

3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

3.1 PRINCIPAL DETAILS OF OUR IPO

3.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 1,218,000,000 IPO Shares (comprising up to 1,028,000,000 Offer Shares and 190,000,000 Issue Shares), representing up to 14.5% of our enlarged issued Shares, subject to the clawback and reallocation provisions and the Over-allotment Option as set out in Sections 4.2.3 and 4.2.4 of this Prospectus, at the Institutional Price in the following manner:

- (i) 1,050,000,000 IPO Shares comprising up to 860,000,000 Offer Shares and 190,000,000 Issue Shares, representing 12.5% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and
- (ii) up to 168,000,000 Offer Shares, representing up to 2.0% of our enlarged issued Shares to Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI).

3.1.2 Retail Offering

The Retail Offering involves the offering of 210,000,000 Issue Shares, representing 2.5% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Retail Price to be allocated in the following manner:

(i) Allocation to the Eligible Persons

42,000,000 Issue Shares, representing 0.5% of our enlarged issued Shares, are reserved for application by the Eligible Persons.

(ii) Allocation via balloting to the Malaysian Public

168,000,000 Issue Shares, representing 2.0% of our enlarged issued Shares, are reserved for application by the Malaysian Public, of which 84,000,000 Issue Shares (equivalent to 50%) have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

3.1.3 Moratorium on our Shares

In accordance with the Equity Guidelines, the Moratorium Providers are not allowed to sell, transfer or assign any part of their respective holdings in our Shares as at the date of our Listing and the shareholdings of Lee YG Holdings, for a period of 6 months from the date of our Listing.

As at the date of our Listing, we anticipate that the Moratorium Providers shall be providing at least 80.4% of our enlarged issued Shares to be subjected to moratorium restrictions, assuming that the Over-allotment Option is fully exercised.

For further details on our IPO, plan of distribution and moratorium on our Shares, see Sections 4.2 and 2.2 of this Prospectus, respectively.

3. PROSPECTUS SUMMARY *(Cont'd)*

3.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Act on 15 May 2023 as a private limited company under the name 99 Speed Mart Holdings Sdn Bhd. On 10 July 2023, our Company changed its name to 99 Speed Mart Retail Holdings Sdn Bhd and was converted into a public limited company on 29 January 2024.

Our Company is principally an investment holding company and we have 4 wholly owned subsidiaries. Through 2 of our wholly-owned subsidiaries, we operate the well-known “99 Speedmart” chain of mini-market outlets involved in the retailing of FMCG across Malaysia. As at the LPD, we operate 2,542 outlets. Our remaining 2 wholly owned subsidiaries, namely Yiwu J-Jade Trading and Yiwu SM Import and Export were recently incorporated in the PRC for the purpose of investment holding and procuring merchandise for sale in our outlets respectively.

For further details on our history, group structure and business, see Sections 6 and 7 of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(a) Largest Malaysian home-grown mini-market chain retailer to capitalise on the strong growth potential of the grocery retail segment

With a history spanning 36 years since the inception of “Pasar Raya Hiap Hoe” by our founder, Lee Thiam Wah and having operated “99 Speedmart” outlets for over 20 years, we have established our presence as a leading retailer of daily necessities comprising mainly FMCG across Malaysia.

(b) Attractive product pricing and curated range of products, with focus on daily necessities for the value-conscious mass market

Competitive price points. Our pricing strategy is designed to provide our customers with an attractive price-to-quality product offering. We are able to keep our product pricing competitive by negotiating directly with principal brand owners and purchasing our products from wholesale suppliers in large volumes.

Curated products selection. As at the LPD, our outlets carry approximately 3,300 SKUs on average across 50 product categories. We carefully select our product offerings of mainly daily necessities, comprising FMCG such as food and beverages, personal and baby care products as well as household products.

(c) Nationwide network of DCs supported by a centralised retail management and control system throughout our outlet network allows for highly efficient operations

As at the LPD, we have in total 19 DCs to service our nationwide retail network in all states that we operate in. The built-up area of our DCs range from approximately 10,000 sq. ft to 120,000 sq. ft. Our DCs supply inventories to outlets that are generally within a radius of 100 km from the respective DCs. In addition to our DCs, we own 568 delivery trucks as at the LPD.

3. PROSPECTUS SUMMARY *(Cont'd)*

(d) We have developed a robust business platform that offers us the flexibility to accommodate future growth and scale efficiently

Uniformity in our outlets' layout. We have maintained consistent and standardised design elements, arrangement and configurations across all our outlets. This improves our operational efficiency and ensures that customers can expect a familiar and cohesive shopping experience at all our outlets. This includes factors such as the placement of shelves, product displays, aisle layout and overall outlet organisation.

Strategic positioning of our outlets. The strategic locations of our outlets in close proximity to residential communities in urban, suburban and rural areas, allows our customers to easily and conveniently visit our outlets, eliminating the need for long commutes or extensive travel.

Standard outlet processes. We deploy standardised operational processes that provide consistent and uniform procedures and practices across all our outlet locations, from opening, operations and inventory management. This standardised process had provided us the ability to scale up and grow our outlet numbers.

(e) Consistently delivering resilient financial performance demonstrating our ability to create value and deliver sustainable growth

We have experienced steady and consistent growth in our revenue from sales and other operating income contributed by our ongoing efforts in maximising incentives such as product display fees.

(f) Highly experienced management team with proven track record and industry expertise

Led by our founder, Lee Thiam Wah, who has been instrumental in our growth and strategy since our Group's formative years, our Key Senior Management comprises individuals who have extensive retail operations experience. A majority of our Key Senior Management have been with our Group for more than 15 years.

For further details on our competitive strengths, see Section 7.2.1 of this Prospectus.

3.4 FUTURE PLANS AND STRATEGIES

Our future plans and strategies are as follows:

(a) Further developing our outlet network and expanding our outlet footprint and presence across Malaysia

We aim to open new outlets and reach a target total of approximately 3,000 outlets operating nationwide by the end of 2025. Our primary objective is to further expand our footprint in regions with lower outlet penetration rates such as the northern and east coast regions of Peninsular Malaysia, as well as the whole of East Malaysia whilst we continue to expand in areas where we currently have a high outlet penetration rate in, seeking opportunities where available to establish outlets.

3. PROSPECTUS SUMMARY (Cont'd)

(b) Expanding our network of DCs and logistical capabilities across Malaysia

As at the LPD, we operate 19 DCs across Malaysia. We plan to open 2 new DCs in Sarawak and Selangor by the end of 2024 and 2025 respectively. We are also allocating RM[●] million from the gross proceeds of our Public Issue for the establishment of at least 6 new DCs within 3 years from our Listing. We will continue to streamline our distribution activities in order to serve our new outlets, as we anticipate a significant increase in the volume of products that we will need to handle. By the end of 2027, we anticipate to operate at least 25 DCs, taking into account the replacement of an existing DC.

We operate all our own logistics including delivery of inventory from our DCs to our outlets. We plan to improve our fleet of delivery trucks by prioritising the phase out and replacement of our trucks which are more than 15 years. Our Group will be allocating RM[●] million from the gross proceeds of our Public Issue to fund our purchase of new delivery trucks within 3 years from our Listing. We believe we will be able to control and improve the efficiency of our logistics segment which will help improve our last-mile capabilities and reduce operating costs in the long run.

(c) Selective opportunistic expansion into international markets to enhance our sourcing capabilities or expand outlet network

We plan to further strengthen our sourcing capabilities by tapping into potential new market(s) within the Asia Pacific region for certain categories of goods that we believe are more competitively priced, in order for us to provide better value to our customers. An international supply chain would also enable us to assess opportunities to establish an international outlet presence.

(d) Further enhance our bulk sales capabilities through our e-commerce-driven business model, facilitating bulk sales across Malaysia

As at the LPD, we have launched our bulk sales online platform named “99 Bulksales” via our website, www.99bulksales.my, which is presently available in the Klang Valley. We target to gradually roll out our bulk sales operations to make it available, where feasible, to our customers located throughout the regions or states that we operate in, with plans to commence expansion to the southern region of Peninsular Malaysia by the end of 2024.

For further details on our future plans and strategies, see Section 7.2.2 of this Prospectus.

3.5 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares. Our business, financial condition, results of operations and prospects could be affected by any of these risks.

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

- (a) **We may face disruptions in our supply chain.** As our business expands, our supply chain becomes more complex and we become subject to risks associated with our suppliers, including those related to their manufacturers.

3. PROSPECTUS SUMMARY (Cont'd)

- (b) **We are subject to inventory risks and face challenges in effectively managing our inventory.** Under-forecasting or over-forecasting sales volumes can compromise our operational efficiency and profitability and may also impact the quality or conditions of products that we sell. If not managed properly, any malfunction in our inventory management systems could impact smooth inventory control, disrupt the supply of inventory to our outlets and consequently impact our ability to meet customer demands.
- (c) **Our continued success depends on our ability to maintain competitive pricing for our products.** We are able to maintain our competitive pricing through rigorous expense control and supply chain management, while delivering products that customers demand. We regularly monitor and adjust the prices of certain products we sell in order to maintain our price competitiveness. If our competitors offer aggressive discounts or substantially lower their prices, we may be required to lower our prices, which could adversely impact our margins and results of operations.
- (d) **Our businesses have margins and profitability that may be affected by increases in our operating and other expenses.** Our operating costs and other expenses significantly comprises our employee costs, repayment of lease liabilities (including the interest paid on lease liabilities and other lease related adjustments) and utility charges. If there are further increases in these costs and we are unable to pass them on to our customers, our business performance and financial condition may be adversely affected.
- (e) **We may be subject to unfavourable publicity which may impact our brand and reputation.** Any occurrence of events which draw negative publicity, comments or actions from third parties may deter customers from shopping with us as well as discourage our business partners from conducting business with us. Increasingly, consumers use social media platforms to provide feedback and information on their shopping experience, whether positively or negatively. Such publicity may also include incidents relating to the quality of the products sold by us, their product safety or our business practices, which are beyond our control.
- (f) **We are subject to licensing and compliance requirements in our operations.** Failure to obtain such licences, approvals and permits may subject us to fines and/or penalties and could adversely impact our operations, sales and financial performance in the event of simultaneous enforcement on all our affected outlets.
- (g) **We may face risks of non-compliance with land laws, rules and regulations for the properties that we occupy.** In respect to some of our outlets, DCs, and employee accommodations, we are not in compliance with certain applicable land laws, regulations and rules which are detailed in Section 7.12 of this Prospectus and there is no assurance that we will not be subject to any enforcement action, including fines and penalties as an occupier of such properties in the future.
- (h) **Our insurance may be insufficient to cover all losses associated with our business operations and we may be subject to operational risks associated with legal, employment, consumer and public liability claims.** We maintain insurance policies to cover a variety of risks that are relevant to our business needs and operations. We review our insurance coverage annually and consider the amount of our insurance coverage to be adequate for a company of our size, the activities we conduct and to meet the risks associated with our operations. Given that our Group does not have any product liability insurance, any significant product liability claim may have an adverse effect on our reputation.

3. PROSPECTUS SUMMARY (Cont'd)

- (i) **We are susceptible to certain security risks, including pilferage and robbery, particularly at our DCs and outlets.** The majority of our sales are transacted in cash, which exposes us to the risk of theft and robbery. Our outlets are also exposed to acts of pilferage and shoplifting, which can lead to inventory loss, impacting on our sales and overall profitability. Furthermore, as our DCs house large quantities of inventory, any breach in security at our DCs could result in financial losses through pilferage, delays in stock delivery, and possible disruptions in our ability to adequately supply our outlets.
- (j) **Our IT infrastructure may be subject to disruptions or failure, which could result in delays to our operations.** Any material disruptions or malfunctions in the IT systems that we use may result in loss of data and any extended disruption may result in interruptions to our daily operations, such as inventory or overstock problems, which may result in loss of customer confidence. Additionally, our software systems could be a target of cyber-attacks, including potential hacking attempts. Despite implementing anti-virus and anti-hacking measures, we cannot fully guarantee that all such threats will be successfully mitigated.
- (k) **We may not be able to successfully implement our business strategies and future plans.** We intend to open about 250 new outlets annually, reaching a total of about 750 new outlets between 2025 and 2027 with an immediate target to reach a total of about 3,000 outlets operating nationwide by the end of 2025. Furthermore, we also plan to open 2 new DCs in Sarawak and Selangor by the end of 2024 and 2025, respectively, and at least 6 new DCs within 3 years upon our Listing. While we carefully plan and execute our growth strategies, there is no assurance that we are able to achieve this target or that our expanded network of outlets will continue to be profitable or that we can continue to open new outlets at this rate. In addition, we may not be able to achieve consistent SSSG due to various factors such as increased competition, economic fluctuations or market saturation. This volatility could further impact our ability to predict financial performances accurately.
- (l) **We may face challenges in human resource management that could potentially impact customer service quality and operational performance.** In the event we are unable to hire or retain the necessary talent, there may be lapses in customer service, such as slow checkout times or unsatisfactory interactions, which could negatively impact the overall shopping experience for our customers. This might lead to lower sales or customer retention rates, thereby potentially affecting our brand image and business performance.
- (m) **We may be exposed to financial and operational risks in relation to our plans to source certain products from the PRC.** Most of our products sold are sourced from domestic suppliers. We have recently extended our supply chain to source from the PRC. Our PRC supply chain may be disrupted as a result of factors beyond our control, such as fluctuations in currency exchange rates, changes in the transportation and other logistics costs (such as fuel and labour costs) and shipping capacity restraints which could in turn disrupt our business. Furthermore, we will need to adhere to local regulations and laws in the PRC, which can be different from those in Malaysia. Ensuring compliance with the laws of the PRC is crucial as any misstep could lead to legal complications or disruptions in supply from the PRC. In addition, the products that we procure from suppliers in the PRC would also need to comply with our domestic regulations relevant for those products.

For further details on our risk factors, see Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

Name	Designation
Directors of our Company	
Dato' Chua Tia Guan	Non-Independent Non-Executive Chairman
Lee Thiam Wah	Executive Director and CEO
Ng Lee Tieng	Non-Independent Non-Executive Director
Lee Lay Liang	Executive Director
Ho Tat Heng	Senior Independent Non-Executive Director
Nirmalah A/P V.Thurai	Independent Non-Executive Director
Serina Binti Abdul Samad	Independent Non-Executive Director
Dato' Abdul Latif Bin Abu Seman	Independent Non-Executive Director
Ting Seng Hook @ Ting Seng Hee	Independent Non-Executive Director
Lee Yan Zhong	Alternate Director to Lee Thiam Wah
Leong Sau Chan	Alternate Director to Lee Lay Liang
Key Senior Management of our Group	
Lee Thiam Wah	Executive Director and CEO
Yong Eng Kwang	COO
Ong Yee Peng	CFO
Lee Lay Liang	Executive Director
Leong Sau Chan	Director of Business Development
Foo Meng Keet	General Manager of East Malaysia Operations
Yong Kin Onn	Director of Management Information System
Mak Pooi Hin	General Manager of Account
Chia Yong Cherng	Director of Logistics
Mohd Mahrus Bin Mohd Faizail	Senior Manager of Branch Administration
Tee Tian Hock	Senior Manager of Project Department

For further details on our Directors and Key Senior Management, see Sections 9.2 and 9.3 of this Prospectus, respectively.

3.7 DIVIDEND POLICY

We target a payout ratio of approximately 50% of our PAT attributable to the owners of our Company for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payments of any dividend is subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board. For further details on our dividend policy, see Section 12.4 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The following table sets out the direct and indirect shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name / Nationality / Country of Incorporation	Before our IPO ⁽¹⁾			Assuming the Over-allotment Option is not exercised ⁽²⁾				Assuming the Over-allotment Option is fully exercised ⁽³⁾				
	Direct	Indirect		Direct		Indirect		Direct		Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
	(‘000)		(‘000)		(‘000)		(‘000)		(‘000)			
Promoters and substantial shareholders												
Lee YG Holdings / Malaysia	4,325,999	54.1	-	-	4,325,999	51.5	-	-	4,325,999	51.5	-	
Lee Thiam Wah / Malaysian	3,354,001	41.9	4,325,999	⁽⁴⁾ 54.1	2,367,121	28.2	4,325,999	⁽⁴⁾ 51.5	2,161,489	25.7	4,325,999	⁽⁴⁾ 51.5

Notes:

- (1) Based on our enlarged issued Shares of 8,000,000,000 Shares after the Subdivision.
- (2) Based on our enlarged issued Shares of 8,400,000,000 Shares upon our Listing and assuming full subscription of our Public Issue.
- (3) Assuming the Over-allotment Option of 214,200,000 Shares, representing 15.0% of the total number of IPO Shares offered, is fully exercised.
- (4) Deemed interested by virtue of his 100% equity shareholding in Lee YG Holdings, pursuant to Section 8(4) of the Act.

For further information on our Promoters and substantial shareholders, see Section 9.1 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.9 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM[●] million⁽¹⁾ in the following manner:

No.	Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM million	%
1.	Outlet and DC expenditure			
	(i) Expansion of network of outlets	Within 36 months	[●]	[●]
	(ii) Establishment of new DCs	Within 36 months	[●]	[●]
	(iii) Purchase of delivery trucks	Within 36 months	[●]	[●]
	(iv) Upgrading of existing outlets	Within 36 months	[●]	[●]
2.	Repayment of existing bank borrowings	Within 6 months	[●]	[●]
3.	Defray fees and expenses for the Proposed Public Issue⁽²⁾	Within 6 months	[●]	[●]
	Total		[●]	100.0

Notes:

(1) We have assumed that the Institutional Price and the Final Retail Price will be equal to the Retail Price.

(2) Comprises professional fees, fees payable to authorities, brokerage, underwriting and placement fees as well as other miscellaneous expenses in respect of our Listing to be borne by our Group.

For detailed information relating to the use of proceeds arising from our Public Issue, see Section 4.6 of this Prospectus.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out our historical consolidated financial data and operational highlights for the Periods Under Review:

	FYE			FPE 30 September	
	Audited			Unaudited	Audited
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	6,841,360	7,836,756	8,075,262	5,906,466	6,803,141
Cost of sales	(6,206,745)	(7,080,717)	(7,333,951)	(5,362,690)	(6,173,406)
GP	634,615	756,039	741,311	543,776	629,735
PBT	377,290	561,816	484,113	292,237	394,747
PAT	274,928	419,094	326,665	198,845	293,691
GP margin (%) ⁽¹⁾	9.3	9.6	9.2	9.2	9.3
PBT margin (%) ⁽²⁾	5.5	7.2	6.0	4.9	5.8
PAT margin (%) ⁽³⁾	4.0	5.3	4.0	3.4	4.3
Average number of sales transactions per outlet per day ⁽⁴⁾	523	459	440	436	475
Average value of each sales transaction (RM) ⁽⁵⁾	21.33	24.54	23.59	23.62	22.37
Average sales per outlet per day (RM) ⁽⁶⁾	11,156.82	11,263.17	10,378.85	10,306.10	10,631.90
SSSG ⁽⁷⁾	21.3%	3.7%	(4.9%)	(6.8%)	7.3%

3. PROSPECTUS SUMMARY (Cont'd)

	FYE			FPE 30 September
	Audited			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Total equity	472,193	736,987	631,852	585,043
Total borrowings (excluding lease liabilities)	64,297	55,763	56,531	53,091
Gearing ratio (times) ⁽⁸⁾	0.14	0.08	0.09	0.09
Net gearing ratio (times) ⁽⁹⁾⁽¹⁰⁾	(0.14)	(0.40)	(0.05)	(0.03)

Notes:

- (1) Computed based on GP divided by revenue.
- (2) Computed based on PBT divided by revenue.
- (3) Computed based on PAT divided by revenue.
- (4) Calculated as the aggregate of our outlets' number of sales transactions per day during the financial year/period divided by the average number of outlets operating during the financial year/period. Our outlets' number of sales transactions per day during the financial year/period is calculated by dividing the total number of sales transactions generated by each of our outlets during the financial year/period with the number of days for the respective financial year/period.
- (5) Calculated as the revenue generated by our outlets during the financial year/period divided by the number of sales transactions at our outlets during the financial year/period.
- (6) Calculated as the aggregate of our outlets' sales per day during the financial year/period divided by the average number of outlets operating during the financial year/period. Our outlets' sales per day during the financial year/period is calculated by dividing the total sales generated by each outlet during the financial year with the number of days for the financial year/period.
- (7) The SSSG of our outlets for a period (e.g. 12 months) is calculated by dividing (a) the revenue generated by our outlets during that period after deducting the revenue generated by those same outlets during the immediate preceding period of the same duration, by (b) the revenue generated by those same outlets during the immediate preceding period of the same duration. SSSG for a 9-month period can therefore only be calculated for our outlets which have been in operation for the full 9 months for the relevant period against the same corresponding period in the prior year and SSSG for a 12-month period can therefore only be calculated for our outlets which have been in operation for a minimum of 24 months.
- (8) Computed based on total borrowings (excluding lease liabilities) over total equity as at the end of the financial year/period.
- (9) Computed based on net (cash)/borrowings divided by the total equity as at the end of the financial year/period.
- (10) Negative net gearing ratio denotes a net cash position.

For further details on financial information and operational highlights relating to our Group, see Section 12 of this Prospectus.