals or which are fixed term contracts with more than twelve (12) months to run;
- (iii) There are no payments or benefits which will be made or given to any director of Iconic as compensation for loss of office or otherwise in connection with the Proposals;
- (iv) There is no agreement or arrangement between any director of Iconic and any other person which is conditional on or dependent upon or otherwise connected with the outcome of the Proposals; and
- (v) There are no material contract entered into by Dato' Seri Tan Kean Tet and his PACs in which any director of Iconic has a material personal interest.

14 DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of all information stated in this IAL. The Board, after having made all reasonable enquiries and to the best of their knowledge and belief, confirms the following:

- (i) no statement and/or information in this IAL is incomplete, false, misleading or inaccurate;
- (ii) there are no other facts and/or information, the omission of which would make any statement or information in this IAL incomplete, inaccurate, false or misleading; and
- (iii) all material facts and/or information relevant to this IAL, including those required under the Rules, have been accurately and completely disclosed in this IAL.

All information relating to Dato' Seri Tan Kean Tet and his PACs were provided by Dato' Seri Tan Kean Tet and his PACs respectively. The responsibility of the Board in relation to the information on Dato' Seri Tan Kean Tet and his PACs is therefore limited to ensure that the information thereon is accurately reproduced in this IAL.

In relation to the independent advice and opinion of MainStreet in relation to the Proposals as contained in this IAL, the Board's responsibility is limited to the accuracy of the information given to MainStreet in relation to Iconic for MainStreet's evaluation of the Proposals. The Board has confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts and/or information, the omission of which would make any information provided to MainStreet incomplete, inaccurate, false or misleading.

15 FURTHER INFORMATION

The non-interested shareholders of Iconic are advised to refer to **Part A of the Circular** as well as the attached appendices for further information.

16 CONCLUSION AND RECOMMENDATION

You should carefully consider the merits and demerits of the Proposals based on all relevant and pertinent factors including those set out in this IAL as well as those highlighted by your Board in its letter to you in relation to the Proposals as set out in **Part A of the Circular** before voting on the ordinary resolution in respect of the Proposed Exemption at the forthcoming EGM.

Our evaluation of the Proposed Exemption was based on parameters as guided by Schedule 2: Part III of the Rules. In accordance with Paragraph 8 of Schedule 2: Part III of the Rules, a holistic approach should be taken in assessing whether the Proposed Exemption is fair and reasonable and whether the shareholders of Iconic should vote for or against the Proposed Exemption. As the Proposed Exemption is inter-conditional upon all other components of the Proposals, evaluations of Proposed Acquisition and Proposed Rights Issue with Free Warrants are necessary to provide the shareholders of Iconic with a holistic view of the Proposed Exemption. Therefore, our opinion on the fairness and reasonableness of the Proposed Exemption is rendered on a holistic basis.

The Proposed Exemption (if granted by the non-interested shareholders of Iconic and approved by the SC) will allow Iconic to undertake the Proposed Acquisition and the Proposed Rights Issue (if they are also approved by the non-interested shareholders of Iconic). The following are the advantages and disadvantages of the Proposals for your consideration:

Advantages	
(1)	The Proposed Acquisition is in line with the Group's strategy to further expand its property development business given that it has been the highest PBT contributor to the Group for the last four (4) financial years (2020: 105.08%, 2021: 109.07%, 2023: 13.09%). In addition, the Proposed Acquisition is expected to provide sustainability to its property development business and to contribute positively towards the Group's overall earnings and shareholders value in the longer term.
(2)	The Purchase Consideration represents a discount of RM0.29 million (0.74%) and RM5.90 million (12.91%) to the adjusted NA of Goldenluck as at 30 June 2023 of RM40.09 million and the valuation of the Subject Land of RM45.70 million respectively. This will enable the Group to derive better profit margins from the development of the Subject Land and increase shareholders value in the future.
(3)	<p>The Proposed Rights Issue with Free Warrants and Proposed Acquisition will enable the Iconic Group to strengthen the financial position and capital base of the Iconic Group through–</p> <ul style="list-style-type: none"> • reduced gearing level from 0.58 times to 0.37 times (under the Minimum Scenario) and 0.23 times (under the Maximum Scenario); and • improved NA from RM167.26 million to RM225.76 million (under the Minimum Scenario) and RM261.36 million (under the Maximum Scenario), <p>upon completion of the Proposed Rights Issue with Free Warrants, Proposed Acquisition and the utilisation of proceeds but prior to the exercise of the Warrants.</p>

Advantages

Assuming full exercise of the Warrants,

- the gearing ratio will be further reduced to 0.33 times (under the Minimum Scenario) and 0.19 times (under the Maximum Scenario); and
- the NA will increase to RM258.70 million (under the Minimum Scenario) and RM313.85 million (under the Maximum Scenario).

This will in turn provide the Iconic Group with greater financial flexibility in the event the Group needs to source for additional funds and/or gear up to fund its business expansion and/or any potential investment opportunities in the future.

- (4) The Proposed Rights Issue with Free Warrants will provide an opportunity for you to participate in the equity offering in the Company on a pro-rata basis without diluting shareholders' equity interest in Iconic (provided that you subscribe in full for your respective entitlement of the Rights Shares). The proceeds from the Proposed Rights Issue with Free Warrants are expected to contribute positively to the future earnings of the Iconic Group, as part of the proceeds will be utilised towards reducing the Iconic Group's borrowings and thereby reducing the Iconic Group's finance cost. The proceeds will also be utilised to finance the Proposed Acquisition which may contribute positively to the earnings of the Iconic Group in the future.
- (5) You would be able to subscribe for the Rights Shares at the issue price with **discount** to the TERP and be entitled to free Warrants. The indicative issue price of RM0.0850 represents **discounts** ranging from 2.75% to 5.97% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs of Iconic Shares up to the LPD.
- (6) The free Warrants attached to the Rights Shares will provide an added incentive for you to subscribe for the Rights Shares. Through the subsequent exercise of the Warrants, you will be able to further increase your equity participation in Iconic while also providing additional funds to the Iconic Group for additional working capital to finance the Group's day-to-day operations. Alternatively, you will have the option to monetise your Warrants via disposal in the open market.

Disadvantages

- (1) There is no assurance that the Iconic Group will be able to realise the anticipated benefits from the Proposed Acquisition, and the Proposed Acquisition may expose the Iconic Group to the following risks, which are not meant to be exhaustive:
 - (i) Failure to rezone the Subject Land – It is the Board's intention to undertake a residential development project on the Subject Land which requires the Subject Land to be rezoned for residential purpose for compliance with the land use zoning requirement. However, there is no assurance that such rezoning application will be approved by the Penang State Planning Committee. In the event the rezoning application for the Subject Land is not approved, the Group will not be able to realise the expected benefits from the Proposed Acquisition and the Group will end up with an idle land with limited growth potential.

Disadvantages

While it may be possible to dispose of the Subject Land if circumstances require, there is no assurance that the Group would be able to recoup the total costs incurred as the final selling price of the Subject Land is influenced by various factors including the market conditions at the point of transaction. Under both scenarios, the Group's overall financial performance and growth prospects could be adversely impacted. This would be to the disadvantage of the non-interested shareholders; and

- (ii) Inherent risks in the property development industry, of which the Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, but not limited to, project completion risk, market risk, as well as political, economic and regulatory risks.
- (2) Should you decide not to subscribe for your entitlements pursuant to the Proposed Rights Issue with Free Warrants, your percentage shareholdings will be diluted accordingly. Depending on your eventual subscription rate of the Rights Shares, the collective shareholding of Dato' Seri Tan Kean Tet and his PACs in Iconic under the Minimum Scenario could potentially increase from 26.33% to 48.78% after the Proposed Rights Issue with Free Warrants and further increase to 53.62% after the full exercise of the Warrants. Conversely, your collective shareholding could potentially be diluted from 73.67% to 32.67% after the Proposed Rights Issue with Free Warrants, and further diluted to 23.83% after the full exercise of the Warrants. You should note that these maximum potential holdings of Dato' Seri Tan Kean Tet and his PACs as indicated above are purely illustrative and may not materialise.

After the issuance of the Rights Shares and assuming full exercise of the Warrants, Dato' Seri Tan Kean Tet and his PACs will hold approximately 53.62% interest in Iconic. Therefore, Dato' Seri Tan Kean Tet and his PACs will have statutory control over Iconic and as such will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share (unless Dato' Seri Tan Kean Tet and his PACs are required to abstain from voting). Furthermore, Dato' Seri Tan Kean Tet and his PACs will be able to significantly influence the outcome of any special resolution which requires a special majority of at least 75% tabled at general meetings (unless Dato' Seri Tan Kean Tet and his PACs are required to abstain from voting).

- (3) In the event that the shareholdings of Dato' Seri Tan Kean Tet and his PACs increase to above 50% upon completion of the Proposed Acquisition and Proposed Rights Issue with Free Warrants, subject to the Proposed Exemption being approved, Dato' Seri Tan Kean Tet and his PACs would increase their shareholdings collectively without incurring any further obligation to make a Mandatory Offer.

The Proposed Exemption could potentially allow Dato' Seri Tan Kean Tet and his PACs to increase control or obtain control in Iconic at the issue price with a discount ranging from 5.00% to 25.00% to the TERP, without a premium being paid to the non-interested shareholders and be entitled to free Warrants.

Disadvantages

- (4) The issuance of additional Iconic Shares pursuant to the Proposed Rights Issue with Free Warrants and the subsequent exercise of the Warrants are expected to result in a dilution to the unaudited NA per Iconic Share as at 30 September 2023 from RM0.30 to RM0.15 and RM0.13 under the Minimum Scenario and the Maximum Scenario respectively.

In addition, for the Entitled Shareholders who do not subscribe for their entitlement of Proposed Rights Shares with Warrants, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Rights Issue will correspondingly be diluted.

We wish to highlight that the Proposals could potentially allow Dato' Seri Tan Kean Tet and his PACs to increase control or obtain control in Iconic (under the Minimum Scenario, Dato' Seri Tan Kean Tet and his PACs' shareholdings in Iconic would increase to more than 33%) at a discount to the TERP of up to 25.00% despite there being no assurance that Iconic Group will be able to realise the anticipated benefits from the Proposed Acquisition in the event the rezoning approval for the Subject Land is not obtained. Under such scenario, the following would be the likely outcome:

- (i) the Subject Land will have limited growth potential as it will continue to be bound by the existing zoning regulations;
- (ii) the Group will end up owning a parcel of idle land without the residential land use zoning approval as the Proposed Acquisition, once completed, is not reversible;
- (iii) the Group will not be able to realise the anticipated benefits from the Proposed Acquisition and its plan to strengthen its position and market presence in property development; and
- (iv) the Group may have to dispose the Subject Land at a loss as the costs of holding and maintaining the Subject Land might adversely impact the Group's profitability and the final selling price of the Subject Land is influenced by various factors including the market conditions at the point of transaction.

Nonetheless, we also wish to highlight the following:

- (i) the Proposed Acquisition is in line with the Group's business expansion objective and growth strategy in acquiring suitable land to be included in the Group's landbank and to enlarge its property development portfolio to sustain the profitability of its property development business moving forward. We note that the Subject Land is located in Paya Terubong which is presently one of the most sought-after alternative locations for developers to carry out mass high-rise affordable housing developments in Penang Island which supports the Board's intention to undertake residential development on the Subject Land after the completion of the Proposed Acquisition. Considering that the Subject Land is located in a strategic location with good growth potential, we note that the subsequent development of the Subject Land is expected to contribute positively to the earnings of the Iconic Group in the longer term; and

- (ii) based on the letter of opinion by BYG, taking into consideration, among others, similar cases of rezoning of the various parcels of land in the vicinity of the Subject Land had been preceded, BYG is of the view that the rezoning application is in good standing to obtain approval from the Penang State Planning Committee. Furthermore, the Company will endeavour to comply with the submission requirements so that the chances of non-approval of the rezoning application would be remote.

Premised on the factors discussed above and our evaluation of the Proposals on a holistic basis, and based on the information made available to us, we are of the view that the Proposals are **FAIR** and **REASONABLE**.

Accordingly, we recommend that you **VOTE IN FAVOUR** of the resolutions in respect of the Proposals to be tabled at the forthcoming EGM of Iconic.

However, the other Entitled Shareholders should take note that should they decide not to subscribe for the Rights Shares, their percentage of shareholdings in the Company will be diluted accordingly. The dilutive effect on the collective shareholdings of the non-interested shareholders of Iconic from 73.67% to 23.83% as stated above would cause a significant transfer of value in the form of:

- **Rights Shares**

- a discount ranging from 2.75% to 5.97% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD; and
- a discount of 71.67% to the unaudited NA per Iconic Share as at 30 September 2023,

based on the indicative issue price of RM0.0850 per Rights Share; and

- **Warrants**

- a discount ranging from 19.91% to 22.57% to the TERP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs up to the LPD based on the indicative exercise price of RM0.0700 per Warrant;

from the non-participating shareholders to the participating shareholders and it is detrimental to the interest of shareholders who do not subscribe for the Proposed Rights Issue with Free Warrants. Entitled Shareholders who do not take up the Rights Shares will have the opportunity to sell the rights entitlements in the market. However, the price of the rights entitlement may not trade at the intrinsic value* of the Rights Shares.

Note:

* *Intrinsic value = (Stock price - Right subscription price) / Number of rights needed to buy a share*

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders of Iconic. We recommend that any non-interested shareholders of Iconic who require specific advice in relation to the Proposals in the context of their individual investment objectives, financial situation or particular needs, to consult their respective stockbrokers, investment advisers, accountants, solicitors or other professional advisers.

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

Yours faithfully,
MAINSTREET ADVISERS SDN BHD

Dato' Siow Kim Lun
Adviser

James Goh Chin Chai
Head, Corporate Finance

INFORMATION ON ICONIC

1. HISTORY AND PRINCIPAL ACTIVITIES

Iconic was incorporated in Malaysia on 11 February 1969 under the Companies Act, 1965 as a private limited company under the name of Eastern Mobile Crane and Engineering Sdn Berhad and changed its name to EMC Logistics Sdn Bhd on 21 May 1993. On 28 June 1993, the Company was converted to a public limited liability company and assumed the name of EMC Logistics Berhad. The Company was listed on the Second Board of Kuala Lumpur Stock Exchange ("**Second Board**") on 13 June 1994 and is currently listed on the Main Market of Bursa Securities since the transfer of listing from the Second Board on 28 January 2002. On 18 February 2002, the Company changed its name from EMC Logistics Berhad to Sanbumi Holdings Berhad and then again changed its name to Iconic Worldwide Berhad on 29 August 2019.

The principal activity of Iconic is investment holding whilst the principal activities of its subsidiaries are set out in **Section 5 of this Attachment**.

2. SHARE CAPITAL**2.1 Issued share capital**

The issued share capital of Iconic as at the LPD is as follows:

Share capital	No. of Iconic Shares (unit)	Amount (RM)
Issued	562,353,272	148,392,603

As at the LPD, there is only one (1) class of shares in Iconic, namely the Iconic Shares. All Iconic Shares rank equally in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in the issued share capital

Since the end of the FYE 2023 up to the LPD, there are no changes in Iconic's issued share capital.

2.3 Convertible securities

The Company does not have any outstanding options, warrants or convertible securities as at the LPD.

3. SUBSTANTIAL SHAREHOLDERS

The shareholders of Iconic holding five percent (5%) or more of the issued share capital and their shareholdings in the Iconic Shares based on the announcements on Bursa Securities as at the LPD are as follows:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of Iconic Shares	%	No. of Iconic Shares	%
Dato' Seri Tan Kean Tet	67,058,204 ⁽¹⁾	11.92	65,295,140 ⁽³⁾	11.61
Tan Cho Chia	15,719,050 ⁽²⁾	2.80	7,970,300 ⁽⁴⁾	1.42
Modern Rewards	57,324,840	10.19	-	-

INFORMATION ON ICONIC (Cont'd)

Notes:

- (1) *Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).*
- (2) *Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).*
- (3) *Deemed interested by virtue of his shareholding in Legacy 888 Sdn Bhd and Modern Rewards pursuant to Section 8 of the Act.*
- (4) *Deemed interested by virtue of his shareholding in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act.*

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INFORMATION ON ICONIC (Cont'd)

4. DIRECTORS AND THEIR SHAREHOLDINGS

The particulars of the directors of Iconic and their respective shareholdings in the Company as at the LPD are as follows:

Name/ Nationality	Address	Designation/ Date of appointment	Direct No. of Shares	%	Indirect No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Chairman / 23 April 2019	67,058,204 ⁽¹⁾	11.92	65,295,140 ⁽³⁾	11.61
Tan Cho Chia / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Managing Director / 9 January 2019	15,719,050 ⁽²⁾	2.80	7,970,300 ⁽⁴⁾	1.42
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 23 September 2019	-	-	-	-
Jason Chung Wei Chiun / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 23 May 2020	-	-	-	-
Leow Chan Khiang / Malaysian	47, Medan Terengganu 11600 Georgetown Pulau Pinang	Independent Non-Executive Director / 15 March 2019	-	-	-	-
Ong Lay See / Malaysian	2, Tingkat Bukit Jambul 2 Bukit Jambul 11900 Bayan Lepas Pulau Pinang	Independent Non-Executive Director / 18 November 2019	-	-	-	-

INFORMATION ON ICONIC (Cont'd)

Name/ Nationality	Address	Designation/ Date of appointment	Direct No. of Shares	%	Indirect No. of Shares	%
Chia Yuet Yoong / Malaysian	No. 9, Jalan Jemerlang Kuning Sierra Mas 47000 Sungai Buloh Selangor	Independent Non-Executive Director / 30 May 2023	-	-	-	-
Lee Eng Eow / Malaysian	22, Lorong Batu Gajah Bukit Dumbur Residences 11600 Georgetown Pulau Pinang	Independent Non-Executive Director / 1 October 2023	-	-	-	-

Notes:

- (1) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (2) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (3) Deemed interested by virtue of his shareholding in Legacy 888 Sdn Bhd and Modern Rewards pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his shareholding in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act.

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INFORMATION ON ICONIC (Cont'd)

5. SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

The details of the subsidiary and associate companies of Iconic are as follows:

Subsidiary companies

Name of company	Country of incorporation	Principal activities	Effective equity interest %
Iconic Maison Sdn. Bhd.	Malaysia	Property development	100
Akalaju Sdn. Bhd.	Malaysia	Dormant	100
Iconic (Sabah) Sdn. Bhd.	Malaysia	Dormant	100
Iconic Medicare Sdn. Bhd.	Malaysia	Manufacturer, distributor and dealer of personal protective equipment products and related appliances	100
EMC Containers Sdn. Bhd.	Malaysia	Dormant	70
Sanbumi Capital Sdn. Bhd.	Malaysia	Investment holding	100
EMC Marketing Sdn. Bhd.	Malaysia	Dormant	100
<u>Subsidiaries of Iconic Maison Sdn Bhd</u>			
Iconic City Sdn. Bhd.	Malaysia	Dormant	100
Mirim Timber Sdn. Bhd.	Malaysia	Dormant	100
<u>Subsidiaries of Sanbumi Capital Sdn. Bhd.</u>			
Superio Med Sdn Bhd (<i>formerly known as Sanbumi Holiday Sdn. Bhd.</i>)	Malaysia	Dormant (formerly a travel agent)	100
Sanbumi Air Transport Sdn. Bhd.	Malaysia	Dormant (formerly a carrier, transport provider and travel agent)	100
Pewter Art Industries (M) Sdn. Bhd.	Malaysia	Dormant (formerly trading in pewterware souvenirs)	100
Tourism Information Centre Sdn. Bhd.	Malaysia	Trading in local products and provision of local food and dining facilities	100
Fine Taste Products (KL) Sdn. Bhd.	Malaysia	Dormant	100
Iconic Babycare Sdn Bhd (<i>formerly known as Nouvelle Hotel Sdn. Bhd.</i>)	Malaysia	Dormant	100
Fine Taste Products Sdn. Bhd.	Malaysia	Dormant	100
Sinoreno Jewellery Sdn. Bhd.	Malaysia	Dormant	100
Nouvelle Restaurant Sdn. Bhd.	Malaysia	Dormant	100
Iconic Hotel Management Sdn. Bhd.	Malaysia	Hotelier	100

INFORMATION ON ICONIC (Cont'd)
Associate companies

Name of company	Country of incorporation	Principal activities	Effective equity interest %
EMC Capital Sdn. Bhd.	Malaysia	Dormant	49
Ferrotrans Sdn. Bhd.	Malaysia	Dormant	49

Joint ventures

As at the LPD, Iconic does not have any joint ventures.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the Iconic Group based on its audited consolidated financial statements for the FYE 2021, 2022 and 2023 and unaudited consolidated financial statements for the six (6)-month FPE 30 September 2023 are as follows:

	<-----Audited ----->			Unaudited
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 30 September 2023 RM'000
<u>Income Statement</u>				
Revenue	49,167	107,139	86,838	18,282
Gross profit / (loss)	14,200	27,717	(6,529)	807
PBT / (LBT)	8,520	12,299	(25,937)	(9,056)
PAT / (LAT) attributable to Owners of the Company	8,839	9,595	(24,651)	(9,056)
Non-controlling interests	(2)	(2)	(2)	-
	8,837	9,593	(24,653)	(9,056)
Number of Iconic Shares in issue ('000)	420,828	562,353	562,353	562,353
Basic EPS / (LPS) ⁽¹⁾ (sen)	2.45	2.18	(4.38)	(1.61)
Diluted EPS / (LPS) ⁽²⁾ (sen)	2.14	2.18	(4.38)	(1.61)
Total equity attributable to owners of the company / NA	166,740	200,966	176,315	167,136
NA per Iconic Share ⁽³⁾ (RM)	0.40	0.36	0.31	0.30
Gearing ratio (times)	0.02	0.48	0.56	0.58
Net dividend per share	-	-	-	-

Notes:

- (1) PAT / (LAT) attributable to the owners of the Company divided by the weighted average number of issued Iconic Shares for the financial period under review.
- (2) PAT / (LAT) attributable to the owners of the Company divided by the weighted average number of issued Iconic Shares for the financial period under review and adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that full conversion of the remaining Redeemable Convertible Preference Shares ("RCPS") in issue to ordinary shares as at the end of the previous reporting period.
- (3) NA divided by the number of issued Iconic Shares as at the end of the financial period under review.

INFORMATION ON ICONIC (Cont'd)

There is no item, transaction or event of a material and unusual nature that has arisen in the periods under review in the audited consolidated financial statements of Iconic for the past three (3) financial years up to the FYE 2023 and six (6)-month FPE 30 September 2023.

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the Group based on its audited consolidated financial statements as at 31 March 2021, 31 March 2022 and 31 March 2023 and unaudited consolidated financial statements as at 30 September 2023 are as follows:

	<----- Audited -----> <----- 31 March ----->			Unaudited
	2021	2022	2023	2023
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	85,584	191,162	197,732	193,226
Right-of-use assets	23,388	23,228	23,388	23,028
Investment properties	7,150	7,150	20,510	21,054
	116,122	221,540	241,630	237,308
Current assets				
Inventories	41,780	77,705	36,662	20,089
Trade and other receivables	6,018	26,064	9,340	34,388
Current tax assets	235	248	1,094	-
Cash and bank balances	25,609	21,505	13,474	4,801
	73,642	125,522	60,570	59,278
Total assets	189,764	347,062	302,200	296,586
Equity				
Ordinary share capital	108,804	148,393	148,393	148,393
RCPS	14,958	-	-	-
Reserves	34,139	52,573	27,922	18,866
Equity attributable to owners of the Company	114,199	200,966	176,315	167,259
Non-controlling interests	(119)	(121)	(123)	(123)
Total equity	114,082	200,845	176,192	167,136
Non-current liabilities				
RCPS	1,947	-	-	-
Borrowings	2,505	80,889	84,916	84,319
Lease liabilities	112	167	516	4,056
Deferred tax liabilities	4,158	5,360	4,056	442
	8,722	86,416	89,488	88,817
Current liabilities				
Trade and other payables	13,289	42,808	22,113	28,769
RCPS	571	-	-	-
Borrowings	417	16,405	14,067	11,645
Lease liabilities	132	156	339	218
Current tax liabilities	12	432	1	1
	14,421	59,801	36,520	40,633
Total liabilities	23,143	146,217	126,008	129,450
Total equity and liabilities	189,764	347,062	302,200	296,586

As at the LPD, within the knowledge of Dato' Seri Tan Kean Tet and his PACs, there is no known material change in the financial position or prospects of Iconic subsequent to the latest audited consolidated financial statements for the FYE 2023.

INFORMATION ON ICONIC (Cont'd)**8. BORROWINGS**

As at 30 September 2023, which is not more than three (3) months preceding the LPD, Iconic Group has total outstanding borrowings of approximately RM95.96 million, which are as follows:

	RM'000
Long term borrowings	
Term loans	84,319
	84,319
Short term borrowings	
Term loans	7,872
Trade finance facility	3,773
	11,645
Total loans and borrowings	95,964

9. ACCOUNTING POLICIES

Based on the audited consolidated financial statements of Iconic for FYEs 31 March 2021, 31 March 2022 and 31 March 2023, the financial statements have been prepared based on approved Malaysian accounting standards and there was no audit qualification for Iconic's financial statements for the respective years under review.

There is no change in the accounting standards adopted by Iconic which would result in variation in the comparable figures for the audited consolidated financial statements of Iconic for the FYEs 31 March 2021 to 2023.

10. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**10.1 Material commitments**

As at the LPD, the Board confirms that there are no material commitments incurred or known to be incurred by the Group that is likely to have a material effect on the Group's financial position.

10.2 Contingent liabilities

As at the LPD, the Board confirms that there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of the Company to meet its obligations as and when they fall due.

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INFORMATION ON ICONIC (Cont'd)

11. MATERIAL LITIGATION

Save for the following, as at the LPD, the Iconic Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Iconic Group and the Board has no knowledge of any proceedings, pending or threatened, against Iconic Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of Iconic Group:

(i) **Jawi Magistrates' Court Civil Suit No. PE-A72NCvC-81-04/2023 between Iconic Medicare Sdn Bhd ("IMED" or "Defendant") and CeramTec Innovative Ceramic Engineering (M) Sdn Bhd ("CICE" or "Plaintiff")**

Claim from CICE: IMED had vide letter from CICE's solicitors, Messrs Fahrol, Pretam & Co dated 20 March 2023, been served with a writ of summons and a statement of claims both dated 13 March 2023 under Seremban Magistrates' Court Civil Suit No. NA-A72NCvC-129-03/2023 by CICE claiming for the following:

- (a) the judgement sum of RM44,130.00;
- (b) a 4% interest per annum the judgement sum of RM44,130.00 from the date of judgement up to the date of full settlement of the judgement sum;
- (c) costs; and
- (d) such further and/or other relief that the Court deems fit and appropriate.

The Board, after deliberation, deemed the claim by CICE as frivolous and concluded that the claim was not material as the claim was not expected to have any material impact on the operations, earnings, NA or gearing of the Company for FYE 31 March 2024.

Transfer of civil suit

Subsequently, on 24 March 2023, this civil suit was transferred from Seremban Magistrates' Court to Butterworth Magistrates' Court and registered as Civil Suit No. PB-A72NCvC-90-03/2023. On 17 April 2023, the said civil suit was further transferred to Jawi Magistrates' Court and registered as Civil Suit No. PE-A72NCvC-81-04/2023.

Counterclaim by IMED

Subsequently, upon consultation with IMED's solicitors, Messrs S. Param & G. Thila, on the management's assessment on the estimated losses on income and profits due to the loss of business directly arising from the failure to deliver goods timely as promised by CICE and the additional costs incurred therefrom, IMED had vide a Statement of Defence and Counterclaim dated 16 May 2023 filed in the Jawi Magistrates' Court counterclaiming against CICE ("**Counter Claim against CICE**") for the following:

- (a) general damages under para 14 of the Statement of Defence and Counterclaim for RM609,000.00;
- (b) general damages under para 15 of the Statement of Defence and Counterclaim for USD3,760,000.00;
- (c) interest;
- (d) costs; and
- (e) any other order and/or relief.

Subsequently, Messrs S. Param & G. Thila applied for leave to file Rejoinder and Reply to Defence to Counterclaim and have obtained leave to file the subsequent pleading on 8 September 2023. They have filed the said pleadings on 13 September 2023.

Subsequently, they also filed an amendment to their Defence and Counterclaim. The pre-trial case management is fixed on 11 December 2023.

INFORMATION ON ICONIC (Cont'd)

Estimated potential liability to the Group arising from the Counter Claim

The Board is of the opinion that apart from the professional fees payable, there shall be no other potential liability imposed on the Group which may arise resulting from the Counter Claim against CICE.

Financial and operational impact

Though the actual quantum of the Counter Claim against CICE is subject to the outcome to be determined by the court, the Board is of the opinion that this suit will have a favourable impact on the future earnings and NA of the Group for FYE 31 March 2024.

The management of IMED is currently working closely with Messrs S. Param & G. Thila on this legal suit to effectively manage it so as to ensure a positive outcome for IMED. Messrs S. Param & G. Thila is of the view that IMED has a fair and arguable case with a reasonable good chance of dismissing the claim by CICE on the basis that CICE had breached the contract between the parties due to its inability to meet its commitments to IMED. In addition, Messrs S. Param & G. Thila is of the view that IMED will be successful with the Counter Claim against CICE as all evidence supports a breach of contract by CICE.

(ii) **Shah Alam High Court Civil Suit No.: BA-22NCvC-321-08/2023 between Iconic Medicare Sdn Bhd ("IMED" or "Defendant") and Latex Form Sdn Bhd ("Latex Form" or 'Plaintiff')**

IMED, a wholly-owned subsidiary of the Company had on 17 August 2023 received a Writ of Summons and Statement of Claim dated 4 August 2023 filed by Messrs Tee Tai Tzian & Sim, the Solicitors acting on behalf of Latex Form.

The Plaintiff is claiming the following from the Defendant vide their Civil Suit No. BA22-22NCvC-321-08/2023:

- (a) an outstanding sum of RM11,038,004.00, allegedly being the value of the work carried out by the Plaintiff on six (6) Double Former Glove Dipping machines ("**Glove Machines**") at the Defendant's factory;
- (b) damages in the sum of RM1,600,000.00 being the amount lost by the Plaintiff as a result of the said sum being forfeited by their suppliers due to the Defendant terminating the Glove Machine installation contract;
- (c) the Liquidated and Ascertained Damages ("**LAD**") of RM2,400,000.00 which was paid by the Plaintiff to the Defendant by agreement, to be declared void ab initio and not valid (i.e. void from the beginning);
- (d) the said sum of RM2,400,000.00 being the LAD to be refunded to the Plaintiff;
- (e) interest at 1.5% per month on the sum of RM15,038,004.00 claimed by the Plaintiff from the date of filing of the Writ of Summons until the date of full settlement;
- (f) costs; and
- (g) such further and/or other relief that the Court deems fit and appropriate.

The first case management was held on 4 September 2023 via e-review (virtually). Pursuant to the case management, the Court had directed that IMED is to file the Statement of Defence on or before 5 October 2023, and Latex Form is to file the Reply to Defence on or before 19 October 2023. The second case management was held on 20 October 2023. Messrs Presgrave & Matthews had on 5 October 2023 filed a Statement of Defence and a Counterclaim on behalf of IMED ("**Counter Claim against Latex Form**"). Latex Form however did not file their Reply to Defence by 19 October 2023 (as earlier directed by the court) as they requested for an extension of time of 14 days to do so, which Messrs Presgrave & Matthews did not object to. Hence, the Court during the case management (by e-review) dated 20 October 2023, had directed that Latex Form to file its

INFORMATION ON ICONIC (Cont'd)

Reply to Defence by 2 November 2023. The third case management is now fixed on 21 November 2023.

In respect of the application to transfer the civil suit from Shah Alam High Court to Penang High Court filed by Messrs Presgrave & Matthews on 20 September 2023 ("**Transfer Application**"), the Court had during the hearing/case management on 4 October 2023 given directions to the parties in respect of the filing of affidavits and submission. Parties have now exhausted all affidavits in that respect and are pending the filing of witness submissions. The next case management date for the Transfer Application was fixed on the same day of 21 November 2023 for the Court to fix a hearing date of the Transfer Application. Pursuant to the case management held on 21 November 2023, the Court has now fixed the hearing date for the Transfer Application on 26 March 2024 at Shah Alam High Court.

Estimated potential liability to the Group arising from the Writ of Summons and Statement of Claim

The Board is of the opinion that apart from amount claimed of RM15,038,004.00 with interest of 1.5% per month (which is subject to proof in court) and the professional fees payable, there shall be no other potential liability imposed on the Group which may arise resulting from the Writ of Summons and Statement of Claim.

Financial and operational impact

Though the actual quantum of the litigation is subject to the outcome to be determined by the court, the Board opines that the quantum of the claim as well as the Counter Claim against Latex Form will be substantial and may have a material impact on the future financial results and NA of the Group. The Board further opines that this litigation is not expected to have any impact on the financial results and NA of the Group for the FYE 31 March 2024 as such legal suits will generally take time and is expected to only be settled at least one (1) year from the LPD.

The management of IMED is currently working with Messrs Presgrave & Matthews to manage this legal suit in an effective manner. Messrs Presgrave & Matthews is of the opinion that IMED has a fair and arguable case with a reasonable chance of dismissing Latex Form's claim on the basis that Latex Form had fundamentally breached the contract between parties when it failed to complete and deliver four (4) of the Glove Machines whereas the other two (2) of the Glove Machines (which were delivered late), have many issues/defects, which Latex Form had failed to rectify despite numerous requests. In addition, IMED also has a fair and arguable case with a reasonable chance of success in obtaining judgment for the Counter Claim against Latex Form for declaratory reliefs as well as for damages for the various losses and damage suffered totaling more than RM25 million.

12. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past two (2) years prior to the announcement of the Proposals on 19 September 2022 and up to the LPD:

- On 8 November 2023, Sanbumi Capital Sdn Bhd entered into a sale and purchase agreement with Cheah Boon Hong for the sale and purchase of all that piece of freehold land and hereditament known as Lot No. 20120, Tempat Sungai Dua, Mukim 13, Daerah Timor Laut, Pulau Pinang held under No. Hakmilik Geran Mukim 3770 measuring approximately 288 square metres together with a 3 storey semi-detached house bearing assessment address No. 38 Persiaran Minden, Minden Residence, 11700 Gelugor, Penang erected thereon for a purchase consideration of RM1,500,000.00.

INFORMATION ON ICONIC (Cont'd)

13. HISTORICAL MARKET PRICE OF ICONIC SHARES

The highest and lowest closing market prices and the closing price at the end of each month of the Iconic Shares for the period commencing from March 2022 (being six (6) months before the announcement of the Original Proposals on 19 September 2022) up to the LPD are as follows:

	High RM	Low RM	Closing market price as at the last Market Day of the month RM
<u>2022</u>			
March	0.290	0.260	0.275
April	0.290	0.245	0.250
May	0.255	0.210	0.220
June	0.215	0.140	0.170
July	0.185	0.145	0.150
August	0.160	0.140	0.150
September	0.170	0.095	0.110
October	0.130	0.100	0.125
November	0.140	0.115	0.120
December	0.140	0.120	0.130
<u>2023</u>			
January	0.145	0.120	0.135
February	0.145	0.115	0.125
March	0.135	0.115	0.125
April	0.145	0.120	0.120
May	0.155	0.105	0.125
June	0.135	0.115	0.125
July	0.130	0.115	0.120
August	0.125	0.110	0.120
September	0.130	0.110	0.115
October	0.125	0.105	0.115
November (up to LPD)	0.125	0.105	0.115
Last transacted market price on the LTD			0.150
Last transacted market price on the LPD			0.115
Closing market price from March 2022 up to the LPD			
(i) Highest on 1 to 3 March 2022 and 4 April 2022			0.290
(ii) Lowest on 21 and 22 September 2022			0.095

(Source: Bloomberg)

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INFORMATION ON DATO' SERI TAN KEAN TET

Name	Nationality	Age (years)	Occupation	Nature of relationships
Dato' Seri Tan Kean Tet	Malaysian	60	Director	1. Executive Chairman and Major Shareholder. 2. Director and substantial shareholder of Goldenluck. 3. Father of Tan Seok Ying and Tan Cho Chia 4. Father-in-law of Jason Chung Wei Chiun

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INFORMATION ON THE PACS

1. GOH SWAN HUA

Name	Nationality	Age (years)	Occupation	Nature of relationships
Goh Swan Hua	Malaysian	89	-	Mother of Dato' Seri Tan Kean Tet

2. TAN KIAN SOO

Name	Nationality	Age (years)	Occupation	Nature of relationships
Tan Kian Soo	Malaysian	58	Businessman	Brother of Dato' Seri Tan Kean Tet

3. TAN AH BOH

Name	Nationality	Age (years)	Occupation	Nature of relationships
Tan Ah Boh	Malaysian	65	-	Sister of Dato' Seri Tan Kean Tet

4. TAN AH HIANG

Name	Nationality	Age (years)	Occupation	Nature of relationships
Tan Ah Hiang	Malaysian	63	-	Sister of Dato' Seri Tan Kean Tet

5. TAN SEOK YING

Name	Nationality	Age (years)	Occupation	Nature of relationships
Tan Seok Ying	Malaysian	38	Director	Daughter of Dato' Seri Tan Kean Tet

6. TAN SEOK FANG

Name	Nationality	Age (years)	Occupation	Nature of relationships
Tan Seok Fang	Malaysian	33	Chief Purchasing Officer	Daughter of Dato' Seri Tan Kean Tet

7. TAN CHO CHIA

Name	Nationality	Age (years)	Occupation	Nature of relationships
Tan Cho Chia	Malaysian	31	Director	Son of Dato' Seri Tan Kean Tet

8. TAN CHO CHUAN

Name	Nationality	Age (years)	Occupation	Nature of relationships
Tan Cho Chuan	Malaysian	30	Chief Sales and Marketing Officer	Son of Dato' Seri Tan Kean Tet

INFORMATION ON THE PACS (Cont'd)

9. ICONIC DEVELOPMENT SDN BHD ("ICONIC DEVELOPMENT")**9.1 HISTORY AND PRINCIPAL ACTIVITIES**

Iconic Development was incorporated in Malaysia under the Act on 12 July 2011 as a private company. The company is principally engaged in property development.

9.2 SHARE CAPITAL

The issued share capital of Iconic Development as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	1,662,500	1,662,500

9.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Iconic Development and their respective shareholdings in Iconic Development are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Iconic Group Sdn Bhd	914,374	55.0	-	-
Dato' Seri Tan Kean Tet	665,000	40.0	914,374 ⁽¹⁾	55.0 ⁽¹⁾
Tan Cho Chia	-	-	914,374 ⁽²⁾	55.0 ⁽²⁾

Notes:

(1) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

(2) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

9.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 12 July 2011	665,000	40.0	914,374 ⁽¹⁾	55.0 ⁽¹⁾
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 12 July 2011	41,563	2.5	-	-
Jason Chung Wei Chiun / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 12 July 2011	41,563	2.5	-	-

Note:

(1) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

INFORMATION ON THE PACS (Cont'd)**9.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES**

As at the LPD, Iconic Development does not have any subsidiary, associate companies and joint ventures.

10. ICONIC LAND SDN BHD ("ICONIC LAND")**10.1 HISTORY AND PRINCIPAL ACTIVITIES**

Iconic Land was incorporated in Malaysia under the Act on 9 March 2012 as a private company. The company is principally engaged in property development.

10.2 SHARE CAPITAL

The issued share capital of Iconic Land as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	500,000	500,000

10.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Iconic Land and their respective shareholdings in Iconic Land are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Iconic Group Sdn Bhd	475,000	95.0	-	-
Dato' Seri Tan Kean Tet	-	-	475,000 ⁽¹⁾	95.0 ⁽¹⁾
Tan Cho Chia	-	-	475,000 ⁽²⁾	95.0 ⁽²⁾

Notes:

(1) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

(2) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

10.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 12 July 2011	-	-	475,000 ⁽¹⁾	95.0 ⁽¹⁾
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 12 July 2011	12,500	2.5	-	-
Jason Chung Wei Chiun / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 12 July 2011	12,500	2.5	-	-

INFORMATION ON THE PACS (Cont'd)**Note:**

(1) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

10.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURESSubsidiary company

Name of company	Country of incorporation	Principal activities	Effective equity interest %
Iconic Central Sdn Bhd	Malaysia	Investment holding and property development	100

Associate company and joint venture

As at the LPD, Iconic Development does not have any associate companies and joint ventures.

11. ICONIC LANDMARK SDN BHD (“ICONIC LANDMARK”)**11.1 HISTORY AND PRINCIPAL ACTIVITIES**

Iconic Landmark was incorporated in Malaysia under the Act on 18 July 2011 as a private company. The company is principally engaged in property development.

11.2 SHARE CAPITAL

The issued share capital of Iconic Landmark as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	1,000,000	1,000,000

11.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Iconic Landmark and their respective shareholdings in Iconic Landmark are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Iconic Group Sdn Bhd	950,000	95.0	-	-
Dato' Seri Tan Kean Tet	-	-	950,000 ⁽¹⁾	95.0 ⁽¹⁾
Tan Cho Chia	-	-	950,000 ⁽²⁾	95.0 ⁽²⁾

Notes:

(1) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

(2) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

INFORMATION ON THE PACS (Cont'd)

11.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 18 July 2011	-	-	950,000 ⁽¹⁾	95.0 ⁽¹⁾
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 18 July 2011	25,000	2.5	-	-
Jason Chung Wei Chiun / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 18 July 2011	25,000	2.5	-	-

Note:

(1) Deemed interested by virtue of his shareholding in Iconic Group Sdn Bhd.

11.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Iconic Landmark does not have any subsidiary, associate companies and joint ventures.

12. ICONIC SDN BHD ("ICS")**12.1 HISTORY AND PRINCIPAL ACTIVITIES**

ICS was incorporated in Malaysia under the Act on 20 May 2011 as a private company. The company is principally engaged in property investment.

12.2 SHARE CAPITAL

The issued share capital of ICS as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	200,000	200,000

12.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of ICS and their respective shareholdings in ICS are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	190,000	95.0	-	-
Tan Seok Ying	10,000	5.0	-	-

INFORMATION ON THE PACS (Cont'd)**12.4 DIRECTORS**

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 20 May 2011	190,000	95.0	-	-
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 20 May 2011	10,000	5.0	-	-

12.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, ICS does not have any subsidiary, associate companies and joint ventures.

13. ICONIC GROUP SDN BHD ("IGSB")**13.1 HISTORY AND PRINCIPAL ACTIVITIES**

IGSB was incorporated in Malaysia under the Act on 10 April 2012 as a private company. The company is principally engaged in investment holding.

13.2 SHARE CAPITAL

The issued share capital of IGSB as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	300,000	300,000

13.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of IGSB and their respective shareholdings in IGSB are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	285,000	95.0	-	-
Tan Cho Chia	15,000	5.0	-	-

13.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 10 April 2012	285,000	95.0	-	-

INFORMATION ON THE PACS (Cont'd)

Name/ Nationality	Address	Designation/ Appointment date	Direct No. of Shares	%	Indirect No. of Shares	%
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 10 April 2012	-	-	-	-

13.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURESSubsidiary companies

Name of company	Country of incorporation	Principal activities	Effective equity interest %
Iconic Land Sdn Bhd	Malaysia	Property development	95.0
Iconic Landmark Sdn Bhd	Malaysia	Property development / investment	95.0
Iconic Construction Sdn Bhd	Malaysia	Civil engineering, build and design and general construction activities	100.0
Iconic Development Sdn Bhd	Malaysia	Property development	55.0
<u>Held through Iconic Land Sdn Bhd</u>			
Iconic Central Sdn Bhd	Malaysia	Property development and investment holding	100.0

As at the LPD, IGSB does not have any associate and joint venture companies.

14. ICONIC GLOBAL SDN BHD ("ICONIC GLOBAL")**14.1 HISTORY AND PRINCIPAL ACTIVITIES**

Iconic Global was incorporated in Malaysia under the Act on 26 July 2011 as a private company. The company is principally engaged in property investment.

14.2 SHARE CAPITAL

The issued share capital of Iconic Global as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	300,000	300,000

14.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Iconic Global and their respective shareholdings in Iconic Global are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	285,000	95.0	-	-
Tan Cho Chia	15,000	5.0	-	-

INFORMATION ON THE PACS (Cont'd)

14.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 26 July 2011	285,000	95.0	-	-
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 26 July 2011	-	-	-	-

14.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Iconic Global does not have any subsidiary, associate companies and joint ventures.

15. GOLDENLUCK DEVELOPMENT SDN BHD**15.1 HISTORY AND PRINCIPAL ACTIVITIES**

Goldenluck was incorporated in Malaysia under the Act on 19 May 2011 as a private company. The company is principally engaged in property investment.

15.2 SHARE CAPITAL

The issued share capital of Goldenluck as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	200,000	200,000

15.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Goldenluck and their respective shareholdings in Goldenluck are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	190,000	95.0	-	-
Tan Seok Ying	10,000	5.0	-	-

15.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 19 May 2011	190,000	95.0	-	-

INFORMATION ON THE PACS (Cont'd)

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 19 May 2011	10,000	5.0	-	-

15.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Goldenluck does not have any subsidiary, associate companies and joint ventures.

16. LUCKY 888 SDN BHD ("LUCKY 888")**16.1 HISTORY AND PRINCIPAL ACTIVITIES**

Lucky 888 was incorporated in Malaysia under the Act on 14 April 2011 as a private company. The company is principally engaged in property investment and hotel operations.

16.2 SHARE CAPITAL

The issued share capital of Lucky 888 as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	2,000,000	2,000,000

16.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Lucky 888 and their respective shareholdings in Lucky 888 are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	1,800,000	90.0	-	-
Tan Seok Ying	100,000	5.0	-	-
Tan Cho Chia	100,000	5.0	-	-

16.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 14 April 2011	1,800,000	90.0	-	-

INFORMATION ON THE PACS (Cont'd)

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 14 April 2011	100,000	5.0	-	-
Tan Seok Fang / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 6 June 2017	-	-	-	-

16.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Lucky 888 does not have any subsidiary, associate companies and joint ventures.

17. LUCKY 18 SDN BHD ("LUCKY 18")**17.1 HISTORY AND PRINCIPAL ACTIVITIES**

Lucky 18 was incorporated in Malaysia under the Act on 14 April 2011 as a private company. The company is principally engaged in property investment.

17.2 SHARE CAPITAL

The issued share capital of Lucky 18 as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	500,000	500,000

17.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Lucky 18 and their respective shareholdings in Lucky 18 are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	475,000	95.0	-	-
Tan Seok Ying	25,000	5.0	-	-

17.4 DIRECTOR

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Sim Ah Sai / Malaysian	No 15, Lorong Merak Jaya 4, Taman Merak Jaya 14100 Simpang Ampat Pulau Pinang	Executive Director / 15 April 2020	-	-	-	-

INFORMATION ON THE PACS (Cont'd)

17.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Lucky 18 does not have any subsidiary, associate companies and joint ventures.

18. MODERN REWARDS SDN BHD**18.1 HISTORY AND PRINCIPAL ACTIVITIES**

Modern Rewards was incorporated in Malaysia under the Act on 16 March 2005 as a private company. The company is principally engaged in property investment.

18.2 SHARE CAPITAL

The issued share capital of Modern Rewards as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	560,000	560,000

18.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Modern Rewards and their respective shareholdings in Modern Rewards are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	260,000	46.0	-	-
Tan Seok Ying	100,000	18.0	-	-
Tan Cho Chia	100,000	18.0	-	-
Tan Cho Chuan	100,000	18.0	-	-

18.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 29 March 2005	260,000	46.0	-	-
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 29 March 2005	100,000	18.0	-	-

18.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Modern Rewards does not have any subsidiary, associate companies and joint ventures.

INFORMATION ON THE PACS (Cont'd)

19. ICONIC HOTEL SDN BHD (“ICONIC HOTEL”)**19.1 HISTORY AND PRINCIPAL ACTIVITIES**

Iconic Hotel was incorporated in Malaysia under the Act on 1 August 2014 as a private company. The company is presently dormant. It is intended to be principally engaged in hotel operations.

19.2 SHARE CAPITAL

The issued share capital of Iconic Hotel as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	2	2

19.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Iconic Hotel and their respective shareholdings in Iconic Hotel are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	1	50.0	-	-
Tan Seok Ying	1	50.0	-	-

19.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 1 August 2014	1	50.0	-	-
Tan Seok Ying / Malaysian	1B-2-5 The Light Collection N1 Jalan Pantai Sinaran 011700 Gelugor Pulau Pinang	Executive Director / 1 August 2014	1	50.0	-	-

19.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Iconic Hotel does not have any subsidiary, associate companies and joint ventures.

20. LEGACY 888 SDN BHD (“LEGACY 888”)**20.1 HISTORY AND PRINCIPAL ACTIVITIES**

Legacy 888 was incorporated in Malaysia under the Act on 5 July 2018 as a private company. The company is principally engaged in investment holding.

INFORMATION ON THE PACS (Cont'd)**20.2 SHARE CAPITAL**

The issued share capital of Legacy 888 as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	100	100

20.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Legacy 888 and their respective shareholdings in Legacy 888 are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	60	60.0	-	-
Tan Seok Ying	10	10.0	-	-
Tan Seok Fang	10	10.0	-	-
Tan Cho Chia	10	10.0	-	-
Tan Cho Chuan	10	10.0	-	-

20.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 16 August 2018	60	60.0	-	-
Tan Cho Chia / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 5 July 2018	10	10.0	-	-

20.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Legacy 888 does not have any subsidiary, associate companies and joint ventures.

21. ICONIC PENANG SDN BHD ("ICONIC PENANG")**21.1 HISTORY AND PRINCIPAL ACTIVITIES**

Iconic Penang was incorporated in Malaysia under the Act on 23 July 2002 as a private company. The company is principally engaged in investment and property holding.

21.2 SHARE CAPITAL

The issued share capital of Iconic Penang as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	2,440,000	2,440,000

INFORMATION ON THE PACS (Cont'd)

21.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Iconic Penang and their respective shareholdings in Iconic Penang are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	2,112,500	86.6	-	-
Tan Seok Ying	287,500	11.8	-	-
Tan Cho Chia	40,000	1.6	-	-

21.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 23 July 2092	2,112,500	86.6	-	-
Tan Cho Chia / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 5 April 2017	40,000	1.6	-	-

21.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, Iconic Penang does not have any subsidiary, associate companies and joint ventures.

22. KEAN LYE SHEN SDN BHD ("KLSSB")**22.1 HISTORY AND PRINCIPAL ACTIVITIES**

KLSSB was incorporated in Malaysia under the Act on 31 January 2004 as a private company. The company is principally engaged in property investment.

22.2 SHARE CAPITAL

The issued share capital of KLSSB as at the LPD is as follow:

	No. of shares (unit)	Amount (RM)
Issued	100,000	100,000

22.3 SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of KLSSB and their respective shareholdings in KLSSB are set out below:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet	50,000	50.0	-	-
Boon Chun Lye	50,000	50.0	-	-

INFORMATION ON THE PACS (Cont'd)

22.4 DIRECTORS

Name/ Nationality	Address	Designation/ Appointment date	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 31 January 2004	50,000	50.0	-	-
Boon Chun Lye / Malaysian	1948 Jalan Besar Permatang Tinggi 14000 Bukit Mertajam Penang	Executive Director / 31 January 2004	50,000	50.0	-	-

22.5 SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES

As at the LPD, KLSSB does not have any subsidiary, associate companies and joint ventures.

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FURTHER INFORMATION

1. CONSENT

MainStreet has given and has not subsequently withdrawn its written consent for the inclusion of its name, letter and all references thereto in the form and context in which they appear in this IAL.

M&A Securities, being the principal adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this IAL of its name and all reference thereto in the form and context in which it appears.

Henry Butcher, being the Valuer for the Subject Land, has given and has not subsequently withdrawn its written consent to the inclusion in this IAL of its name and all reference thereto in the form and context in which it appears.

2. CONFLICT OF INTEREST

MainStreet confirms that there are no circumstances which exist or are likely to give rise to a possible conflict of interest situation for MainStreet to carry out the role as the Independent Adviser in connection to the Proposed Acquisition and Proposed Exemption.

3. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES**3.1 By Dato' Seri Tan Kean Tet and his PACs****(i) Disclosure of interest in Iconic**

Save as disclosed below, Dato' Seri Tan Kean Tet and his PACs do not have any interest, whether direct or indirect, in any voting shares or convertible securities of Iconic as at the LPD:

	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Seri Tan Kean Tet	67,058,204 ⁽²⁾	11.92	65,295,140 ⁽⁴⁾	11.61
PACs				
Modern Rewards	57,324,840	10.19	-	-
Tan Cho Chia	15,719,050 ⁽³⁾	2.80	7,970,300 ⁽⁵⁾	1.42
Legacy 888 Sdn Bhd	7,970,300	1.42	-	-
PACs' total	81,014,190	14.41		
Total	148,072,394	26.33		

Notes:

- (1) Based on the issued share capital of 562,353,272 Shares as at LPD.
- (2) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (3) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (4) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Modern Rewards pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act.

FURTHER INFORMATION (Cont'd)

(ii) Dealings in the securities of the Iconic

Dato' Seri Tan Kean Tet and his PACs have not dealt, directly or indirectly, in any voting shares or convertible securities of Iconic during the period commencing six (6) months prior to the announcement of the Proposals on 19 September 2022 and up to the LPD.

3.2 By Iconic**(i) Disclosure of dealings in the securities of Iconic**

Iconic has not dealt, directly or indirectly, in any of its own voting shares or convertible securities during the period commencing six (6) months prior to the announcement of the Proposals on 19 September 2022 and up to the LPD.

3.3 By the directors of Iconic**(i) Disclosure of interest in Iconic**

Save as disclosed below, the directors of Iconic do not have any interest, whether direct or indirect, in any voting shares or convertible securities of Iconic as at the LPD:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Seri Tan Kean Tet	67,058,204 ⁽²⁾	11.92	65,295,140 ⁽⁴⁾	11.61
Tan Cho Chia	15,719,050 ⁽³⁾	2.80	7,970,300 ⁽⁵⁾	1.42

Notes:

- (1) Based on the issued share capital of 562,353,272 Shares as at LPD.
- (2) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (3) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).
- (4) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd and Modern Rewards pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his shareholdings in Legacy 888 Sdn Bhd pursuant to Section 8 of the Act.

(ii) Dealings in the shares of Iconic

The directors of Iconic have not dealt, directly or indirectly, in any voting shares or convertible securities of Iconic during the period commencing six (6) months prior to the announcement of the Proposals on 19 September 2022 and up to the LPD.

3.4 By the persons who have irrevocably committed themselves to vote in favour or against the Proposals

As at the LPD, there is no person who has irrevocably committed himself to vote in favour or against the Proposals.

FURTHER INFORMATION (Cont'd)

3.5 By the persons with whom Dato' Seri Tan Kean Tet or any persons acting in concert with it has any arrangement

As at the LPD, there is no person with whom Dato' Seri Tan Kean Tet or any persons acting in concert with it has entered into any arrangement including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to voting shares or convertible securities which may be an inducement to deal or to refrain from dealing.

3.6 By the persons with whom Dato' Seri Tan Kean Tet or any persons acting in concert with it has borrowed or lent

As at the LPD, there is no person with whom Dato' Seri Tan Kean Tet or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of Iconic.

3.7 By the persons with whom Iconic or any persons acting in concert with it has any arrangement

As at the LPD, there is no person with whom Iconic or any persons acting in concert with it has entered into any arrangement including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to voting shares or convertible securities which may be an inducement to deal or to refrain from dealing.

3.8 By the persons with whom Iconic or any persons acting in concert with it has borrowed or lent

As at the LPD, there is no person with whom Iconic or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of Iconic.

3.9 By MainStreet**(i) Disclosure of interest in Iconic**

As at the LPD, MainStreet does not have any interest, whether direct or indirect, in any voting shares or convertible securities of Iconic.

(ii) Dealings in the securities of Iconic

MainStreet has not dealt, directly or indirectly, in any voting shares of Iconic during the six (6)-month period prior to the announcement of the Proposals on 19 September 2022 and up to the LPD.

(iii) Disclosure of interest in Iconic by funds whose investments are managed by MainStreet on a discretionary basis

As at the LPD, MainStreet is not involved in management of funds on a discretionary basis.

(iv) Disclosure of past professional relationship between MainStreet and Iconic

MainStreet confirms that it has not had any professional relationship with Iconic and its related parties in the past two (2) years.

FURTHER INFORMATION (Cont'd)

4. ARRANGEMENT AFFECTING DIRECTORS

- (i) As at the LPD, no payment or other benefit will be made or given to any directors of Iconic as compensation for loss of office or otherwise in connection with the Proposals.
- (ii) As at the LPD, there is no agreement or arrangement between any directors of Iconic and any other person which is conditional on or dependent upon the outcome of the Proposals or otherwise connected with the outcome of the Proposals.
- (iii) As at the LPD, Dato' Seri Tan Kean Tet and his PACs have not entered into any material contract in which any directors of Iconic has a material personal interest.
- (iv) As at the LPD, there is no agreement, arrangement or understanding existing between Dato' Seri Tan Kean Tet and his PACs with any of the directors of Iconic or recent directors of Iconic, holders of voting shares and voting rights or recent holders of voting shares or voting rights of Iconic having any connection with or dependence upon the Proposals.

5. SERVICE CONTRACTS

As at the LPD, neither Iconic nor its subsidiaries have any service contracts with any directors or proposed directors of Iconic, which have been entered into or amended within six (6) months prior to the announcement of the Proposals on 19 September 2022, or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term "service contracts" excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAL.

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APPENDIX I – SALIENT TERMS OF THE SPA

The indicative salient terms of the SPA are as follows:

1. Conditions precedent

The SPA is conditional upon the satisfaction of the following conditions:

- (i) the passing at a general meeting of the non-interested shareholders and a meeting of the board of directors of Iconic of a resolution respectively to approve the Proposals;
- (ii) there are no material adverse findings based on the results of the due diligence exercise to be conducted;
- (iii) the approval, sanction and/or consent of any other relevant authorities or parties required to be obtained by Iconic for the Proposals (excluding the Proposed Exemption);
- (iv) the exemption granted by the SC to the Vendors exempting them from the mandatory take-over obligation as a result of the issuance and subscription of the Proposed Rights Issue with Free Warrants pursuant to the Proposals;
- (v) where the terms of any material contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the board of directors of Goldenluck or include any right to terminate exercisable prior to or as a result of the SPA, written confirmation by the counterparties, or the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate;
- (vi) if any, the consents or approvals for the purpose of the sale of the Sale Shares by the Vendors to Iconic as required under any licences issued to Goldenluck having been obtained from relevant authority(ies); and
- (vii) the Vendors providing the audited accounts for the financial year ended 30 June 2022 and Iconic being satisfied with the contents therein (including without limitation, the revaluation of the Subject Land to approximately RM39,800,000.00 or more).

(Collectively, “**Conditions Precedent**”)

2. Payment of Purchase Consideration

Iconic will pay the Purchase Consideration to the Vendors in accordance to their respective proportion, as illustrated in the following manner:

Vendors	Number of ordinary shares	%	Cash consideration (RM)
Dato’ Seri Tan Kean Tet	190,000	95.00	37,810,000.00
Tan Seok Ying	10,000	5.00	1,990,000.00
Total	200,000	100.00	39,800,000.00

The payment of the Purchase Consideration shall be effected by crediting for same day value the account as specified by the Vendors by way of telegraphic transfer unless the respective Vendors by written notice to the Purchaser, not later than 3 business days prior to the due date for payment, elects to be paid by cashier’s order or banker’s draft drawn on any licensed bank in Malaysia.

3. Termination

If it shall be found that the Vendors:

- (i) fail to complete the SPA in accordance with its terms by or on Completion;
- (ii) any of the Vendors has committed a material breach of any term of the SPA;
- (iii) any of the warranties was, when given, or will be or would be, at completion not complied with or otherwise untrue or misleading; or
- (iv) a petition is presented or an order is made for the bankruptcy of any of the Vendors,

Iconic shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to the Vendors to terminate the SPA but failure to exercise this right shall not constitute a waiver of any other rights of Iconic arising out of such breach.

4. Completion

Date and place

Completion shall take place within the completion period at the office of Iconic or via electronic means or at such other place/method or on such other date as may be agreed between Iconic and the Vendors ("**Completion Date**").

Mechanics of completion

At completion, the following will take place:

- (i) the Vendors will deliver to Iconic: (i) evidence of the due fulfilment of the Conditions Precedent; (ii) the relevant duly completed and signed Form of Transfer of Securities together with all appropriate supporting documents, including share certificates, to effect the transfer and the registration of the Sale Shares in favour of Iconic in respect of the Sale Shares; (iii) (for the Iconic and as agent for Goldenluck) the certificates of incorporation, corporate seals (if any), cheque books, statutory and other books of the Company (duly written up-to-date); (iv) all the financial and accounting books and records of Goldenluck; (v) all certificates of title in respect of all properties of the Goldenluck which are not charged to any third party (including but not limited to banks) and are in the possession of the Goldenluck (including the original title of the Subject Land); and (v) online bank statements of all bank accounts of Goldenluck as at the date of completion;
- (ii) the Vendors will deliver to Iconic, the board resolution of Goldenluck approving the registration of the transfer of the Sale Shares subject only to their being duly stamped;
- (iii) Iconic will deliver to the Vendors, board and shareholders' resolutions of Iconic approving the purchase of the Sale Shares; and
- (iv) upon compliance with the foregoing provisions, Iconic will pay to the Vendors the Purchase Consideration in accordance to Section 2 above.

Rights to terminate

If the foregoing provisions are not fully complied with by the Vendors or Iconic by or on the date set for completion, Iconic, in the case of non-compliance by any of the Vendors, or the Vendors, in the case of non-compliance by Iconic, shall be entitled (in addition to and without prejudice to all other rights or remedies available to the terminating party including the right to claim damages) by written notice to the other party/parties served on such date:

- (i) to elect to terminate the SPA (other than the provisions referred to in clause 4.5 of the SPA - surviving provisions) without liability on the part of the terminating party; or
- (ii) to effect completion so far as practicable having regard to the defaults which have occurred; or
- (iii) to fix a new date for Completion (not being more than 20 business days after the agreed date for completion), in which case the foregoing provisions shall apply to completion as so deferred but provided such deferral may only occur once.

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APPENDIX II – INFORMATION ON GOLDENLUCK

1. HISTORY AND BUSINESS

Goldenluck is a private limited company incorporated in Malaysia on 19 May 2011 and commenced operations on 25 May 2011. Goldenluck is principally involved in property investment. It currently owns the Subject Land as its sole major asset and does not own other material asset. However, Goldenluck is currently dormant as it does not have any business activity during the FYE 30 June 2020 to FYE 30 June 2023.

2. SHARE CAPITAL

As at the LPD, the total issued share capital of Goldenluck is RM200,000 comprising 200,000 ordinary shares. As at the LPD, there is only one class of shares in Goldenluck.

3. DIRECTORS AND SHAREHOLDERS

As at the LPD:

- (i) The Directors of Goldenluck are Dato' Seri Tan Kean Tet and Tan Seok Ying; and
- (ii) The shareholders of Goldenluck are as follows:

Shareholders/Nasionality	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Seri Tan Kean Tet/ Malaysian	190,000	95.00	-	-
Tan Seok Ying/ Malaysian	10,000	5.00	-	-

4. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Goldenluck does not have any subsidiary and associated companies.

5. HISTORICAL FINANCIAL INFORMATION

The historical financial information of Goldenluck is set out below:

	Audited			
	FYE 30 June 2020 RM	FYE 30 June 2021 RM	FYE 30 June 2022 RM	FYE June 2023 RM
Revenue	-	-	-	-
PBT/(LBT)	(9,651)	(5,785)	41,455,179	(7,601)
PAT/(LAT)	(9,918)	(5,877)	41,455,179	(7,601)
Share capital	200,000	200,000	200,000	200,000
Shareholders' funds/ NA	2,799,481	2,793,604	44,248,783	44,241,182
Borrowings	-	-	-	-

APPENDIX II – INFORMATION ON GOLDENLUCK (CONT'D)

	Audited			
	FYE 30 June 2020 RM	FYE 30 June 2021 RM	FYE 30 June 2022 RM	FYE June 2023 RM
Current assets	460,527	23,885	27,749	20,201
Current liabilities	1,898,648	1,467,883	1,478,966	1,479,019
No. of ordinary shares	200,000	200,000	200,000	200,000
(LPS)/EPS ⁽¹⁾	(0.05)	(0.03)	207.28	(0.04)
NA per share	14.00	13.97	221.24	221.21
Current ratio (times) ⁽²⁾	0.24	0.02	0.02	0.01
Gearing ratio (times)	-	-	-	-

Notes:

- (1) Calculated based on PAT/LAT over number of ordinary shares as at each financial year.
- (2) Calculated based on current assets over current liabilities as at each financial year.

The audited financial statements of Goldenluck for the financial period from FYE 30 June 2019 to 30 June 2021 have been prepared in accordance with applicable approved Malaysian accounting standards and there was no audit qualification for the respective years under review. However, the auditor has updated that the current liabilities has exceeded the current assets as at 30 June 2022 and 30 June 2023 and indicates that a material uncertainty exist that may cast significant doubt on the company's ability to continue as a going concern.

Commentaries

FYE 2023

Goldenluck recorded nil revenue as the company does not have any business activity during the FYE 30 June 2023. The loss before tax for the year is mainly due to the administrative expenses (i.e. audit fee, secretarial fee and quit rent) incurred during the year. The current assets decreased was mainly due to the decrease in cash at bank for the administrative expenses.

FYE 2022

Goldenluck recorded nil revenue as the company does not have any business activity during the FYE 30 June 2022. The higher PAT recorded for the year is mainly due to the fair value adjustment on the Subject Land of RM41,462,398 during the year, as follow:

	RM
Fair value as valued based on the valuation performed by the Valuer	45,700,000
Less: Value of the Subject Land as at 30 June 2021	(4,237,602)
Fair value adjustment	<u>41,462,398</u>

In line with the increase in PAT, the EPS also increased to RM207.28 in FYE 30 June 2022 as compared to the LPS of RM0.03 in FYE 30 June 2021. The current assets increased was mainly due to the increase in cash at bank. Further, the current liabilities increased was mainly due to the increase in amount due to director for the payment of administrative expenses (i.e. audit fee, secretarial fee and quit rent).

APPENDIX II – INFORMATION ON GOLDENLUCK (CONT'D)

FYE 2021

Goldenluck recorded nil revenue as the company does not have any business activity during the FYE 30 June 2021. The loss before tax for the year is mainly due to the administrative expenses (i.e. audit fee, secretarial fee and quit rent) incurred during the year. The current assets decreased was mainly due to the decrease in cash at bank for the repayment to director. Further, the current liabilities decreased was mainly due to the decrease in amount due to director. In line with the decrease in current assets and current liabilities, the current ratio decreased from 0.24 times to 0.02 times.

FYE 2020

Goldenluck recorded nil revenue as the company does not have any business activity during the FYE 30 June 2020. The loss before tax for the year is mainly due to the administrative expenses (i.e. audit fee, secretarial fee and quit rent) incurred during the year.

6. MATERIAL LITIGATION

As at the LPD, Goldenluck is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Goldenluck is not aware of any proceedings pending or threatened against Goldenluck or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of Goldenluck.

7. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by Goldenluck that is likely to have a material effect on Goldenluck's financial position.

8. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of Goldenluck to meet its obligations as and when they fall due.

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REGISTRATION NO.: 201101016938 (945074-A)

GOLDENLUCK DEVELOPMENT SDN. BHD.
Registration No.: 201101016938 (945074-A)
(Incorporated in Malaysia)

FINANCIAL REPORT
30 JUNE 2023

REGISTRATION NO.: 201101016938 (945074-A)

GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)

CONTENTS

	Page
DIRECTORS' REPORT	1 - 5
STATEMENT BY DIRECTORS	6
STATUTORY DECLARATION	6
INDEPENDENT AUDITORS' REPORT	7 - 10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF COMPREHENSIVE INCOME	12
STATEMENT OF CHANGES IN EQUITY	13
STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 23

REGISTRATION NO.: 201101016938 (945074-A)

GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry on the business of property investment. There has been no significant change to the principal activity of the Company during the financial year.

RESULTS

	RM
Loss for the year	<u>(7,601)</u>

DIVIDENDS

No dividend has been recommended, paid or declared by the directors since the end of the previous financial year.

RESERVES AND PROVISIONS

There was no material transfer to or from reserves and provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

REGISTRATION NO.: 201101016938 (945074-A)

DIRECTORS

The directors of the Company in office since the beginning of the current financial year to the date of this report are:

Dato' Seri Tan Kean Tet
Tan Seok Ying

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations, if any, during the financial year are as follows:

	Number of ordinary shares			
	At <u>1-7-2022</u>	<u>Bought</u>	<u>Sold</u>	At <u>30-6-2023</u>
Dato' Seri Tan Kean Tet	190,000	-	-	190,000
Tan Seok Ying	10,000	-	-	10,000

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnity has been given to or insurance effected for any director, officer or auditor of the Company during the financial year.

REGISTRATION NO.: 201101016938 (945074-A)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) As at the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.
- (c) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.
- (e) In the opinion of the directors:
- (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
 - (ii) 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 operations of the Company for the financial year in which this report is made.

REGISTRATION NO.: 201101016938 (945074-A)

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 11 to the financial statements.

REGISTRATION NO.: 201101016938 (945074-A)

AUDITORS

The auditors, Messrs Ooi & Associates, have expressed their willingness to continue in office.

This report was approved by the directors, and signed in accordance with a resolution of the directors,



TAN SEOK YING



DATO' SERI TAN KEAN TET

Penang
Dated: 8 September 2023

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023 (CONT'D)

REGISTRATION NO.: 201101016938 (945074-A)

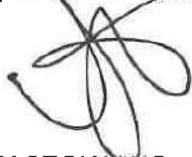
GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the directors, the accompanying financial statements 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 30 June 2023 and of its financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the directors,



TAN SEOK YING



DATO' SERI TAN KEAN TET

Penang

Dated: 8 September 2023

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, TAN SEOK YING, being the director primarily responsible for the financial management of GOLDENLUCK DEVELOPMENT SDN. BHD., do solemnly and sincerely declare that the accompanying financial statements are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

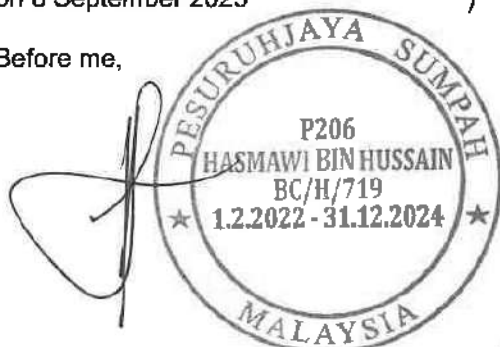
Subscribed and solemnly declared by)
the abovenamed TAN SEOK YING)
at Butterworth in the state of Penang)
on 8 September 2023)



TAN SEOK YING

(841122-07-5964)

Before me,



No. 24, Jalan Selat, Taman Selat,⁶
12000 Butterworth,
Pulau Pinang.



63, Grd Flr, Jln Selat, Taman Selat,
12000 Butterworth, Penang, Malaysia.
T: 604-331 5988
E: info@oaca.com.my

REGISTRATION NO.: 201101016938 (945074-A)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GOLDENLUCK DEVELOPMENT SDN. BHD., which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2023, and of its financial performance and its cash flows for the 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Company incurred a net loss of RM7,601 during the year ended 30 June 2023 and, as of that date, the Company's current liabilities exceeded its current assets by RM1,458,818. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



REGISTRATION NO.: 201101016938 (945074-A)

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 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.



REGISTRATION NO.: 201101016938 (945074-A)

Report on 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.

Ooi & Associates
Chartered Accountants (AF 0770)

REGISTRATION NO.: 201101016938 (945074-A)

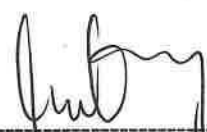
Report on the Audit of the Financial Statements (cont'd)

Other Matters

This report is made solely to the members 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.



OOI & ASSOCIATES
AF - 0770
Chartered Accountants



OOI WAN ENG
No.: 01436/03/2024 J
Chartered Accountant

Penang
Dated: 8 September 2023

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023 (CONT'D)

REGISTRATION NO.: 201101016938 (945074-A)

**GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
ASSETS			
Non-current assets			
Investment property	6	45,700,000	45,700,000
Total non-current assets		<u>45,700,000</u>	<u>45,700,000</u>
Current assets			
Tax recoverable		176	293
Cash and cash equivalents	7	20,025	27,456
Total current assets		<u>20,201</u>	<u>27,749</u>
TOTAL ASSETS		<u>45,720,201</u>	<u>45,727,749</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	200,000	200,000
Retained earnings	9	44,041,182	44,048,783
Total equity		<u>44,241,182</u>	<u>44,248,783</u>
Liabilities			
Current liabilities			
Other payables	10	1,479,019	1,478,966
Total liabilities		<u>1,479,019</u>	<u>1,478,966</u>
TOTAL EQUITY AND LIABILITIES		<u>45,720,201</u>	<u>45,727,749</u>

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

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023 (CONT'D)

REGISTRATION NO.: 201101016938 (945074-A)

GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
Revenue		-	-
Fair value adjustment on investment property		-	41,462,398
Administrative expenses		(7,601)	(7,219)
(Loss)/profit before tax	11	(7,601)	41,455,179
Tax expense		-	-
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year		(7,601)	41,455,179

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

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023 (CONT'D)

REGISTRATION NO.: 201101016938 (945074-A)

GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Share <u>capital</u> RM	Retained <u>earnings</u> RM	Total <u>equity</u> RM
Balance at 1 July 2021	200,000	2,593,604	2,793,604
Total comprehensive income for the year	-	41,455,179	41,455,179
Balance at 30 June 2022	200,000	44,048,783	44,248,783
Total comprehensive loss for the year	-	(7,601)	(7,601)
Balance at 30 June 2023	200,000	44,041,182	44,241,182

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

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023 (CONT'D)

REGISTRATION NO.: 201101016938 (945074-A)

GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
Cash Flows from Operating Activities			
(Loss)/profit before tax		(7,601)	41,455,179
Adjustments for:			
Fair value adjustment on investment property		-	(41,462,398)
Operating loss before working capital changes		(7,601)	(7,219)
Increase in other payables		53	11,083
Cash (used in)/generated from operations		(7,548)	3,864
Tax paid		(128)	(150)
Tax refund		245	80
Net cash (used in)/from operating activities		(7,431)	3,794
Cash Flows from Investing Activities		-	-
Cash Flows from Financing Activities		-	-
Net (decrease)/increase in cash and cash equivalents		(7,431)	3,794
Cash and cash equivalents at beginning of year		27,456	23,662
Cash and cash equivalents at end of year	7	20,025	27,456

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

REGISTRATION NO.: 201101016938 (945074-A)

GOLDENLUCK DEVELOPMENT SDN. BHD.
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. CORPORATE INFORMATION

The Company is a private company incorporated and domiciled in Malaysia. The principal activity of the Company is to carry on the business of property investment.

The address of the registered office of the Company is as follows:
63, 1st Floor, Jalan Selat, Taman Selat, 12000 Butterworth, Pulau Pinang.

The address of the principal place of business of the Company is as follows:
70-1-30, D'Piazza Mall, Jalan Mahsuri, Bandar Bayan Baru, 11900 Bayan Lepas, Pulau Pinang.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors on the same date as the Directors' Report.

2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

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

3. BASIS OF PREPARATION

The financial statements have been prepared using historical cost basis unless otherwise indicated.

The Company incurred a net loss of RM7,601 during the year ended 30 June 2023 and, as of that date, the Company's current liabilities exceeded its current assets by RM1,458,818. The continuation of the Company as a going concern is dependent upon its ability to attain future profitable operations and the continuous financial support from its shareholders and directors. In the event that the basis of preparing the financial statements of the Company on a going concern is rendered inappropriate, adjustments would have to be made to restate the carrying value of assets to their recoverable amounts and to provide for further liabilities which may arise.

REGISTRATION NO.: 201101016938 (945074-A)

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Investment property

The Company recognised a land, building (including a floor of a building), or both land and building, including a property under construction, as an investment property if it is within the Company's business model objective of holding the property for capital appreciation, rental income or both. An investment property is recorded at cost on initial recognition. Cost of an investment property comprises purchase price plus all directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. Cost of self-constructed investment property comprises all direct and indirect construction costs but exclude internal profits.

For the purpose of subsequent measurement, items of equipment that are irremovable and items that are physically attached to a building, such as lifts, elevators, electrical system and air-conditioning system, are treated as an integral part of the property. The Company uses the fair value model to measure an investment property after initial recognition if the fair value can be measured reliably without undue cost or effort. Fair value is determined by reference to a quoted market price, if observable. Changes in fair value of an investment property are recognised in profit or loss for the periods in which they arise.

(b) Impairment of non-financial assets

An impairment loss arises when the carrying amount of a Company's asset exceeds 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 in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

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 an 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 profit or loss.

REGISTRATION NO.: 201101016938 (945074-A)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

For a cash-generating unit, any impairment loss is allocated to the 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 profit or loss, 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.

(c) Share capital and distributions

Ordinary shares and non-redeemable preference share issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

Distributions to holders of an equity instruments are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

(d) Financial instruments

i) Initial recognition and measurement

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

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.

REGISTRATION NO.: 201101016938 (945074-A)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

ii) Derecognition of financial instruments

A financial asset is derecognised when, and only 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. For this purpose, the Company considers a modification as a substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

iii) Subsequent measurement of financial assets

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

All financial assets are subject to review for impairment in accordance with Note 4(d)(vii).

iv) Subsequent measurement of financial liabilities

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

v) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

vi) Recognition of gains and losses

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.

REGISTRATION NO.: 201101016938 (945074-A)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

vii) Impairment and uncollectibility 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 payments; (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.

(e) Related party

Related party is a person and/or an entity related to the Company. Person related to the Company is a close member of the key management personnel or directors of the Company or a person that have control or joint control and have significant influence over the entity. Entity related to the Company is an entity in which the directors of the Company have control or joint control and have significant influence over the entity.

(f) Tax assets and tax liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

REGISTRATION NO.: 201101016938 (945074-A)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Tax assets and tax liabilities (cont'd)

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

(g) Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount. A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

REGISTRATION NO.: 201101016938 (945074-A)

5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

(a) Judgements and assumptions applied

No critical judgement was made in the process of applying the accounting policies that has significant effect on the amount recognised in the financial statements.

(b) Estimation uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring are as follows: -

i) Measurement of a provision

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risks that the actual outcome might differ from the estimates made. The actual outcome may differ from the estimate made and this may have a significant effect on the Company's financial position and results.

ii) Determining the value-in-use

In determining the value-in-use of a stand-alone asset or a cash-generating unit, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate(s). The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Company's financial position and results.

6. INVESTMENT PROPERTY

	<u>2023</u> RM	<u>2022</u> RM
<u>Fair value</u>		
At 1 July	45,700,000	-
Transfer from investment property measured at cost	-	4,237,602
Fair value adjustments	-	41,462,398
At 30 June	<u>45,700,000</u>	<u>45,700,000</u>

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023 (CONT'D)

REGISTRATION NO.: 201101016938 (945074-A)

6. INVESTMENT PROPERTY (CONT'D)

The investment property as at the end of each reporting period is as follows:

	<u>2023</u> RM	<u>2022</u> RM
Freehold land	<u>45,700,000</u>	<u>45,700,000</u>

The investment property is stated at fair value based on market value performed by an accredited independent professional valuer on 30 May 2022. The gain or loss on changes in fair value is recognised in profit or loss.

No rental income from investment property during the financial year.

7. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the components of cash and cash equivalents consist of:

	<u>2023</u> RM	<u>2022</u> RM
Cash at bank	<u>20,025</u>	<u>27,456</u>

8. SHARE CAPITAL

	Number of shares		Amount	
	<u>2023</u> units	<u>2022</u> units	<u>2023</u> RM	<u>2022</u> RM
Issued and fully paid - ordinary shares	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

9. RETAINED EARNINGS

The Company is able to distribute dividends out of its distributable retained earnings under the single-tier tax system.

10. OTHER PAYABLES

	<u>2023</u> RM	<u>2022</u> RM
Accrual	3,000	3,000
Other payables	318	265
Director	1,475,701	1,475,701
Total other payables	<u>1,479,019</u>	<u>1,478,966</u>

The amount due to a director is unsecured, non-interest bearing and repayable on demand.

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GOLDENLUCK FOR FYE 30 JUNE 2023 (CONT'D)

REGISTRATION NO.: 201101016938 (945074-A)

11. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at:

	<u>2023</u> RM	<u>2022</u> RM
After charging:		
Auditors' remuneration	<u>3,000</u>	<u>3,000</u>

12. RELATED PARTY DISCLOSURES

- (a) No significant related party transaction during the financial year.
- (b) Information regarding outstanding balances arising from related party transactions as at 30 June 2023 is disclosed in Note 10.
- (c) Key management personnel of the Company are those who are the executive directors of the Company and there is no key management personnel compensation during the financial year.

13. FINANCIAL INSTRUMENTS

	<u>2023</u> RM	<u>2022</u> RM
Financial assets measured at amortised cost:		
Cash and cash equivalents	<u>20,025</u>	<u>27,456</u>
Financial liabilities measured at amortised cost:		
Other payables	<u>1,476,019</u>	<u>1,475,966</u>

14. INCOME/(EXPENSE) AND GAIN/(LOSS) FROM FINANCIAL INSTRUMENTS

No income/(expense) and gain/(loss) from financial instruments for the year ended 30 June 2023.



Our Ref : V/PG/DY2236 (UL2)
Date : 2nd August 2023

PRIVATE & CONFIDENTIAL
ICONIC WORLDWIDE BERHAD

70-1-30, D'Piazza Mall
Jalan Mahsuri, Bandar Bayan Baru
11900 Bayan Lepas
Pulau Pinang

Dear Sirs,

UPDATE VALUATION OF A PARCEL OF VACANT LAND IDENTIFIED AS LOT NO. 7685 HELD UNDER TITLE NO. GERAN 59034, MUKIM 13, DISTRICT OF TIMOR LAUT, STATE OF PULAU PINANG ("SUBJECT PROPERTY").

This update valuation is prepared for the inclusion in the Circular to shareholders of Iconic Worldwide Berhad ("IWB") pursuant to the proposed acquisition in a related party transaction requiring submission to Bursa Malaysia Securities Berhad ("Bursa").

In accordance with the instructions from IWB, the objective of this update valuation is for the review of the Market Values reported in our valuation report and update valuation letter bearing Reference Nos. V/PG/DY2236 dated 3rd June 2022 ("Full Valuation Report") and V/PG/DY2236 (UL) dated 10th February 2023 ("Update Valuation Letter") respectively. We have conducted a cursory inspection of the Subject Property on 1st August 2023. Therefore, the material date of this update valuation is 1st August 2023.

This update valuation has been carried out in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (6th Edition of MVS and effective from 1st January 2019) and the Asset Valuation Guidelines (1st Revision Series No.SC-GL/AV-2009 (R1-2017) dated 19th January 2017 and effective from 20th March 2017) issued by the Securities Commission Malaysia.

The basis of valuation adopted for the purpose of this valuation is **Market Value**. The term **Market Value**, as defined in the Malaysian Valuation Standards 6th Edition 2019, is "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

HENRY BUTCHER MALAYSIA (PENANG) Sdn Bhd 198901000192 (177498-P)

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VPM(1)0008/4

Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy |
Project Marketing | Asset Management | Property Management | Retail Consultancy | Auctions | Plant & Machinery | Art Consultancy

DESCRIPTION OF THE SUBJECT PROPERTY

The Subject Property comprises a parcel of freehold vacant land identified as Lot No. 7685 sited adjacent to a flatted residential development known as Green Garden and is located along the main thoroughfare of Jalan Paya Terubong, in the locality of Paya Terubong on Penang Island.

At the date of our cursory inspection, no significant material changes to the physical condition of the Subject Property that would affect the contents of the valuation between the dates of Full Valuation Report, Update Valuation Letter and this current update valuation.

TITLE PARTICULARS

We wish to confirm that there are no changes to the particulars of the title in respect of the Subject Property since the dates of the Full Valuation Report, Update Valuation Letter and this current update valuation.

LOCAL AUTHORITY SEARCHES

In accordance with the gazetted *Rancangan Struktur Negeri Pulau Pinang 2030*, the Subject Property is located within an area zoned as "Hutan".

Pursuant to the letter issued by local licensed architect i.e. Messrs. BYG Architecture Sdn. Bhd. ("BYG"), we noted that despite of the zoning of the Subject Property under "Hutan", there is a development potential in respect of the Subject Property for residential purpose subject to change of the prescribed zoning followed by subsequent approvals of Planning and Building.

BYG has taken note that the rezoning application is subjected to the non-approval risks attributable to factors such as negative impact on surrounding properties, zoning consistency within the area, legal and technical compliance, building height and residential density considerations as well as slope stability and geotechnical concerns for land designated as 'Hill Land'.

However, BYG are of the opinion that the success rate may possibly outweigh the risks after taking into consideration that rezoning of the Subject Property, if undertaken would be supported by the factors such as the location of the Subject Property which is sited adjacent to residential developments (i.e. Green Garden, Eco Terrace, Taman Paya Terubong, Suria Vista Apartment and Majestic Heights) and its location which is located within a short distance to the Bukit Kukus Paired Road, which had been preceded in some cases with similar circumstances.

While the risks are considerable for the Subject Property, BYG is of the opinion that the application is still in equally good standing to obtain approval from the Penang State Planning Committee. Furthermore, the IWB will endeavor to comply with the submission requirements so that the chances of non-approval of the rezoning application would be remote.

MARKET OBSERVATION

We wish to confirm that we have not been notified of any significant material changes to the market condition of the Subject Property between the dates of the Full Valuation Report, Update Valuation Letter and this current update valuation.

VALUATION APPROACH

We have adopted the same valuation approach as stated in the Full Valuation Report i.e. the Comparison Approach in formulating our opinion of the Market Value of the Subject Property.

We have adopted only one method of valuation i.e. Comparison Approach in this valuation as other alternative methods such as the Income Approach or Cost Approach as defined in the Malaysian Valuation Standards 6th Edition 2019 are not applicable. The reason is due to the fact that the Subject Property comprises a parcel of vacant land without any development approval or approved layout plan by the Local Authority as at the date of valuation.

We wish to draw the attention that no recent transaction of land with similar characteristic reported between the date of last update valuation i.e. 10th February 2023 and 1st August 2023. In view of this, we have adopted similar Comparables stated in our Full Valuation Report in arriving at the Market Value of the Subject Property.

We hereby confirm that there is no change in the Market Value as reported in the Full Valuation Report and Update Valuation Letter.

OPINION OF VALUE

Having regard to the foregoing and taken into consideration of the rezoning possibility of the Subject Property as per BYG's comments and opinions, our opinion of the **Market Value** of the full share freehold interest of the **Subject Property** identified as Lot No. 7685 held under Title No. Geran 59034, Mukim 13, District of Timor Laut, State of Pulau Pinang as at 1st August 2023 **ON AN "AS IS" BASIS, WITH VACANT POSSESSION AND SUBJECT TO THE TITLE BEING GOOD, REGISTRABLE, MARKETABLE, FREE FROM ALL ENCUMBRANCES, ENDORSEMENTS, STATUTORY NOTICES AND OUTGOINGS** is **RM45,700,000** (Ringgit Malaysia Forty Five Million And Seven Hundred Thousand Only).

Yours faithfully,
HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd



SR. DR. TEOH POH HUAT
FRICS, FRISM
Chartered Surveyor / Registered Valuer
Designation: Director
Registered Number: V-296

APPENDIX IV – VALUATION CERTIFICATE ON THE SUBJECT LAND (CONT'D)



HENRY BUTCHER MALAYSIA
International Asset Consultants

Our Ref : V/PG/DY2236 (UL)
Date : 10th February 2023

PRIVATE & CONFIDENTIAL
ICONIC WORLDWIDE BERHAD
70-1-30, D'Piazza Mall
Jalan Mahsuri, Bandar Bayan Baru
11900 Bayan Lepas
Pulau Pinang

Dear Sirs,

UPDATE VALUATION OF A PARCEL OF VACANT LAND IDENTIFIED AS LOT NO. 7685 HELD UNDER TITLE NO. GERAN 59034, MUKIM 13, DISTRICT OF TIMOR LAUT, STATE OF PULAU PINANG ("SUBJECT PROPERTY").

This update valuation is prepared for the inclusion in the Circular to shareholders of Iconic Worldwide Berhad ("IWB") pursuant to the proposed acquisition in a related party transaction requiring submission to Bursa Malaysia Securities Berhad ("Bursa").

In accordance with the instructions from IWB, the objective of this update valuation is for the review of the Market Value reported in our valuation report bearing Reference No. V/PG/DY2236 dated 3rd June 2022 ("Full Valuation Report"). We have conducted cursory inspection of the Subject Property on 10th February 2023. Therefore, the material date of this update valuation is 10th February 2023.

This update valuation has been carried out in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (6th Edition of MVS and effective from 1st January 2019) and the Asset Valuation Guidelines (1st Revision Series No.SC-GL/AV-2009 (R1-2017) dated 19th January 2017 and effective from 20th March 2017) issued by the Securities Commission Malaysia.

The basis of valuation adopted for the purpose of this valuation is **Market Value**. The term **Market Value**, as defined in the Malaysian Valuation Standards 6th Edition 2019, is "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

HENRY BUTCHER MALAYSIA (PENANG) Sdn Bhd 198901000192(177498-P)

Firm's Registration No.: VPM (1) 0008/4

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Valuation | Real Estate Agency | Investment Advisory | International Marketing | Market Research | Development Consultancy
Project Marketing | Asset Management | Property Management | Retail Consultancy | Auctions | Plant & Machinery | Art Consultancy



RICS



V0296, E1053, PM0296

APPENDIX IV – VALUATION CERTIFICATE ON THE SUBJECT LAND (CONT'D)

DESCRIPTION OF THE SUBJECT PROPERTY

The Subject Property comprises a parcel of freehold vacant land identified as Lot No. 7685 sited adjacent to a flatted residential development known as Green Garden and is located along the main thoroughfare of Jalan Paya Terubong, in the locality of Paya Terubong on Penang Island.

At the date of our cursory inspection, no significant material changes to the physical condition of the Subject Property that would affect the contents of the valuation between the date of Full Valuation Report and the date of this update valuation.

TITLE PARTICULARS

We wish to confirm that there are no changes to the particulars of the title in respect of the Subject Property since the date of the Full Valuation Report.

MARKET OBSERVATION

We wish to confirm that we have not been notified of any significant material changes to the market condition of the Subject Property between the date of the Full Valuation Report and the date of this update valuation.

VALUATION APPROACH

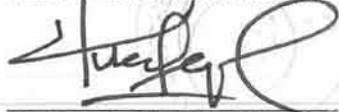
We have adopted the same valuation approach as stated in the Full Valuation Report i.e. the Comparison Approach in formulating our opinion of the Market Value of the Subject Property. We hereby confirm that there is no change in the Market Value as reported in the Full Valuation Report.

We have adopted only one method of valuation i.e. Comparison Approach in this valuation as other alternative methods such as the Income Approach or Cost Approach as defined in the Malaysian Valuation Standards 6th Edition 2019 are not applicable. The reason is due to the fact that the Subject Property comprises a parcel of vacant land without any development approval or approved layout plan by the Local Authority as at the date of valuation.

OPINION OF VALUE

Having regard to the foregoing, our opinion of the **Market Value** of the full share freehold interest of the **Subject Property** identified as Lot No. 7685 held under Title No. Geran 59034, Mukim 13, District of Timor Laut, State of Pulau Pinang as at 10th February 2023 **ON AN "AS IS" BASIS, WITH VACANT POSSESSION AND SUBJECT TO THE TITLE BEING GOOD, REGISTRABLE, MARKETABLE, FREE FROM ALL ENCUMBRANCES, ENDORSEMENTS, STATUTORY NOTICES AND OUTGOINGS** is **RM45,700,000** (Ringgit Malaysia Forty Five Million And Seven Hundred Thousand Only).

Yours faithfully,
HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd



SR. DR. TEOH POH HUAT (V-296)
FRICS, FRISM

Chartered Surveyor / Registered Valuer
Designation: Director
Registered Number: V-296



HENRY BUTCHER MALAYSIA

International Asset Consultants

Our Ref : V/PG/DY2236 (AG)
Date : 3rd June 2022

PRIVATE & CONFIDENTIAL
ICONIC WORLDWIDE BERHAD
70-1-30, D'Piazza Mall
Jalan Mahsuri, Bandar Bayan Baru
11900 Bayan Lepas
Pulau Pinang

Dear Sirs,

VALUATION CERTIFICATE OF A PARCEL OF VACANT LAND IDENTIFIED AS LOT NO. 7685 HELD UNDER TITLE NO. GERAN 59034, MUKIM 13, DISTRICT OF TIMOR LAUT, STATE OF PULAU PINANG ("SUBJECT PROPERTY").

This Valuation Certificate has been prepared for the inclusion in the Circular to shareholders of Iconic Worldwide Berhad ("**IWB**") pursuant to the proposed acquisition in a related party transaction requiring submission to Bursa Malaysia Securities Berhad ("**Bursa**").

In accordance with the instruction from IWB, we have valued the Subject Property vide our valuation report bearing Reference No. V/PG/DY2236 dated 3rd June 2022. The material date of valuation for this valuation exercise is taken as at 30th May 2022.

This Valuation Certificate is a summary of the relevant facts and information set out in our valuation report and to be read in conjunction with our valuation report bearing Reference No. V/PG/DY2236 dated 3rd June 2022.

The valuation has been carried out in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (6th Edition of *MVS and effective from 1st January 2019*) and the Asset Valuation Guidelines (1st Revision Series No. SC-GL/AV-2009 (R1-2017) dated 19th January 2017 and effective from 20th March 2017) issued by the Securities Commission Malaysia.

The basis of valuation adopted for the purpose of this valuation is **Market Value**. The term **Market Value**, as defined in the Malaysian Valuation Standards 6th Edition 2019, is "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

HENRY BUTCHER MALAYSIA (PENANG) Sdn Bhd 198901000192(177498-P)

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V0296, E1053, PM0296

TERMS OF REFERENCE

We are instructed by IWB to ascertain the Market Value of the Subject Property for the purpose of proposed acquisition in a related party transaction requiring submission to Bursa on an "As Is" basis, with vacant possession and subject to the title being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings.

INTEREST TO BE VALUED

The interest to be valued comprises a parcel of freehold vacant land sited adjacent to a flatted residential development known as Green Garden and is located along the main thoroughfare of Jalan Paya Terubong identified as Lot No. 7685 held under Title No. Geran 59034, Mukim 13, District of Timor Laut, State of Pulau Pinang.

DESCRIPTION AND LOCATION OF THE SUBJECT PROPERTY

The Subject Property comprises a parcel of freehold vacant land identified as Lot No. 7685 sited adjacent to a flatted residential development known as Green Garden and is located along the main thoroughfare of Jalan Paya Terubong, in the locality of Paya Terubong on Penang Island.

The Subject Property is located within a mixed development neighbourhood comprising mainly condominiums, apartments, flats, terraced, semi-detached and detached houses, townhouses, shopoffices and commercial buildings.

Prominent landmarks in the vicinity include *Pasar & Kompleks Makanan Taman Terubong Jaya*, Pine Valley Business Centre, Goldhill Complex, Petronas, Shell & Caltex petrol stations, United Hokkien Cemeteries Penang, EconSave Supermarket, Permata Sports Complex and *Balai Bomba Dan Penyelamat Paya Terubong* and the proposed Sunway Valley City by Sunway Group.

Residential developments located nearby include Green Garden, Majestic Height, Taman Suria Vista (apartment and townhouse developments), Taman Terubong Indah, Taman Terubong Jaya, Flat Paya Terubong, Kiara Indah, Bukit Saujana, Bukit Awana, Sunmoon City, Taman Paya Terubong, Taman Terubong Indah Phase 2A, Taman Oriental, Eco Terraces, Pine Residences and two (2) on-going affordable housing developments known as The Stone and The Dew, both undertaken by PLB Group.

The Subject Property is situated approximately 10.2 km due south-west of *Kompleks Tun Abdul Razak ("KOMTAR")*, is about 5.9 km due south of Penang Hill Lower Station and is about 10 km due north of Penang International Airport ("PIA") in Bayan Lepas.

The Subject Property is approachable from KOMTAR via Jalan Magazine, Jalan Datuk Keramat, Jalan Air Itam, Jalan Paya Terubong and thence onto a service road leading to the south-eastern portion of the Subject Property. Alternatively, the Subject Property is accessible from PIA via Jalan Tun Dr Awang, Persiaran Bukit Jambui, Bukit Kukus Paired Road, Jalan Paya Terubong and thence onto a service road leading to the south-eastern portion of the Subject Property, all being well-maintained metalled roads.

The site is generally undulating to hilly in terrain and slopes upwards from about 80 metres above sea level at its south-eastern portion to about 220 metres at its north-western portion.

The boundaries of the site are not physically demarcated by any form of fencing.

At the date of our inspection, we noted that the site is generally overgrown with wild vegetation and still mainly covered with secondary jungle.

APPENDIX IV – VALUATION CERTIFICATE ON THE SUBJECT LAND (CONT'D)

TITLE PARTICULARS

Brief particulars of title of the Subject Property as extracted from title search conducted and obtained from the Penang Land Registry on 3rd June 2022 are as follows:-

Lot No. :	7685, Mukim 13, District of Timor Laut, State of Pulau Pinang.
Title No. :	Geran 59034
Tenure :	Freehold
Category of Land Use :	<i>Tiada</i>
Title Land Area :	6.07 hectares
Registered Proprietor :	GOLDENLUCK DEVELOPMENT SDN. BHD. – full share
Express Conditions :	(FIRST GRADE) The Land comprised in this title: (a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and (b) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years shall revert to the State only if the proprietor for the time being dies without heirs; and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).
Restriction-In-Interest :	<i>Tiada</i>
Encumbrances :	Nil
Endorsement :	Nil

LOCAL AUTHORITY SEARCHES

Our enquiries conducted at the Department of Urban Planning and Development of *Majlis Bandaraya Pulau Pinang* ("M.B.P.P.") (*Jabatan Perancang Pembangunan, M.B.P.P.*) revealed that the Subject Property is located within an area zoned "Tanah Bukit" (Hill land).

APPENDIX IV – VALUATION CERTIFICATE ON THE SUBJECT LAND (CONT'D)

VALUATION METHODOLOGY

We have adopted the **Comparison Approach** of valuation to assess the Market Value of the Subject Property.

Comparison Approach is the Market Approach of comparing the Subject Property with similar properties that were transacted recently, due consideration is given to factors such as market condition (time), size (land area), location, terrain and zoning to arrive at our opinion of Market Value of the Subject Property.

It is pertinent to note that valuation of property for submission to Bursa has to be undertaken by two recognised Methods of Valuation (Paragraph 4.06 of Asset Valuation Guidelines). However, for this valuation we have adopted only one method of valuation i.e. Comparison Approach in this valuation as other alternative methods such as the Income Approach or Cost approach as defined in the *Malaysian Valuation Standards Sixth Edition 2019* are not applicable. The reason is due to the fact that the Subject Property comprises a parcel of vacant land without any development approval or approved layout plan by the Local Authority as at the date of valuation.

SUMMARY OF COMPARISON APPROACH

We wish to draw the attention that no transaction of similar land in terms of zoning, terrain and size recorded in the District of Timor Laut on Penang Island over the last 7 years. Therefore, for the purpose of this valuation, we have utilised three (3) comparables with similar aspects i.e. hilly vacant land located in Mukim 11 and Mukim 12 of District of Barat Daya in our valuation computation of Comparison Approach.

Details of the comparables are presented as follows :-

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Property particulars	Lot Nos. 359, 362 & 553 held under Title Nos. Geran Mukim 617, Geran Mukim 503 & Geran Mukim 537 respectively, all within Mukim 11, District of Barat Daya, Pulau Pinang.	Lot No. 918 held under Title No. Geran Mukim 283, Mukim 11, District of Barat Daya, Pulau Pinang.	Lot No. 17073 held under Title No. Geran 121271, Mukim 12, District of Barat Daya, Pulau Pinang.
Location	Along Jalan Permatang Damar Laut (Permatang Damar Laut in Bayan Lepas)	Off Lorong Kampung Bukit 3 (Near to Sungai Ara)	Along Jalan Sungai Ara 1, Sungai Ara
Type of property	3 adjoining parcels of vacant land	A parcel of vacant land	A parcel of vacant land
Zoning	Residential	Hill Land	Residential
Distance from Subject Property	10.6 km	9.7 km	7.4 km
Transaction date	16 February 2021	16 January 2018	20 October 2015
Vendor	Charterway Development Sdn Bhd	GSM Feedmills Sdn Bhd	WLB Properties Sdn Bhd
Purchaser	M Summit Premium Sdn Bhd	Charterway Realty Sdn Bhd	Diamaward (M) Sdn Bhd
Tenure	Freehold interest		
Share	Full Share		
Source	Sale & Purchase Agreement	Jabatan Penilaian dan Perkhidmatan Hartanah	
Land area	130,098 sq. ft.	162,524 sq. ft.	422,376 sq. ft.
	2.987 acres	3.731 acres	9.696 acres
Consideration	RM10,407,836	RM14,302,138	RM57,020,420
Based Value	RM80.00 per sq. ft.	RM88.00 per sq. ft.	RM135.00 per sq. ft.

APPENDIX IV – VALUATION CERTIFICATE ON THE SUBJECT LAND (CONT'D)

	Comparable No. 1	Comparable No. 2	Comparable No. 3
Remarks :-			
- Time difference	15.4 months	52.4 months	79.4 months
- Size (land area)	Smaller	Smaller	Smaller
- Location	Poorer	Similar	Better
- Terrain	Better (Hilly : 20m to 40m above sea level)	Better (Hilly : 20m to 50m above sea level)	Better (Hilly : 60m to 120m above sea level)
- Zoning	Better	Similar	Better
Adjustments	Property values in the locality of this Comparable appear to be relatively stable over the past 15.4 months, hence, no adjustment has been made for time (market condition) factor.	Property values in the locality of this Comparable appear to be relatively stable over the past 52.4 months, hence, no adjustment has been made for time (market condition) factor	The overall property market situation in Penang was much better in 2015 as compared to 2022. Generally, the demand of hill land with the potential of high-rise affordable housing development is high during this period due to the fact that many local developers are keen to build affordable housing developments based on the initiatives and "friendly" guidelines with reasonable controlled pricing imposed on affordable housing development by Penang State Government. However, based on the current rapid price hike of building materials for construction due to high inflation coupled with the continuous and prolong shortage of labour force in construction site recently, the total new development cost of housing project has increased substantially recently in directly slowed down the performances of the overall property market in Penang. Hence, a downward adjustment has been made for time (market condition) factor.
	The land area of Subject Property is larger than this Comparable, hence a downward adjustment has been made for size (land area) factor.		
	The location of the Subject Property is superior than this Comparable due to the fact that Subject Property is situated within a short distance to the established Paya Terubong Town Centre with good amenities located nearby, hence an upward adjustment has been made for location factor.	The location of the Subject Property and this Comparable are similar in nature, both are being surrounded by flatted residential developments. Hence, no adjustment has been made for location factor.	The location of this Comparable is superior than the Subject Property due to the fact this Comparable is situated in the Sungai Ara Town Centre and located within a short distance to the Penang International Airport as well as the Bayan Lepas Industrial Park, hence an downward adjustment has been made for location factor.
	The terrain of the Subject Property is steeper than this Comparable, hence a downward adjustment has been made for terrain factor.		
	The zoning of this Comparable is superior than the Subject Property, hence an downward adjustment has been made for zoning factor.	No adjustment has been made for zoning factor as both of the Subject Property and this Comparable are located within an area zoned for "Hill Land".	The zoning of this Comparable is superior than the Subject Property, hence an downward adjustment has been made for zoning factor.
Adjusted Value	RM68.00 per sq. ft.	RM70.40 per sq. ft.	RM67.50 per sq. ft.

APPENDIX IV – VALUATION CERTIFICATE ON THE SUBJECT LAND (CONT'D)

Justification :-

Post adjustments have been made to the Comparables after taking into consideration of the positive and negative factors of market condition (time), size (land area), location, terrain and zoning. From these Comparables, we have concluded that Comparable No. 1 would be a reasonable benchmark due to the fact that this Comparable is the most recent transaction with lesser adjustment has been made in the valuation computation and is similar in nature in terms of terrain being hilly and both the Subject Property and this Comparable are located along the main road. Having considered the above, we have adopted RM70.00 per sq. ft. (rounded up from RM68.00 per sq. ft.) to be the fair market rate for Subject Property.

Summary of Comparison Approach:-

Market Value of Subject Property		
653,369 sq. ft. X RM70 per sq. ft. = RM45,735,830	Says	RM45,700,000

REGISTERED TRANSACTION / TRANSACTION HISTORY

Based on the endorsements stated in the land title and / or records of transfer which are submitted to Valuation & Property Services Department (*Jabatan Pemilaian dan Perkhidmatan Harta*) in the adjudication process of a transaction, we noted that there is no record of any transfer involving the Subject Property within the past 2 years from the date of this valuation.

COVID-19 PANDEMIC AND ITS IMPACT ON MARKET VALUE

Malaysia has reopened its border to international visitors starting from 1st April 2022, allowing fully vaccinated travellers and certain other groups of travellers to enter the country without quarantine. Reopening the country border is part of the national move to transition into the Endemic Phase.

With market sentiments having returned with some confidence especially in the business sector after the successful National Covid-19 Immunisation Programme, the performance for Penang's property market in 2022 is anticipated to be healthy and positive.

In accordance with the Annual Property Market Report (2021) published by National Property Information Centre, the performance of the property market in Pulau Pinang shows a recovery in 2021 driven by growth in market activity. The residential property continued to be the most actively transacted sub-sector of the total transaction and has recorded highest volume and value of transaction in the past 5 years.

In view of the above, we are of the opinion that the performance of residential market would still be driven by local demand whilst the recovery of the office, retail and industrial sub-sectors would be led by sustainable positive developments in the economy. With the recent Government's policies and incentives inclined towards the residential sub-sector, it will remain as the main sector to revive the property market.

Therefore, we are of the opinion that the COVID-19 pandemic would not have much negative impact towards the value of the Subject Property. However, given the unknown future impact that COVID-19 might have on the property market, we recommend that the valuation of the Subject Property be reviewed frequently.

APPENDIX IV – VALUATION CERTIFICATE ON THE SUBJECT LAND (CONT'D)

OPINION OF VALUE

The Market Value arrived at by using the Comparison Approach is as follows:-

Method Of Valuation	Market Value
Comparison Approach	RM45,700,000 (Ringgit Malaysia Forty Five Million And Seven Hundred Thousand Only)

Having regard to the foregoing, our opinion of the **Market Value** of the full share freehold interest of the **Subject Property** identified as Lot No. 7685 held under Title No. Geran 59034, Mukim 13, District of Timor Laut, State of Pulau Pinang as at 30th May 2022 **ON AN "AS IS" BASIS, WITH VACANT POSSESSION AND SUBJECT TO THE TITLE BEING GOOD, REGISTRABLE, MARKETABLE, FREE FROM ALL ENCUMBRANCES, ENDORSEMENTS, STATUTORY NOTICES AND OUTGOINGS** is **RM45,700,000** (Ringgit Malaysia Forty Five Million And Seven Hundred Thousand Only).

Yours faithfully,
HENRY BUTCHER MALAYSIA (PENANG) SDN BHD



SR. DR. TEOH POH HUAT (V-296)
FRICS, FRISM
Chartered Surveyor / Registered Valuer
Designation: Director
Registration Number: V-296

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023



ECOVIS MALAYSIA PLT
201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants, Kuala Lumpur, Malaysia

Board of Directors
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Ref: A/CKC/CHS

Kuala Lumpur, **30 NOV 2023**

Dear Sirs

ICONIC WORLDWIDE BERHAD ("ICONIC" OR "THE COMPANY") AND ITS SUBSIDIARIES ("ICONIC GROUP")

REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 FOR INCLUSION IN THE CIRCULAR TO SHAREHOLDERS

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Iconic Group prepared by the Board of Directors of the Company ("Directors"). The Pro Forma Consolidated Statements of Financial Position as at 31 March 2023 together with the accompanying notes thereon are set out in **Appendix I**, which has been stamped by us for identification purposes only, have been compiled by the Directors for inclusion in the Circular to Shareholders of Iconic in relation to the Company's Multiple Proposals (as described in Note 3).

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are specified paragraphs 5.13 to 5.16 of Chapter 5, Pro Forma Financial Information under Part II Contents of Prospectus, Division 5 Abridged Prospectus of the Prospectus Guidelines ("Prospectus Guidelines") issued by the Securities Commission Malaysia.

The Pro Forma Statements of Financial Position have been compiled by the Directors to illustrate the impact of the Multiple Proposals, as set out in the notes to the Pro Forma Consolidated Statements of Financial Position in **Appendix I**, on the Iconic Group's Financial Position as at 31 March 2023 as if the Proposals had taken place at 31 March 2023. As a part of this process, information about Iconic Group's Financial Position has been extracted by the Directors from Iconic's audited financial statements for the year ended 31 March 2023, which have been audited without any modification.

ECOVIS MALAYSIA PLT 201404001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia Phone: +60(3) 7981 1799 Fax: +60(3) 7980 4796 E-Mail: kuala-lumpur@ecovis.com.my

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Directors’ Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position in **Appendix I**, in accordance with the requirements of the Prospectus Guidelines.

Reporting Accountant’s Professional Ethics and Quality Management

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position as set out in **Appendix I**.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis described in the Notes to the Pro Forma Consolidated Statements of Financial Position in **Appendix I**.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the circular is solely to illustrate the impact of significant events or transactions on unadjusted financial information of Iconic Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)



Reporting Accountant’s Responsibilities (cont’d)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Statements of Financial Statements reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of Iconic Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis stated in the notes to the Pro Forma Consolidated Statements of Financial Position in **Appendix I**.

Restriction on Distribution and Use

Our report is issued for the sole purpose of inclusion in the circular to shareholders of Iconic in connection with the Multiple Proposals and should not be used for any other purpose. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A handwritten signature in dark ink, appearing to read 'Ecovis'.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

A handwritten signature in dark ink, appearing to read 'CHUA KAH CHUN'.

CHUA KAH CHUN
02696/09/2025 J
Chartered Accountant

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT'D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

Scenario i: Minimum scenario

	Note	Audited Financial Statements as at 31 March 2023 RM'000	Pro Forma I Upon Completion of Proposed Rights Issue with Warrants RM'000	Pro Forma II Upon Completion of Proposed Acquisition and Utilisation of Proceeds RM'000	Pro Forma III Upon Full Exercise of Warrants RM'000
Assets					
Non-current assets					
Property, plant and equipment		197,732	197,732	197,732	197,732
Right-of-use assets		23,388	23,388	23,388	23,388
Investment properties	5.1(a)	20,510	20,510	66,210	66,210
Goodwill	5.1(b)	-	-	128	129
		241,630	241,630	287,459	287,459
Current assets					
Inventories		36,662	36,662	36,662	36,662
Trade and other receivables		9,340	9,340	9,340	9,340
Current tax assets	5.1(c)	1,094	1,094	1,094	1,094
Cash and bank balances	5.1(d)	13,474	73,474	19,808	52,749
		60,570	120,570	66,904	99,845
Total assets		302,200	362,200	354,363	387,304

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT'D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)

Scenario I: Minimum scenario (cont'd)

		Pro Forma I	Pro Forma II	Pro Forma III
		Upon Completion of Proposed Rights Issue with Warrants RM'000	Upon Completion of Proposed Acquisition and Utilisation of Proceeds RM'000	Upon Full Exercise of Warrants RM'000
	Audited Financial Statements as at 31 March 2023 RM'000			
Note				
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	5.1(e)	180,158	180,158	241,334
Warrant reserve	5.1(f)	28,235	28,235	-
Capital reserve		1,582	1,582	1,582
Revaluation reserve		24,184	24,184	24,184
Retained earnings	5.1(g)	2,155	656	656
		236,315	234,815	267,758
Non-controlling interest		(123)	(123)	(123)
Total equity		236,192	234,692	267,633
Liabilities				
Non-current liabilities				
Borrowings	5.1(h)	84,916	72,530	72,530
Lease liabilities		516	516	516
Deferred tax liabilities	5.1(i)	4,056	8,626	8,626
		89,488	81,672	81,672

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT'D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)

Scenario I: Minimum scenario (cont'd)

	Note	Audited Financial Statements as at 31 March 2023 RM'000	Pro Forma I Upon Completion of Proposed Rights Issue with Warrants RM'000	Pro Forma II Upon Completion of Proposed Acquisition and Utilisation of Proceeds RM'000	Pro Forma III Upon Full Exercise of Warrants RM'000
Equity and liabilities (cont'd)					
Liabilities (cont'd)					
Current liabilities					
Trade and other payables	5.1(i)	22,113	22,113	23,592	23,592
Borrowings	5.1(h)	14,067	14,067	14,067	14,067
Lease liabilities		339	339	339	339
Current tax liabilities		1	1	1	1
		36,520	36,520	37,999	37,999
Total liabilities		126,008	126,008	119,671	119,671
Total equity and liabilities		302,200	362,200	354,363	387,304
Net assets (RM'000)		176,192	236,192	234,692	267,633
Number of ordinary shares assumed in issue ('000)		562,353	1,268,235	1,268,235	1,738,823
Net assets attributable to equity holders per ordinary share (RM)		0.31	0.19	0.19	0.15

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT'D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)

Scenario II: Maximum scenario

		Pro Forma I	Pro Forma II	Pro Forma III
		Upon Completion of Proposed Rights Issue with Warrants RM'000	Upon Completion of Proposed Acquisition and Utilisation of Proceeds RM'000	Upon Full Exercise of Warrants RM'000
Audited Financial Statements as at 31 March 2023	Note			
Assets				
Non-current assets				
Property, plant and equipment		197,732	197,732	197,732
Right-of-use assets		23,388	23,388	23,388
Investment properties	7.1(a)	20,510	66,210	66,210
Goodwill	7.1(b)	-	129	129
		<u>241,630</u>	<u>287,459</u>	<u>287,459</u>
Current assets				
Inventories		36,662	36,662	36,662
Trade and other receivables		9,340	9,340	9,340
Current tax assets	7.1(c)	1,094	1,094	1,094
Cash and bank balances	7.1(d)	13,474	30,114	82,600
		<u>60,570</u>	<u>77,210</u>	<u>129,696</u>
Total assets		<u>302,200</u>	<u>364,669</u>	<u>417,155</u>

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT'D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 19690100067 (8386-P)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)

Scenario II: Maximum scenario (cont'd)

		Audited Financial Statements as at 31 March 2023	Pro Forma I Upon Completion of Proposed Rights Issue with Warrants	Pro Forma II Upon Completion of Proposed Acquisition and Utilisation of Proceeds	Pro Forma III Upon Full Exercise of Warrants
	Note	RM'000	RM'000	RM'000	RM'000
Equity and liabilities					
Equity attributable to owners					
of the parent					
Share capital	7.1(e)	148,393	206,503	206,503	296,479
Warrant reserve	7.1(f)	-	37,490	37,490	-
Capital reserve		1,582	1,582	1,582	1,582
Revaluation reserve		24,184	24,184	24,184	24,184
Retained earnings	7.1(g)	2,156	2,156	856	856
		176,315	271,915	270,415	322,901
		(123)	(123)	(123)	(123)
Non-controlling interest					
Total equity		176,192	271,792	270,292	322,778
Liabilities					
Non-current liabilities					
Borrowings	7.1(h)	84,916	84,916	47,236	47,236
Lease liabilities		516	516	516	516
Deferred tax liabilities	7.1(i)	4,056	4,056	8,626	8,626
		89,488	89,488	56,378	56,378

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT'D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 19690100067 (8385-P)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONT'D)

Scenario II: Maximum scenario (cont'd)

	Note	Audited Financial Statements as at 31 March 2023 RM'000	Pro Forma I Upon Completion of Proposed Rights Issue with Warrants RM'000	Pro Forma II Upon Completion of Proposed Acquisition and Utilisation of Proceeds RM'000	Pro Forma III Upon Full Exercise of Warrants RM'000
Equity and liabilities (cont'd)					
Liabilities (cont'd)					
Current liabilities					
Trade and other payables	7.1(i)	22,113	22,113	23,592	23,592
Borrowings	7.1(h)	14,067	14,067	14,067	14,067
Lease liabilities		339	339	339	339
Current tax liabilities		1	1	1	1
		36,520	36,520	37,999	37,999
Total liabilities		125,008	125,008	94,377	94,377
Total equity and liabilities		302,200	397,800	364,669	417,155
Net assets (RM'000)		176,192	271,792	270,292	322,778
Number of ordinary shares assumed in issue ('000)		582,363	1,687,060	1,687,060	2,436,864
Net assets attributable to equity holders per ordinary share (RM)		0.31	0.16	0.16	0.13

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX I

ICONIC WORLDWIDE BERHAD

REGISTRATION NO. 196901000067 (8386-P)

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023

1. Basis Of Preparation

The Pro Forma Consolidated Statements of Financial Position (“SOF”) of Iconic Worldwide Berhad (“Iconic” or “the Company”) and its subsidiaries (“Iconic Group”) as at 31 March 2023, for which the Board of Directors (“Board”) of Iconic are solely responsible, have been prepared for illustrative purposes only, to show the effects of the following Multiple Proposals on the audited consolidated SOFP of Iconic as at 31 March 2023, had undertaken the following Multiple Proposals (collectively “Multiple Proposals”).

- (i) Proposed acquisition of the entire equity interest in Goldenluck Development Sdn. Bhd. (“Goldenluck”) from Dato’ Seri Tan Kean Tet and Tan Seck Ying for a purchase consideration of approximately RM39.80 million (“Purchase Consideration”) (“Proposed Acquisition”);
- (ii) Proposed renounceable rights issue of up to 1,124,706,544 new ordinary shares in Iconic (“Right Shares”) on the basis of 2 rights shares for every 1 existing share held, together with up to 749,804,362 free detachable warrants in Iconic (“Warrants”) on the basis of 2 Warrants for every 3 Rights Shares subscribed by the entitled shareholders of the Company on the entitlement date to be determined (“Proposed Rights Issue with Warrants”); and
- (iii) Proposed exemption under Paragraph 4.08(1)(b) and 4.08(1)(c) of the rules on take-overs, mergers and compulsory acquisitions issued by the Securities Commission Malaysia to Dato’ Seri Tan Kean Tet and any persons acting in concert (“PACS”) with him from obligation to undertake a mandatory take-over offer on the remaining ordinary shares in Iconic not already owned by them, pursuant to the undertaking to subscribe for the Rights Shares (including excess Rights Shares) (“Undertaking”) and exercise of Warrants by Dato’ Seri Tan Kean Tet and his PAC (“Proposed Exemption”).

The Pro Forma Consolidated SOFP of Iconic Group for which Board of Directors of Iconic is solely responsible, have been prepared on the basis consistent with the format of the financial statements of the Group as at 31 March 2023 and the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The audited financial statements of Iconic for the financial year ended 31 March 2023 were not subject to any audit qualification, modification or disclaimer.

The financial statements of Goldenluck has been prepared in accordance with Malaysian Private Entities Reporting Standard (“MPERS”) for the financial year ended 30 June 2023. The audited financial statements of Goldenluck for the financial year ended 30 June 2023 were not subject to any audit qualification, modification or disclaimer. The management has applied the same accounting policy as the Group for the financial statements of Goldenluck for the financial year ended 30 June 2023 in compliance with MFRSs and IFRSs for the purpose of inclusion in the circular to shareholders of Iconic in relation to the Company’s Multiple Proposals and should not be relied upon for any other purposes.

The Pro Forma Consolidated SOFP is presented in Ringgit Malaysia (“RM”).

The Pro Forma Consolidated SOFP of the Group comprise Pro Forma Consolidated SOFP and adjusted for the impact of the events or transactions as set out in Note 4 under Minimum Scenario and Note 6 under Maximum Scenario to the Pro Forma Consolidated SOFP.

Due to its nature, the Pro Forma Consolidated SOFP is not necessarily indicate of the financial position of the Group would have attained had the effects of the transactions as set in Note 2 actually occurred at the respective dates. Further, such information does not predict the Group’s future financial position.

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT'D)

2. Pro Forma adjustments

The Pro Forma Consolidated SOFP have been prepared to show the effects of the following:

- (i) Pro forma I – Upon Completion of Proposed Rights Issue with Warrants;
- (ii) Pro forma II – Upon Completion of Proposed Acquisition and Utilisation of Proceeds; and
- (iii) Pro forma III – Upon Full Exercise of Warrants

3. Multiple Proposals

3.1 Proposed Acquisition

On 19 September 2022, the Company has entered into a conditional share purchase agreement ("SPA") with Dato' Seri Tan Kean Tel and Tan Seok Ying (collectively, the "Vendors") to acquired a total of 200,000 shares in Goldenluck Development Sdn. Bhd. ("Goldenluck"), representing 100% equity interest in Goldenluck for a purchase consideration of approximately RM39.80 million to be satisfied entirely in cash, subject to terms and conditions of the SPA. ("Purchase Consideration") ("Proposed Acquisition").

Subsequently on 15 December 2022, the Company had entered into a supplemental letter with the Vendors to amend the following terms in respect of the SPA:

- (i) the payment of the Purchase Consideration will be settled fully in cash and shall not be effected by way of Proposed Set-Off pursuant to Clause 3.3(b) of the SPA under any circumstances; and
- (ii) the definition of "Proposed Set-Off", and (ii) item (iv) (being the Proposed Set-Off) of the definition of "Proposals", both under Clause 1.1 of the SPA shall be removed in totality and reading the SPA shall be interpreted accordingly (i.e. in accordance to the aforementioned removals).

The identifiable assets and liabilities of Iconic from an accounting perspective were measured and accounted in Iconic Group Pro Forma Consolidated Statements of Financial Position based on carrying amounts of Goldenluck as at 30 June 2023. It should be noted that the goodwill on acquisition is solely for the purpose of preparation of these Pro Forma Consolidated Statements of Financial Position and for illustrative purpose only. The final goodwill or gain from bargain purchase will depend on the purchase price allocation to be conducted in accordance with MFRS 3, "Business Combinations", whereby the fair value of the assets and liabilities of Goldenluck acquired will ultimately be determined. Accordingly, the final determination of the purchase price, fair values and resulting goodwill or gain from a bargain purchase on Proposed Acquisition may differ significantly from what is reflected in these Pro Forma Consolidated SOFP.

The following illustrates the assumed assets and liabilities acquired arising from Proposed Acquisition:

	RM
Investment property	45,700,000
Current tax assets	176
Cash and bank balances	20,025
Deferred tax liabilities	(4,570,000)
Other payables	(1,479,019)
Total identifiable assets	39,671,182
Goodwill on consolidation	128,818
Purchase consideration settled by way of cash	39,800,000

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT’D)

3. Multiple Proposals (cont’d)

3.2 Proposed Rights Issue with Warrants under Minimum Scenario and Maximum Scenario

(i) Minimum Scenario

Assuming the Proposed Rights Issue with Warrants is undertaken on a Minimum Subscription Level basis:

No. of Rights Shares issued (units):	705,882,353
Proceeds from Rights Shares issued (RM) (@ issue price of RM0.085 each):	60,000,000
No. of Warrants issued (units):	470,588,235
Warrant Reserve (RM):	28,235,294
Proceeds from exercising Warrants (RM) (@ exercise price of RM0.07 each):	32,941,176

(ii) Maximum Scenario

Assuming that all the Entitled Shareholders and/or their renouncee(s) fully subscribe Proposed Rights Issue with Warrants.

No. of Rights Shares issued (units):	1,124,706,544
Proceeds from Rights Shares issued (RM) (@ issue price of RM0.085 each):	95,600,056
No. of Warrants issued (units):	749,804,362
Warrant Reserve (RM):	37,490,218
Proceeds from exercising Warrants (RM) (@ exercise price of RM0.07 each):	52,486,305

The full exercise of Warrants is illustrated in the Pro Forma Consolidated SOFP in accordance with Paragraph 5.15(a) of the Prospectus Guidelines and Listing Requirements.

3.3 Utilisation of proceeds

The details of utilisation of gross proceeds under Minimum Scenario and Maximum Scenario are as below:

	Minimum Scenario RM'000	Maximum Scenario RM'000
<u>Utilisation of proceeds</u>		
Proposed Acquisition	39,800	39,800
Repayment of bank borrowings	12,386	37,680
Working capital	6,314	16,620
Estimated expenses for the Multiple Proposals	1,500	1,500
	<u>60,000</u>	<u>95,600</u>

The utilisation of proceeds is illustrated in the Pro Forma Consolidated SOFP in accordance with Paragraph 5.15(c) of the Prospectus Guidelines.

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000057 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT’D)

4. Pro Forma Effects - Minimum Scenario

4.1 Pro Forma I

Pro Forma I is stated after incorporating the effect after the completion of the Proposed Rights Issue with Warrants based on minimum subscription level of 705,882,353 Rights Shares together with 470,588,235 Warrants as set out in Note 3.2(i) to the Pro Forma Consolidated SOFP.

The minimum subscription of 705,882,353 Rights Shares will raise cash proceeds of RM60 million.

The issuance of 470,588,235 Warrants will result in recognition of a warrant reserve of RM28.235 million from the Proposed Rights Issue with Warrants. The warrant reserve represents the estimated fair value of the Warrants at RM0.060 per Warrant determined using Trinomial option pricing model based on the following input:

a) Fair value of share	RM0.0911
b) Warrant exercise price	RM0.07
c) Tenure (from the date of issuance of the Warrants)	5 years
d) Dividend yield	0%
e) Risk free interest rate	3.630%
f) Volatility share price	60.325%

4.2 Pro Forma II

Pro Forma II is stated after incorporating the effect of Pro Forma I and effects of Proposed Acquisition as set out in Note 3.1 and after the utilisation of proceeds as set out in Note 3.3 under Minimum Scenario to the Pro Forma Consolidated SOFP.

The Proposed Acquisition is assumed to be utilised from the proceeds amounting to RM39.80 million.

The repayment of bank borrowings are assumed to be utilised from the proceeds amounting to RM12.386 million.

The proceeds to be utilised for working capital requirements are assumed to be retained as cash and bank balances.

The estimated expenses of RM1.5 million to be incurred for Multiple Proposals are charged to retained earnings.

4.3 Pro Forma III

Pro Forma III is stated after incorporating the effects of Pro Forma II and the effects of full exercise of 470,588,235 Warrants to the Pro Forma Consolidated SOFP.

The full exercise of 470,588,235 Warrants will result in the increase of Iconic share capital of RM61.176 million. The proceeds to be raised from the full exercise of 470,588,235 Warrants amounting to RM32.941 million are assumed to be retained as cash and bank balances.

The whole warrant reserve will be transferred to share capital upon the full exercise of 470,588,235 Warrants.

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT’D)

5. Effect on the Pro Forma Consolidated SOFP

5.1 Minimum scenario

(a) Investment properties

	RM'000
As at 31 March 2023/Pro Forma I	20,510
Effect of Pro Forma II	
- Proposed Acquisition	45,700
Pro Forma II/Pro Forma III	66,210

(b) Goodwill

	RM'000
As at 31 March 2023/Pro Forma I	-
Effect of Pro Forma II	
- Proposed Acquisition	129
Pro Forma II/Pro Forma III	129

(c) Current tax assets

	RM'000
As at 31 March 2023/Pro Forma I	1,094
Effect of Pro Forma II	
- Proposed Acquisition	-
Pro Forma II/Pro Forma III	1,094

* Less than RM1,000.

(d) Cash and bank balances

	RM'000
As at 31 March 2023	13,474
Effects of Pro Forma I	
- Proposed Rights Issue with Warrants	60,000
Pro Forma I	73,474
Effects of Pro Forma II	
- Proposed Acquisition	20
- Payment of estimated expenses for Multiple Proposals	(1,500)
- Repayment of bank borrowings	(12,385)
- Consideration paid for Proposed Acquisition	(39,800)
Pro Forma II	19,808
Effects of Pro Forma III	
- Effect of full exercise of Warrants	32,941
Pro Forma III	52,749

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT'D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT'D)

6. Effect on the Pro Forma Consolidated SOFP (cont'd)

6.1 Minimum scenario (cont'd)

(e) Share capital

	No. of shares ('000)	RM'000
As at 31 March 2023	562,353	148,393
Effects of Pro Forma I		
- Proposed Rights Issue with Warrants	705,882	31,765
Pro Forma I/Pro Forma II	1,268,235	180,158
Effects of Pro Forma II		
- Effect of full exercise of Warrants	470,588	61,176
Pro Forma III	1,738,823	241,334

(f) Warrant reserve

	RM'000
As at 31 March 2023	-
Effects of Pro Forma I	
- Proposed Rights Issue with Warrants	28,235
Pro Forma I/Pro Forma II	28,235
Effects of Pro Forma II	
- Effect of full exercise of warrants	(28,235)
Pro Forma III	-

(g) Retained earnings

	RM'000
As at 31 March 2023/Pro Forma I	2,156
Effects of Pro Forma II	
- Payment of estimated expenses for Multiple Proposals	(1,500)
Pro Forma II/Pro Forma III	656

(h) Borrowings

	RM'000
As at 31 March 2023/Pro Forma I	96,963
Effects of Pro Forma II	
- Repayment of bank borrowings	(12,386)
Pro Forma II/Pro Forma III	86,597

(i) Deferred tax liabilities

	RM'000
As at 31 March 2023/Pro Forma I	4,056
Effects of Pro Forma II	
- Proposed Acquisition	4,570
Pro Forma II/Pro Forma III	8,626

(j) Trade and other payables

	RM'000
As at 31 March 2023/Pro Forma I	22,113
Effects of Pro Forma II	
- Purchase Consideration	39,800
- Consideration paid for Proposed Acquisition	(39,000)
- Proposed Acquisition	1,479
Pro Forma II/Pro Forma III	23,592

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT’D)

6. Pro Forma Effects - Maximum Scenario

6.1 Pro Forma I

Pro Forma I is stated after incorporating the effect after the completion of the Proposed Rights Issue with Warrants based on maximum subscription level of 1,124,706,544 Rights Shares together with 749,804,362 Warrants as set out in Note 3.2(ii) to the Pro Forma Consolidated SOFP.

The maximum subscription of 1,124,706,544 Rights Shares will raise cash proceeds of RM95.6 million.

The issuance of 749,804,362 Warrants will result in recognition of a warrant reserve of RM37.490 million from the Proposed Rights Issue with Warrants. The warrant reserve represents the estimated fair value of the Warrants at RM0.050 per Warrant determined using Trinomial option pricing model based on the following input:

a) Fair value of share	RM0.0876
b) Warrant exercise price	RM0.07
c) Tenure (from the date of issuance of the Warrants)	5 years
d) Dividend yield	0%
e) Risk free interest rate	3.630%
f) Volatility share price	80.325%

6.2 Pro Forma II

Pro Forma II is stated after incorporating the effect of Pro Forma I and effects of Proposed Acquisition as set out in Note 3.1 and after the utilisation of proceeds as set out in Note 3.3 under Minimum Scenario to the Pro Forma Consolidated SOFP.

The Proposed Acquisition is assumed to be utilised from the proceeds amounting to RM39.80 million.

The repayment of bank borrowings are assumed to be utilised from the proceeds amounting to RM37.68 million.

The proceeds to be utilised for working capital requirements are assumed to be retained as cash and bank balances.

The estimated expenses of RM1.50 million to be incurred for Multiple Proposals are charged to retained earnings.

6.3 Pro Forma III

Pro Forma III is stated after incorporating the effects of Pro Forma II and the effects of full exercise of 749,804,362 Warrants to the Pro Forma Consolidated SOFP.

The full exercise of 749,804,362 Warrants will result in the increase of Iconic share capital of RM89.976 million. The proceeds to be raised from the full exercise of 749,804,362 Warrants amounting to RM52.486 million are assumed to be retained as cash and bank balances.

The whole warrant reserve will be transferred to share capital upon the full exercise of 749,804,362 Warrants.

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX V

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000087 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT’D)

7. Effect on the Pro Forma Consolidated SOFP (cont’d)

7.1 Maximum scenario

(a) Investment properties

	RM'000
As at 31 March 2023/Pro Forma I	20,510
Effect of Pro Forma II	
- Proposed Acquisition	45,700
Pro Forma II/Pro Forma III	66,210

(b) Goodwill

	RM'000
As at 31 March 2023/Pro Forma I	-
Effect of Pro Forma II	
- Proposed Acquisition	129
Pro Forma II/Pro Forma III	129

(c) Current tax assets

	RM'000
As at 31 March 2023/Pro Forma I	1,094
Effect of Pro Forma II	
- Proposed Acquisition	*
Pro Forma II/Pro Forma III	1,094

* Less than RM1,000.

(d) Cash and bank balances

	RM'000
As at 31 March 2023	13,474
Effects of Pro Forma I	
- Proposed Rights Issue with Warrants	95,600
Pro Forma I	109,074
Effects of Pro Forma II	
- Proposed Acquisition	20
- Payment of estimated expenses for Multiple Proposals	(1,500)
- Repayment of bank borrowings	(37,880)
- Consideration paid for Proposed Acquisition	(39,800)
Pro Forma II	30,114
Effects of Pro Forma III	
- Effect of full exercise of Warrants	52,486
Pro Forma III	82,600

APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31 MARCH 2023 (CONT’D)

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (CONT’D)

7. Effect on the Pro Forma Consolidated SDFP (cont’d)

7.1 Maximum scenario (cont’d)

(e) Share capital		No. of shares ('000)	RM'000
As at 31 March 2023		582,353	148,393
Effects of Pro Forma I			
- Proposed Rights Issue with Warrants		1,124,707	58,110
Pro Forma I/Pro Forma II		1,687,060	206,503
Effects of Pro Forma II			
- Effect of full exercise of Warrants		749,804	89,976
Pro Forma III		2,436,864	296,479
(f) Warrant reserve			RM'000
As at 31 March 2023			-
Effects of Pro Forma I			
- Proposed Rights Issue with Warrants			37,490
Pro Forma I/Pro Forma II			37,490
Effects of Pro Forma II			
- Effect of full exercise of Warrants			(37,490)
Pro Forma III			-
(g) Retained earnings			RM'000
As at 31 March 2023/Pro Forma I			2,156
Effects of Pro Forma II			
- Payment of estimated expenses for Multiple Proposals			(1,500)
Pro Forma II/Pro Forma III			656
(h) Borrowings			RM'000
As at 31 March 2023/Pro Forma I			98,983
Effects of Pro Forma II			
- Repayment of bank borrowings			(37,680)
Pro Forma II/Pro Forma III			61,303
(i) Deferred tax liabilities			RM'000
As at 31 March 2023/Pro Forma I			4,056
Effects of Pro Forma II			
- Proposed Acquisition			4,570
Pro Forma II/Pro Forma III			8,626
(j) Trade and other payables			RM'000
As at 31 March 2023/Pro Forma I			22,113
Effects of Pro Forma II			
- Purchase Consideration			39,800
- Consideration paid for Proposed Acquisition			(39,800)
- Proposed Acquisition			1,479
Pro Forma II/Pro Forma III			23,592

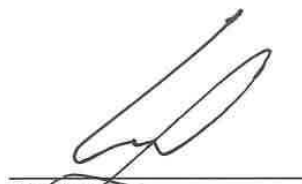
**APPENDIX V – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION OF ICONIC GROUP AS AT 31
MARCH 2023 (CONT’D)**

APPENDIX I

ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067 (8386-P)
STATEMENT BY DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **30 NOV 2023**



Dato' Seri Tan Kean Tet
Director

Tan Cho Chia
Director

ECOVIS MALAYSIA PLT
[AF 001825]
Chartered Accountants
For identification purposes only

BYG ARCHITECTURE SDN BHD



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10050 Penang, Malaysia
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Fax: +604-228 9092
www.bygroup.com

27 SEPTEMBER 2023

Iconic Worldwide Bhd
1-2, Jalan Icon City, Bukit Mertajam
14000 Penang

Dear Sir,

Proposed Housing Development on Lot 7685, Mukim 13, North East District Penang
For
M/s Iconic Worldwide Bhd

Reference is made to the abovementioned.

- A) Terms of reference
- | | |
|--|----------------------------------|
| 1) Land area | : 6.07 ha |
| 2) Land Title | : 1 st Grade |
| 3) Accessibility | : via Jalan Paya Terubong |
| 4) Relevant References in State Structure Plan 2023 ("State Structure Plan") | |
| a. Penang State Structure Main Diagram | : Forest Zone |
| b. Penang Environmentally Sensitive Area Diagram | : Hill Land above 76 m elevation |

The Subject Land has 2 classifications in the State Structure Plan which was gazetted on October 24, 2019 by the State of Penang.

In the document under the Penang State Structure Main Diagram, it is zoned as Forest Land whilst in the Penang Environmentally Sensitive Area Diagram it is designated as Hill Land.

In Addition, prior to the gazette of the State Structure Plan, zoning of land in the Penang Island was dictated by Policy Plan (previously known as Interim Zoning Plan). It is hereby clarified that the classification of Hill Land under the Interim Zoning Plan is now effectively classified as Forest Land under the Penang State Structure Main Diagram of the newly gazetted State Structure Plan. Consequently, the zoning of the Subject Land under the Interim Zoning Plan which was then classified as Hill Land is now zoned as Forest Land under the Penang State Structure Main Diagram.

- B) The following is a summary of our appraisal of the Subject Land

Development Potential

- 1) Under the provision of the State Structure Plan, the Subject Land is zoned as Forest Land under the Penang State Structure Main Diagram and designated as Hill Land under the Penang Environmentally Sensitive Area Diagram. Under such provisions, the property in itself cannot be developed.
- 2) However, the Subject Land may be developed for residential purpose subject to change of the prescribed zoning followed by subsequent approvals of Planning and Building;
- 3) The application for change of the activities and classification prescribed in the State Structure Plan must comply with the National Land Code and must be lodged with the Plan Malaysia Pulau Pinang. The proposed development

Michael Ong Chin Keong

B. Sc. HBP (Hons), B. Arch., M. Sc. (Planning) (USM)
APPM, APAM, AIPDM

Ben Yeoh Guan Beng

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APAM, AIPDM

Teo Chu Khwai

B. Sc. HBP (Arch.) (Hons.), B. Arch. (USM)
APAM

APPENDIX VI – LETTER OF OPINION BY BYG (CONT'D)

of the Subject Land shall be compatible with the established structural/ local plan of the locality. The application will typically takes up to 9 months.

The detailed breakdown of the Rezoning process as follows:

Application to Plan Malaysia Pulau Pinang	Circulation to Technical Departments by Plan Malaysia Pulau Pinang	Penang State Planning Committee Technical Meeting	Penang State Planning Committee Meeting	Approval
Submission of rezoning application, which typically includes a detailed description of the proposed change, reasons for the rezoning, type of development, layout plan and any required supporting documents, such as development proposal report (Laporan Cadangan Pemajuan, LCP).	The submitted rezoning application will be reviewed by the Technical Department and other relevant government agencies. They will assess the proposal's compatibility with the surrounding area, adherence to the comprehensive land use plan, potential environmental impacts, traffic considerations, and community feedback.	Meeting with the Penang State Planning Committee to address any technical concerns of the Penang State Planning Committee.	Meeting with the Penang State Planning Committee to address any outstanding concerns pursuant to the technical meeting of the Penang State Planning Committee and consider all aspects of the application prior to making decision.	Final decision will be made on the rezoning request after taking into consideration the recommendation from the technical department and all other relevant factors. After obtaining the rezoning approval, the developer may submit for Planning Application & Building Plan Application.
<u>Required info:</u> Type of Development, Proposed Development, Layout Plan	<u>Technical department:</u> ADUN office, JKR, JPS, Land Office, PTG, Planning Dept, Building Dept, Engineering Dept, Agriculture Dept, Forest Dept & Mineral & Geoscience Dept			

Timeline				
1 month	4 months	2 months	1 month	1 month

Note:**Development Proposal**

Development Proposal Report or 'Laporan Cadangan Pemajuan' is required to be prepared in accordance with the provisions of section 21A, Town and Country Planning Act (Amendment) 1995, which must be submitted together with a layout plan of the development. It presents the fundamentals of planning, rational and justification that would strengthen the suitability of development proposals. It also accommodates consideration of the submission for approval by the Government Authorities.

4) The following are the precedented approvals for rezoning applications at sites adjacent to the Subject Land;

- Green Garden : 26 Storey Low Medium Cost Housing
- Eco Terrace : 33 Storey Luxury Condominium
- Taman Paya Terubong : 16 Storey Apartment
- Suria Vista Apartment : 16 Storey Apartment
- Majestic Heights : 23 Storey Low Medium Cost Apartment

5) The change of use of land use zone of Forest and Environmentally sensitive area of Hill Land of the Subject Land may be supported under the following conditions;

- Signs and indications of similar evolving land use of properties adjacent to Subject Land
- Payment of rezoning premium to the state based on 37.5% of enhanced value of the Subject Land
- Availability of access to the Subject Land

Such conditions for the Subject Land can be supported by:

- its location which is sited adjacent to a residential development known as Green Garden as well as other development stated in section (4) above; and
- its location which is located within a short distance to the recently-completed Malaysia's highest elevated highway known as Bukit Kukus Paired Road. This section of Bukit Kukus Paired Road, connects Paya Terubong to Relau, having a length of approximately 3.825 kilometres.

The factors that could result in non-approval of the rezoning application include, but not limited to the following:

(a) Negative impact on surrounding properties

If the proposed rezoning could negatively impact the character, property values or quality of life of the neighbouring properties, the application may be rejected.

(b) Zoning consistency

Rezoning decisions often aim to maintain a consistent and coherent pattern of land uses and zoning designations within an area. If the proposed rezoning does not fit within the existing zoning context, it might be rejected to prevent incompatible developments from disrupting the neighbourhood's functionality.

(c) Legal and technical compliance

Rezoning application must adhere to legal and procedural requirements and zoning control. If an application fails to meet these criteria, it could be rejected on technical grounds. It is essential to ensure that the application fulfils all legal procedures to avoid the risk of non-approval.

(d) Height and density considerations

Land designated as 'Hill land' may have restrictions on building height and density to minimize their impact on the surrounding environment. If the rezoning application seeks to exceed the maximum limit for building heights and residential densities, the rezoning application may be rejected due to safety concerns.

(e) Slope stability and geotechnical concerns

Land designated as 'Hill land' are often prone to issues like erosion, landslides and soil instability. If a rezoning application is unable to ensure the safety and stability of the development, the application could be rejected.

Planning Permission

Planning permission must be obtained from the Local Authority (LA) before a development can be established. Application for planning permission is to be in such form containing such particulars and accompanied by documents and plans prescribed by the local authority.

If the development proposal is in compliance to all terms and conditions imposed to the development, chances of approval of the development is likely.

The following are other possibilities of non-approval of the development subsequent to rezoning;

- **Public objections or neighbouring objections lot owners leading to litigations and judgment against the development**

Public objections occur when the general public express reservations, complaints or opposition to a proposed development project. These objections can due to a variety of reasons, including concerns on the environmental impact, increased traffic and pollutions.

There will be likelihood of neighbouring objections involving residents and owners of properties adjacent to or in close proximity to the proposed development site. These objections often focus on potential negative impacts toward their property values, quality of life, privacy and other areas impacting the neighbourhood. Neighbouring objections can also be related to concerns about overshadowing, loss of views and increased congestion. Residents and property owners who feel that their interests are being adversely affected may oppose the development project through legal avenues.

- **Non-compliance of technical requirement in the rezoning application**

Non-compliance of technical requirement in the rezoning application include impacts to general public health, safety and welfare issues such as traffic safety concerns, social issue such as neighbourhood compatibility, burdens on infrastructure, impact on the local environmental, encroaching on sensitive areas and illegal use of land could result in non-approval of the rezoning application.

- **Land subjected to acquisition for public infrastructure**

Public infrastructure projects, such as highways, utilities and public facilities sometimes require the acquisition of private land by the Malaysian's government. In such case, the Malaysian government has the authority to acquire private land for public use while just providing compensation to the land owners.

APPENDIX VI – LETTER OF OPINION BY BYG (CONT'D)

Past References of similar approvals obtained by BYG Architecture Sdn Bhd ("BYG")

This section highlights the precedents of similar projects undertaken by BYG that has been approved by the Penang State Planning Committee.

Even though the current Forest Land zoning differ from the zoning indicated in the precedent case No. 1 and No. 2 below, the said comparison cases were all based on land known as Hill Land under the Interim Zoning Plan which was effective prior to the gazette of State Structure Plan. It is now effectively classified as Forest Land under the Penang State Structure Main Diagram of the newly gazetted State Structure Plan. As such, the transition in the zoning classification allows the use of the precedent case No.1 and No. 2 as comparative subject in line with the new zoning classification.

Therefore, despite the Subject Land's current zoning as Forest Land under the Penang State Structure Main Diagram, the precedent case No. 1 and No. 2 still offer valid insights into the rezoning process as well as the rezoning approval and continues to be a relevant references for our case.

As for the rezoning of Agriculture Land in the precedent case No. 3 to Residential Zone, the required steps and processes remain the same regardless of the initial zoning. The said land is located within close proximity to Forest Land which serves as a close reference for our case and offers important insight into the rezoning process and approval.

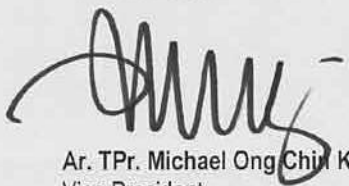
Nos.		Developer	Timeframe
1	<u>SPC approved on 27/1/2012</u> Rezoned from Hill Land to Residential Zone Lot 20288, 20289, 20290), Mukim 10, Daerah Barat Daya, Changkat Sungai Ara 6, Pulau Pinang.	Kewira Jaya Sdn Bhd (Setia Green)	6 months
2	<u>SPC approved on 14/3/2019</u> Rezoned from Hill Land to Residential Zone (Affordable Housing) Lot 5572 Dan 486, Lebuhraya Paya Terubong 4, Mukim 14, Daerah Timur Laut, Pulau Pinang.	Yuan Seng Building Trading	5 months
3	<u>SPC APPROVED ON 21/5/2020</u> Rezoned from Agriculture Land to Residential Zone (Affordable Housing) Lot 20004 & 20030, Lintang Bukit Penara 10, Mukim 5, Balik Pulau, Daerah Barat Daya, Pulau Pinang.	Emico Properties Sdn Bhd •	5 months

Therein said, please be cautioned that the rezoning approval is still subject to the concurrence and endorsement of the Penang State Planning Committee chaired by the Chief Minister of the State.

6) Conclusion

We note that the rezoning application is subjected to the risks mentioned above, however we are of the opinion that the success rate may possibly outweigh the risks after taking into consideration that rezoning of the Subject Land, if undertaken would be supported by the factors stipulated above which had been precedented in some cases with similar circumstances. While the risks are considerable in this case, the application is still in equally good standing to obtain approval from the Penang State Planning Committee. Furthermore, the company will endeavor to comply with the submission requirements so that the chances of non-approval of the rezoning application would be remote.

Yours faithfully,



Ar. TPr. Michael Ong Chin Keong
Vice President
BYG Group Sdn Bhd

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST**M&A Securities**

M&A Securities being 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, being the Principal Adviser for the Proposals, do hereby confirm that there is no circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Principal Adviser of the Company for the Proposals.

REPORTING ACCOUNTANTS

Ecovis Malaysia PLT has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Reporting Accountants' letter on the Pro Forma Consolidated Statements of Financial Position of Iconic Group as at 31 March 2023, and all references thereto in the form and context in which they appear in this Circular.

Ecovis Malaysia PLT, being the reporting accountants for the Proposals, do hereby confirm that there is no circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the reporting accountants of the Company for the Proposals.

PROVIDENCE

Providence has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and extracts of its IMR Report referred to in this Circular in the form and context in which it appears.

Providence confirms that there is no conflict of interest that exists or is likely to exist by virtue of its appointment as the independent market researcher for the Proposals.

HENRY BUTCHER

Henry Butcher has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and extracts of its valuation report and valuation certificate referred to in this Circular in the form and context in which it appears.

Henry Butcher confirms that there is no conflict of interest that exists or is likely to exist by virtue of its appointment as the independent valuer for the Proposals.

BYG

BYG has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and extracts of its letter of opinion referred to in this Circular in the form and context in which it appears.

BYG confirms that there is no conflict of interest that exists or is likely to exist by virtue of its appointment as the independent expert for the Proposals.

3. MATERIAL COMMITMENTS

As at the LPD, the Directors of the Company confirms that there are no material commitments incurred or known to be incurred by the Group that is likely to have a material effect on the Group's financial position.

4. CONTINGENT LIABILITIES

As at the LPD, the Directors of the Company confirms that there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of the Company to meet its obligations as and when they fall due.

5. MATERIAL CONTRACTS

Save as disclosed below, there is no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Iconic Group during the past 2 years immediately preceding the date of this Circular:

- (i) On 29 September 2022, Iconic Maison Sdn Bhd entered into a sale and purchase agreement with Modern Rewards Sdn Bhd and Iconic Development Sdn Bhd for the sale and purchase of all that plot known as Type C, Iconic Point measuring approximately 368 square metres together with a 2-storey detached commercial unit with drive through erected thereon now bearing assessment address No. 6, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang measuring approximately 498 square metres for a cash consideration of RM2,500,000.00.
- (ii) On 29 September 2022, Iconic Maison Sdn Bhd entered into a sale and purchase agreement with Modern Rewards Sdn Bhd and Iconic Development Sdn Bhd for the sale and purchase of all that plot known as Plot No. 2, Iconic Point measuring 234 square metres together with a 3-storey semi-detached shop office now bearing assessment address No. 3, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang erected thereon for a cash consideration of RM2,300,000.00.
- (iii) On 29 September 2022, Iconic Maison Sdn Bhd entered into a sale and purchase agreement with Modern Rewards Sdn Bhd and Iconic Development Sdn Bhd for the sale and purchase of all that plot known as Plot No. 29, Iconic Point measuring 251 square metres together with a 3-storey semi-detached shop office now bearing assessment address No. 103, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang erected thereon for a cash consideration of RM2,300,000.00.
- (iv) On 29 September 2022, Iconic Maison Sdn Bhd entered into a sale and purchase agreement with Modern Rewards Sdn Bhd and Iconic Development Sdn Bhd for the sale and purchase of all that plot known as Plot No. 30, Iconic Point measuring 234 square metres together with a 3-storey semi-detached shop office now bearing assessment

APPENDIX VII – FURTHER INFORMATION (CONT'D)

address No. 101, Jalan Iconic Point, Iconic Point, 14100 Simpang Ampat, Pulau Pinang erected thereon for a cash consideration of RM2,300,000.00.

- (v) On 8 November 2023, Sanbumi Capital Sdn Bhd entered into a sale and purchase agreement with Cheah Boon Hong for the sale and purchase of all that piece of freehold land and hereditament known as Lot No. 20120, Tempat Sungai Dua, Mukim 13, Daerah Timor Laut, Pulau Pinang held under No. Hakmilik Geran Mukim 3770 measuring approximately 288 square metres together with a 3 storey semi-detached house bearing assessment address No. 38 Persiaran Minden, Minden Residence, 11700 Gelugor, Penang erected thereon for a purchase consideration of RM1,500,000.00.

6. MATERIAL LITIGATIONS

Save as disclosed below, as at the LPD, the Iconic Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the Iconic Group and the Board has no knowledge of any proceedings, pending or threatened, against Iconic Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of Iconic Group:

- (i) **Jawi Magistrates' Court Civil Suit No. PE-A72NCvC-81-04/2023 between Iconic Medicare Sdn Bhd ("IMED" or "Defendant") and CeramTec Innovative Ceramic Engineering (M) Sdn Bhd ("CICE" or "Plaintiff")**

Claim from CICE:

IMED had vide letter from CICE's solicitors, Messrs Fahrol, Pretam & Co dated 20 March 2023, been served with a writ of summons and a statement of claims both dated 13 March 2023 under Seremban Magistrates' Court Civil Suit No. NA-A72NCvC-129-03/2023 by CICE claiming for the following:

- (a) the judgement sum of RM44,130.00;
- (b) a 4% interest per annum the judgement sum of RM44,130.00 from the date of judgement up to the date of full settlement of the judgement sum;
- (c) costs; and
- (d) such further and/or other relief that the Court deems fit and appropriate.

The Board, after deliberation, deemed the claim by CICE as frivolous and concluded that the claim was not material as the claim was not expected to have any material impact on the operations, earnings, NA or gearing of the Company for FYE 31 March 2024.

Transfer of civil suit

Subsequently, on 24 March 2023, this civil suit was transferred from Seremban Magistrates' Court to Butterworth Magistrates' Court and registered as Civil Suit No. PB-A72NCvC-90-03/2023. On 17 April 2023, the said civil suit was further transferred to Jawi Magistrates' Court and registered as Civil Suit No. PE-A72NCvC-81-04/2023.

Counterclaim by IMED

Subsequently, upon consultation with IMED's solicitors, Messrs S Param & G Thila, on the management's assessment on the estimated losses on income and profits due to the loss of business directly arising from the failure to deliver goods timely as promised by CICE and the additional costs incurred therefrom, IMED had vide a Statement of Defence and

APPENDIX VII – FURTHER INFORMATION (CONT'D)

Counterclaim dated 16 May 2023 filed in the Jawi Magistrates' Court counterclaiming against CICE ("**Counter Claim**") for the following:

- (a) general damages under para 14 of the Statement of Defence and Counterclaim for RM609,000.00;
- (b) general damages under para 15 of the Statement of Defence and Counterclaim for USD3,760,000.00;
- (c) interest;
- (d) costs; and
- (e) any other order and/or relief.

Subsequently, Messrs S. Param & G. Thila applied for leave to file Rejoinder and Reply to Defence to Counterclaim and have obtained leave to file the subsequent pleading on 8 September 2023. They have filed the said pleadings on 13 September 2023.

Subsequently, they also filed an amendment to their Defence and Counterclaim. The pre-trial case management is fixed on 11 December 2023.

Estimated potential liability to the Group arising from the Counter Claim.

The Board is of the opinion that apart from the professional fees payable, there shall be no other potential liability imposed on the Group which may arise resulting from the Counter Claim.

Financial and operational impact

Though the actual quantum of the Counter Claim is subject to the outcome to be determined by the court, the Board is of the opinion that this suit will have a favourable impact on the future earnings and NA of the Group for FYE 31 March 2024.

The management of IMED is currently working closely with Messrs S. Param & G. Thila on this legal suit to effectively manage it so as to ensure a positive outcome for IMED. Messrs S. Param & G. Thila is of the view that IMED has a fair and arguable case with a reasonable good chance of dismissing the claim by CICE on the basis that CICE had breached the contract between the parties due to its inability to meet its commitments to IMED. In addition, Messrs S. Param & G. Thila is of the view that IMED will be successful with the Counter Claim against CICE as all evidence supports a breach of contract by CICE.

(ii) Shah Alam High Court Civil Suit No.: BA-22NCvC-321-08/2023 between Iconic Medicare Sdn Bhd ("IMED" or "Defendant") and Latex Form Sdn Bhd ("Latex Form" or 'Plaintiff')

IMED, a wholly-owned subsidiary of the Company had on 17 August 2023 received a Writ of Summons and Statement of Claim dated 4 August 2023 filed by Messrs Tee Tai Tzian & Sim, the Solicitors acting on behalf of Latex Form.

The Plaintiff is claiming the following from the Defendant vide their Civil Suit No. BA22-22NCvC-321-08/2023:

- (a) an outstanding sum of RM11,038,004.00, allegedly being the value of the work carried out by the Plaintiff on six (6) Double Former Glove Dipping machines ("**Glove Machine's**") at the Defendant's factory;

APPENDIX VII – FURTHER INFORMATION (CONT'D)

- (b) damages in the sum of RM1,600,000.00 being the amount lost by the Plaintiff as a result of the said sum being forfeited by their suppliers due to the Defendant terminating the Glove Machine installation contract;
- (c) the Liquidated and Ascertained Damages ("**LAD**") of RM2,400,000.00 which was paid by the Plaintiff to the Defendant by agreement, to be declared void ab initio and not valid (i.e. void from the beginning);
- (d) the said sum of RM2,400,000.00 being the LAD to be refunded to the Plaintiff;
- (e) interest at 1.5% per month on the sum of RM15,038,004.00 claimed by the Plaintiff from the date of filing of the Writ of Summons until the date of full settlement;
- (f) costs; and
- (g) such further and/or other relief that the Court deems fit and appropriate.

The first case management was held on 4 September 2023 via e-review (virtually). Pursuant to the case management, the Court had directed that IMED is to file the Statement of Defence on or before 5 October 2023, and Latex Form is to file the Reply to Defence on or before 19 October 2023. The second case management date was held on 20 October 2023. Messrs Presgrave & Matthews had on 5 October 2023 filed a Statement of Defence and a Counterclaim on behalf of IMED. Latex Form however did not file their Reply to Defence by 19 October 2023 (as earlier directed by the court) as they requested for an extension of time of 14 days to do so, which Messrs Presgrave & Matthews did not object to. Hence, the Court during the case management (by e-review) dated 20 October 2023, had directed that Latex Form to file its Reply to Defence by 2 November 2023. The third case management was fixed on 21 November 2023.

In respect of the application to transfer the civil suit from Shah Alam High Court to Penang High Court filed by Messrs Presgrave & Matthews on 20 September 2023 ("**Transfer Application**"), the Court had during the hearing/case management on 4 October 2023 given directions to the parties in respect of the filing of affidavits and submission. Parties have now exhausted all affidavits in that respect and are pending the filing of written submissions. The next case management date for the Transfer Application was fixed on the same day of 21 November 2023 for the Court to fix a hearing date of the Transfer Application. Pursuant to the case management held on 21 November 2023, the Court has now fixed the hearing date for the Transfer Application on 26 March 2024 at Shah Alam High Court.

Estimated potential liability to the Group arising from the Writ of Summons and Statement of Claim.

The Board is of the opinion that apart from amount claimed of RM15,038,004.00 with interest of 1.5% per month (which is subject to proof in court) and the professional fees payable, there shall be no other potential liability imposed on the Group which may arise resulting from the Writ of Summons and Statement of Claim.

Financial and operational impact

Though the actual quantum of the litigation is subject to the outcome to be determined by the court, the Board opines that the quantum of the claim as well as the Counter Claim against Latex Form will be substantial and may have a material impact on the financial results and NA of the Group. The Board further opines that this litigation is not expected to have any impact on the financial results and NA of the Group for the FYE 31

APPENDIX VII – FURTHER INFORMATION (CONT'D)

March 2024 as such legal suits will generally take time and is expected to only be settled at least one (1) year from the LPD.

The management of IMED is currently working with Messrs Presgrave & Matthews to manage this legal suit in an effective manner. Messrs Presgrave & Matthews is of the opinion that IMED has a fair and arguable case with a reasonable chance of dismissing Latex Form's claim on the basis that Latex Form had fundamentally breached the contract between parties when it failed to complete and deliver four (4) of the Glove Machines whereas the other two (2) of the Glove Machines (which were delivered late), have many issues/defects, which Latex Form had failed to rectify despite numerous requests. In addition, IMED also has a fair and arguable case with a reasonable chance of success in obtaining judgment for the Counter Claim against Latex Form for declaratory reliefs as well as for damages for the various losses and damage suffered totaling more than RM25 million.

7. SHARE PRICE PERFORMANCE

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

	High (RM)	Low (RM)
2022		
October	0.1300	0.1000
November	0.1400	0.1150
December	0.1400	0.1200
2023		
January	0.1450	0.1150
February	0.1450	0.1150
March	0.1350	0.1150
April	0.1450	0.1200
May	0.1550	0.1050
June	0.1350	0.1150
July	0.1300	0.1150
August	0.1250	0.1100
September	0.1300	0.1100
October	0.1250	0.1050
November (up to LPD)	0.1250	0.1050

The last transacted price of Iconic Shares on the date preceding the announcement of the Proposals on 19 September 2022 and on LPD are RM0.1400 and RM0.1150 respectively.

(Source: Bloomberg)

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at No. 1-2, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang during normal business hours (except for public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) the Constitution of Iconic and Goldenluck;
- (ii) the audited consolidated financial statements of Iconic and Goldenluck for the FYE 2020 to FYE 2023;

APPENDIX VII – FURTHER INFORMATION (CONT'D)

- (iii) latest quarterly results of Iconic for the financial period ended 30 September 2023;
- (iv) the letters of consent and conflict of interest referred to in Section 2 above;
- (v) Reporting Accountants' letter on the pro forma consolidated statements of financial position of Iconic Group as at 31 March 2023;
- (vi) valuation certificate and valuation report on the Subject Land;
- (vii) the material contracts referred to in Section 5 above;
- (viii) the draft Deed Poll;
- (ix) the IMR Report prepared by Providence;
- (x) the SPA; and
- (xi) the letter of opinion by BYG.

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ICONIC WORLDWIDE BERHAD
Registration No. 196901000067 (8386-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Iconic Worldwide Berhad ("**Iconic**" or "**Company**") will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> on Friday, 22 December 2023 at 10.30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit to pass the following resolutions, with or without any amendments:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN GOLDENLUCK DEVELOPMENT SDN BHD ("GOLDENLUCK") FOR A TOTAL PURCHASE CONSIDERATION OF RM39,800,000 ("PURCHASE CONSIDERATION") TO BE FULLY SATISFIED BY CASH ("PROPOSED ACQUISITION")

"THAT, subject to Ordinary Resolution 2 and Ordinary Resolution 3, fulfilment of conditions precedent and the approvals of relevant authorities being obtained, where required, approval is hereby given for the Company to acquire the 100% equity interest in Goldenluck, comprising 200,000 ordinary shares in Goldenluck, from Dato' Seri Tan Kean Tet and Tan Seok Ying ("**Vendors**") for the Purchase Consideration to be fully satisfied by cash, subject to the conditions and upon the terms set out in the conditional share purchase agreement dated 19 September 2022 and supplemental letter dated 15 December 2022, 17 March 2023, 15 June 2023 and 12 September 2023, entered into between the Company and the Vendors in respect of the Proposed Acquisition;

AND THAT approval be and is hereby given to the Board of Directors of the Company ("**Board**") to sign, execute and deliver on behalf of the Company all necessary documents and to do all acts and things as may be required for or in connection with and to give full effect to and complete the Proposed Acquisition, with full power and discretion to assent to or make any modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or deemed necessary by the Board, and to take all steps and actions as it may deem necessary or expedient in the best interests of the Company to finalise, implement and give full effect to the Proposed Acquisition."

ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,124,706,544 NEW ORDINARY SHARES IN ICONIC ("ICONIC SHARE(S)" or "SHARE(S)") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 1 EXISTING SHARE HELD, TOGETHER WITH UP TO 749,804,362 FREE DETACHABLE WARRANTS IN ICONIC ("WARRANTS") ON THE BASIS OF 2 WARRANTS FOR EVERY 3 RIGHTS SHARES SUBSCRIBED BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON THE ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED RIGHTS ISSUE WITH FREE WARRANTS")

"THAT, subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 3, and the approvals of all relevant authorities and/or parties for the Proposed Rights Issue with Free Warrants, approval be and is hereby given to the Board to undertake the Proposed Rights Issue with Free Warrants to provisionally issue and allot by way of renounceable rights issue of 1,124,706,544 Rights Shares with 749,804,362 Warrants to the registered shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on the entitlement date to be

determined later by the Board, on the basis of 2 Rights Share for every 1 existing Iconic Shares held and 2 Warrants for every 3 Rights Shares subscribed on the said entitlement date and at an issue price to be determined and announced by the Board at a later date;

THAT the Board be and is hereby authorised to allocate the excess Rights Shares with Warrants which are not subscribed or validly subscribed, if any, for excess application, in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company;

THAT the Board be and is hereby authorised to disregard and deal with any fractional entitlements of the Rights Shares and Warrants arising from the Proposed Rights Issue with Free Warrants, if any, in such manner as the Board may in its sole and absolute discretion deems fit and expedient, and in the best interest of the Company;

THAT all the Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing Iconic Shares in issue, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which precedes the date of allotment and issuance of the Rights Shares;

THAT the proceeds from the Proposed Rights Issue with Free Warrants be utilised for such purposes as set out in the Circular to Shareholders dated 7 December 2023 and that the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities;

THAT the Board be and is hereby authorised to enter into and execute the deed poll constituting the Warrants ("**Deed Poll**") with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary, expedient and in the best interest of the company, and with full powers for the Board to implement, finalise and give full effect to the Deed Poll (including, without limitation, the affixing of the Company's common seal, where necessary);

THAT the Board be and is hereby authorised to issue and allot such appropriate number of new Iconic Shares arising from the exercise of the Warrants by the holders of the Warrants in accordance with the provisions of the Deed Poll;

THAT the new Iconic Shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Iconic Shares, save and except that the holders of the new Iconic Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new Iconic Shares arising from the exercise of the Warrants;

THAT the Board be and is hereby authorised to issue and allot such appropriate number of Warrants in accordance with the provisions of the Deed Poll, including any additional Warrants as may be required or permitted to be issued as a consequence of any adjustments in accordance with the terms and condition of the Deed Poll and where required, to adjust the exercise price and/or the number of the Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll and to issue and allot further new Iconic Shares as may be required or permitted to be issued pursuant to such adjustments and upon any exercise by the holders of such additional Warrants;

AND THAT the Board be and is hereby empowered and authorised with full power to do all such acts, to take all such steps and to execute, enter into, sign and deliver for and on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, to give full effect to and to complete the Proposed Rights Issue with Free Warrants, with full powers to assent to and/or accept any conditions, modifications, variations, arrangements and/or amendments as the

Board in its absolute discretion may deem fit and/or as may be imposed by any relevant authorities and/or parties in connection with the Proposed Rights Issue with Free Warrants."

ORDINARY RESOLUTION 3

PROPOSED EXEMPTION UNDER PARAGRAPH 4.08(1)(B) AND 4.08(1)(C) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ISSUED BY THE SECURITIES COMMISSION MALAYSIA ("SC") ("RULES") TO DATO' SERI TAN KEAN TET AND ANY PERSONS ACTING IN CONCERT ("PACs") WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER ON THE REMAINING ORDINARY SHARES IN ICONIC NOT ALREADY OWNED BY THEM, PURSUANT TO THE UNDERTAKING BY DATO' SERI TAN KEAN TET AND MODERN REWARDS SDN BHD (BEING A PAC TO DATO' SERI TAN KEAN TET) TO SUBSCRIBE FOR THE RIGHTS SHARES (INCLUDING EXCESS RIGHTS SHARES) ("UNDERTAKINGS") AND EXERCISE OF WARRANTS BY DATO' SERI TAN KEAN TET AND MODERN REWARDS SDN BHD ("PROPOSED EXEMPTION")

THAT subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, and the relevant approvals from the SC and/or any other relevant authorities and/or parties being obtained including such conditions as may be imposed by the SC, approval be and is hereby given to Dato' Seri Tan Kean Tet and the PACs under subparagraph 4.08(1)(b) and 4.08(1)(c) of the Rules to be exempted from the obligation to undertake a mandatory offer to acquire all the remaining Iconic Shares not already owned by them pursuant to the Undertakings and exercise of Warrants by Dato' Seri Tan Kean Tet and Modern Rewards Sdn Bhd into new Iconic Shares during the tenure of the Warrants;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give full effect to the Proposed Exemption with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/or expedient to implement, finalise, and give full effect to the Proposed Exemption."

By Order of the Board

ICONIC WORLDWIDE BERHAD

LIM CHOO TAN (LS 0008888)(SSM PC No. 202008000713)

CHEW SIEW CHENG (MAICSA 7019191)(SSM PC No. 202008001179)

Company Secretaries

Penang

7 December 2023

Notes:

1. The EGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at <https://tiih.online>. Members are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "Participate") remotely at this EGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.
2. The online meeting platform at TIIH Online website at <https://tiih.online> or <https://tiih.com.my> which is the main venue of the EGM, is registered with MYNIC Berhad under the Domain Registration No. D1A282781. This fulfills Section 327(2) of the Companies Act 2016 which requires the main venue of a company's general meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the Frequently Asked Questions on Virtual General Meetings dated 8 June 2021 issued by the Companies Commission of Malaysia.
3. For the purpose of determining who shall be entitled to participate in this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 15 December 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this General Meeting or appoint a proxy to participate on his/her/its behalf via RPV.
4. As the EGM is a fully virtual EGM, shareholders who are unable to participate in this EGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.
5. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
6. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
7. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
8. Where a member of the Company is an exempt authorised nominee 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 exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
9. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
10. The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at No. 1-2, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at No. 1-2, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging this proxy form is 10.30 a.m. on 20 December 2023, Wednesday.
14. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment at the registered office of the Company situated at No. 1-2, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

**ICONIC WORLDWIDE BERHAD**

Registration No. 196901000067 (8386-P)

(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]
of _____

being member(s) of **Iconic Worldwide Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson 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 conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> on Friday, 22 December 2023 at 10.30 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Resolutions		FOR	AGAINST
1.	Proposed Acquisition		
2.	Proposed Rights Issue with Free Warrants		
3.	Proposed Exemption		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____

Signature*
Member



*** Manner of execution:**

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The EGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at <https://tiih.online>. Members are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "Participate") remotely at this EGM via Remote Participation and Voting ("RPV") facilities provided by Tricor. Members are advised to follow the procedures of RPV as stated in the Administrative Guide.
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6. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
7. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
8. Where a member of the Company is an exempt authorised nominee 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 exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991

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 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARIES
ICONIC WORLDWIDE BERHAD
REGISTRATION NO. 196901000067(8386-P)
No. 1-2, Jalan Icon City
Icon City
14000 Bukit Mertajam
Penang
Malaysia

1st fold here