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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**

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**DEFINITIONS**

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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

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**DEFINITIONS (CONT'D)**

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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

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**DEFINITIONS (CONT'D)**

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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

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**DEFINITIONS (CONT'D)**

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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

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**DEFINITIONS (CONT'D)**

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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

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**DEFINITIONS (CONT'D)**

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

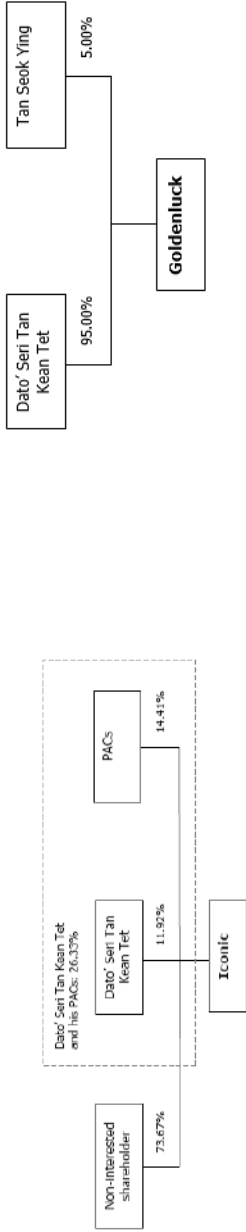
**PART A**

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

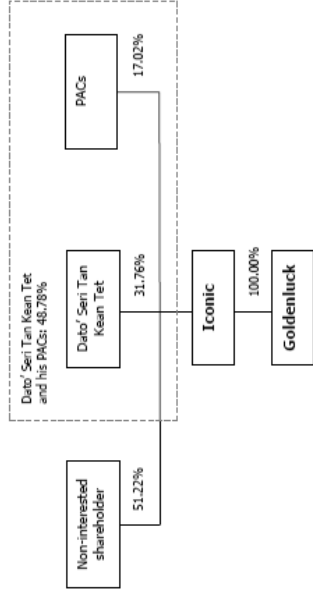
EXECUTIVE SUMMARY

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:	1
	(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.	
Shareholding of Dato' Seri Tan Kean Tet and his PACs based on the Minimum Subscription level	<b><u>Before the Proposed Acquisition and Proposed Rights Issue with Free Warrants</u></b>	4



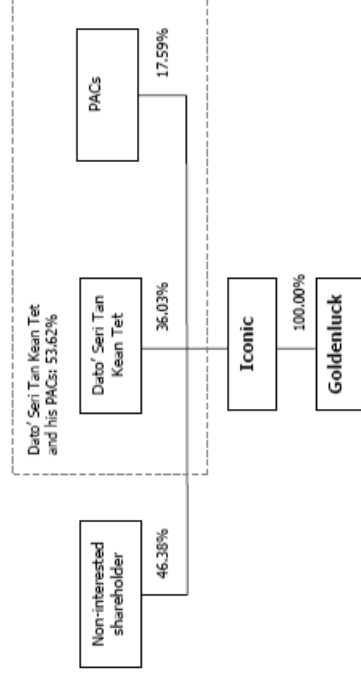
**After the Proposed Acquisition and Proposed Rights Issue with Free Warrants**



## 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
<b>Total</b>		<b>60,000</b>	<b>95,600</b>

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
<b><u>PACs (who holds Iconic Shares)</u></b>						
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
<b>Total</b>	<b>148,072,394</b>	<b>26.33</b>	<b>618,660,629</b>	<b>48.78</b>	<b>932,386,119</b>	<b>53.62</b>

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
	<p>(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:</p> <p>(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</p> <p>* 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.</p> <p>(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.</p> <p>(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.</p>	

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><b><u>Proposed Exemption</u></b></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"> <li>(i) Bursa Securities for the following: <ul style="list-style-type: none"> <li>(a) admission of Warrants to the Official List;</li> <li>(b) listing and quotation of the Rights Shares and Warrants; and</li> <li>(c) listing and quotation of the new Iconic Shares to be issued pursuant to the exercise of the Warrants;</li> </ul> </li> </ul> <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"> <li>(ii) shareholders or non-interested shareholders of Iconic, where applicable, for the Proposals at the forthcoming EGM;</li> <li>(iii) SC for the Proposed Exemption; and</li> <li>(iv) any other relevant authorities and/or persons, if required.</li> </ul>	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"> <li>(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;</li> <li>(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</li> <li>(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.</li> </ul> <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 <b>VOTE IN FAVOUR</b> 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")**

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**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:

<b>No</b>	<b>Original Proposals</b>	<b>Revised Proposals</b>
(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.

<b>No</b>	<b>Original Proposals</b>	<b>Revised Proposals</b>
(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**

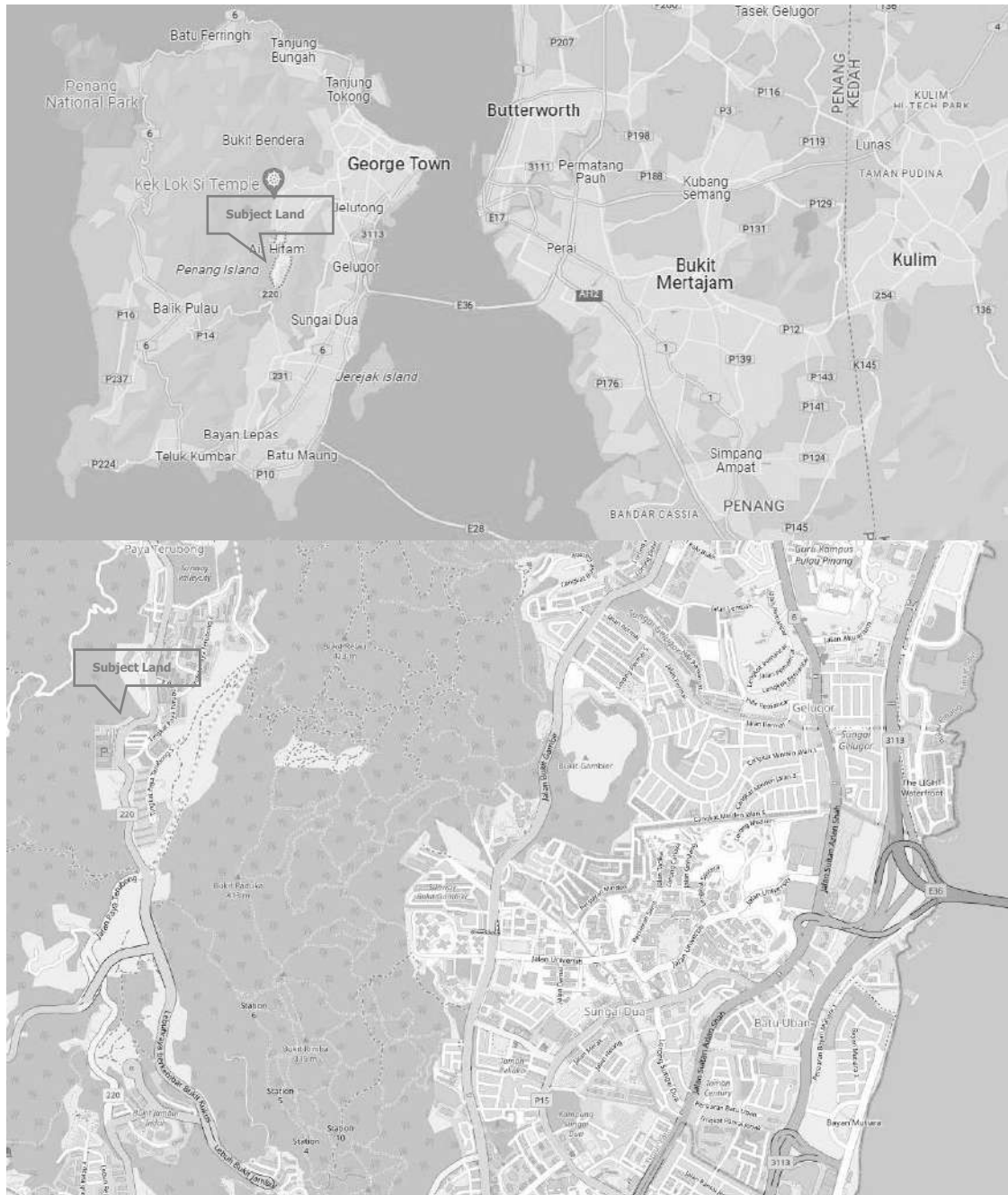
The Subject Land was an auction property acquired by Goldenluck on 25 May 2011 for a purchase consideration of RM4.0 million. The Subject Land comprises a parcel of freehold vacant land identified as Lot No. 7685, Mukim 13, District of Timor Laut, State of Pulau Pinang held under Geran 59034, measuring 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.

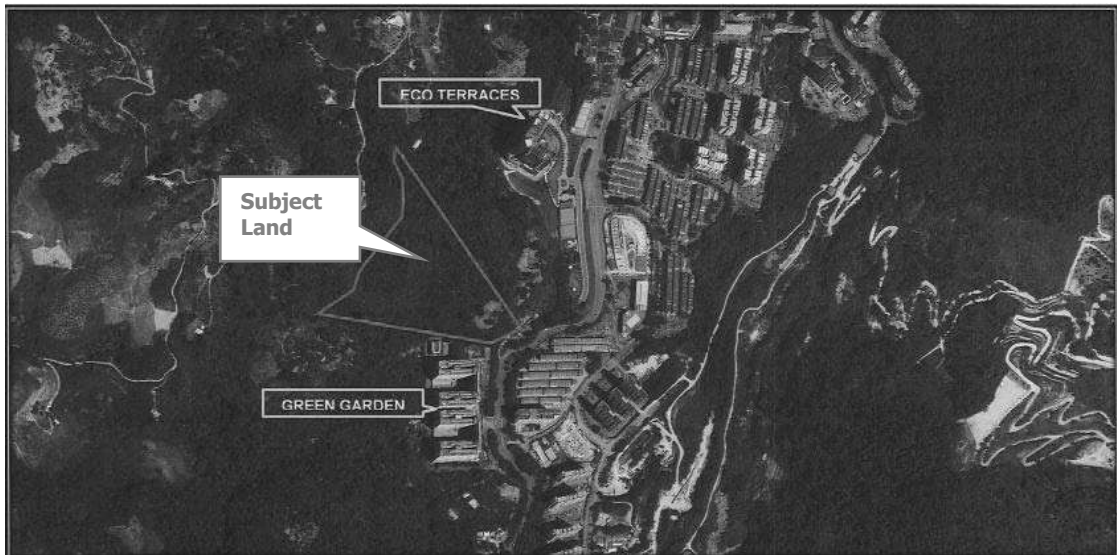
Prominent landmarks in the vicinity include Pasar & Kompleks Makanan Taman Terubong Jaya, Pine Valley Business Centre, Goldhill Complex, Petronas, Shell and Caltex petrol stations, United Hokkien Cemeteries Penang, EconSave Supermarket, Permata Sports Complex and Balai Bomba Dan Penyelamat Paya Terubong 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"> <li>(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</li> <li>(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;</li> </ul> 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"> <li>Final decision will be made on the rezoning request after taking into consideration the recommendation, public input and all other relevant factors.</li> <li>After obtaining the rezoning approval, the developer may submit for Planning Application and Building Plan Application.</li> </ul>

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:

<b>Name</b>	<b>Date of investment</b>	<b>No. of ordinary shares acquired</b>	<b>Consideration RM</b>
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
<b>Total</b>		<b>200,000</b>	<b>200,000.00</b>

## **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:

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 <sup>(3)</sup>			Total subscription	
	No. of Iconic Shares <sup>(1)%</sup>	No. of Rights Shares	(2)%	No. of Warrants	No. of Rights Shares	(2)%	No. of Warrants	No. of Rights Shares	No. of Warrants
Dato' Seri Tan Kean Tet Modern Rewards	<sup>(5)</sup> 52,639,154	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	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
<b>Public shareholdings spread</b>	<b>413,682,870</b>	<b>73.56</b>	<b>648,976,988</b>	<b>51.17</b>

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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:

<b>Details of utilisation</b>	<b>Utilisation timeframe (from listing of Rights Shares)</b>	<b>Notes</b>	<b>Minimum Scenario</b>	<b>Maximum Scenario</b>
			<b>RM'000</b>	<b>RM'000</b>
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
<b>Total</b>			<b>60,000</b>	<b>95,600</b>

#### 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 <sup>(1)</sup>	8,277	5.20	-	-	6,856	356
Term loan B/AmBank Berhad <sup>(2)</sup>	8,667	5.20	-	-	7,185	373
Term loan C/AmBank Berhad <sup>(3)</sup>	26,461	5.20	6,050	315	11,445	595
Term loan D/AmBank Berhad <sup>(4)</sup>	43,709	5.20	6,336	329	12,194	634
<b>Total</b>	<b>87,114</b>	<b>-</b>	<b>12,386</b>	<b>644</b>	<b>37,680</b>	<b>1,958</b>

**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:

	<b>Audited</b>			
	<b>FYE 31 March 2020</b>	<b>FYE 31 March 2021</b>	<b>FYE 31 March 2022</b>	<b>FYE 31 March 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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:

<b>Description</b>	<b>Minimum Scenario</b>	<b>Maximum Scenario</b>
	<b>RM'000</b>	<b>RM'000</b>
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 <sup>(1)</sup>	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
<b>Total</b>	<b>6,314</b>	<b>16,620</b>

**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:

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

**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:

<b>Terms</b>	<b>Details</b>
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 (" <b>Exercise Price</b> ") 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 (" <b>Exercise Period</b> ") 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.

<b>Terms</b>	<b>Details</b>
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.

<b>Terms</b>	<b>Details</b>
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	: Laws of Malaysia

### **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 <sup>(5)</sup>	67,058,204	11.92	402,764,463	31.76	626,568,636	36.03
<b>PACs (who holds Iconic Shares)</b>						
Modern Rewards <sup>(1)(3)</sup>	57,324,840	10.19	192,206,816	15.15	282,128,133	16.23
Tan Cho Chia <sup>(2)(5)</sup>	15,719,050	2.80	15,719,050	1.24	15,719,050	0.90
Legacy 888 Sdn Bhd <sup>(1)(4)</sup>	7,970,300	1.42	7,970,300	0.63	7,970,300	0.46
<b>Total</b>	<b>148,072,394</b>	<b>26.33</b>	<b>618,660,629</b>	<b>48.78</b>	<b>932,386,119</b>	<b>53.62</b>

#### 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
<b>Total</b>	<b>560,000</b>	<b>100.0</b>

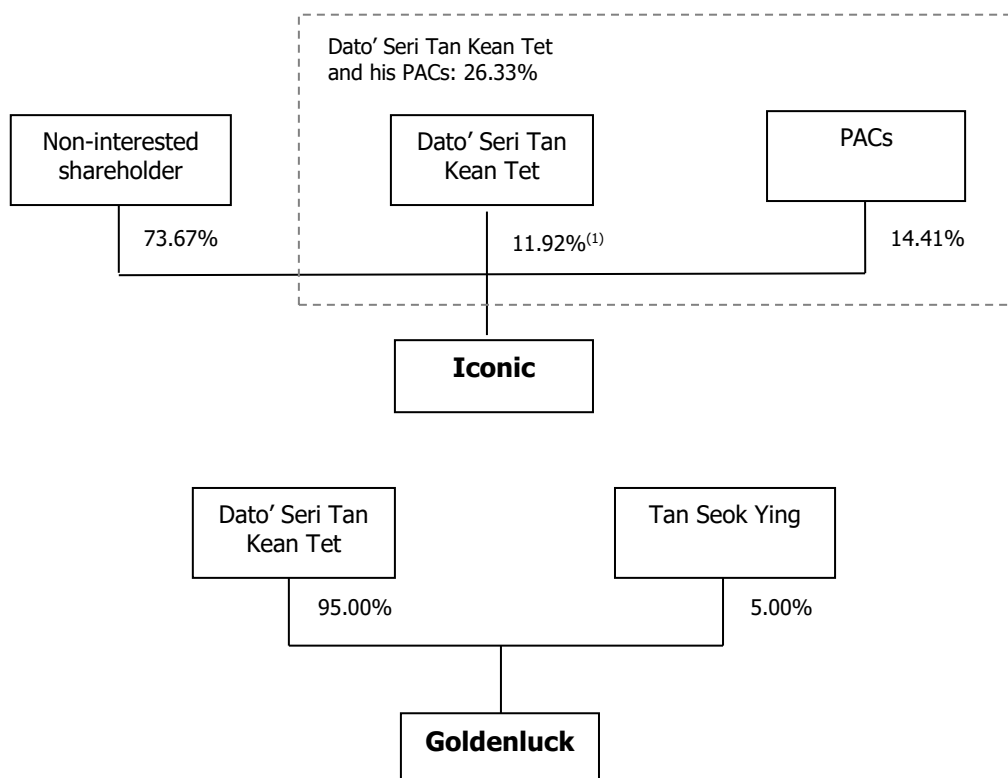
- (4) The shareholders of Legacy 888 Sdn Bhd and their respective shareholdings are set out below:

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
<b>Total</b>	<b>100</b>	<b>100.0</b>

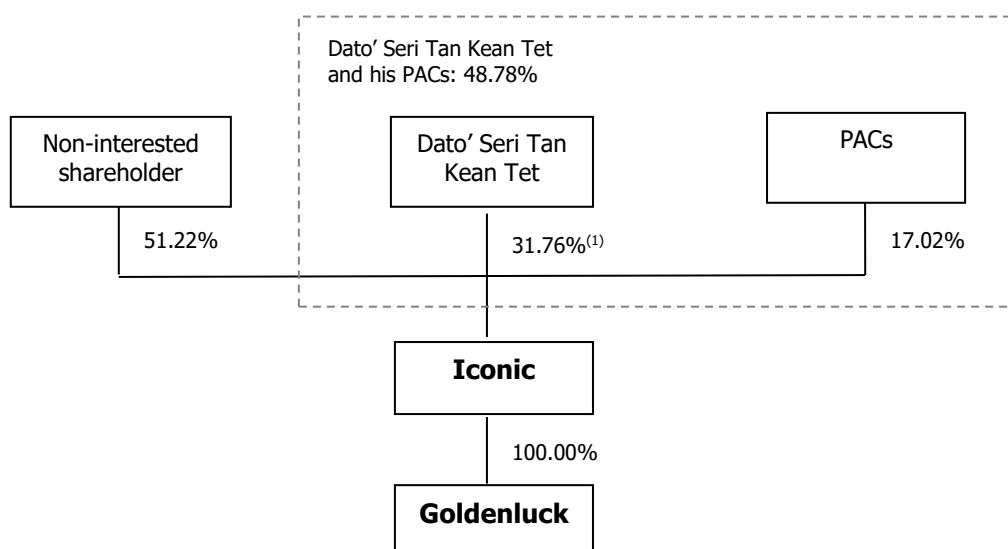
- (5) Includes 14,419,050 Shares being the proportionate of the total of 28,838,100 Shares held under the joint account opened by Dato' Seri Tan Kean Tet and Tan Cho Chia via Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Bank of Singapore Limited (Local).

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.

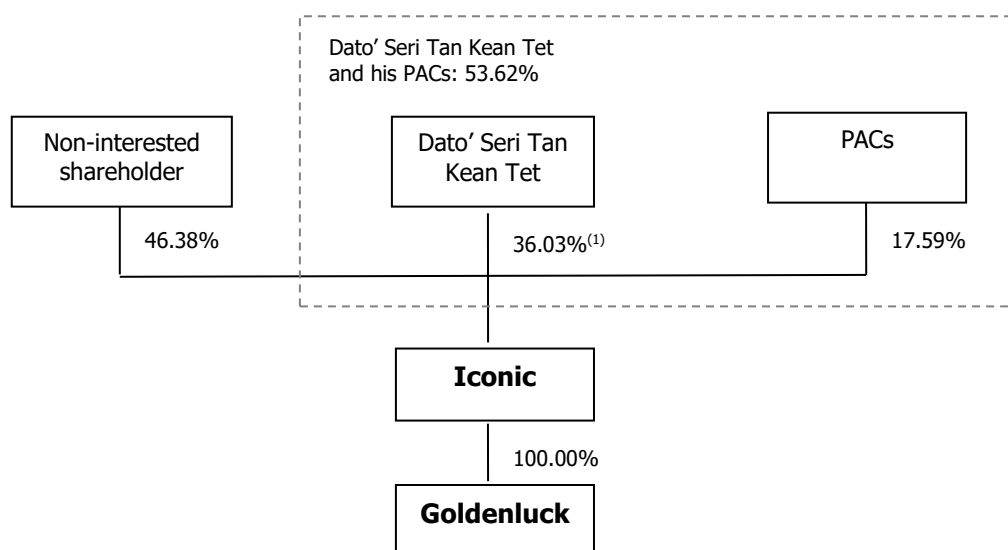
**Before the Proposed Acquisition and Proposed Rights Issue with Free Warrants**



**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:**

- <sup>(1)</sup> 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 6<sup>th</sup> 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 1<sup>st</sup> 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 RM'000	Manufacturing RM'000	Tourism services RM'000	(1)Others RM'000
<b>2023</b>				
Total revenue	35,202	47,828	3,566	8,609
Segment profit/(loss) before tax	3,395	(26,806)	(416)	(2,110)
<b>2022</b>				
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:

<b>No.</b>	<b>Location</b>	<b>Tenure</b>	<b>Existing use</b>	<b>Land area (sq ft)</b>
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	<sup>(1)</sup> 31,764,706	1,124,706,544	<sup>(1)</sup> 58,109,838
<b>Enlarged share capital after Proposed Rights Issue with Free Warrants</b>	<b>1,268,235,625</b>	<b>180,157,309</b>	<b>1,687,059,816</b>	<b>206,502,441</b>
New Shares to be issued assuming full exercise of Warrants	470,588,235	<sup>(2)</sup> 61,176,470	749,804,362	<sup>(2)</sup> 89,976,523
<b>Enlarged share capital</b>	<b>1,738,823,860</b>	<b>241,333,779</b>	<b>2,436,864,178</b>	<b>296,478,964</b>

#### 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

<sup>(5)</sup> 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	<sup>(1)</sup> 180,158	180,158	<sup>(5)</sup> 241,334
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	<sup>(2)</sup> 28,235	28,235	<sup>(5)</sup> -
Retained earnings	2,156	2,156	<sup>(3)</sup> 656	656
<b>Shareholders' funds/NA</b>	<b>176,315</b>	<b>236,315</b>	<b>234,815</b>	<b>267,756</b>
Non-controlling interest	(123)	(123)	(123)	(123)
<b>Total equity</b>	<b>176,192</b>	<b>236,192</b>	<b>234,692</b>	<b>267,633</b>
No. of Iconic Shares ('000)	562,353	<sup>(1)</sup> 1,268,235	1,268,235	<sup>(5)</sup> 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	<sup>(4)</sup> 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	<sup>(1)</sup> 206,503	<sup>(1)</sup> 206,503	<sup>(5)</sup> 296,479
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	<sup>(2)</sup> 37,490	37,490	<sup>(5)</sup> -
Retained earnings	2,156	2,156	<sup>(3)</sup> 656	656
<b>Shareholders' funds/NA</b>	<b>176,315</b>	<b>271,915</b>	<b>270,415</b>	<b>322,901</b>
Non-controlling interest	(123)	(123)	(123)	(123)
<b>Total equity</b>	<b>176,192</b>	<b>271,792</b>	<b>270,292</b>	<b>322,778</b>
No. of Iconic Shares ('000)	562,353	<sup>(1)</sup> 1,687,060	1,687,060	<sup>(5)</sup> 2,436,864
NA per Share (RM)	0.31	0.16	0.16	0.13
Interest bearing borrowings (RM'000)	99,838	99,838	<sup>(4)</sup> 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	<sup>(i)</sup> (26,153)	1,268,235	(0.021)	<sup>(i)</sup> (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:

<b>Conditions</b>	<b>Status of compliance</b>
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)%
<b><u>Interested Directors</u></b>				
Tan Seok Ying	-	-	-	-
Jason Chung Wei Chiun	-	-	-	-
<b><u>Interested Directors and Interested Major Shareholders</u></b>				
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
<b><u>Interested Major Shareholder</u></b>				
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:

<b>Date</b>	<b>Events</b>
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**

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## EXECUTIVE SUMMARY

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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:

<b>No</b>	<b>Original Proposals</b>	<b>Revised Proposals</b>
(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).

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**EXECUTIVE SUMMARY (Cont'd)**

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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.

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**EXECUTIVE SUMMARY (Cont'd)**

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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
<b>Rationale for the Proposals</b>	<p>(i) <b>Proposed Acquisition</b></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 <b>Section 6.1 of the IAL</b> for further details.</p> <p>(ii) <b>Proposed Rights Issue with Free Warrants</b></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 <b>Section 5.2, Part A of the Circular</b>, 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><b>(1) Strengthening the financial position and capital base of the Iconic Group</b></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><b>(2) Conserving cash reserve for capital requirement of the Group</b></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"> <li>• a new development project in the northern region expected to be launched by the end of FYE 2024;</li> <li>• the testing and commissioning of the remaining six (6) glove production lines; and</li> <li>• purchase of raw materials and consumables required for the production of rubber gloves.</li> </ul> <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><b>(3) Potential impact to the cost of capital and gearing level of the Group</b></p> <p>We have assessed the following pro forma changes in the weighted average cost of capital ("<b>WACC</b>") and the gearing of the Iconic Group based on the following scenarios:</p> <ul style="list-style-type: none"> <li>(i) the issuance of Rights Shares upon completion of the Proposed Rights Issue with Free Warrants under the Maximum Scenario ("<b>Rights Issue with Warrants Scenario</b>");</li> <li>(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 ("<b>Rights Issue with Warrants Exercised Scenario</b>"); and</li> <li>(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 ("<b>Debt Funding Scenario</b>").</li> </ul>

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 <b>reasonable and in the interest of the Company</b> 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><b>(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</b></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 <b>discount</b> 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 <b>Section 6.2 of the IAL</b> for further details.</p>

Area of evaluation	MainStreet's comments
	<p>(iii) <b>Rationale for the Proposed Exemption</b></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 <b>Section 12.1 of this IAL</b>, there are three (3) different scenarios which may lead to the trigger of the Mandatory Offer as set out in <b>Section 1 of this IAL</b>.</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 <b>Section 6.3 of the IAL</b> for further details.</p> <p><b>Premised on the above, we are of the view that the rationale for the Proposals is reasonable.</b></p>
Evaluation of the Proposed Acquisition	<p>(i) <b>Basis and justification of arriving at the Purchase Consideration</b></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"> <li>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;</li> </ul>

## EXECUTIVE SUMMARY (Cont'd)

Area of evaluation	MainStreet's comments
	<ul style="list-style-type: none"> <li>the audited NA of Goldenluck as at 30 June 2022 of approximately RM44.25 million; and</li> <li>the prospects of the Subject Land as set out in <b>Section 6.5, Part A of the Circular</b>.</li> </ul> <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"> <li>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;</li> <li>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;</li> <li>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</li> <li>Based on Goldenluck's accounting policies as at 30 June 2023, Goldenluck recorded its assets at their respective fair values.</li> </ul> <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 <b>fair and reasonable</b> as it represents a <b>discount</b> 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 <b>Section 7.1 of this IAL</b> for further details.</p>

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**EXECUTIVE SUMMARY (Cont'd)**


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Area of evaluation	MainStreet's comments
	<p><b>(ii) Evaluation of the salient terms of the SPA</b></p> <p>We have reviewed the SPA, which includes its salient terms and conditions as set out in <b>Appendix I of the Circular</b>. We are of the opinion that the SPA is based on normal commercial terms and therefore we are of the view that they are <b>fair and reasonable and are not detrimental</b> to the non-interested shareholders of Iconic.</p> <p>Please refer to <b>Section 7.2 of this IAL</b> for further details.</p>
<b>Evaluation of the issue price of the Rights Shares and the exercise price of the Warrants</b>	<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"> <li>(i) a <b>discount</b> of RM0.0104 (10.90%) to the TERP based on the last traded price of Iconic Shares as at the LTD;</li> <li>(ii) a <b>discount</b> of RM0.0103 (10.81%) to the TERP based on the five (5)-day VWAMP up to the LTD;</li> <li>(iii) a <b>discount</b> of RM0.0023 (2.63%) to the TERP based on the last traded price of Iconic Shares as at the LPD;</li> <li>(iv) a <b>discount</b> 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</li> <li>(v) a <b>steep discount</b> of RM0.215 (71.67%) to the unaudited NA per Iconic Share as at 30 September 2023 of RM0.30 and <b>steep discounts</b> 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.</li> </ul> <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 <b>discounts</b> represented by the Indicative Issue Price are <b>reasonable</b> 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>

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 <b>Section 3.8, Part A of the Circular</b> 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 <b>reasonable</b> taking into consideration the following factors:</p> <ul style="list-style-type: none"> <li>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 <b>Section 3.8, Part A of the Circular</b>;</li> <li>the effects of the Proposals as set out in <b>Section 9 of this IAL</b>; and</li> <li>all shareholders of Iconic are entitled to participate in the Proposed Rights Issue with Free Warrants on the same terms and basis.</li> </ul> <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"> <li>a <b>discount</b> of RM0.0254 (26.62%) to the TERP based on the last traded price of Iconic Shares as at the LTD;</li> <li>a <b>discount</b> of RM0.0253 (26.55%) to the TERP based on the five (5)-day VWAMP up to the LTD;</li> <li>a <b>discount</b> of RM0.0173 (19.82%) to the TERP based on the last traded price of Iconic Shares as at the LPD; and</li> <li>a <b>discount</b> 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.</li> </ol> <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>

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**EXECUTIVE SUMMARY (Cont'd)**


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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 <b>discount</b> 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 <b>reasonable</b>.</p> <p>Please refer to <b>Section 8 of the IAL</b> for further details.</p>
<b>Effects of the Proposals</b>	<p>We set out below are our comments on the pro forma effects of the Proposals:</p> <p><b>(1) Issued share capital</b></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 ("<b>LPS</b>") 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><b>(2) NA and gearing</b></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><b>(3) Losses and LPS</b></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)**


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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><b>(4) Substantial shareholders' shareholdings</b></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><b>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.</b></p> <p>Please refer to <b>Section 9 of the IAL</b> for further details.</p>
<b>Economic outlook, industry overview and prospects of the Iconic Group</b>	<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 <b>Section 6, Part A of the Circular</b>, 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>

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**EXECUTIVE SUMMARY (Cont'd)**


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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 <b>Section 10 of the IAL</b> for further details.</p>
<b>Risk factors of the Proposed Acquisition</b>	<p>In evaluating the Proposed Acquisition, you should carefully consider the risk factors as set out in <b>Section 7, Part A of the Circular</b>. 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>

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**EXECUTIVE SUMMARY (Cont'd)**


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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 <b>Section 11 of the IAL</b> for further details.</p>
<b>Implications of the Proposed Exemption</b>	<p>As disclosed in <b>Section 2.7, Part A of the Circular</b>, 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><b>(i) If you vote in favour of the Proposed Exemption</b></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 ("<b>Exemption Limit</b>").</li> </ul> <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"> <li>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.</li> </ul> <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"> <li>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).</li> <li>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.</li> <li>Should you decide not to subscribe for your entitlements pursuant to the Proposed Rights Issue with Free Warrants, <ul style="list-style-type: none"> <li>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</li> <li>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.</li> </ul> </li> </ul> <p>(ii) <b>If you vote against the Proposed Exemption</b></p> <ul style="list-style-type: none"> <li>The SC would not be able to consider the application by Dato' Seri Tan Kean Tet and his PACs for the Proposed Exemption.</li> <li>In view of the inter-conditionality of the Proposed Acquisition, Proposed Rights Issue with Free Warrants and Proposed Exemption as set out in <b>Section 10, Part A of the Circular</b>, the Proposed Acquisition and Proposed Rights Issue with Free Warrants will not proceed without the Proposed Exemption.</li> </ul>

## 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 <b>Section 12 of the IAL</b> 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”)**

<b>Preamble</b>	: 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.
<b>Claim</b>	: (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.
<b>Counter Claim against CICE</b>	: (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.
<b>Case management</b>	: The pre-trial case management is fixed on 11 December 2023.
<b>Financial and operational impact</b>	: 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

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**EXECUTIVE SUMMARY (Cont'd)**

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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.

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**EXECUTIVE SUMMARY (Cont'd)**

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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:

<b>Advantages</b>
(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 <b>discount</b> 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"><li>• reduced gearing level from 0.58 times to 0.37 times (under the Minimum Scenario) and 0.23 times (under the Maximum Scenario); and</li><li>• improved NA from RM167.26 million to RM225.76 million (under the Minimum Scenario) and RM261.36 million (under the Maximum Scenario),</li></ul>

**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><b>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.</b></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>

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**EXECUTIVE SUMMARY (Cont'd)**

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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**

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*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:

<b>No</b>	<b>Original Proposals</b>	<b>Revised Proposals</b>
(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"> <li>• Basis and justification of arriving at the Purchase Consideration</li> <li>• Evaluation of the salient terms of the SPA</li> </ul>	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

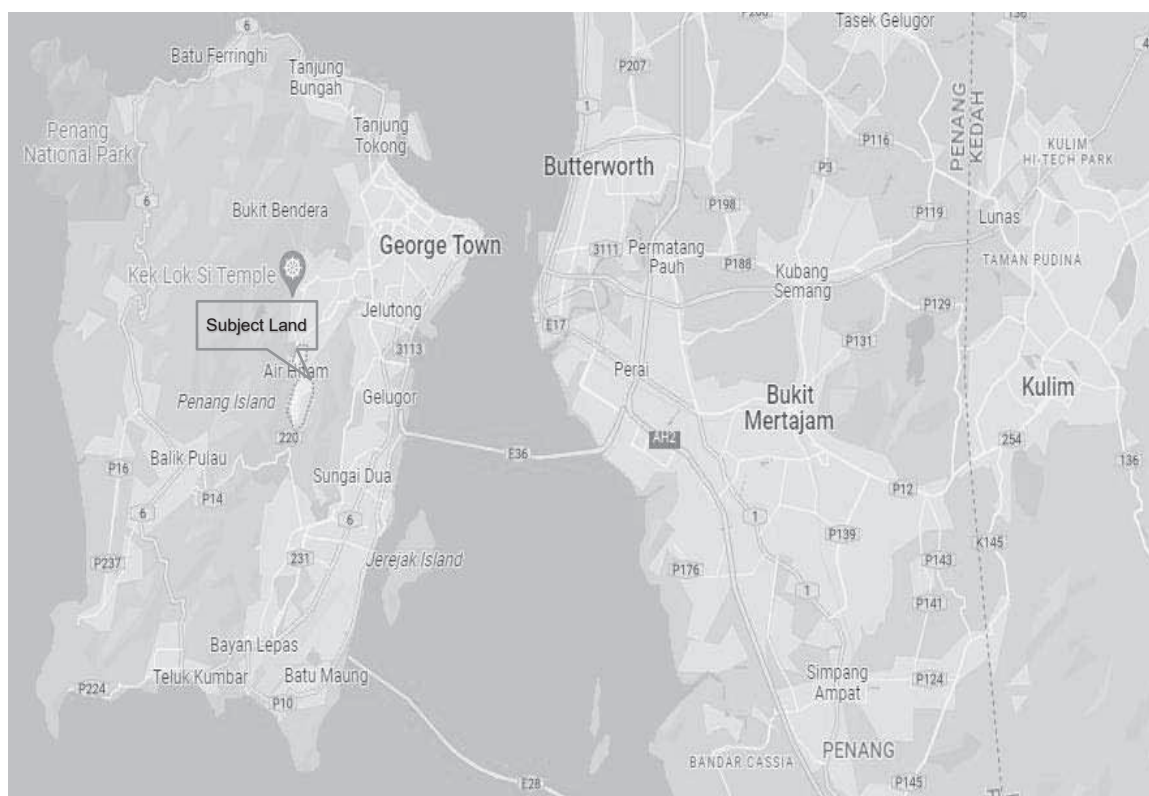
We take note of the rationale for the Proposals as set out in **Section 5, Part A of the Circular** and our commentaries are summarised below:

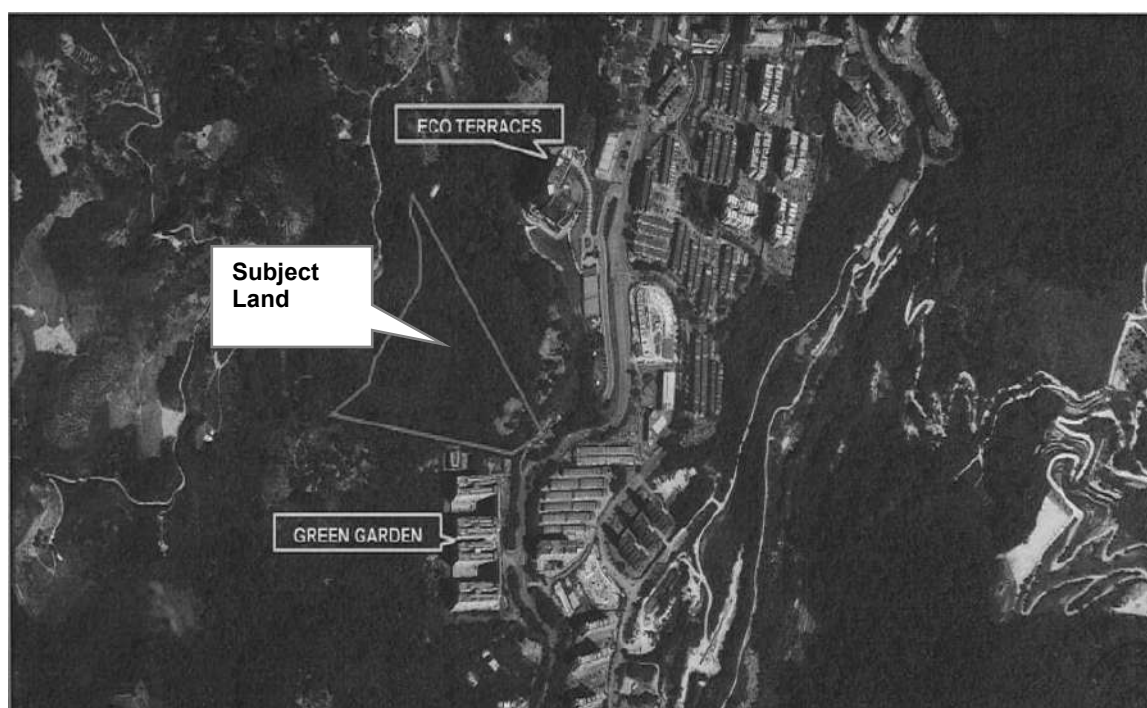
### 6.1 Proposed Acquisition

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) <sup>(1)</sup>	(0.05)	(0.03)	207.28	(0.04)
Current ratio (times) <sup>(2)</sup>	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	%
<b>Revenue</b>								
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
<b>Total</b>	<b>24,215</b>	<b>100.00</b>	<b>49,167</b>	<b>100.00</b>	<b>107,139</b>	<b>100.00</b>	<b>86,838</b>	<b>100.00</b>
<b>PBT / (LBT)</b>								
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)
<b>Total</b>	<b>8,154</b>	<b>100.00</b>	<b>8,520</b>	<b>100.00</b>	<b>12,299</b>	<b>100.00</b>	<b>(25,937)</b>	<b>100.00</b>

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
<b>Total</b>		<b>87,114</b>	<b>12,386</b>	<b>37,680</b>

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:

- To fully settle the Purchase Consideration for the Proposed Acquisition of RM39.80 million; and
- 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%.
- $\beta$ : 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-gear) for their individual gearing ratios, and the median is then re-gear based on the gearing level of Iconic as at the LPD and for respective scenario. The re-levered beta of Iconic is as follows:

	$\beta$
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 <sup>(1)</sup> (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	%*	
<b><u>Non-current asset</u></b>			
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 <b>Section 7.1.1 of this IAL</b> for further details on the revaluation of the Subject Land.
<b><u>Current assets</u></b>			
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		
<b>Total assets</b>	<b>45,720,201</b>	<b>100.00</b>	
<b><u>Current liabilities</u></b>			
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.
<b>Total liabilities</b>	<b>1,479,019</b>	<b>100.00</b>	
<b>Net assets</b>	<b>44,241,182</b>		

**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	<b>294,942</b>
Discount to the adjusted NA of Goldenluck – %	<b>0.74</b>

**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	<b>41,462,398</b>
Deferred tax at 10%	<b>4,146,240</b>

*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) <sup>(1)</sup> • Location <sup>(2)</sup> • Terrain <sup>(3)</sup> • Zoning <sup>(4)</sup> • Time difference <sup>(5)</sup>	: - - - - -	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><b><u>Conditions precedent</u></b></p> <p>The SPA is conditional upon the satisfaction of the following conditions:</p> <p>(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;</p> <p>(ii) there are no material adverse findings based on the results of the due diligence exercise to be conducted;</p> <p>(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);</p> <p>(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;</p> <p>(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>	<p>Conditions (i), (iii), (iv) and (vi) are <b>reasonable</b> 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 <b>reasonable</b> 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 <b>reasonable</b> 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, “<b>Conditions Precedent</b>”)</p>																	
2	<p><b><u>Payment of Purchase Consideration</u></b></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><b>Total</b></td><td><b>200,000</b></td><td><b>100.00</b></td><td><b>39,800,000.00</b></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	<b>Total</b>	<b>200,000</b>	<b>100.00</b>	<b>39,800,000.00</b>	<p>This term is <b>reasonable</b> 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 <b>Section 7.1 of this IAL</b>.</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 <b>not detrimental</b> 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															
<b>Total</b>	<b>200,000</b>	<b>100.00</b>	<b>39,800,000.00</b>															

	Salient terms	MainStreet's comments
3	<p><b><u>Termination</u></b></p> <p>If it shall be found that the Vendors:</p> <ul style="list-style-type: none"> <li>(i) fail to complete the SPA in accordance with its terms by or on Completion;</li> <li>(ii) any of the Vendors has committed a material breach of any term of the SPA;</li> <li>(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</li> <li>(iv) a petition is presented or an order is made for the bankruptcy of any of the Vendors,</li> </ul> <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 <b>reasonable</b> and <b>not detrimental</b> 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><b><u>Completion</u></b></p> <p><b><u>Date and place</u></b></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 ("<b>Completion Date</b>").</p> <p><b><u>Mechanics of completion</u></b></p> <p>At completion, the following will take place:</p> <ul style="list-style-type: none"> <li>(i) the Vendors will deliver to Iconic: (i) evidence of the due fulfillment of the Conditions Precedent; (ii) the relevant duly completed and signed</li> </ul>	<p>This term is <b>reasonable</b> and <b>not detrimental</b> 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 <b>reasonable</b> 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 <b>Section 2</b> above.</p> <p><b><u>Rights to terminate</u></b></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 <b>reasonable</b> and <b>not detrimental</b> 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
<div> <div>(ii) to effect completion so far as practicable having regard to the defaults which have occurred; or</div> <div>(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.</div> </div>	

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)	(%)
<b><u>Up to 15 September 2022, being the latest trading date prior to the date of the announcement of the Original Proposals (“LTD”):</u></b>				
Last traded price	0.1500	0.0954	0.0104	10.90
Five (5)-day VWAMP	0.1495	0.0953	0.0103	10.81
<b><u>Up to the LPD:</u></b>				
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 <sup>(1)</sup>	0.15	0.065	43.33
Based on Maximum Scenario <sup>(1)</sup>	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)	(%)
<b><u>Up to the LTD:</u></b>				
Last traded price	0.1500	0.0954	0.0254	26.62
Five (5)-day VWAMP	0.1495	0.0953	0.0253	26.55
<b><u>Up to the LPD:</u></b>				
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:*

\* *Intrinsic value = (Stock price - Right subscription price) / 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 <sup>(1)</sup>	1,124,707	58,110 <sup>(1)</sup>
Enlarged share capital after Proposed Rights Issue with Free Warrants	<b>1,268,236</b>	<b>180,157</b>	<b>1,687,060</b>	<b>206,503</b>
New Shares to be issued assuming full exercise of Warrants	470,588	61,176 <sup>(2)</sup>	749,804	89,976 <sup>(2)</sup>
<b>Enlarged share capital</b>	<b>1,738,824</b>	<b>241,334</b>	<b>2,436,864</b>	<b>296,479</b>

#### 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 <sup>(1)</sup>	180,157 <sup>(1)</sup>	241,334 <sup>(5)</sup>
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	28,235 <sup>(2)</sup>	28,235 <sup>(2)</sup>	1,582
Accumulated losses	(6,900)	(6,900)	(8,400) <sup>(3)</sup>	(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 <sup>(1)</sup>	1,268,235 <sup>(1)</sup>	1,738,823 <sup>(5)</sup>
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 <sup>(4)</sup>	84,238
Gearing (times) <sup>(6)</sup>	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 <sup>(1)</sup>	206,502 <sup>(1)</sup>	296,479 <sup>(5)</sup>
Revaluation reserve	24,184	24,184	24,184	24,184
Capital reserve	1,582	1,582	1,582	1,582
Warrant reserve	-	37,490 <sup>(2)</sup>	37,490 <sup>(2)</sup>	- <sup>(5)</sup>
Accumulated losses	(6,900)	(6,900)	(8,400) <sup>(3)</sup>	(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 <sup>(1)</sup>	1,687,060 <sup>(1)</sup>	2,436,864 <sup>(5)</sup>
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 <sup>(4)</sup>	58,944
Gearing (times) <sup>(6)</sup>	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) <sup>(1)</sup>	1,268,235	(0.83)	(10,556) <sup>(1)</sup>	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	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>
Dato' Seri Tan Kean Tet	67,058,204 <sup>(4)</sup>	11.92	65,295,140 <sup>(6)</sup>	11.61	402,764,463	31.76
Modern Rewards	57,324,840	10.19	-	-	192,206,816	15.15
Tan Cho Chia	15,719,050 <sup>(5)</sup>	2.80	7,970,300 <sup>(7)</sup>	1.42	15,719,050	1.24
Underwriter	-	-	-	-	235,294,118	18.55
	<b>140,102,094</b>	<b>24.91</b>			<b>845,984,447</b>	<b>66.70</b>

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

### 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	% <sup>(1)</sup>	No. of Shares	No. of Shares	% <sup>(2)</sup>	No. of Shares
Dato' Seri Tan Kean Tet Modern Rewards Tan Cho Chia	67,058,204 <sup>(4)</sup>	11.92	65,295,140 <sup>(6)</sup>	201,174,612	11.92	195,885,420 <sup>(6)</sup>
	57,324,840	10.19	-	171,974,520	10.19	-
	15,719,050 <sup>(5)</sup>	2.80	7,970,300 <sup>(7)</sup>	47,157,150	2.80	23,910,900 <sup>(7)</sup>
	<b>140,102,094</b>	<b>24.91</b>		<b>420,306,282</b>	<b>24.91</b>	

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

## 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	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>
<b>Undertaking Shareholders</b> Dato' Seri Tan Kean Tet Modern Rewards	67,058,204 <sup>(4)</sup>	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
<b>Other PACs (who holds Iconic Shares)</b> Tan Cho Chia Legacy 888 Sdn Bhd	15,719,050 <sup>(5)</sup>	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
<b>Total</b>	<b>148,072,394</b>	<b>26.33</b>	<b>618,660,629</b>	<b>48.78</b>	<b>932,386,119</b>	<b>53.62</b>

**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	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>
<b>Undertaking Shareholders</b> Dato' Seri Tan Kean Tet Modern Rewards	67,058,204 <sup>(4)</sup>	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
<b>Other PACs (who holds Iconic Shares)</b> Tan Cho Chia Legacy 888 Sdn Bhd	15,719,050 <sup>(5)</sup>	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
<b>Total</b>	<b>148,072,394</b>	<b>26.33</b>	<b>444,217,182</b>	<b>26.33</b>	<b>641,647,040</b>	<b>34.05</b>

**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 <sup>(1)</sup> RM'000
<b>2023</b>				
Total revenue	35,202	47,828	3,566	8,609
Segment PBT/(LBT)	3,395	(26,806)	(416)	(2,110)
<b>2022</b>				
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	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(4)</sup>	% <sup>(5)</sup>
Dato' Seri Tan Kean Tet	67,058,204 <sup>(6)</sup>	11.92	402,764,463	31.76	626,568,836	36.03	290,585,550
<b>PACs (who holds Iconic Shares)</b>							
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 <sup>(7)</sup>	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
<b>Total</b>	<b>148,072,394</b>	<b>26.33</b>	<b>618,660,629</b>	<b>48.78</b>	<b>932,386,119</b>	<b>53.62</b>	<b>641,647,040</b>

**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	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	
Dato' Seri Tan Kean Tet	67,058,204 <sup>(2)</sup>	11.92	65,295,140 <sup>(4)</sup>	11.61	Abstain
Tan Cho Chia	15,719,050 <sup>(3)</sup>	2.80	7,970,300 <sup>(5)</sup>	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 <b>discount</b> 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"> <li>• reduced gearing level from 0.58 times to 0.37 times (under the Minimum Scenario) and 0.23 times (under the Maximum Scenario); and</li> <li>• improved NA from RM167.26 million to RM225.76 million (under the Minimum Scenario) and RM261.36 million (under the Maximum Scenario),</li> </ul> <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

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**INFORMATION ON ICONIC**


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**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 <sup>(1)</sup>	11.92	65,295,140 <sup>(3)</sup>	11.61
Tan Cho Chia	15,719,050 <sup>(2)</sup>	2.80	7,970,300 <sup>(4)</sup>	1.42
Modern Rewards	57,324,840	10.19	-	-

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**INFORMATION ON ICONIC (Cont'd)**

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**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 <sup>(1)</sup>	11.92	65,295,140 <sup>(3)</sup>	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 <sup>(2)</sup>	2.80	7,970,300 <sup>(4)</sup>	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)**


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**5. SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES**

The details of the subsidiary and associate companies of Iconic are as follows:

Subsidiary companies

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Effective equity interest %</b>
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
<b><u>Income Statement</u></b>				
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) <sup>(1)</sup> (sen)	2.45	2.18	(4.38)	(1.61)
Diluted EPS / (LPS) <sup>(2)</sup> (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 <sup>(3)</sup> (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
<b>Non-current assets</b>				
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
	<b>116,122</b>	<b>221,540</b>	<b>241,630</b>	<b>237,308</b>
<b>Current assets</b>				
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
	<b>73,642</b>	<b>125,522</b>	<b>60,570</b>	<b>59,278</b>
<b>Total assets</b>	<b>189,764</b>	<b>347,062</b>	<b>302,200</b>	<b>296,586</b>
<b>Equity</b>				
Ordinary share capital	108,804	148,393	148,393	148,393
RCPS	14,958	-	-	-
Reserves	34,139	52,573	27,922	18,866
<b>Equity attributable to owners of the Company</b>	<b>114,199</b>	<b>200,966</b>	<b>176,315</b>	<b>167,259</b>
Non-controlling interests	(119)	(121)	(123)	(123)
<b>Total equity</b>	<b>114,082</b>	<b>200,845</b>	<b>176,192</b>	<b>167,136</b>
<b>Non-current liabilities</b>				
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
	<b>8,722</b>	<b>86,416</b>	<b>89,488</b>	<b>88,817</b>
<b>Current liabilities</b>				
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
	<b>14,421</b>	<b>59,801</b>	<b>36,520</b>	<b>40,633</b>
<b>Total liabilities</b>	<b>23,143</b>	<b>146,217</b>	<b>126,008</b>	<b>129,450</b>
<b>Total equity and liabilities</b>	<b>189,764</b>	<b>347,062</b>	<b>302,200</b>	<b>296,586</b>

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.

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**INFORMATION ON ICONIC (Cont'd)**


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**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
<b>Long term borrowings</b>	
Term loans	84,319
	84,319
<b>Short term borrowings</b>	
Term loans	7,872
Trade finance facility	3,773
	11,645
<b>Total loans and borrowings</b>	<b>95,964</b>

**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)**


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**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.

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**INFORMATION ON ICONIC (Cont'd)**


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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

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**INFORMATION ON ICONIC (Cont'd)**


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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
<b><u>2022</u></b>			
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
<b><u>2023</u></b>			
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**

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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**


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**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

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**INFORMATION ON THE PACS (Cont'd)**


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**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:

	<b>No. of shares (unit)</b>	<b>Amount (RM)</b>
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:

<b>Name</b>	<b>&lt;----- Direct -----&gt;</b>		<b>&lt;----- Indirect -----&gt;</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
Iconic Group Sdn Bhd	914,374	55.0	-	-
Dato' Seri Tan Kean Tet	665,000	40.0	914,374 <sup>(1)</sup>	55.0 <sup>(1)</sup>
Tan Cho Chia	-	-	914,374 <sup>(2)</sup>	55.0 <sup>(2)</sup>

**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**

<b>Name/ Nationality</b>	<b>Address</b>	<b>Designation/ Appointment date</b>	<b>Direct</b>		<b>Indirect</b>	
			<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
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 <sup>(1)</sup>	55.0 <sup>(1)</sup>
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:

	<b>No. of shares (unit)</b>	<b>Amount (RM)</b>
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:

<b>Name</b>	<b>&lt;----- Direct -----&gt;</b>		<b>&lt;----- Indirect -----&gt;</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
Iconic Group Sdn Bhd	475,000	95.0	-	-
Dato' Seri Tan Kean Tet	-	-	475,000 <sup>(1)</sup>	95.0 <sup>(1)</sup>
Tan Cho Chia	-	-	475,000 <sup>(2)</sup>	95.0 <sup>(2)</sup>

**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**

<b>Name/ Nationality</b>	<b>Address</b>	<b>Designation/ Appointment date</b>	<b>Direct</b>		<b>Indirect</b>	
			<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Dato' Seri Tan Kean Tet / Malaysian	23 Lorong 9 Taman Tambun Indah 14100 Simpang Ampat Pulau Pinang	Executive Director / 12 July 2011	-	-	475,000 <sup>(1)</sup>	95.0 <sup>(1)</sup>
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 VENTURES**Subsidiary 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 <sup>(1)</sup>	95.0 <sup>(1)</sup>
Tan Cho Chia	-	-	950,000 <sup>(2)</sup>	95.0 <sup>(2)</sup>

**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.

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**INFORMATION ON THE PACS (Cont'd)**


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**11.4 DIRECTORS**

Name/ Nationality	Address	Designation/ Appointment date	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 Director / 18 July 2011	-	-	950,000 <sup>(1)</sup>	95.0 <sup>(1)</sup>
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	-	-

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**INFORMATION ON THE PACS (Cont'd)**


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**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 VENTURES**Subsidiary 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	-	-

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**INFORMATION ON THE PACS (Cont'd)**


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**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	-	-

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**INFORMATION ON THE PACS (Cont'd)**


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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	-	-	-	-

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**INFORMATION ON THE PACS (Cont'd)**


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**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:

	<b>No. of shares (unit)</b>	<b>Amount (RM)</b>
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:

<b>Name</b>	<b>&lt;----- Direct -----&gt;</b>		<b>&lt;----- Indirect -----&gt;</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
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**

<b>Name/ Nationality</b>	<b>Address</b>	<b>Designation/ Appointment date</b>	<b>Direct</b>		<b>Indirect</b>	
			<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
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.

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**INFORMATION ON THE PACS (Cont'd)**


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**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:

	<b>No. of shares (unit)</b>	<b>Amount (RM)</b>
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:

<b>Name</b>	<b>&lt;----- Direct -----&gt;</b>		<b>&lt;----- Indirect -----&gt;</b>	
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>
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**

<b>Name/ Nationality</b>	<b>Address</b>	<b>Designation/ Appointment date</b>	<b>Direct</b>		<b>Indirect</b>	
			<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
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:

	<b>No. of shares (unit)</b>	<b>Amount (RM)</b>
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	-	-

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**INFORMATION ON THE PACS (Cont'd)**


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**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**


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**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	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dato' Seri Tan Kean Tet	67,058,204 <sup>(2)</sup>	11.92	65,295,140 <sup>(4)</sup>	11.61
<b>PACs</b>				
Modern Rewards	57,324,840	10.19	-	-
Tan Cho Chia	15,719,050 <sup>(3)</sup>	2.80	7,970,300 <sup>(5)</sup>	1.42
Legacy 888 Sdn Bhd	7,970,300	1.42	-	-
PACs' total	81,014,190	14.41		
<b>Total</b>	<b>148,072,394</b>	<b>26.33</b>		

**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.

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**FURTHER INFORMATION (Cont'd)**


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**(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	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dato' Seri Tan Kean Tet	67,058,204 <sup>(2)</sup>	11.92	65,295,140 <sup>(4)</sup>	11.61
Tan Cho Chia	15,719,050 <sup>(3)</sup>	2.80	7,970,300 <sup>(5)</sup>	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.

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**FURTHER INFORMATION (Cont'd)**


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**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.

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**FURTHER INFORMATION (Cont'd)**

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**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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