**THIS DOCUMENT HAS NOT BEEN REGISTERED BY THE SECURITIES COMMISSION MALAYSIA ("SC"). THE INFORMATION IN THIS DOCUMENT MAY BE SUBJECT TO FURTHER AMENDMENTS BEFORE BEING REGISTERED BY THE SC. UNDER NO CIRCUMSTANCES SHALL THIS DOCUMENT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE THE SECURITIES.**

# PROSPECTUS

## 99 SPEED MART RETAIL HOLDINGS BERHAD

***(formerly known as 99 Speed Mart Holdings Sdn Bhd)***
(Registration No.: 202301017784 (1511706-T))
(Incorporated in Malaysia under the Companies Act 2016)

**INITIAL PUBLIC OFFERING ("IPO") OF UP TO 1,428,000,000 ORDINARY SHARES IN 99 SPEED MART RETAIL HOLDINGS BERHAD *(FORMERLY KNOWN AS 99 SPEED MART HOLDINGS SDN BHD)* ("99 HOLDINGS" OR "COMPANY") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARES IN 99 HOLDINGS ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 1,028,000,000 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 400,000,000 NEW SHARES ("ISSUE SHARES") INVOLVING:**

**(I) INSTITUTIONAL OFFERING OF UP TO 1,218,000,000 IPO SHARES TO MALAYSIAN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY OF MALAYSIA *(FORMERLY KNOWN AS MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA)* AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND**

**(II) RETAIL OFFERING OF 210,000,000 ISSUE SHARES TO THE DIRECTORS AND ELIGIBLE EMPLOYEES OF 99 HOLDINGS AND ITS SUBSIDIARIES ("99 HOLDINGS GROUP" OR "GROUP"), PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM[•] PER ISSUE SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE;**

**SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND THE OVER-ALLOTMENT OPTION (AS DEFINED HEREIN).**

**THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:**

**(A) THE RETAIL PRICE; OR**

**(B) THE INSTITUTIONAL PRICE.**

***Principal Adviser, Sole Bookrunner, Sole Managing Underwriter and Underwriter***

**CIMB Investment Bank Berhad**
(Registration No.: 197401001266 (18417-M))

**NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.**

**[THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.]**

**THIS PROSPECTUS [HAS BEEN REGISTERED] BY THE SC. THE APPROVAL OF OUR IPO AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.**

**THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS THAT YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.**

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 37.**

**LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD**

**THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA**

**THIS PROSPECTUS IS DATED [•]**

All defined terms used in this Prospectus are defined under “Presentation of Financial and Other Information” and “Definitions” commencing on pages viii and xii of this Prospectus, respectively.

**RESPONSIBILITY STATEMENTS**

Our Directors, our Promoters and the Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

CIMB, being the Principal Adviser, Sole Bookrunner for the Institutional Offering, and Sole Managing Underwriter and Underwriter for the Retail Offering in relation to our IPO, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

**STATEMENTS OF DISCLAIMER**

[Our Company has obtained the approval of Bursa Securities for our Listing.] Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

[This Prospectus, together with the Application Forms have also been lodged with the Registrar of Companies,] who takes no responsibility for its contents.

You should rely on your own evaluation to assess the merits and risks of your investment in our Shares. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

**OTHER STATEMENTS**

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Investors should not take the agreement by the Sole Managing Underwriter and Underwriter named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus is published solely in connection with our IPO. Our Shares are being offered solely in Malaysia on the basis of the information contained and representations made in this Prospectus. Our Company, our Promoters, the Selling Shareholders, the Principal Adviser, Sole Bookrunner, Sole Managing Underwriter and Underwriter have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, our Promoters, the Selling Shareholders, the Principal Adviser, Sole Bookrunner, Sole Managing Underwriter and Underwriter or any of their respective directors, or any other persons involved in our IPO.

This Prospectus has been prepared in the context of an initial public offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves accordingly and to observe the applicable restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it. We will further assume that you have accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

It will be your sole responsibility to ensure that your application for our IPO is in compliance with the terms of our IPO and will not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. It will also be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither we nor our Promoters, the Selling Shareholders, the Principal Adviser, Sole Bookrunner, Sole Managing Underwriter and Underwriter nor any other advisers in relation to our IPO will accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

**ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION**

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secure medium. Your Internet Share Application may be subject to risks of data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us or the Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC will prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

(i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, information, file or other material provided on the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, file or other material provided by the Third-Party Internet Sites; and

(iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

(i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and

(iii) the Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

## INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

| Event | Time and/or date |
|---|---|
| Opening of the Institutional Offering(1) | [●] |
| Issuance of the Prospectus/Opening of the Retail Offering | 10:00 a.m., [●] |
| Closing of the Retail Offering | 5:00 p.m., [●] |
| Closing of the Institutional Offering | [●] |
| Price Determination Date | [●] |
| Balloting of applications for our Issue Shares under the Retail Offering | [●] |
| Allotment/Transfer of our IPO Shares to successful applicants | [●] |
| Listing | [●] |

***Note:***

*(1) Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of our IPO Shares by the Cornerstone Investors was entered into on [●].*

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and make an announcement on the website of Bursa Securities.

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**TABLE OF CONTENTS** (*Cont'd*)

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

All references to “our Company” or “99 Holdings” are to 99 Speed Mart Retail Holdings Berhad *(formerly known as 99 Speed Mart Holdings Sdn Bhd)*. All references to “99 Holdings Group” or “our Group” are to our Company and our subsidiaries taken as a whole. All references to “we”, “us”, “our” and “ourselves” are to our Company and where the context otherwise requires, our Group.

All references to the “Selling Shareholders” are to Lee Thiam Wah and Ng Lee Tieng.

All references to the “Promoters” are to Lee Thiam Wah and Lee LYG Holdings.

All references to “you” are to our prospective investors.

Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section. Words denoting the singular will, where applicable, include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter gender and *vice versa*. Reference to persons will, where applicable, include companies and corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force and unless specified, is a reference to an enactment by Malaysia.

Any reference to a time or date will be a reference to a time or date in Malaysia, unless otherwise stated.

All references to the “LPD” in this Prospectus are to 31 January 2024, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and you should not rely on that information for the purposes of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each of such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report as included in Section 8 of this Prospectus. We have appointed Frost & Sullivan to provide an independent market and industry review. In compiling its data for the review, Frost & Sullivan had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

For the purpose of this Prospectus, EBITDA is calculated as our PAT plus (i) tax expense; (ii) finance costs; (iii) depreciation and amortisation; less (iv) interest income, whereas Adjusted EBITDA is calculated as EBITDA less (i) repayments of lease liabilities; (ii) interest expense on lease liabilities; (iii) other lease related adjustments including, amongst others, COVID-19 rent concessions; and (iv) the reversal of the provision for restoration costs.

EBITDA, Adjusted EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA and Adjusted EBITDA are not measures of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA and Adjusted EBITDA are not standardised terms, and hence, a direct comparison of EBITDA and Adjusted EBITDA between companies may not be possible. Other companies may calculate EBITDA and Adjusted EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses) and for Adjusted EBITDA to give effect to our EBITDA before the application of IFRS and MFRS 16 Leases for the purpose of facilitating comparisons only. EBITDA and Adjusted EBITDA have been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA and Adjusted EBITDA have limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to invest in the growth of our business.

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**FORWARD-LOOKING STATEMENTS**

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminologies such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) demand for our products and general industry environment;

(ii) our business strategies, trends and competitive position;

(iii) potential growth opportunities;

(iv) our future plans and objectives;

(v) our future financial position, earnings, cash flows and liquidity; and

(vi) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) delays or problems with the execution of our expansion plans;

(ii) changes in the competitive environment of the industry in which we operate;

(iii) failure to obtain or renew licences, permits and approvals in a material manner;

(iv) increases in employee expenses and shortages in labour;

(v) increases in utilities expenses;

(vi) increases in rental rates of our outlets and DCs;

(vii) changes in the general Malaysian economic, business, political, investment environment and retail market conditions;

(viii) finance costs and interest income changes;

(ix) future regulatory and government policy changes; and

(x) any other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on “Risk Factors” and Section 12.2 of this Prospectus on “Management’s discussion and analysis of financial condition and results of operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we will further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

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**DEFINITIONS**

The following terms shall apply throughout this Prospectus unless the term is defined otherwise or the context requires otherwise:

| | | |
|---|---|---|
| 99 Holdings Group or Group | : | Collectively, our Company and our subsidiaries |
| 99EM Sale Shares | : | 2,400,000 and 100,000 ordinary shares in 99EM held by Lee Thiam Wah and Ng Lee Tieng, respectively before entering into the 99SM and 99EM Share Sale Agreement |
| 99SM and 99EM Share Sale Agreement | : | Share sale agreement dated 9 November 2023 entered into between our Company, Lee Thiam Wah and Ng Lee Tieng in respect of the acquisition of 100.0% equity interest in 99SM and acquisition of 100.0% equity interest in 99EM |
| 99SM Sale Shares | : | 14,399,994 and 600,006 ordinary shares in 99SM held by Lee Thiam Wah and Ng Lee Tieng, respectively before entering into the 99SM and 99EM Share Sale Agreement |
| ACCA | : | Association of Chartered Certified Accountants |
| Act | : | Companies Act 2016 of Malaysia |
| ADA | : | Authorised Depository Agent |
| Adjusted EBITDA | : | EBITDA less (i) repayments of lease liabilities; (ii) interest expense on lease liabilities; and (iii) other lease related adjustments including, amongst others, COVID-19 rent concessions; and (iv) the reversals of the provision for restoration costs |
| Admission | : | Admission of our Shares to the Official List |
| AGM | : | Annual general meeting |
| Application | : | Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application |
| Application Form | : | Application form for the application of our IPO Shares under the Retail Offering accompanying this Prospectus, including the Pink Application Form |
| ATM | : | Automated teller machine |
| Auditors or Reporting Accountants | : | Crowe Malaysia PLT |
| Authorised Financial Institution | : | Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares |
| Board | : | Board of Directors of our Company |

| | | |
|---|---|---|
| Bumiputera | : | In context of:<br><br>(i) individuals - Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;<br><br>(ii) companies - companies which fulfil, amongst others, the following criteria or such other criteria as may be imposed by the MITI:<br><br>(a) registered under the Act as a private company;<br><br>(b) its shareholders are 100% Bumiputera; and<br><br>(c) its board of directors (including its staff) are at least 51.0% Bumiputera; and<br><br>(iii) cooperatives - cooperatives whose shareholders or cooperative members are at least 95.0% Bumiputera or such criteria as may be imposed by the MITI |
| Bursa Depository | : | Bursa Malaysia Depository Sdn Bhd |
| Bursa Securities | : | Bursa Malaysia Securities Berhad |
| CAGR | : | Compound annual growth rate, computed through the formula:<br>CAGR = (Ending amount / Beginning amount)$^{1/N}$ – 1<br>Ending amount is the amount at the end of the period; Beginning amount is the amount at the beginning of the period; and N is the number of years within the period |
| CCC or CF | : | Certificate of completion and compliance or certificate of fitness, or such certificate by any other name issued by the relevant authority under the SDBA, Uniform Building By-Laws 2022 of Sabah and Building Ordinance 1994 of Sarawak, and any by-laws made under it or such relevant legislation applicable at the material time |
| CCM | : | Companies Commission of Malaysia |
| CDS | : | Central Depository System |
| CEO | : | Chief Executive Officer |
| CFA | : | Certificate of Accommodation issued by the relevant authority under the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 of Malaysia |
| CFO | : | Chief Financial Officer |
| China or PRC | : | The People's Republic of China, excluding for the purposes of this Prospectus only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |
| CIMB | : | CIMB Investment Bank Berhad |
| CMSA | : | Capital Markets and Services Act 2007 of Malaysia |
| Constitution | : | Constitution of our Company |
| COO | : | Chief Operations Officer |

| | | |
|---|---|---|
| Cornerstone Investors | : | Collectively, [●] |
| COVID-19 | : | An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) |
| DC | : | Distribution centre |
| Directors | : | Directors of our Company |
| EBITDA | : | Earnings before interest, taxation, depreciation and amortisation |
| EIS | : | Employment Insurance System |
| Electronic Prospectus | : | Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs (Compact Disc - Read Only Memory) |
| Electronic Share Application | : | Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATM |
| Eligible Persons | : | Collectively, the Directors, employees of our Group and persons who have contributed to the success of our Group who are eligible to participate in the Retail Offering |
| EPF | : | Employees' Provident Fund Board |
| EPS | : | Earnings per Share |
| Equity Guidelines | : | Equity Guidelines issued by the SC |
| Final Retail Price | : | Final price per IPO Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date |
| FMCG | : | Fast-moving consumer goods |
| FPE | : | Financial period ended, or where the context otherwise requires, financial period ending |
| Frost & Sullivan or the IMR | : | Frost & Sullivan GIC Malaysia Sdn Bhd, the independent market researcher |
| FYE | : | Financial year ended 31 December, or where the context otherwise requires, financial year ending 31 December |
| Government | : | Government of Malaysia |
| GP | : | Gross profit |
| IFRS | : | International Financial Reporting Standards issued by the International Accounting Standards Board |
| IMR Report | : | Independent market research report dated 22 February 2024 prepared by Frost & Sullivan, as set out in Section 8 of this Prospectus |
| Institutional Offering | : | Offering of up to 1,218,000,000 IPO Shares at the Institutional Price, subject to clawback and reallocation provisions and the Over-allotment Option, to Malaysian institutional and selected investors, including Bumiputera investors approved by the MITI |

| | | |
|---|---|---|
| Institutional Price | : | Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding |
| Internet Participating Financial Institution(s) | : | Participating financial institution(s) for the Internet Share Application |
| Internet Share Application | : | Application for our IPO Shares under the Retail Offering through an Internet Participating Financial Institution |
| IPO | : | Initial public offering of up to 1,428,000,000 IPO Shares via the Offer for Sale and the Public Issue |
| IPO Shares | : | Collectively, the Offer Shares and the Issue Shares |
| IRB | : | Inland Revenue Board of Malaysia |
| Issue Shares | : | The 400,000,000 new Shares to be issued under the Institutional Offering and the Retail Offering |
| Issuing House | : | Malaysian Issuing House Sdn Bhd |
| IT | : | Information technology |
| Key Senior Management | : | Key senior management of our Group, whose profiles are set out in Section 9.3.2 of this Prospectus and where applicable, Section 9.2.1 of this Prospectus |
| km | : | Kilometre(s) |
| Listing | : | Listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Securities |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Securities |
| LPD | : | 31 January 2024, being the latest practicable date prior to the registration of this Prospectus with the SC |
| MAICSA | : | The Malaysian Institute of Chartered Secretaries and Administrators |
| Malaysian Public | : | Malaysian citizens, companies, cooperatives, societies and institutions incorporated or organised under the laws of Malaysia |
| Market Day | : | A day on which Bursa Securities is open for trading in securities |
| Master Cornerstone Placement Agreement | : | Master cornerstone placement agreement dated [●] between our Company, the Selling Shareholders, the Sole Bookrunner and the Cornerstone Investors as detailed in Section 4.2.1 of this Prospectus |
| MCCG | : | Malaysian Code on Corporate Governance issued by the SC |
| MDTCL | : | Ministry of Domestic Trade and Cost of Living of Malaysia *(formerly known as Ministry of Domestic Trade and Consumer Affairs of Malaysia)* |
| MFRS | : | Malaysian Financial Reporting Standards as issued by the Malaysian Accounting Standards Board |
| MIA | : | Malaysian Institute of Accountants |

| | | |
|---|---|---|
| MITI | : | Ministry of Investment, Trade and Industry of Malaysia *(formerly known as Ministry of International Trade and Industry of Malaysia)* |
| MOH | : | Ministry of Health of Malaysia |
| Moratorium Providers | : | Collectively, Lee LYG Holdings, Lee Thiam Wah and Ng Lee Tieng being shareholders of our Company and Lee Lay Liang and Lee Yan Zhong, as persons connected to Lee Thiam Wah who have been allocated Issue Shares under the Retail Offering, whose Shares are subject to moratorium under the Equity Guidelines |
| MPERS | : | Malaysian Private Entities Reporting Standard as issued by the Malaysian Accounting Standards Board |
| N/A | : | Not applicable |
| NA | : | Net assets |
| NBV | : | Net book value |
| Offer for Sale | : | Offer for sale of up to 1,028,000,000 Offer Shares by the Selling Shareholders |
| Offer Shares | : | Existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale |
| Official List | : | A list specifying all securities listed on Bursa Securities |
| Over-allotment Option | : | The over-allotment option granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers) for up to 214,200,000 Shares or 15% of the total number of IPO Shares offered |
| Over-allotment Option Providers | : | Collectively, Lee Thiam Wah and Ng Lee Tieng |
| Participating Financial Institution(s) | : | A participating financial institution(s) for the Electronic Share Application |
| PAT | : | Profit after taxation |
| PBT | : | Profit before taxation |
| Periods Under Review | : | The financial years and periods under review for the purpose of this Prospectus comprising the FYE 2020, FYE 2021 and FYE 2022 and the FPE 30 September 2023, and where applicable, the comparative FPE 30 September 2022 |
| Pink Application Form | : | Application form for the application of our Issue Shares under the Retail Offering by the Eligible Persons accompanying this Prospectus |
| Pink Form Allocation | : | The allocation of 42,000,000 Issue Shares to the Eligible Persons under the Retail Offering |
| Placement Agreement | : | Placement agreement to be entered into between our Company, the Selling Shareholders and the Sole Bookrunner in respect of such number of IPO Shares to be offered under the Institutional Offering |
| Placement Managers | : | [●] |

| | | |
|---|---|---|
| POS | : | Point of sale |
| Price Determination Date | : | The date on which the Institutional Price and Final Retail Price will be determined |
| Principal Adviser, Sole Bookrunner, Sole Managing Underwriter and Underwriter | : | CIMB |
| Promoters | : | Collectively, Lee Thiam Wah and Lee LYG Holdings |
| Prospectus | : | This Prospectus dated [●] issued by our Company |
| Prospectus Guidelines | : | Prospectus Guidelines issued by the SC |
| Public Issue | : | Public issue of 400,000,000 Issue Shares by our Company |
| Record of Depositors | : | A record of securities holders established by Bursa Depository in accordance with the Rules of Bursa Depository |
| Retail Offering | : | Offering of 210,000,000 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated in the following manner:<br><br>(i) 42,000,000 Issue Shares reserved for application by the Eligible Persons; and<br><br>(ii) 168,000,000 Issue Shares for application by the Malaysian Public, via balloting |
| Retail Price | : | Initial price of RM[•] per IPO Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.4.1 of this Prospectus |
| Retail Underwriting Agreement | : | Retail underwriting agreement dated [●] between our Company and the Sole Managing Underwriter and the Underwriter for the underwriting of our Issue Shares under the Retail Offering |
| ROU | : | Right-of-use |
| Rules of Bursa Depository | : | The rules of Bursa Depository as issued under the SICDA |
| SC | : | Securities Commission Malaysia |
| SDBA | : | Street, Drainage and Building Act 1974 of Malaysia |
| Selling Shareholders | : | Collectively, Lee Thiam Wah and Ng Lee Tieng |
| Shares | : | Ordinary shares in our Company |
| Share Lending Agreement | : | The agreement to be entered into by the Over-allotment Option Providers and the Stabilising Manager under which the Over-allotment Option Providers will lend our Shares to the Stabilising Manager to cover over-allotments, if any, under the Over-allotment Option |
| Share Registrar | : | Boardroom Share Registrars Sdn Bhd |

| | | |
|---|---|---|
| SICDA | : | Securities Industry (Central Depositories) Act 1991 of Malaysia |
| SKU | : | Stock keeping unit |
| SOCSO | : | Social Security Organisation of Malaysia |
| SOP | : | Standard Operating Procedures |
| sq. ft | : | Square feet |
| sq. m | : | Square metres |
| SSSG | : | Same store sales growth, a sales performance measure calculated as the percentage difference in sales generated in a given period as compared to a comparable prior period, for outlets which have been in operation since the beginning of the comparable prior period |
| Stabilising Manager | : | [CIMB] |
| Subdivision | : | Subdivision of our 474,506,402 Shares into 8,000,000,000 Shares, which was completed on [•] |

**Companies within our Group**

| | | |
|---|---|---|
| 99EM | : | 99 Speed Mart (East Malaysia) Sdn Bhd |
| 99SM | : | 99 Speed Mart Sdn Bhd |
| 99 Holdings or Company | : | 99 Speed Mart Retail Holdings Berhad *(formerly known as 99 Speed Mart Holdings Sdn Bhd)* |
| Yiwu J-Jade Trading | : | Yiwu J-Jade Trading Co., Ltd |
| Yiwu SM Import and Export | : | Yiwu Speed Mart Import and Export Co., Ltd |

**Companies referred to in this Prospectus**

| | | |
|---|---|---|
| Burger King Group | : | Collectively, Cosmo Restaurants and Burger King Singapore Pte Ltd |
| Careon Group | : | Collectively, Careon Pharmacy and Subang Excel |
| Careon Pharmacy | : | Careon Pharmacy Sdn Bhd *(formerly known as 99 Speed Mart (Pharmacy) Sdn Bhd)* |
| Cleanwave | : | Cleanwave International Sdn Bhd |
| Cosmo Restaurants | : | Cosmo Restaurants Sdn Bhd |
| DKSH | : | DKSH Malaysia Sdn Bhd |
| Dutch Lady | : | Dutch Lady Milk Industries Berhad |
| Family Network | : | Family Network Sdn Bhd |
| Global Success | : | Global Success Network Sdn Bhd |
| Great Plus | : | Great Plus Enterprise Sdn Bhd |

| | | |
|---|---|---|
| GreenRE | : | GreenRE Sdn Bhd, established by the Real Estate and Housing Developers Association of Malaysia in 2013, which aims to promote sustainability in the Malaysian property sector |
| J&C Pacific | : | J & C Pacific Sdn Bhd |
| Lee Intellectual Properties | : | Lee Intellectual Properties Sdn Bhd |
| Lee International Retail Holdings | : | Lee International Retail Holdings Sdn Bhd *(formerly known as 99 Retail Holdings Sdn Bhd)* |
| Lee LYG Holdings | : | Lee LYG Holdings Sdn Bhd *(formerly known as 99 IMall Sdn Bhd)* |
| L H Uni Distribution | : | L H Uni Distribution Sdn Bhd |
| Lovely Century | : | Lovely Century Sdn Bhd |
| Max Bell | : | Max Bell Sdn Bhd |
| Multihexa | : | Multihexa Sdn Bhd |
| Nasi Lemak Gempak | : | Nasi Lemak Gempak Sdn Bhd |
| Nature Century | : | Nature Century Development Sdn Bhd |
| Nestle | : | Nestle Products Sdn Bhd |
| Newscape Capital | : | Newscape Capital Sdn Bhd |
| Octo Asia | : | Octo Asia Sdn Bhd |
| Radiant Globaltech | : | Radiant Globaltech Berhad |
| Radiant Globaltech Group | : | Collectively, Radiant Globaltech and its subsidiaries |
| Rancak Selera | : | Rancak Selera Sdn Bhd |
| Subang Excel | : | Subang Excel Healthcare Sdn Bhd |
| TTS | : | Thong Thye Siang Sdn Bhd |
| U Stars | : | U Stars Pte Ltd |
| U Stars Food | : | U Stars Food Holdings Pte Ltd |
| U Stars Group | : | Collectively U Stars, U Stars Food and U Stars Supermarket |
| U Stars Supermarket | : | U Stars Supermarket Pte Ltd |
| Venus Gateway | : | Venus Gateway Sdn Bhd |
| Venus Gateway Group | : | Collectively, Venus Gateway, Multihexa, Cleanwave and Octo Asia |
| Zing Heing Group | : | Collectively, Zing Heing Trading Sdn Bhd and Zing Heing Logistics Sdn Bhd |

**Currencies**

| | | |
|---|---|---|
| RM and sen | : | Ringgit Malaysia and sen, the lawful currency of Malaysia |
| RMB | : | Renminbi, the lawful currency of the PRC |

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## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

| Name | Designation | Nationality / Gender | Address |
|---|---|---|---|
| Dato' Chua Tia Guan | Non-Independent Non-Executive Chairman | Malaysian / Male | No. 1, Jalan PJU 1A/58A (Legenda Puteri 3)<br>Damansara Legenda<br>47410 Petaling Jaya<br>Selangor |
| Lee Thiam Wah | Executive Director and CEO | Malaysian / Male | No. 3, Jalan PJU 3/15C<br>Tropicana Indah Resort Homes<br>47410 Petaling Jaya<br>Selangor |
| Ng Lee Tieng | Non-Independent Non-Executive Director | Malaysian / Female | No. 3, Jalan PJU 3/15C<br>Tropicana Indah Resort Homes<br>47410 Petaling Jaya<br>Selangor |
| Lee Lay Liang | Executive Director | Malaysian / Female | No. 3, Jalan Aman Perdana 9D/KU5<br>Taman Aman Perdana<br>41050 Klang<br>Selangor |
| Ho Tat Heng | Senior Independent Non-Executive Director | Malaysian / Male | No. 11, Jalan PJU 3/11<br>Tropicana Indah Resort Homes<br>47410 Petaling Jaya<br>Selangor |
| Nirmalah A/P V.Thurai | Independent Non-Executive Director | Malaysian / Female | B-32-07, Suasana Sentral Loft<br>Jalan Stesen Sentral 5<br>Kuala Lumpur Sentral<br>50470 Kuala Lumpur<br>Wilayah Persekutuan Kuala Lumpur |
| Serina Binti Abdul Samad | Independent Non-Executive Director | Malaysian / Female | 49-2-11 Bangsar Puteri Condominium<br>Jalan Medang Serai, Bukit Bandaraya<br>59000 Kuala Lumpur<br>Wilayah Persekutuan Kuala Lumpur |
| Dato' Abdul Latif Bin Abu Seman | Independent Non-Executive Director | Malaysian / Male | No. 78, Jalan Sultan Salahuddin Abdul Aziz Shah 9/6, Seksyen 9<br>40100 Shah Alam<br>Selangor |
| Ting Seng Hook @ Ting Seng Hee | Independent Non-Executive Director | Malaysian / Male | No. 8, Jalan Sungai Beranang 32/57<br>Seksyen 32, Bukit Rimau<br>40460 Shah Alam<br>Selangor |
| Lee Yan Zhong | Alternate Director to Lee Thiam Wah | Malaysian / Male | No. 3, Jalan PJU 3/15C<br>Tropicana Indah Resort Homes<br>47410 Petaling Jaya<br>Selangor |
| Leong Sau Chan | Alternate Director to Lee Lay Liang | Malaysian / Female | No. 10, Jalan Cassia<br>Bandar Botanic<br>41200 Klang<br>Selangor |

## 1. CORPORATE DIRECTORY *(Cont'd)*

### AUDIT COMMITTEE

| Name | Designation | Directorship |
|---|---|---|
| Ho Tat Heng | Chairperson | Senior Independent Non-Executive Director |
| Serina Binti Abdul Samad | Member | Independent Non-Executive Director |
| Dato' Abdul Latif Bin Abu Seman | Member | Independent Non-Executive Director |

### NOMINATION AND REMUNERATION COMMITTEE

| Name | Designation | Directorship |
|---|---|---|
| Nirmalah A/P V.Thurai | Chairperson | Independent Non-Executive Director |
| Dato' Abdul Latif Bin Abu Seman | Member | Independent Non-Executive Director |
| Ting Seng Hook @ Ting Seng Hee | Member | Independent Non-Executive Director |

### RISK MANAGEMENT COMMITTEE

| Name | Designation | Directorship |
|---|---|---|
| Serina Binti Abdul Samad | Chairperson | Independent Non-Executive Director |
| Lee Thiam Wah | Member | Executive Director and CEO |
| Nirmalah A/P V.Thurai | Member | Independent Non-Executive Director |
| Ting Seng Hook @ Ting Seng Hee | Member | Independent Non-Executive Director |

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## 1. CORPORATE DIRECTORY *(Cont'd)*

| | | | |
|---|---|---|---|
| **COMPANY SECRETARIES** | : | **Tai Yit Chan**<br>12th Floor, Menara Symphony<br>No. 5, Jalan Prof. Khoo Kay Kim,<br>Seksyen 13<br>46200 Petaling Jaya<br>Selangor | Professional qualification: MAICSA (Membership No.: MAICSA 7009143)<br>(CCM Practising Certificate No. 202008001023) |
| | | **Tia Hwei Ping**<br>12th Floor, Menara Symphony<br>No. 5, Jalan Prof. Khoo Kay Kim,<br>Seksyen 13<br>46200 Petaling Jaya<br>Selangor | Professional qualification: MAICSA (Membership No.: MAICSA 7057636)<br>(CCM Practising Certificate No. 202008001687) |
| **REGISTERED OFFICE** | : | 12th Floor, Menara Symphony<br>No. 5, Jalan Prof. Khoo Kay Kim,<br>Seksyen 13<br>46200 Petaling Jaya<br>Selangor<br><br>Tel. No.: +603 7890 4800 | |
| **HEAD/MANAGEMENT OFFICE** | : | Lot PT 2811, Jalan Angsa<br>Taman Berkeley<br>41150 Klang<br>Selangor<br><br>Tel. No.: +603 3362 6863<br>Email: customer_service@99speedmart.com.my<br>Website: https://www.99speedmart.com.my | |
| **SELLING SHAREHOLDERS** | : | **Lee Thiam Wah**<br>No. 3, Jalan PJU 3/15C<br>Tropicana Indah Resort Homes<br>47410 Petaling Jaya<br>Selangor<br><br>**Ng Lee Tieng**<br>No. 3, Jalan PJU 3/15C<br>Tropicana Indah Resort Homes<br>47410 Petaling Jaya<br>Selangor | |
| **AUDITORS AND REPORTING ACCOUNTANTS** | : | **Crowe Malaysia PLT**<br>201906000005 (LLP0018817-LCA) & AF 1018<br>Suite 50-3, Setia Avenue<br>No. 2, Jalan Setia Prima S U13/S<br>Setia Alam, Seksyen U13<br>40170 Shah Alam<br>Selangor<br><br>Tel. No.: +603 3343 0730<br><br>Partner-in-charge: Ong Beng Chooi<br>Professional qualification:<br>• Fellow member of the ACCA, United Kingdom (ACCA Membership no. 1422917)<br>• Member of the MIA (MIA Membership No.: CA 34708) | |

## 1. CORPORATE DIRECTORY *(Cont'd)*

| | | |
|---|---|---|
| **PRINCIPAL ADVISER, SOLE BOOKRUNNER, SOLE MANAGING UNDERWRITER, UNDERWRITER** | : | **CIMB Investment Bank Berhad**<br>Level 17, Menara CIMB<br>Jalan Stesen Sentral 2<br>Kuala Lumpur Sentral<br>50470 Kuala Lumpur<br>Wilayah Persekutuan Kuala Lumpur<br><br>Tel. No.: +603 2261 8888 |
| **LEGAL ADVISERS** | : | *To our Company as to Malaysian law*<br><br>**Lee Choon Wan & Co.**<br>No. 12, Lorong Dungun<br>Damansara Heights<br>50490 Kuala Lumpur<br><br>Tel. No.: +603 2093 0078<br><br>*To the Sole Bookrunner, Sole Managing Underwriter and Underwriter as to Malaysian law*<br><br>**Christopher & Lee Ong**<br>Level 22, Axiata Tower<br>No. 9, Jalan Stesen Sentral 5<br>Kuala Lumpur Sentral<br>50470 Kuala Lumpur<br>Wilayah Persekutuan Kuala Lumpur<br><br>Tel. No.: +603 2273 1919 |
| **INDEPENDENT MARKET RESEARCHER** | : | **Frost & Sullivan GIC Malaysia Sdn Bhd**<br>Level 6.06, KPMG Tower<br>8 First Avenue<br>Bandar Utama<br>47800 Petaling Jaya<br>Selangor, Malaysia.<br><br>Tel. No.: +603 2023 2000<br><br>Name of IMR signee: Narciso Podda<br>*(See Section 8 of this Prospectus for the profile of the firm and the IMR signee)* |
| **SHARE REGISTRAR** | : | **Boardroom Share Registrars Sdn Bhd**<br>11th Floor, Menara Symphony<br>No. 5, Jalan Prof. Khoo Kay Kim<br>Seksyen 13<br>46200 Petaling Jaya<br>Selangor<br><br>Tel. No.: +603 7890 4700 |

## 1. CORPORATE DIRECTORY *(Cont'd)*

| | | |
|---|---|---|
| **ISSUING HOUSE** | : | **Malaysian Issuing House Sdn Bhd**<br>11th Floor, Menara Symphony<br>No. 5, Jalan Professor Khoo Kay Kim<br>Seksyen 13<br>46200 Petaling Jaya<br>Selangor<br><br>Tel. No.: +603 7890 4700 |
| **LISTING SOUGHT** | : | Main Market of Bursa Securities |

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# 2. INTRODUCTION

## 2.1 APPROVALS AND CONDITIONS

### 2.1.1 SC

The SC has, via its letter dated [●], approved our IPO and our Listing under Section 214(1) of the CMSA, subject to compliance with the following conditions:

| No. | Details of condition imposed | Status of compliance |
|---|---|---|
| (i) | [●] | [●] |

The SC has also via its letter dated [●], approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The effects of our Listing on the equity structure of our Company are as follows:

| | As at the LPD | | After our Listing | |
|---|---|---|---|---|
| **Category of shareholders** | **No. of Shares** | **%** | **No. of Shares** | **%** |
| **Bumiputera** | | | | |
| - Bumiputera investors to be approved by MITI | - | - | (1)1,050,000,000 | 12.5 |
| - Bumiputera public investors via balloting | - | - | (1)84,000,000 | 1.0 |
| **Total Bumiputera** | **-** | **-** | **1,134,000,000** | **13.5** |
| Non-Bumiputera | 474,506,402 | 100.0 | (2)7,266,000,000 | 86.5 |
| **Malaysians** | **474,506,402** | **100.0** | **8,400,000,000** | **100.0** |
| Foreigners | - | - | (2)- | - |
| **Total** | **474,506,402** | **100.0** | **8,400,000,000** | **100.0** |

***Notes:***

*(1) Assuming all our Shares allocated to Bumiputera investors approved by the MITI under the Institutional Offering and Bumiputera public investors via balloting under the Retail Offering are fully subscribed.*

*(2) Assuming all our Shares are allocated to Malaysian and non-Bumiputera investors only.*

[The SC has, via its letter dated [●], approved the following relief sought by us from having to comply with certain requirements under the Equity Guidelines, the details of which and the corresponding conditions imposed by the SC are as follows:]

| Reference | Details of relief granted | Condition imposed (if any) |
|---|---|---|
| [Paragraph 2(a) of Appendix 4, Part IV of the Equity Guidelines] | [Relief from having to comply with the requirement in respect of the placement of our IPO shares to be offered under the Institutional Offering to certain persons connected to the Sole Bookrunner] | [●] |

### 2.1.2 Bursa Securities

Bursa Securities has, via its letter dated [●], resolved to accept our Company's level of public shareholding spread of [15.0%] upon our Listing, being as in compliance with Paragraph 3.06(1) of the Listing Requirements, subject to compliance with the following conditions:

| No. | Details of condition imposed | Status of compliance |
|---|---|---|
| (i) | [●] | [●] |

Bursa Securities has, via its letter dated [●], approved our Admission and our Listing, subject to compliance with the following conditions:

| No. | Details of condition imposed | Status of compliance |
|---|---|---|
| (i) | [●] | [●] |

### 2.1.3 MITI

The MITI has, via its letter dated [●], stated that it has taken note of our Listing and has no objection for us to implement our Listing.

## 2.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines, our Shares held by the Moratorium Providers as at the date of our Listing will be placed under moratorium and they have fully accepted the moratorium. In this respect, our Shares that are subject to moratorium after our IPO are set out below:

| | Assuming the Over-allotment Option is not exercised | | Assuming the Over-allotment Option is fully exercised | |
|---|---|---|---|---|
| **Moratorium Providers** | **No. of Shares (‘000)** | **%** | **No. of Shares (‘000)** | **%** |
| Lee LYG Holdings | 4,325,999 | 51.5 | 4,325,999 | 51.5 |
| Lee Thiam Wah | 2,367,121 | 28.2 | 2,161,489 | 25.7 |
| Ng Lee Tieng | 278,880 | 3.3 | 270,312 | 3.2 |

Additionally, Lee Thiam Wah, being the sole direct shareholder of Lee LYG Holdings, will not be allowed to sell, transfer or assign any part of his shareholding interest in Lee LYG Holdings, for a period of 6 months from the date of our Listing.

Lee Lay Liang and Lee Yan Zhong, being persons connected to Lee Thiam Wah, have each been allocated 500,000 Issue Shares under the allocation for Eligible Persons in respect of our Retail Offering. Lee Lay Liang and Lee Yan Zhong are not allowed to sell, transfer or assign any Shares that they may subscribe for under the allocation for the Eligible Employees, for a period of 6 months from the date of our Listing.

The above restrictions do not apply:

(a) in respect of our Shares that may be sold pursuant to the Over-allotment Option to be granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers); and

(b) to the transfer of our Shares by the Over-allotment Option Providers as contemplated under the Share Lending Agreement, provided that the restriction will apply to our Shares returned to the Over-allotment Option Providers pursuant to the Share Lending Agreement.

The above moratorium restrictions are specifically endorsed on the share certificates representing our Shares held by the Moratorium Providers which are under moratorium to ensure that our Share Registrar does not register any transfer that contravenes such restrictions.

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## 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 LYG 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.

Our Public Issue is expected to raise gross proceeds amounting to RM[•] million to our Company, whilst the Offer for Sale is expected to raise gross proceeds of up to approximately RM[•] million, which will accrue entirely to the Selling Shareholders.

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.

## 3.2 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.

**(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. Notwithstanding the negative SSSG for the FYE 2022 due to the easing of the COVID-19 movement restrictions, our gross SSSG between the FYE 2019 (being the financial year before the COVID-19 pandemic) and the FYE 2022 was 17.0%, which represents a CAGR of 5.4% over the same period. Furthermore, we continued to record positive SSSG of 7.3% in the FPE 30 September 2023, mainly attributable to greater demand from our customers for essential household and grocery products.

**(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.

**(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.

(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. We also enjoy periodical rebates, promotions and other incentives and to some extent, favorable pricing terms from our suppliers. Should we fail to secure similar rebates, promotions and other financial incentives and favorable pricing terms in the future, our business and financial performance may be impacted.

(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) **Failure to maintain or renew licences, approvals or permits for our business operations in a timely manner may result in operational constraints and/or enforcement actions.** Such enforcement actions 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) **If we are unsuccessful in our application to obtain the requisite approval from authorities for the properties that we occupy, we may be subject to enforcement actions.** 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.

(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. We may also face the risk of a new outlet facing a longer gestation period or failing to achieve sales targets if it is opened in close proximity to existing outlets, or conversely, customer traffic may be redirected from our existing outlet to the new outlet, which are more likely to occur in areas where we have a high outlet penetration 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.

## 3.6 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.

## 3.8 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] | | | | After our IPO: Assuming the Over-allotment Option is not exercised[2] | | | | After our IPO: Assuming the Over-allotment Option is fully exercised[3] | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % |
| **Promoters and substantial shareholders** | | | | | | | | | | | | |
| Lee LYG 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 LYG 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.

## 3.9 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 | | [•] | [•] |

***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% |

| | 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.

## 3.11 NON-COMPLIANCES WITH THE RELEVANT LAWS, REGULATIONS, RULES AND REQUIREMENTS GOVERNING THE CONDUCT OF THE OPERATIONS OF OUR GROUP

As at the LPD, in respect of some of our outlets, we have not been granted or have not been able to renew in a timely manner the business licence, controlled goods licence and rice licence. In addition, we are not in full compliance with certain applicable land laws, regulations and rules relating to some of our outlets, DCs, and employee accommodations. For further details on the relevant non-compliances and measures being taken to address such non-compliances, see Section 7.12 of this Prospectus.

Save for the potential maximum penalty in relation to outlets without CCC and the controlled goods licence, the non-compliances do not have a material adverse impact to our Group's business operations and financial condition as the estimated cost of rectification and the potential maximum penalties are not material to our Group. We are of the view that the potential maximum penalty being simultaneously imposed on all affected outlets is unlikely, due to, among others, the affected outlets being dispersed throughout Malaysia and being under the ambit of different local authorities, and in the event of enforcement, we are of the view that the local authorities may grant a rectification period before imposing any penalties. In addition, the delay in obtaining the controlled goods licence is mainly administrative in nature.

Notwithstanding that the non-compliances may remain unresolved at the time of our Listing, we will continue to make the necessary applications and/or engage with the relevant authorities even after our Listing to resolve and address the outstanding non-compliance incidents in accordance with the directions of the relevant authorities. Our management is following up closely and liaising with relevant authorities to resolve the said non-compliances in the best interest of our Company.

# 4. DETAILS OF OUR IPO

## 4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

| Event | Time and/or Date |
|---|---|
| Opening of the Institutional Offering[(1)] | [●] |
| Issuance of the Prospectus/Opening of the Retail Offering | 10:00 a.m., [●] |
| Closing of the Retail Offering | 5:00 p.m., [●] |
| Closing of the Institutional Offering | [●] |
| Price Determination Date | [●] |
| Balloting of applications for our Issue Shares under the Retail Offering | [●] |
| Allotment/Transfer of our IPO Shares to successful applicants | [●] |
| Listing | [●] |

***Note:***

*(1) Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the purchase and/or subscription of our IPO Shares by the Cornerstone Investors was entered into on [●].*

In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and make an announcement on the website of Bursa Securities.

## 4.2 PARTICULARS OF OUR IPO AND PLAN OF DISTRIBUTION

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated in the manner described below, 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, respectively.

Our IPO consists of the Institutional Offering and the Retail Offering, totaling up to 1,428,000,000 IPO Shares, representing up to 17.0% of our enlarged issued Shares. For the avoidance of doubt, our IPO Shares offered under the Institutional Offering and the Retail Offering do not include our Shares under the Over-allotment Option.

### 4.2.1 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, respectively, 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 2.0% of our enlarged issued Shares to Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI).

As part of the Institutional Offering, on [●], our Group, the Selling Shareholders, the Sole Bookrunner and the Cornerstone Investors entered into the Master Cornerstone Placement Agreement where the Cornerstone Investors have agreed to acquire, subject to the terms of the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements, an aggregate of [●] IPO Shares, representing approximately [●]% of our enlarged issued Shares at RM[●] per IPO Share or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire or subscribe for 5.0% or more of our enlarged issued Shares under the cornerstone placement agreements.

The cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

### 4.2.2 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 as approved by our Board in the following manner:

| Category of Eligible Persons | No. of Eligible Persons | Aggregate no. of Issue Shares allocated |
|---|---|---|
| Our Directors [(1)] | 9 | 3,000,000 |
| Eligible employees of our Group[(2)] | [●] | 6,150,000 |
| Persons who have contributed to the success of our Group[(3)] | [●] | 32,850,000 |
| **Total** | **[●]** | **42,000,000** |

***Notes:***

(1) *The allocation is based on, amongst others, our Directors' respective roles and responsibilities in our Company. Our Non-Independent Non-Executive Chairman, namely Dato' Chua Tia Guan has been allocated 500,000 Issue Shares, our Senior Independent Non-Executive Director, namely Ho Tat Heng has been allocated 200,000 Issue Shares, while each of our Independent Non-Executive Directors, namely Nirmalah A/P V.Thurai, Serina Binti Abdul Samad, Dato' Abdul Latif Bin Abu Seman and Ting Seng Hook @ Ting Seng Hee have been allocated 200,000 Issue Shares. Our Executive Director, namely Lee Lay Liang and the alternate directors, namely Leong Sau Chan and Lee Yan Zhong have also been allocated 500,000 Issue Shares each in recognition of their responsibilities as part of our Board and their roles in our Group's operations.*

(2) *The allocation of our IPO Shares to the eligible employees of our Group is to be made to full-time confirmed employees of our Group, including our Key Senior Management, based on, amongst others, their job grade, length of service, performance and their past contributions to our Group.*

*(3) The criteria for the allocation of our IPO Shares to persons who have contributed to the success of our Group are based on, amongst others, their length of business relationship with our Group and their contributions to the success of our Group. Such persons would include our business associates, suppliers and service providers.*

**(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 50.0% of the total Issue Shares to be made available under balloting) have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

In summary, our IPO Shares will be allocated, 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, respectively, in the following manner:

| | **Offer for Sale** | | **Public Issue** | | **Total** | |
|---|---|---|---|---|---|---|
| **Category** | **No. of Shares ('000)** | **%(1)** | **No. of Shares ('000)** | **%(1)** | **No. of Shares ('000)** | **%(1)** |
| **Retail Offering:** | | | | | | |
| Eligible Persons: | | | | | | |
| - Our Directors | - | - | 3,000 | * | 3,000 | * |
| - Eligible employees of our Group | - | - | 6,150 | * | 6,150 | * |
| - Persons who have contributed to the success of our Group | - | - | 32,850 | 0.4 | 32,850 | 0.4 |
| Malaysian Public (via balloting): | | | | | | |
| - Bumiputera | - | - | 84,000 | 1.0 | 84,000 | 1.0 |
| - Non-Bumiputera | - | - | 84,000 | 1.0 | 84,000 | 1.0 |
| **Sub-total** | **-** | **-** | **210,000** | **2.5** | **210,000** | **2.5** |
| **Institutional Offering:** | | | | | | |
| - Bumiputera investors approved by the MITI | 860,000 | 10.2 | 190,000 | 2.3 | 1,050,000 | 12.5 |
| - Malaysian institutional and selected investors | 168,000 | 2.0 | - | - | 168,000 | 2.0 |
| **Sub-total** | **1,028,000** | **12.2** | **190,000** | **2.3** | **1,218,000** | **14.5** |
| **Total** | **1,028,000** | **12.2** | **400,000** | **4.8** | **1,428,000** | **17.0** |

***Notes:***

* *Negligible. Collectively, the number of shares allocated to our Directors and eligible employees of our Group under the Retail Offering total to approximately 0.1% of our enlarged issued Shares of 8,400,000,000 upon our Listing.*

*(1) Based on our enlarged issued Shares of 8,400,000,000 upon our Listing.*

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.8 of this Prospectus.

#### 4.2.3 Clawback and reallocation

The Institutional Offering and the Retail Offering shall be subject to the following clawback and reallocation provisions:

(i) if our Issue Shares allocated to the Eligible Persons are under-subscribed, such Issue Shares may be allocated to the other institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Sole Bookrunner and us;

(ii) if our IPO Shares allocated to Bumiputera investors approved by the MITI ("**MITI Tranche**") are under-subscribed, such IPO Shares will be allocated to other Malaysian institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for the Issue Shares by the Malaysian Public under the Retail Offering, our IPO Shares will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera public investors under the Retail Offering via balloting process, and thereafter to the other Malaysian Public under the Retail Offering;

(iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and

(iv) subject to item (i) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, our Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any Issue Shares not taken up by any of the Eligible Persons ("**Excess Issue Shares**") will be made available for application by the other Eligible Persons who have applied for the Excess Issue Shares on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:

(a) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for;

(b) secondly, allocation of any surplus Excess Issue Shares after item (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and

(c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess Issue Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept or reject any Excess Issue Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Issue Shares thereafter, such balance will be made available for clawback and reallocation as described in item (i) above. Any Issue Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Underwriter.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

### 4.2.4 Over-allotment Option

The Over-allotment Option Providers may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Placement Managers) and may together with our Company appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may at its absolute discretion, over-allot our Shares (on behalf of the Placement Managers) and subsequently, effect transactions to stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market.

Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares. If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Over-allotment Option Providers at any time, within 30 days from the date of our Listing to purchase from the Over-allotment Option Providers up to an aggregate of 214,200,000 Shares, representing 15.0% of the total number of our IPO Shares offered, solely for purposes of covering over-allotments of our Shares (if any).

Subject to there being an over-allotment, the Stabilising Manager will enter into the Share Lending Agreement with the Over-allotment Option Providers to borrow up to an aggregate of 214,200,000 Shares to cover the over-allotments. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Over-allotment Option Providers either through the purchase of our Shares in the open market by the Stabilising Manager in the conduct of the stabilisation activities or deemed returned through the exercise of the Over-allotment Option by the Stabilising Manager or a combination of both. The exercise of the Over-allotment Option will not increase the total number of Shares issued and is not intended to constitute an offer for sale of our Shares by the Over-Allotment Option Providers under our IPO.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder.

The number of Shares that the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may buy to undertake stabilising action, shall not exceed an aggregate of 214,200,000 Shares, representing 15.0% of the total number of our IPO Shares offered. However, there is no obligation on the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) to undertake such stabilising action. Such stabilising actions may commence on or after the commencement of trading of our Shares on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earlier of (i) the date falling 30 days from the commencement of trading of our Shares on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought, on the Main Market of Bursa Securities, an aggregate of 214,200,000 Shares, representing 15.0% of the total number of our IPO Shares offered to undertake the stabilising action.

Neither our Company, the Over-allotment Option Providers nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company, the Over-allotment Option Providers nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

### 4.2.5 Classes of shares and ranking

As at the date of this Prospectus, we only have 1 class of shares, being ordinary shares.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Rules of Bursa Depository.

Our Offer Shares rank equally in all respects with our other existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer of our Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares we may issue in the future, our shareholders will, in proportion to the amount paid on our Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders will be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders will be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative will have 1 vote for each Share held or represented. A proxy may but need not be a member of our Company.

### 4.2.6 Share capital

Upon completion of our IPO, our share capital will be as follows:

| | No. of Shares | RM'000 |
|---|---|---|
| After the Subdivision | 8,000,000,000 | 474,506 |
| To be issued under our Public Issue | 400,000,000 | (1)[●] |
| **Enlarged number of issued Shares and share capital upon Listing** | **8,400,000,000** | **[●]** |
| Retail Price (RM) | | **[●]** |
| Market capitalisation upon Listing (based on the Retail Price and the enlarged number of issued Shares after our IPO) (RM'000) | | **[●]** |

***Note:***

*(1) Calculated based on the Retail Price and after adjusting against our share capital, the estimated listing expenses of approximately RM[●] million assumed to be directly attributable to our Public Issue.*

### 4.2.7 Priority of the offering

In the event the demand for our IPO Shares is less than 1,428,000,000 IPO Shares, our Public Issue shall take precedence over the Offer for Sale. The demand for our IPO Shares shall be firstly satisfied with our Issue Shares under our Public Issue, and following that, any excess demand will be satisfied with our Offer Shares under the Offer for Sale.

### 4.2.8 Minimum subscription level

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing. We intend to seek Bursa Securities' approval to accept a lower public shareholding spread of 15.0% upon our Listing.

There is no minimum subscription level in terms of proceeds to be raised under our IPO. However, the minimum subscription level in terms of the number of IPO Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

If the above requirement is not met, we may not be able to proceed with our Listing. For further details in the event there is a delay in or termination of our Listing, see Section 5.3.4 of this Prospectus.

## 4. DETAILS OF OUR IPO *(Cont'd)*

### 4.3 SELLING SHAREHOLDERS

Our Offer Shares to be offered by the Selling Shareholders and their direct shareholding in our Company before and after our IPO and their material relationship with our Group within the past 3 years are as follows:

| | | After the Subdivision | | Shares to be offered under the Offer for Sale | | | Shareholding after our IPO assuming the Over-allotment Option is not exercised | | Shares under the Over-allotment Option | | Shareholding assuming the Over-allotment Option is fully exercised[3] | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Selling Shareholders | Material relationship with our Group | No. of Shares ('000) | [1]% | No. of Shares ('000) | [1]% | [2]% | No. of Shares ('000) | [2]% | No. of Shares ('000) | [2]% | No. of Shares ('000) | [2]% |
| Lee Thiam Wah | Promoter, substantial shareholder and CEO | 3,354,001 | 41.9 | 986,880 | 12.3 | 11.7 | 2,367,121 | 28.2 | 205,632 | 2.5 | 2,161,489 | 25.7 |
| Ng Lee Tieng | Shareholder and Non-Independent Non-Executive Director | 320,000 | 4.0 | 41,120 | 0.5 | 0.5 | 278,880 | 3.3 | 8,568 | 0.1 | 270,312 | 3.2 |
| **Total** | | **3,674,001** | **45.9** | **1,028,000** | **12.8** | **12.2** | **2,646,001** | **31.5** | **214,200** | **2.6** | **2,431,801** | **28.9** |

***Notes:***

(1) *Based on our issued Shares of 8,000,000,000 after the Subdivision.*

(2) *Based on our enlarged issued Shares of 8,400,000,000 upon our Listing.*

(3) *Based on the Over-allotment Option of 214,200,000 Shares, representing 15.0% of the total number of our IPO Shares offered.*

## 4.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

### 4.4.1 Retail Price

The Retail Price was determined and agreed upon between our Directors and the Selling Shareholders in consultation with the Sole Bookrunner, after taking into consideration the following factors:

(i) our Group's growth in revenue, PAT and Adjusted EBITDA demonstrated by their positive CAGR of 8.6%, 9.0% and 7.8% respectively from the FYE 2020 to FYE 2022. Additionally, our Adjusted EBITDA margins were at 7.2%, 8.2%, 7.1% and 6.7% in the FYE 2020, FYE 2021 and FYE 2022 as well as the FPE 30 September 2023 respectively;

(ii) price-to-earnings multiple of approximately [●] times based on our EPS of 3.89 sen derived from our PAT of RM326.7 million for the FYE 2022 and our enlarged issued Shares of 8,400,000,000 upon our Listing;

(iii) our competitive strengths, as follows:

   (a) we are the largest Malaysian home-grown mini-market chain retailer which enables us to capitalise on the strong growth potential of the grocery retail segment in Malaysia;

   (b) we offer attractive product pricing and a curated range of daily necessities for the value-conscious mass market;

   (c) we have a nationwide network of DCs supported by a centralised retail management and control system throughout our outlet network which allows for highly efficient operations;

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

   (e) we consistently deliver resilient financial performance demonstrating our ability to create value and deliver sustainable growth; and

   (f) we are led by a highly experienced management team with proven track record and industry expertise.

(iv) our future plans and strategies, as follows:

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

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

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

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

(v) growing prospects of the retail and mini-market segment due to growth in population and the resilient economic outlook which has led to higher income and expenditure by households as described in Section 8 of this Prospectus; and

(vi) prevailing market conditions, including market performance of key global indices and companies involved in similar businesses listed on Bursa Securities and regional stock exchanges, current market trends as well as investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date and will be the lower of:

(i) the Retail Price; or

(ii) the Institutional Price.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. For further details on the refund mechanism, see Section 4.4.3 of this Prospectus.

The Final Retail Price and the Institutional Price will be announced within 2 Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for our IPO Shares.

### 4.4.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective Malaysian institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our IPO Shares they would be prepared to acquire and the price they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. This bookbuilding process commenced on [●] and will end on [●]. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholders in consultation with the Sole Bookrunner on the Price Determination Date.

### 4.4.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest. The refund will be made:

(i) in the form of cheques to be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or

(ii) by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application or the Internet Participating Financial Institution for applications made via the Internet Share Application,

within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Sections 15.8 and 15.9 of this Prospectus.

**You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus.**

## 4.5 DILUTION

Dilution is the amount by which our pro forma combined NA per Share after our IPO is less than the price paid by retail, institutional and selected investors for our Shares.

The following table illustrates the dilution on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

| | **RM** |
|---|---|
| Final Retail Price/Institutional Price | [•] |
| Pro forma combined NA per Share as at 30 September 2023 after the Subdivision and before adjusting for our IPO | 0.05 |
| Pro forma combined NA per Share as at 30 September 2023 after the Subdivision and after adjusting for the use of proceeds from our Public Issue | [•] |
| Increase in pro forma combined NA per Share to our existing shareholders | [•] |
| Dilution in pro forma combined NA per Share to the retail/institutional and selected investors | [•] |
| Dilution in pro forma combined NA per Share to the retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price | [•] |

Save as disclosed below, none of our substantial shareholders, Directors, Key Senior Management, or persons connected to them had acquired, obtained the right to acquire and/or subscribe for our Shares since incorporation of our Company up to the LPD:

| **Date allotted/ subscribed** | **Name** | **No. of Shares** | **Allotted/ Subscribed** | **Total consideration (RM)** |
|---|---|---|---|---|
| 15 May 2023 | Lee Thiam Wah | 100 | Allotted for incorporation | 100 |
| 14 December 2023 | Lee LYG Holdings | 256,589,283 | (1)Allotted | 256,589,283 |
| 14 December 2023 | Lee Thiam Wah | 198,936,767 | (1)Allotted | 198,936,767 |
| 14 December 2023 | Ng Lee Tieng | 18,980,252 | (1)Allotted | 18,980,252 |
| [●] | Lee Thiam Wah | 3,155,064,110 | [Allotted] | (2)Nil |
| [●] | Lee LYG Holdings | 4,069,409,809 | [Allotted] | (2)Nil |
| [●] | Ng Lee Tieng | 301,019,679 | [Allotted] | (2)Nil |

***Notes:***

*(1) Shares are allotted as consideration pursuant to the acquisition of 99SM and 99EM, as set out in Section 6.1.2(i) of this Prospectus.*

*(2) Shares are allotted pursuant to the Subdivision, as set out in Section 6.1.2(ii) of this Prospectus.*

## 4.6 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 our Public Issue** | Within 6 months | [●] | [●] |
| | **Total** | | **[●]** | **100.0** |

***Note:***

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

The actual proceeds accruing to the Company will depend on the Institutional Price and the Final Retail Price. If the actual proceeds are higher than budgeted above, the excess will be used for our outlet and DC expenditure. If the actual proceeds are lower than budgeted above, the shortfall will be funded via internally generated funds of our Group and/or borrowings and will be allocated firstly for our outlet and DC expenditure.

Due to the 36-month timeframe to utilise the proceeds allocated for our outlet and DC expenditure and in response to the competitive and dynamic nature of the industry in which we operate, our Group may have to revise our intended funding requirements and use of proceeds on account of various factors, such as our Group's financial condition, business and strategy, as well as external factors which may not be within our control. This may entail rescheduling the timing for our planned capital expenditure to expand our outlets and DCs as well as increasing and decreasing the quantum for a particular planned expenditure should the need arise.

Given the timing of our use of proceeds from the Public Issue may not be immediate, we intend to place the proceeds raised from our Public Issue or any balance in interest-bearing accounts with licensed financial institution(s) and/or in money-market deposit instruments/funds while pending utilisation.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM[●] million will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear their own professional fees and placement fees as well as other miscellaneous expenses for the Offer for Sale which are estimated to be approximately RM[●] million.

Further details on the use of proceeds from our Public Issue are as follows:

### 4.6.1 Outlet and DC expenditure

We are committed to strengthening our position as the largest mini-market chain retailer in Malaysia. Our expenditure requirements are associated with our Group's intentions to expand our outlet network, upgrade the equipment within our existing outlets, and to invest in improving our logistics capabilities. These expenditures are geared toward sustaining and enhancing efficiency in supporting our growing outlet network and product range.

**(i) Expansion of new outlets in Malaysia**

We intend to use RM[●] million or about [●]% of the total gross proceeds from our Public Issue to expand our business operations and reach in Malaysia.

Our target is to open on average 250 new outlets annually with an immediate target to have a total of approximately 3,000 outlets operating nationwide by end of 2025. Of the 750 new outlets targeted to be opened between 2025 and 2027, 600 new outlets are expected to be opened in Peninsular Malaysia and 150 new outlets in East Malaysia. 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, such as the central and southern regions of Peninsular Malaysia, seeking opportunities where available to establish outlets.

The factors that we take into consideration when selecting new outlet locations are as set out below:

(a) the approximate number of households present in new areas with potential growth and areas that are underserved by us;

(b) the proximity of the new outlets vis-à-vis the nearby residential communities;

(c) the customer traffic, presence of competitors, street visibility and accessibility to the outlets;

(d) the surrounding neighbourhood including nearby businesses, infrastructure; and

(e) the rental terms of the outlets and around the locality.

The capital expenditure required for the setting up of new outlets include, amongst others, expenses in relation to renovation works, rental deposits, racking systems, freezers and chillers, air conditioning, signboard, IT equipment, legal costs and licensing application costs. We estimate that the average capital expenditure (excluding inventory) for each new outlet will amount to approximately RM[●], whereas the initial inventory stocking cost for each new outlet is approximately RM[●].

Out of the RM[●] million of our gross proceeds from the Public Issue allocated for the expansion of new outlets, we intend to allocate RM[●] million (or [●]%) to fully fund the capital expenditure for all the new outlets. The remaining gross proceeds of approximately RM[●] million (or [●]%) will be utilised for the initial inventory stocking cost for approximately 50% of the new outlets, equivalent to about 371 outlets with the remaining initial inventory stocking cost to be funded via internally generated funds. If our actual expenditure required for the expansion of outlets is higher than estimated, the deficit will be funded via borrowings or internally generated funds.

As at the LPD, the exact breakdown of outlets to be opened by their locality or states within Malaysia over the next 36 months from our Listing is yet to be determined. Such decisions to open new outlets will be made continuously throughout the period subject to ongoing evaluation of suitable locations and other considerations set out above.

**(ii) Establishment of new DCs**

The anticipated growth in our outlet network is expected to increase our Group's distribution and storage needs. We expect to open 750 new outlets between 2025 and 2027. In order to support our planned outlet growth, we anticipate that we would need to establish at least 8 new DCs, at least 6 of which will be funded using the proceeds from our Public Issue, and 2 of which will be funded through our internally generated funds and/or borrowings.

We intend to allocate approximately RM[●] million or about [●]% of the total gross proceeds from our Public Issue to establish at least 6 new DCs over 36 months commencing from 2025 until the end of 2027.

As at the LPD, we have identified locations in Kedah and Sabah to establish 2 of the new DCs to be funded by the proceeds from our Public Issue. In respect of the DC in Kedah, we have in February 2024 acquired a piece of land at a cost of RM3.7 million through our internally generated funds. Save for this, as at the LPD, no amount has been incurred towards any of the DCs to be funded by our proceeds from our Public Issue. We intend to additionally incur approximately RM[●] million to complete the construction of this DC in Kedah by 2025. The new DC in Sabah is proposed to replace the Sipitang DC which is currently rented. As at the LPD, we have not finalised the acquisition of any property for the replacement of Sipitang DC.

Save for Kedah and Sabah, we have not identified any other locations for the remaining DCs to be funded by the proceeds from our Public Issue as they are subject to ongoing evaluation of factors such as proximity to our outlets, costs and availability of land and/or existing DCs. The expected timeframe for the commencement of the new DCs will also be subject to, amongst others, our business strategies, our requirements at that point in time and outlet openings in the vicinity. The expected timeframe from site identification until commission can take up to 2 years, depending on whether it is a refurbishment of an existing property or the construction of a new DC by us.

The total expenditure required to commission a DC mainly comprise of the cost relating to land acquisition and associated construction costs, or acquisition and renovation costs if we acquire an existing building that can be converted into a DC. During the Periods Under Review and up to the LPD, our total cost incurred for establishing a new DC ranged from RM8.6 million to RM44.8 million each.

**(iii) Purchase of delivery trucks**

We intend to allocate approximately RM[●] million or about [●]% of the total gross proceeds from our Public Issue, towards the acquisition of 400 new delivery trucks to facilitate the expansion of our business operations at an average cost of approximately RM[●] per truck.

As at the LPD, we operate a fleet of 578 delivery trucks, which handle logistics including delivery of the goods from our DCs to our outlets and to support our "99 Bulksales" deliveries. 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 old. In order to optimise operational efficiency, mitigate unnecessary maintenance costs as well as improve fuel efficiency and overall reliability of our delivery trucks, we intend to purchase [●] new delivery trucks to replace an equivalent number of our existing delivery trucks. We also plan to acquire [●] additional new delivery trucks to support the logistical requirements associated with the construction of our planned new DCs. The target timing for the purchase of the delivery trucks is as follows:

| No. of trucks | 2025 | 2026 | 2027 | Total |
|---|---|---|---|---|
| Replacement of existing delivery trucks | 200 | 50 | 50 | 300 |
| Delivery trucks for new DCs | 40 | 40 | 20 | 100 |
| **Total** | **240** | **90** | **70** | **400** |

For further information on our future plans in relation to the expansion of our network of DCs and logistical capabilities across Malaysia, see Section 7.2.2(b) of this Prospectus.

**(iv) Upgrading of existing outlets**

We intend to allocate approximately RM[●] million or about [●]% of the total gross proceeds from our Public Issue for the upgrading and refurbishment of up to 1,070 of our existing outlets over 36 months from our Listing.

Our outlet refurbishments are aimed at improving customer experience and prioritising the improvement of our outlet's energy efficiency in line with our commitment to improve the energy efficiency management of our outlets as demonstrated through our green pilot building project initiative as set out in Section 7.16.1 of this Prospectus. This initiative also intends to contribute to reducing our utilities expenses.

The upgrading and refurbishment will entail the following:

(a) the installation of new equipment namely, inverter refrigerators, inverter air conditioners and non-heated glass freezers, at a cost of up to RM[●] each, to replace existing ones;

(b) where permissible, the installation of solar photovoltaic systems at certain outlets subjects to terms and conditions of the tenancy agreements, at a cost of approximately RM[●] per outlet; and

(c) the replacement of racks and shelving for wear and tear at our existing outlets, as and when required, at a cost of approximately RM[●] per outlet.

The upgrading and refurbishing activities for our outlets are scheduled to commence in the 4$^{th}$ quarter of 2024.

### 4.6.2 Repayment of existing bank borrowings

As at the LPD, our Group's existing bank borrowings amounted to approximately RM51.5 million and we intend to use RM[•] million or about [•]% of the total gross proceeds from our Public Issue to repay 14 of our term loan facilities with Alliance Bank Berhad, CIMB Bank Berhad, Hong Leong Bank Berhad and RHB Bank Berhad.

The above 14 term loan facilities were drawn down between 21 March 2014 and 20 January 2022 for the purpose of financing (i) the acquisition of land and/or renovation /construction of buildings in relation to our DCs in Yong Peng, Senai, Sungai Petani, Sungai Choh, Chembong, Gopeng, Sungai Tua, Kota Kinabalu Industrial Park DC; (ii) the acquisition of a leasehold land in Selangor identified for a new DC; and (iii) the construction of our headquarters located in Klang. These 14 term loans bear maturity dates of between 21 March 2029 to 20 January 2042.

The term loan facilities to be repaid from the gross proceeds of our Public Issue bear effective annual interest rates ranging from approximately 4.2% to 5.4% with a weighted average effective interest rate of 4.6% for the FPE 30 September 2023. From the LPD until the full repayment of the term loans, we will continue to service the monthly principal payments and interest expenses of the term loan from internally generated funds.

Taking into consideration the timeframe to repay the borrowings, the repayment of the above term loan facilities is not expected to result in any early repayment penalties and is expected to have a positive financial impact on our Group with interest savings of approximately RM[•] million per annum based on the weighted average effective interest rate of 4.6%.

### 4.6.3 Estimated listing expenses

We estimate that approximately RM[•] million or about [•]% of the total gross proceeds from our Public Issue will be used for our listing expenses comprising the following:

| | **RM'000** |
|---|---|
| Professional fees | [•] |
| Fees to authorities | [•] |
| Brokerage, underwriting and placement fees | [•] |
| Other fees and expenses such as printing, advertising, travel and roadshow expenses | [•] |
| **Total** | **[•]** |

If the actual amount of our listing expenses is higher than estimated, the deficit will be funded via our internally generated funds. If the actual listing expenses are lower than budgeted, and the actual gross proceeds raised is RM[•] million or more, the excess amount not utilised for listing expenses will be used to fund general working capital requirements. Conversely, if the actual gross proceeds raised is less than RM[•] million, the excess amount not utilised for listing expenses will be reallocated for our outlet and DC expenditure.

## 4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

### 4.7.1 Brokerage fee

We will pay brokerage in respect of our Issue Shares under the Retail Offering at the rate of [•]% (exclusive of applicable tax) of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Sole Bookrunner is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholders.

### 4.7.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the [Managing Underwriter and the Underwriter(s)] have agreed to underwrite our Issue Shares under the Retail Offering for an underwriting commission of up to [●]% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

### 4.7.3 Placement fee

The Selling Shareholders for the Offer Shares and us for our Issue Shares will pay the Sole Bookrunner a placement fee and selling commission of [●]% (exclusive of applicable tax) and may pay the Sole Bookrunner a discretionary fee of up to [●]% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to the institutional and selected investors in accordance with the terms of the Placement Agreement.

## 4.8 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

### 4.8.1 Underwriting

We have entered into the Retail Underwriting Agreement with the [Managing Underwriter and the Underwriter(s)] to severally and not jointly (nor jointly and severally) underwrite 210,000,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out in Section 4.7.2 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

[•]

### 4.8.2 Placement

We and the Selling Shareholders expect to enter into the Placement Agreement with the Sole Bookrunner in relation to the placement of up to 1,218,000,000 IPO Shares under the Institutional Offering, 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 respectively. We and the Selling Shareholders will be requested to give various representations, warranties and undertakings, and to indemnify the Sole Bookrunner against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Retail Underwriting Agreement as set out in Section 4.8.1 of this Prospectus.

#### 4.8.3 Lock-up arrangement

[●]

### 4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of the Institutional Offering. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

## 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.*

### 5.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

#### 5.1.1 We may face disruptions in our supply chain

Our Group's success is dependent on the efficient and reliable operation of our supply chain, underpinned by our relationships with our suppliers. Our Group deals with approximately 650 suppliers as at the LPD, all of whom, except for 4 are located in Malaysia.

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. Disruptions in manufacturing, such as production delays or quality control issues, can lead to supply chain challenges for us. If these disruptions occur, or if our suppliers fail to deliver on their commitments, we could experience delays in inventory, increased supply costs or inventory shortage, which could lead to a decrease in sales, stock loss and decreased customer confidence, and adversely affect our results of operations. During mid-2022, some of our suppliers experienced disruptions in their supply chains in respect of certain products, including wheat based products such as cereals due to the Russia-Ukraine conflict. This resulted in increased lead times for the delivery of these products. In turn, these products were not readily available at our outlets during this period, despite our Group placing orders in a timely manner.

Despite long-standing relationships with some of our key suppliers, there is no assurance of their continued commitment to us. Their ability or willingness to continue supplying us with sufficient quantities of their products may be influenced by factors such as their capacity, financial position or material unforeseen circumstances. Any adverse impact to our relationship with our suppliers could disrupt their supply of products to us, and hence affect our business operations.

In the event that we need to seek alternative suppliers, it may involve substantial time, cost and resources. It may also be a challenge to negotiate commercially acceptable terms and conditions with new suppliers. The consequences of these disruptions may lead to reduced profit margins as operational costs escalate, and adversely affect our price competitiveness. The inability to remain price competitive may affect the planned expansion of our Group, hinder our growth strategy and long-term objectives, and erode our market position. For further details on the supply chain management and distribution network, see Section 7.9 of this Prospectus.

#### 5.1.2 We are subject to inventory risks and face challenges in effectively managing our inventory

We must maintain appropriate levels of inventory to operate our business successfully. Our average inventory turnover days were 41, 39, 47 and 51 in FYE 2020, FYE 2021, FYE 2022 and FPE 30 September 2023, respectively. If we under-forecast sales volumes, we may not have an adequate supply of inventory to meet customer demand, which will result in missed sales and inconvenience to our customers. If we over-forecast sales volumes, we may be left with excess inventory which will impact our inventory turnover and in turn our working capital. These situations can compromise our operational efficiency and profitability and may also impact the quality or condition of products that we sell if not managed properly. Further, 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.

In addition, if there is any significant disruption in the operation of the DCs due to natural disasters or events such as flooding, fire, accidents, prolonged power outages, system failures or other unforeseen events, which could damage our inventory or disrupt our logistics, this could adversely affect our product distribution and sales until such time as we can secure an alternative means of storage and distribution. For example, in 2021, our DC in Jalan Kebun was rendered inaccessible due to a flash flood in the vicinity, causing the DC to temporarily cease operations for 2 days. During this period, the operations of the outlets supported by the Jalan Kebun DC continued to operate as normal and the replenishments were covered by other DCs.

Events such as natural disasters or work stoppages affecting the transportation sector could increase the cost or reduce the supply of merchandise available to us (whether provided through our own DCs or those of third parties). As we expand our network of outlets, the increasing volume of merchandise may place additional pressure on our existing distribution network due to logistical challenges and may need to be expanded accordingly.

### 5.1.3 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 the 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.

Our suppliers' ability to provide the products that we sell, and the prices at which such products can be provided, is affected in part by the availability of such products in a timely manner. Such products are subject to price volatility caused by a number of factors, including changes in global supply and demand, weather conditions, governmental controls, transportation infrastructure and trade restrictions. The prices that our suppliers offer may be subject to changes, particularly during widespread shortages or during periods of significant price fluctuations. There can be no assurance that the prices that our suppliers offer us for their products will not be subject to significant price fluctuations in the future, which in turn may impact our margins and profitability.

We also enjoy periodical rebates, promotions and other incentives and to some extent, favorable pricing terms from our suppliers due to our scale and record of timely payments to our suppliers. The terms of our other operating income are negotiated directly between us and our suppliers for mutual benefit.

Certain other operating income, such as DC fees and target incentive fees, are largely correlated with our level of purchases. Furthermore, the pricing terms, rebates or promotions provided by our suppliers are influenced by our extensive network of outlets, greater outreach and faster roll-out times for new products as it provides our suppliers with an immediate platform to sell their products and in some instances are based on the sales performance of their products. For the FYE 2020, 2021 and 2022, we received incentives and fees representing 8.3%, 8.7% and 9.2% of our Group's total revenue and reflected an increase at a CAGR of 14.5% over the same period.

Should we fail to secure similar rebates, promotions and other financial incentives and favorable pricing terms in the future for whatever reason, including in the event our suppliers face financial constraints or opt to utilise alternative channels for their marketing and promotional activities, or the expected mutual benefits as stated above do not materialise, we would have to increase the selling prices of our goods to ensure we remain profitable and/or accept lower margins than currently enjoyed if the selling prices of our goods remain the same, which may impact our business and financial performance.

### 5.1.4 Our businesses have margins and profitability that may be affected by increases in our operating and other expenses

Our results of operations are particularly susceptible to increases in our operating costs and expenses. Our employee costs, repayment of lease liabilities (including the interest paid on lease liabilities and other lease related adjustments) and utility charges comprises a large proportion of our operating costs and other expenses. For FYE 2022, these costs accounted for 81.8% of our total operating costs and other expenses and 10.4% of our revenue, as compared to 81.0% and 9.3%, respectively, for FYE 2021. 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.

In recent times, the Government has introduced revised employment laws relating to wages in Malaysia which have a direct impact on our operating costs and expenses. For example:

(i) Pursuant to the Minimum Wages Order 2022, the latest adjustment increased the minimum wage from RM1,200 to RM1,500, effective from 1 May 2022;

(ii) The Employment (Amendment) Act 2022, which came into force on 1 January 2023, reduced the maximum weekly working hours from 48 hours to 45 hours; and

(iii) By virtue of the Employment (Amendment of First Schedule) Order 2022 which came into force on 1 January 2023, any employee whose wage is lesser than RM4,000 a month will be entitled to overtime and termination benefits which replaces the threshold of RM2,000 previously.

The implementation of the Minimum Wages Order 2022 as from 1 May 2022 resulted in an increase of approximately RM18.2 million in employee costs for the FYE 2022 as compared to the FYE 2021.

Moreover, utilities are subject to tariff hikes, such as recent adjustments in electricity tariffs driven by a shift towards targeted subsidies, adding another layer of complexity to our operational costs and potentially impacting our margins and profitability.

### 5.1.5 We may be subject to unfavourable publicity which may impact our brand and reputation

Our expansive network of outlets operates under the homegrown trade name of "99 Speedmart" which we have expended significant time and effort to develop and protect over the past 24 years. We have built a brand identity by providing daily necessities at competitive prices, catering to the needs of various consumer groups, from cost-conscious families to individuals seeking a convenient location to purchase daily necessities.

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, product safety or our business practices.

Any negative publicity can damage our reputation and addressing these can be time-consuming and costly. Customer complaints in relation to, amongst others, our failure to meet consumer expectations with respect to the products sold by us and the services we provide could have a negative impact on our reputation if not handled appropriately.

If we fail to maintain a positive public image, our business with our customers could decline and we may fail to develop additional business, which could adversely affect the results of our operations and our future expansion plans.

**5.1.6 Failure to maintain or renew such licences, approvals or permits for our business operations in a timely manner may result in operational constraints and/or enforcement actions**

In the course of our business operations, we are required to maintain and annually renew various regulatory licences, approvals and permits in respect of our outlets and DCs. Such licences, approvals and permits include, amongst others, business licence, controlled goods licence and rice licence. Failure to obtain such licences, approvals and permits may subject us to fines and/or penalties. For further details on the description of the relevant operational licences and associated penalties that we are subject of our business operations, see Annexure C of this Prospectus.

In respect to some of our outlets, we have not been granted or have not been able to renew in a timely manner the business licence, controlled goods licence and rice licence. For further details on the relevant non-compliances and measures being taken to address such non-compliances, see Section 7.12 of this Prospectus.

We have committed our best efforts to obtain or renew the outstanding operating licences described above and will continue to actively liaise with the relevant authorities and local councils for issuance or renewal. However, there can be no assurance that we are able to obtain the outstanding licences in a timely manner or at all or that we are able to renew such licences as and when they expire.

These operating licences are subject to specific regulatory requirements and compliance checks. Non-compliance or failure to secure these operating licences could result in significant operational constraints, such as restrictions on selling certain products. Any inability to comply with these requirements or to obtain these relevant operating licences could have a material adverse impact on our operations, sales, and financial performance in the event of simultaneous enforcement on all our affected outlets.

Although our Group has incurred penalties amounting to less than 0.1% of our total revenue and less than 0.5% of our PAT in each of the Periods Under Review, there is no assurance that we will not be subject to further enforcement action and penalties in the future, which may be material.

### 5.1.7 If we are unsuccessful in our application to obtain the requisite approval from authorities for the properties that we occupy, we may be subject to enforcement actions

In the course of our business operations, we are required to ensure that the properties occupied by our Group comply with relevant laws and regulations pertaining to the occupation of buildings and uniformity to local government matters, including those relating to street, drainage and buildings, as well as those relating to employee accommodation. For further details on the description of the relevant land laws, rules, regulations and associated penalties relating to the properties which we own, rent and occupy, see Annexure C of this Prospectus.

In respect to some of our outlets, DCs, and employee accommodations, we are not in full compliance with certain applicable land laws, regulations and rules. For further details on the relevant non-compliances and measures being taken to address such non-compliances, see Section 7.12 of this Prospectus. In relation to employee accommodations, we also expect to incur additional costs in relation to housing employees within CFA-compliant accommodation, the amount of which are expected to be immaterial.

Although our Group has not experienced any penalties or enforcement action from the relevant authorities in respect of the abovementioned properties, 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. Such fines, penalties and any potential indemnification may materially and adversely affect our business, financial condition and results of operations.

The granting of the requisite approvals governing the operation of our DCs and outlets are dependent on the discretion of the local councils and/or the land authorities based on the implementation of their relevant policies and guidelines.

Any adverse change in such policies, guidelines or directions taken by the local councils and/or land authorities in exercising their discretion on matters requiring their approvals which we cannot anticipate and is beyond our control may result in:

(a) our application for relevant approvals being rejected;

(b) our Group being subject to sanctions or penalties or fines; or

(c) our Group having to incur additional costs to replace the capacity of the affected DCs and/or outlets following our unsuccessful applications referred to in (a) above.

Such adverse changes described above may disrupt our business operations and in turn may have a material adverse effect on our financial condition, results of operation and prospects.

### 5.1.8 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. For our outlets, we have procured insurance policies covering stock whereas for our DCs, we have procured insurance policies covering stock and burglary. These policies include fire insurances covering our fixtures, fittings and/or stocks for all our outlets and DCs. Our Group had experienced fire incidents at our outlets in the past, none of which have resulted in any material adverse impact on our Group's business operations or financial performance.

In addition to the above, we also have building insurance for our headquarters as well as our owned outlets and DCs. Our coverage extends to public liability insurance, employer's liability insurance and vehicle insurance for our business operations. In addition, we provide group personal accident insurance for all our employees and contributions to statutory insurance schemes for our employees.

These insurance policies have specifications and insured limits that are appropriate in view of our exposure to the risk of loss and liability, the cost of such insurance and applicable regulatory requirements in Malaysia. 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.

Our Group retails consumer products, which we source from our brand principals and suppliers. There is a possibility that some individuals may have adverse reactions to any products they have bought from any of our outlets that may result in actual or potential product liability claims. Our Group does not have any product liability insurance and does not intend to procure such coverage since we do not manufacture or produce the products that we sell and we are not the primary party liable for the products' defects or harm caused by such products. As such, any significant product liability claim may have an adverse effect on our reputation. In 2021, we were named as a co-defendant with a brand principal to an approximately RM0.4 million product defect claim in relation to foreign particles found in a pre-mixed beverage sold at one of our outlets. The lawsuit was subsequently withdrawn by the plaintiffs and settled out of court. While the amount claimed was not material and the settlement amount was borne by the brand principal, there can be no assurance that a similar incident will not occur in the future which will result in a material adverse effect on our Group's business operations or financial prospects.

### 5.1.9 We are susceptible to certain security risks, including pilferage and robbery, particularly at our DCs and outlets

The industry we operate in naturally carries the risks of pilferage and robbery, which could significantly affect our business operations and financial performance, regardless of our precautionary efforts. 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. If significant, events of pilferage could result in delays in stock delivery, hence resulting in possible disruptions in our ability to adequately supply our outlets. We have implemented measures such as surveillance systems in our DCs and outlets, providing our staff regular training on preventive measures and emergency protocols as well as enforcing regular depositing of cash into our bank accounts to minimise cash holdings in our outlets.

Although our Group has experienced pilferage and robbery in the past, with an average of 21 cases reported annually at our outlets during the FYE 2020 to the FYE 2022, the aggregate financial impact to our Group has been immaterial, amounting to approximately 0.07% of our PAT for the FYE 2022. For further details on the security control of our Group's DCs and outlets, see Section 7.20 of this Prospectus.

### 5.1.10 Our IT infrastructure may be subject to disruptions or failure, which could result in delays to our operations

We use IT systems in our day-to-day business to manage a wide variety of our business operations, including inventory management at our outlets and DCs, tracking of sales at our outlets, processing of credit card and e-wallet transactions and other payment services, accounting and finance, human resources and payroll. For further details on the technologies that we use, see Section 7.19 of this Prospectus.

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.

Any failure to protect against these technological disruptions could negatively and materially impact our business operations and reputation as well as financial condition and operational results.

### 5.1.11 We may not be able to successfully implement our business strategies and future plans

Our expansion strategy is an important element to our continued growth in revenue and financial performance. For the FYE 2019 to the FYE 2022, our revenue grew at a CAGR of 17.0% in line with our expansion strategy, where we opened approximately 230 outlets per year on average (net of closures), amounting to a CAGR of 13.0% in number of outlets over this period. The revenue growth was also significantly contributed by the positive SSSG at a CAGR of 5.4%.

We intend to open on average 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, namely in Sarawak and Selangor by the end of 2024 and 2025 respectively, and at least 6 new DCs within 3 years from 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.

We may not be able to continue opening new outlets at this rate if we are unable to find and secure suitable locations for our outlets due to factors beyond our control such as competition for locations, restrictions due to applicable laws or regulations, leasing terms that are unfavourable to us, delay in establishing logistics infrastructure to support these new outlets, and our operational and administrative resources are unable to cope with the rate of our growth, which may then require us to allocate additional resources and hence incur additional related expenditure.

Moreover, there are risks arising from the continued expansion of our network of outlets. Our outlet expansion process itself necessitates considerable financial investment and human resources. There is a risk that the return on these investments may not meet our expectations or that the newly opened outlets may not generate enough revenues to cover its operating costs in the early stages of their operations. As we expand into new geographic areas, we continue to face the challenges set out above, as well as delays in the development of the new area that indirectly limit population growth and the possibility of intense competition from existing players in the vicinity. We may also face the risk of a new outlet facing a longer gestation period or failing to achieve sales targets if it is opened in close proximity to existing outlets, or conversely, customer traffic may be redirected from our existing outlet to the new outlet, which are more likely to occur in areas where we have a high outlet penetration rate.

The performance of our new outlets will also be significantly impacted by our ability to identify and secure suitable sites with sufficient consumer traffic or households to support our new outlets. An environment of continued price increase in Malaysia will in turn increase the costs that we incur for new locations for our outlets and may increase our costs associated with operating our stores in their existing locations. There can be no assurance that we will be able to secure long-term tenancies for our new outlets nor that we will be able to negotiate tenancies and renewal terms that are commercially acceptable to us.

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.

### 5.1.12 We may face challenges in human resource management that could potentially impact customer service quality and operational performance

As at the LPD, we employ a total of 21,099 full-time staff and 37 part-time staff. As a key player in the mini-market retail chain sector, effective human resource management plays a significant role in our success. We focus on hiring, training, managing and retaining employees with suitable skill sets, ensuring the availability of proficient personnel.

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 with customers, which could negatively impact the overall shopping experience for our customers. This might lead to lower sales or lower customer retention rates, thereby potentially affecting our brand image and business performance.

Moreover, with a workforce of over 20,000 employees, there is a risk of employee dissatisfaction leading to legal claims against us. For instance, in 2022, we faced 2 industrial court claims from employees which are currently ongoing. The first case involved an assistant branch manager who alleged termination without cause. The industrial court awarded the said former employee an immaterial sum and we have filed an appeal against this decision, which is scheduled for a hearing in the High Court in August 2024. The second case was initiated in July 2022 by a cashier who was dismissed due to non-compliance with our COVID-19 vaccination policy, for which the case is still pending a court decision. However, we believe these 2 cases will not have any significant impact on our Company.

Foreign workers make up approximately 4.4% of our total staff as at the LPD, primarily stationed at our DCs. The employment of foreign workers is subject to government policies, directives and regulations, which stipulate the countries from which we can hire foreign workers, the permissible number of foreign workers and the terms of their employment. Any change in such regulations could affect our ability to hire foreign workers and potentially impact our business operations.

### 5.1.13 We may be exposed to financial and operational risks in relation to our plans to source certain products from the PRC

Except for a few household products which we have commenced in November 2023 to source from the PRC, all of our products sold are sourced domestically. Although, the supply from the PRC currently represents a small fraction of our overall procurement activities with purchases amounting to only approximately RM270,000 since November 2023 up to the LPD, the quantum is expected to increase in the future.

To this extent, 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. If our supply chain network in the PRC is disrupted or if a supply chain provider fails to deliver on its commitments, we could experience delays in inventory, increased supply costs, or shortage, which could lead to decrease in sales, stock loss, decreased customer confidence and adversely impact to our results of operations.

Since our PRC procurement activities are undertaken through our PRC-incorporated subsidiaries, we will also need to adhere to local regulations and laws in the PRC, which can be different from those in Malaysia. Ensuring compliance with the PRC's laws is crucial as any misstep could lead to legal complications or disruptions in supply. In addition, the products that we procure from suppliers in the PRC would also need to comply with our own domestic regulations relevant to those products. Additionally, there is no assurance that the products sourced from the PRC can consistently meet our product quality requirements. If the products sourced from the PRC are contaminated, damaged or defective, we may become subject to negative publicity and harm to our reputation.

For further details of the supply from the PRC, see Section 7.9.1 of this Prospectus.

**5.1.14 We may be exposed to exchange rate fluctuations and any weakening of the RM may increase our costs, which could materially affect our results of operations and financial condition**

We have recently incorporated subsidiaries in the PRC to facilitate our procurement efforts in the PRC.

Our transactions with our suppliers in the PRC are denominated in RMB. The exchange rate volatility of our functional currency, the RM presents an inherent financial risk, as it may impact our procurement costs and the pricing of our products, which may not be immediately reflected in customer pricing.

To date, we have not entered into hedging arrangements to mitigate this currency exchange risk. Should we choose to pursue hedging strategies in the future, the effectiveness of these measures may vary. It is important to acknowledge that significant fluctuations in exchange rates may have a material adverse impact on our financial health and operational results.

**5.1.15 Potential misalignment between substantial shareholders and shareholders' interests**

As disclosed in Section 9.1.2 of this Prospectus, our substantial shareholders, Lee Thiam Wah and Lee LYG Holdings will hold in aggregate up to 79.7% of our enlarged issued Shares, assuming the Over-allotment Option is not exercised, where Lee LYG Holdings is wholly owned by Lee Thiam Wah. While Lee Thiam Wah has extensive experience in the mini-market industry and has contributed significantly to our growth and success, his interests may not always align perfectly with those of our shareholders.

Given his control, the substantial shareholders can exert significant influence over matters requiring shareholder approval, including the election of directors, amendments to our Constitution, and approval of significant transactions. This concentration of ownership and voting power may also delay, prevent or deter a change in control, merger, consolidation, or sale of all or substantially all of the company's assets, which could in turn limit the ability of our shareholders to receive a premium for their shares. There can be no assurance that the interests of our substantial shareholders will be aligned with those of our other shareholders.

### 5.1.16 Our business and growth prospects depend on our ability to continue to attract and retain qualified personnel, including our Key Senior Management

Our business performance and future growth are dependent on our ability to consistently attract and retain highly qualified personnel, including our Key Senior Management team. The leadership and deep industry expertise of our management team have been instrumental in our business success and growth trajectory.

At the core of our team is our Executive Director and CEO, Lee Thiam Wah, who is also one of our Promoters. With his active involvement in our Group's operations, his extensive service and in-depth understanding of our operation's every facet, coupled with his valuable retail sector experience, he plays a vital role in shaping our Group's future. He is supported by other Key Senior Management members, who also boast extensive knowledge and experience in the retail industry.

The loss of any member from our Key Senior Management team, coupled with potential challenges in promptly recruiting suitably experienced personnel, could impair our execution and realisation of our strategic objectives. There is no guarantee that we will be able to retain or recruit talents who possess the requisite expertise and experience within a reasonable period of time. In the event we fail to retain these experienced individuals or encounter issues in recruitment, our business operations, financial health, and overall performance could be materially and adversely affected.

## 5.2 RISKS AFFECTING THE INDUSTRY IN WHICH WE OPERATE

### 5.2.1 Changing consumer trends and competitive market environment can have an impact on our business

We must be able to identify and respond to the trends and preferences of our customers in order to stay competitive. Our business performance is largely contingent upon our ability to anticipate these trends in a timely manner and to source products which our customers demand.

We have consistently relied on our extensive experience and established processes to regularly assess and adjust our product mix. However, there is no assurance that we will continue to be successful in this regard. In the event that we are unable to accurately and quickly anticipate, identify and adjust to changing consumer trends and preferences, customer demand could be impacted, resulting in a loss of sales that could adversely affect our business, financial condition and results of operations.

We operate in a highly competitive industry. Our competitors range from convenience outlet chains, supermarket chains, and independent grocery outlets to online retailers offering similar products. We expect this competition to continue to intensify, where our market position, customer base, and revenue streams can be affected by several factors such as pricing, product selection, outlet location, customer service quality, and outlet environment.

The entry of new competitors, the expansion of existing ones, changes in consumer preferences, shifts in demographic patterns, economic downturns or the implementation of more effective business strategies from new or existing competitors can also significantly influence the abovementioned factors.

For instance, competitors might adopt aggressive pricing strategies or offer a broader range of products, which could divert customers away from our outlets. Similarly, if competitors establish outlets in close proximity to our outlets, it could reduce our customer footfall and revenue. There is no assurance that our efforts will always offset the impact of intense competition. Any inability to effectively respond to competitive pressures could lead to loss of market share, reduced profitability, and slower growth.

### 5.2.2 Our financial performance is subject to regulatory and policy changes in Malaysia

Our business operations are subject to various regulatory policies in Malaysia, encompassing sectors such as retail operations, import practice, taxation, employment legislation, environmental standards, and more. These regulations often shape the structural and financial aspects of our business, contributing to our operational efficacy and cost efficiency. However, these regulatory policies are susceptible to modifications that may not always be favorable to our business. Changes in these regulations can impose new constraints or increase operational burdens, thereby directly affecting our financial performance.

For instance, alterations to import regulations or tariff rates can affect the cost of goods we sell, potentially disrupting our pricing strategies and profit margins. Revised employment legislation could result in changes to wage structures, working hours, or employment practices, thereby influencing our operational costs. Similarly, any changes in taxation laws, such as adjustments in corporate tax rates or the introduction of new taxes, can directly impact on our net earnings. For instance, for the FYE 2022, our effective tax rate was disproportionately higher than the Malaysian statutory tax rate of 24.0% mainly due to the one-off impact of the 33.0% prosperity tax which was imposed by the Government during the FYE 2022.

Additionally, changes in retail-specific or environmental regulations could necessitate alterations to our operational procedures or compel us to incur additional compliance costs. These regulatory shifts can also influence our strategic decisions, such as the expansion of new outlets, selection of suppliers, or the spectrum of products we offer to our customers. While we continuously endeavor to stay updated with regulatory developments and maintain a proactive approach to regulatory compliance, the unpredictability and potential impacts of unfavorable regulatory changes pose a constant risk. We might occasionally need to seek professional advice or external services to ensure compliance, which could add to our operational costs.

Furthermore, there is no assurance that we will be able to foresee the impact of all regulatory changes. Consequently, any significant changes in the Malaysian regulatory environment could materially and adversely affect our financial performance, business and operations.

### 5.2.3 Our business operations may be subject to potential disruptions from infectious diseases

In an interconnected global marketplace, our operations remain vulnerable to disruptions caused by infectious diseases. The potential for such disruptions became evident during the widespread outbreak of COVID-19 beginning in late 2019. Governments around the world, including Malaysia, implemented various control measures such as border closures, workplace shutdowns, and restrictions on movement. These actions had a significant impact on global supply chains, resulting in a scarcity of essential products and increased procurement costs.

Such potential disruptions are not limited to the COVID-19 pandemic; future outbreaks of infectious diseases could similarly affect us. Temporary office closures or quarantines affecting customer facilities visited by our employees could be necessary, thereby adversely affecting our operations.

While our Group has exhibited resilience, even generating revenue during the COVID-19 movement control orders in years 2020 and 2021, we cannot provide assurance or similar resilience against future disruptions as a result of outbreaks of infectious diseases. Any such future outbreaks or the spread of other infectious diseases, including the handling by the Government and other authorities of such outbreaks, could significantly affect our operations, thereby adversely impacting our operational results and financial condition.

## 5.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

### 5.3.1 The offering of our Shares may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of shareholders to sell our Shares or the prices at which shareholders would be able to sell our Shares. Neither we nor our Promoters have an obligation to make a market for our Shares or, if such a market does develop, to sustain it. In addition, there can be no assurance that the market price of our Shares will trade higher or lower than the institutional and retail price or that it will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

### 5.3.2 Our Share price and trading volume may be volatile

The market price of our Shares could be affected by numerous factors, including the following:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- fluctuation in stock market prices and volume;
- differences in our actual financial and operating results and those expected by investors and analysts;
- changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;
- changes in conditions affecting our industry, the general economic conditions or stock market sentiments or other related events or factors;
- changes in market valuations of listed shares in general or shares of companies comparable to ours;
- additions or departures of our Key Senior Management;
- perceived prospects of our business and the industry in which we operate;
- adverse media reports regarding us or our shareholders;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described in this Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Final Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that were not always related to the operating performance of such companies. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

### 5.3.3 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 8,400,000,000 Shares, of which up to 1,428,000,000 Shares, representing up to 17.0% of our enlarged issued Shares, will be held by investors participating in our Listing, and not less than 83.0% will be held by our Promoters and Ng Lee Tieng, assuming the Over-allotment Option is not exercised. Our Shares sold in our IPO will be tradable on the Main Market of Bursa Securities without restriction following our Listing. If any shareholders or group of shareholders were to dispose of a substantial number of our Shares in a short period of time, it may put downward pressure on our Share price, which could adversely affect the market value of our Shares.

A moratorium and lock-up agreement will apply to the shareholdings held by our Promoters, Ng Lee Tieng and persons connected to Lee Thiam Wah for a period of 6 months from the date of our Listing, during which time no sale or disposal of these shares will be permitted. However, they could dispose of some or all of our Shares that they hold after the moratorium and lock-up period pursuant to their own investment objectives. If our Promoters, Ng Lee Tieng and persons connected to Lee Thiam Wah sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

### 5.3.4 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

- the Underwriters' exercise of their rights under the [Retail Underwriting Agreement] or the [Placement Manager] exercise of their right under the [Placement Agreement] to discharge themselves of their obligations under such agreements;
- our inability to meet the minimum public shareholding spread requirement of having at least [15.0%] of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing as approved by Bursa Securities. See Section 2.1.2 of this Prospectus for details; or
- the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

- the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we and the Selling Shareholder shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- our Listing is aborted other than pursuant to a stop order by the SC under Section 245(7)(a) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment or transfer of our IPO Shares and the proceeds from our Public Issue form part of our share capital:

- the SC issues a stop order under Section 245(1) of the CMSA, any issue of our Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

- our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) a solvency statement from the directors.

### 5.3.5 We may not be able to pay dividends

Our Company is a holding company and substantially all of our operations are conducted through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our Company's principal source of income. Our Company and its subsidiaries may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends.

As part of our Board's guidance on dividends, we aim to declare a certain portion of our PAT attributable to the owners of our Company for each financial year, subject to the approval of our Board and to any applicable law and contractual obligations, as dividends, provided that such distribution will not be detrimental to our Group's cash requirements or to any plans approved by our Board. Even if we are able to pay dividends, our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends than the amount we currently propose, after taking into consideration the necessary funds for capital expenditure, working capital and applicable restrictive covenants under our financing. Such declaration of dividends shall not exceed our distributable profits. Further, if we incur new borrowings subsequent to our Listing, we and our subsidiaries may be subjected to additional covenants restricting the ability to pay dividends. If we do not pay dividends, or we pay dividends at levels lower than anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all.

### 5.3.6 This Prospectus contains forward-looking statements which may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including, without limitation to those regarding our financial position, business strategies, prospects, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are made based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, and the impact of new laws and regulations affecting our industry and Government initiatives. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminologies, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

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# 6. INFORMATION ON OUR GROUP

## 6.1 OUR COMPANY

### 6.1.1 History and background

Our Company was incorporated in Malaysia under the Act on 15 May 2023 as a private limited company under the name of 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 subsequently converted into a public limited company on 29 January 2024 and assumed our current name of 99 Speed Mart Retail Holdings Berhad.

The principal activities of 99 Holdings are investment holding and provision of management services. The principal activities of our subsidiaries are as set out in Section 6.3 of this Prospectus.

The history of our Group can be traced back to 1987 when Lee Thiam Wah established a traditional sundry shop named “Pasar Raya Hiap Hoe” in Klang. In 1992, Lee Thiam Wah disposed of “Pasar Raya Hiap Hoe” and set up a mini-market chain business under the sole proprietorship of Ninety Nine Market operating under the trade name of “Pasar Mini 99”, which by the late 1990s operated 8 outlets in the Klang Valley. In 2000, Lee Thiam Wah incorporated 99SM and subsequently transferred the business of the mini-market outlets to 99SM. This mini-market chain business was rebranded under our current trade name and thereafter we expanded the number of outlets throughout Peninsular Malaysia under our operations in 99SM. In 2013, we expanded our business operations into East Malaysia with the incorporation of 99EM.

In September 2023, we incorporated Yiwu J-Jade Trading as an investment holding subsidiary in the PRC, to wholly-own another subsidiary, Yiwu SM Import and Export which was also incorporated in the PRC in October 2023 for the purpose of procuring selected merchandise items that are suitable for sale in our mini-market outlets in Malaysia, such as household products.

99SM and 99EM became wholly-owned subsidiaries of our Company in December 2023 pursuant to the completion of the 99SM and 99EM Share Sale Agreement, further details of which are as set out in Sections 6.1.2 and 14.6.4 of this Prospectus.

As at the LPD, our Group operates 2,542 outlets across Malaysia and operates a network of 19 DCs located in 9 different states of Malaysia.

### 6.1.2 Formation of our Group

To facilitate our Listing, we undertook the following to form our Group:

#### (i) Acquisition of 99SM and 99EM

On 9 November 2023, our Company entered into a conditional share sale agreement with Lee Thiam Wah and Ng Lee Tieng, for the acquisition of the entire equity interest in 99SM and 99EM, comprising 15,000,000 ordinary shares in 99SM and 2,500,000 ordinary shares in 99EM, respectively, for a total purchase consideration of RM474,506,302 to be satisfied via the issuance of new Shares to the vendors.

The purchase consideration of RM474,506,302 was arrived at after taking into consideration the NA of 99SM and 99EM as at 30 June 2023 of RM435,146,830 and RM39,359,472, respectively.

On 14 December 2023, Lee Thiam Wah nominated Lee LYG Holdings to receive 256,589,283 new Shares from the 455,526,050 new Shares to be allotted to him. The acquisition of 99SM and 99EM was completed on 14 December 2023 and was wholly satisfied via the issuance of 474,506,302 new Shares at an issue price of RM1.00 each as fully paid-up directly to Lee LYG Holdings, Lee Thiam Wah and Ng Lee Tieng in the following proportions:

| | Before the Acquisition | | After the Acquisition | |
|---|---|---|---|---|
| **Name** | **No. of Shares** | **%** | **No. of Shares** | **%** |
| Lee LYG Holdings | - | - | 256,589,283 | 54.1 |
| Lee Thiam Wah | 100 | 100.0 | 198,936,867 | 41.9 |
| Ng Lee Tieng | - | - | 18,980,252 | 4.0 |
| **Total** | **100** | **100.0** | **474,506,402** | **100.0** |

The 99SM Sale Shares and 99EM Sale Shares were acquired free from all encumbrances and with all rights, benefits and entitlements attaching thereto from the date of completion of the acquisition.

**(ii) Subdivision**

Following the completion of the 99SM and 99EM Share Sale Agreement, our Company undertook a subdivision of all our then existing Shares in issue of 474,506,402 Shares into 8,000,000,000 Shares. The Subdivision was completed on [●].

The Subdivision was undertaken to increase the number of our issued Shares in order to facilitate our IPO and Listing as well as to enhance the liquidity of our Shares at the time of our Listing.

The completion of the Subdivision resulted in the same effective shareholdings for our shareholders before and after the Subdivision as follows:

| | Before the Subdivision | | After the Subdivision | |
|---|---|---|---|---|
| **Name** | **No. of Shares** | **%** | **No. of Shares** | **%** |
| Lee LYG Holdings | 256,589,283 | 54.1 | 4,325,999,092 | 54.1 |
| Lee Thiam Wah | 198,936,867 | 41.9 | 3,354,000,977 | 41.9 |
| Ng Lee Tieng | 18,980,252 | 4.0 | 319,999,931 | 4.0 |
| **Total** | **474,506,402** | **100.0** | **8,000,000,000** | **100.0** |

### 6.1.3 Share capital

Our issued share capital is RM474,506,402, comprising [8,000,000,000] Shares as at the date of this Prospectus. Save as disclosed below, there have been no changes in our issued share capital since incorporation of our Company and up to the LPD:

| Date of allotment/ Subdivision | No. of Shares allotted | No. of cumulative Shares | Cumulative issued share capital (RM) |
|---|---|---|---|
| 15 May 2023 | 100 | 100 | 100 |
| 14 December 2023 | (1)474,506,302 | 474,506,402 | 474,506,402 |
| [●] | (2)[7,525,493,598] | (2)[8,000,000,000] | (2)474,506,402 |

***Notes:***

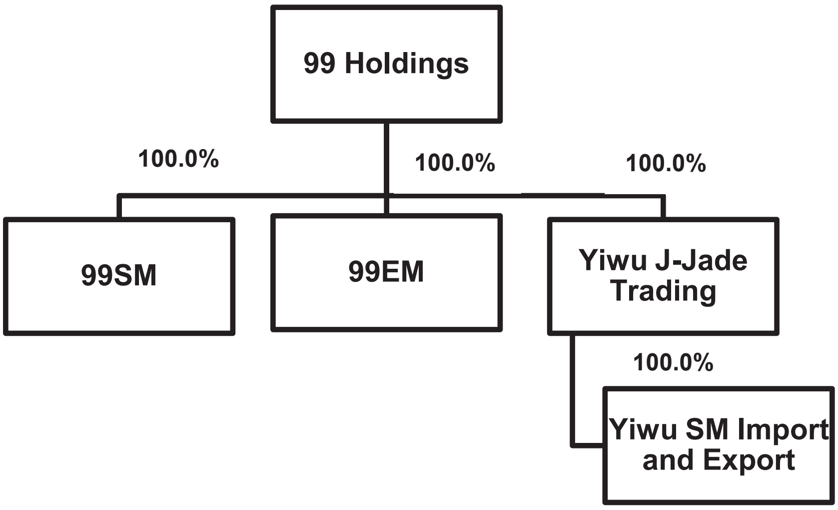
*(1) Shares issued as consideration shares pursuant to the completion of 99SM and 99EM Share Sale Agreement.*

*(2) Pursuant to the Subdivision.*

Our Company does not have any treasury shares as at the LPD.

## 6.2 OUR GROUP STRUCTURE

Our Group structure as at the LPD is as follows:




## 6.3 OUR SUBSIDIARIES

As at the LPD, our Company has 3 direct subsidiaries and 1 indirect subsidiary and does not have any associates or joint ventures.

The details of our subsidiaries as at the LPD are as follows:

| Name and registration number of the company | Date and country of incorporation | Share capital/ Registered capital | Our effective equity interest (%) | Principal activities |
|---|---|---|---|---|
| 99SM 200001016930 (519537-X) | 10 July 2000 (Malaysia) | RM15,000,000 | 100.0 | Retail of consumable merchandise and other household products via its network of "mini-market" outlets |
| 99EM 201301011044 (1040881-M) | 2 April 2013 (Malaysia) | RM2,500,000 | 100.0 | Retail of consumable merchandise and other household products via its network of "mini-market" outlets |
| Yiwu J-Jade Trading (91330782MAD0P P1D8Q) | 28 September 2023 (PRC) | RMB500,000 | 100.0 | Investment holding |
| Yiwu SM Import and Export (91330782MAD23X Q98W) | 19 October 2023 (PRC) | RMB500,000 | 100.0 | Exporting of consumable merchandise and household products |

### 6.3.1 99SM

99SM was incorporated in Malaysia under the Companies Act 1965 on 10 July 2000 and deemed registered under the Act as a private limited company under its present name.

99SM is principally engaged in the retailing of daily necessities which mainly comprises FMCG through its network of mini-market outlets in Peninsular Malaysia. The principal place of business of 99SM is at Lot PT 2811, Jalan Angsa Taman Berkeley, 41150 Klang, Selangor, Malaysia.

The issued share capital of 99SM is RM15,000,000 comprising 15,000,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of 99SM during the Periods Under Review and up to LPD:

| Date of allotment | No. of ordinary shares | Consideration | Cumulative issued share capital (RM) |
|---|---|---|---|
| 18 March 2021 | 12,500,000 | Otherwise than cash | 15,000,000 |

99SM is a wholly-owned subsidiary of our Company. As at the LPD, 99SM does not have any subsidiary, associate or joint venture companies.

### 6.3.2 99EM

99EM was incorporated in Malaysia under the Companies Act 1965 on 2 April 2013 and is deemed registered under the Act as a private limited company under its present name.

99EM is principally engaged in the retailing of daily necessities which mainly comprises FMCG through its network of mini-market outlets in East Malaysia. The principal place of business of 99EM is at No. 6, Lot 12, KKIP Industrial Zone 7 (IZ 7), Phase 1, Lorong 2A, KKIP Timur, 88450 Kota Kinabalu, Sabah, Malaysia.

The issued share capital of 99EM is RM2,500,000 comprising 2,500,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of 99EM during the Periods Under Review and up to LPD:

| Date of allotment | No. of ordinary shares | Consideration | Cumulative issued share capital (RM) |
|---|---|---|---|
| 18 March 2021 | 1,000,000 | Otherwise than cash | 2,500,000 |

99EM is a wholly-owned subsidiary of our Company. As at the LPD, 99EM does not have any subsidiary, associate or joint venture companies.

### 6.3.3 Yiwu J-Jade Trading

Yiwu J-Jade Trading was incorporated in the PRC under Company Law of the PRC on 28 September 2023 as a limited liability company under its present name.

Yiwu J-Jade Trading is principally engaged in investment holding. The registered address of business of Yiwu J-Jade Trading is at Room 403, Unit 3, Building 60, Lower Wangsan District, Jiangdong Street, Yiwu City, Jinhua City, Zhejiang Province, China.

The registered capital of Yiwu J-Jade Trading is RMB500,000. As at the LPD, the registered capital has been fully contributed. There has been no change in the registered capital of Yiwu J-Jade Trading since its incorporation.

Yiwu J-Jade Trading is a wholly-owned subsidiary of our Company and is the sole shareholder of Yiwu SM Import and Export. As at the LPD, Yiwu J-Jade Trading does not have any other subsidiary, associate or joint venture companies.

### 6.3.4 Yiwu SM Import and Export

Yiwu SM Import and Export was incorporated in the PRC under Company Law of the PRC on 19 October 2023 as a limited liability company under its present name.

Yiwu SM Import and Export is principally engaged in exporting of consumable merchandise and household products to our Group. The registered address of business of Yiwu SM Import and Export is at Room 5203, Unit 2, Building 3, World Trade Center, Futian Street, Yiwu City, Jinhua City, China (Zhejiang) Pilot Free Trade Zone, Zhejiang Province, China.

The registered capital of Yiwu SM Import and Export is RMB500,000. As at the LPD, the registered capital has not been fully contributed, which is in compliance with the period stipulated within the Articles of Association of Yiwu SM Import and Export. The registered capital is expected to be fully contributed by the 2$^{nd}$ quarter of 2024. There has been no change in the registered capital of Yiwu SM Import and Export since its incorporation.

Yiwu SM Import and Export is a wholly-owned subsidiary of Yiwu J-Jade Trading. As at the LPD, Yiwu SM Import and Export does not have any subsidiary, associate or joint venture companies.

As at the LPD, neither our Company nor any of our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.

None of our Shares and share capital in our subsidiaries were issued and allotted at a discount or have any special terms or instalment payment term. Save for Yiwu SM Import and Export, our issued Shares and the issued shares or registered capital of our subsidiaries are fully paid-up.

As at the LPD, neither our Company nor our subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

During the last financial year and up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Shares; and

(ii) public take-over offers by our Company in respect of other companies' securities.

## 7.1 Overview

We operate the well-known “99 Speedmart” chain of mini-market outlets involved in the retailing of daily necessities, with 2,542 outlets located nationwide as at the LPD. Based on the IMR Report, we are the largest mini-market player and a leading groceries retailer in Malaysia, holding a market share of 37.9% and 11.1% in 2022 respectively, based on our Group’s revenue for the FYE 2022.

The tagline “Near n’ Save” is derived from our Group’s business model and extensive chain of outlets, where we emphasise convenience and easy access for our customers. Each of our outlets carry daily necessities comprising mainly FMCG such as food and beverages, personal and baby care products as well as household products that are competitively priced; hence incorporating elements of saving both time and money for our customers.

Our Group’s business strategy is to achieve high sales volume with sustainable profit margins. We sell our products at competitive prices, leading to greater customer demand and higher sales. Our high volume of purchases and direct negotiation with principal brand owners and wholesale suppliers allows us to purchase goods at a lower cost.

While we sell our products at competitive prices, our Group is able to achieve sustainable profit margins due to our low fixed operating costs resulting from high sales volume, which we achieve through rigorous cost control and economies of scale.

Our large number of outlets enable us to generate other operating income such as product display fees, target incentives and advertising and promotional fees. The scale of our operations also makes it feasible to operate our own DCs and delivery trucks, reducing transportation costs and improving margins and efficiency. In essence, our competitive pricing strategy and resulting economies of scale facilitate better margins, better terms with suppliers, greater operational efficiency and high brand visibility to attract customers.

Certain other operating income, such as DC fees and target incentive fees, are largely correlated with our level of purchases. Furthermore, the pricing terms, rebates or promotions provided by our suppliers are influenced by our extensive network of outlets, greater outreach and faster roll-out times for new products as it provides our suppliers with an immediate platform to sell their products and in some instances are based on the sales performance of their products.

Our outlets serve approximately 940,000 customers per day based on the number of sales transactions recorded in the FYE 2022, with an average sales transaction value per outlet per day of RM23.59. From the FYE 2020 to FYE 2022, our Group’s revenue increased by 18.0% or a CAGR of 8.6% whereas during the 9-month FPE 30 September 2023, our revenue increased by 15.2% over the comparative 9-month period of FPE 30 September 2022.

Our growth strategy revolves around implementing our expansion plan. From the FYE 2020 to FYE 2022, we opened an average of 230 new outlets per year (net of closures). Our aim is to continue expanding our presence with a target of 250 new outlets annually, with the immediate aim of increasing our network of outlets to approximately 3,000 outlets operating nationwide by the end of 2025.

As a provider of essential services, our SSSG continued to grow at a CAGR of 5.4% between FYE 2019 (being the financial year prior to the COVID-19 pandemic) and FYE 2022, calculated based on 1,276 outlets (net of outlet closures). Coupled with the contribution of our new outlets, our Group’s PAT increased at a CAGR of 9.0% from the FYE 2020 to the FYE 2022, and increased by 47.7% from the FPE 30 September 2022 to FPE 30 September 2023. We strive to deliver positive SSSG through our continued efforts to provide a curated product selection with price-to-quality value proposition with the continued support from our suppliers and improve customer shopping experience and convenience, to encourage repeat business from our customers. Furthermore, the expansion of our outlet network further increases our brand awareness, which we expect to increase footfall at our outlets.

Our outlet operations rely on centrally managed procurement, inventory management and DC (encompassing distribution and logistics) functions that support the operations of our outlets throughout the country by ensuring that adequate stock levels are efficiently maintained and managed to meet our customers' requirements and demands. These key functions are supported by the adoption of technology to streamline a range of business processes which improves efficiency and is scalable, allowing us to implement our outlet expansion plans.

The key financial performance highlights of our business operations for the Periods Under Review are as follows:

| | **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 |
| Other operating income | 566,954 | 685,239 | 742,858 | 469,025 | 609,967 |
| GP | 634,615 | 756,039 | 741,311 | 543,776 | 629,735 |
| PAT | 274,928 | 419,094 | 326,665 | 198,845 | 293,691 |

The operating performance of our outlets for the Periods Under Review are as follows:

| | **FYE** | | | **FPE 30 September** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| Average number of sales transactions per outlet per day(1) | 523 | 459 | 440 | 436 | 475 |
| Average value of each sales transaction (RM)(2) | 21.33 | 24.54 | 23.59 | 23.62 | 22.37 |
| Average sales per outlet per day (RM)(3) | 11,156.82 | 11,263.17 | 10,378.85 | 10,306.10 | 10,631.90 |
| SSSG(4) | 21.3% | 3.7% | (4.9%) | (6.8%) | 7.3% |

***Notes:***

*(1) 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.*

*(2) 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.*

*(3) 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.*

*(4) 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.*

## 7.2 Competitive strengths, future plans and strategies

### 7.2.1 Competitive strengths

We believe we have strong advantage over our competitors given the following key strengths:

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

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. Our extensive network of outlets comprises a total of 2,542 outlets nationwide as at the LPD. According to the IMR Report, our large network of outlets across Malaysia has placed us ahead of other mini-market retailers in Malaysia, contributing significantly to our strong market share of 37.9% by revenue in 2022. Furthermore, based on the IMR Report, we are a leading player in the broader grocery-based retail industry, with a market share of 11.1% by revenue in 2022. We believe that we have established significant brand equity for our own home-grown trade name and brand of "99 Speedmart".

Through our extensive and continuously growing network of outlets, our customer outreach is significantly enhanced across a variety of locations with differing population demographics and disposable income.

We operate within the grocery-based segment of the retail industry, particularly in the mini-market segment that is growing and resilient. According to the IMR Report, this segment registered a CAGR in sales value of 7.0% from 2019 and 2022, in contrast to the broader grocery-based retailers segment which recorded a corresponding CAGR of 0.5% during the same period. As most of our products comprise primarily of daily necessities, the demand for our products is generally stable notwithstanding changes in economic conditions. Our focus on offering a range of curated and tailored products within the daily necessities product categories with an attractive price-to-quality value proposition makes us well-positioned to benefit from the resilient consumer demand in this segment of the market. We have successfully capitalised on this strategy, evidenced by our growing outlet network in Malaysia at a CAGR of 11.9%, from 1,799 outlets as at 31 December 2020 to 2,251 outlets as at 31 December 2022, and our increase in revenue at a CAGR of 8.6%, from RM6,841.4 million in the FYE 2020 to RM8,075.3 million in the FYE 2022. Our extensive network of outlets is significantly larger compared to our competitors in Malaysia's chain mini-market retail segment.

According to the IMR Report, the mini-market retail segment in Malaysia is expected to grow at a CAGR of 5.2% from 2022 to 2027 driven by the expansion of chain retailers as they continue to cater to the consumers seeking convenience and accessibility. Our Group is well-positioned to ride on this growth, especially by implementing our plan to expand our network of outlets in Malaysia. Our Group has a relatively lower outlet penetration in the northern and east coast regions of Peninsular Malaysia, as well as most of East Malaysia, as indicated by the number of households served for every outlet we operate. For example, as of 2022 our Group served approximately 14,800 households per outlet in the east coast of Peninsular Malaysia compared to approximately 2,500 households per outlet in the central region. This indicates that in addition to continuing to expand in areas which we currently have high outlet penetration rate, such as the central and southern regions of Peninsular Malaysia, our Group can potentially further expand its footprint in regions with lower outlet penetration rate.

As the leader in the mini-market retail segment in terms of number of outlets and revenue in Malaysia, the "99 Speedmart" brand name has high brand visibility among consumers in Malaysia as a convenient one-stop mini-market and what we believe is a preferred destination for daily necessities. In recognition of the strength of the "99 Speedmart" brand, we have received a number of awards and accolades such as the "*Consumer Choice Award*" from 2006 to 2009, from the MDTCL, the winner in the "*Malaysia Fast-Moving Consumer Goods Retail Sales*" awarded by NielsenIQ in 2021 and 2022, "*Kedai Harga Patut*" award from the MDTCL in 2010, 2012, 2014, 2016 and 2021, and the Silver Award under the Retail category by Putra Brands Awards in 2023.

Given our leading market position in the mini-market segment in Malaysia and our significantly more prominent brand recognition and visibility as compared to our competitors, we believe that we are well-positioned to take advantage of the significant growth potential of the grocery and mini-market segments.

**(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. We also enjoy rebates, promotions and other incentives and to some extent, favourable pricing terms from our suppliers due to our scale and record of timely payments to creditors. By achieving lower procurement costs, we are able to pass on some of the cost savings to our customers, which in turn enables us to maintain the attractiveness of our brand among our customers and remain competitive in the market.

Our extensive operational network across the nation and our ability to reach a diverse consumer market have been vital in sustaining our product sourcing capability and maintaining strong relationships with brand principals and suppliers. Our market positioning and track record as a wholesale customer further solidifies our ties with the brand principals and suppliers.

**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. According to the IMR Report, a supermarket and a hypermarket typically have an average floor size of 5,000 to 25,000 sq. ft. and more than 25,000 sq. ft. respectively while a convenience store has an average floor size of less than 2,000 sq. ft. By having a smaller floor size, typically ranging from 2,000 sq. ft. to 3,000 sq. ft, we effectively tailor our product offering to better meet the daily needs of our customers. This enables us to offer items that resonate more closely with their requirements. On the other hand, our outlets' larger floor size as compared to those of convenience stores provides our customers with an expanded selection of grocery-related products, enhancing their shopping experience with a wider variety of options.

Due to our focused product mix selection at our outlets and the convenience shopping experience that we offer to our customers, we recorded strong growth in our revenue and number of outlets, with a CAGR of 8.6% and 11.9% respectively from FYE 2020 to FYE 2022. In the 9-month FPE 30 September 2023, we recorded further growth in our revenue and number of outlets with a growth of 15.2% and 12.1% respectively on the back of 304.1 million sales transactions which represents a 21.6% growth as compared to 30 September 2022 of 250.1 million sales transactions.

In addition to our consumer products, we provide a range of consumer services via our Speedpoint service, including utility bills payment, mobile prepaid reloads, among other offerings. These services enhance convenience for consumers, complement the sales of products in our outlets and enable us to attract more foot traffic.

**(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, with plans to commission 2 new DCs, one located in Sarawak and another in 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. 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*.*

Having our own network of DCs and delivery trucks enable us to achieve operational efficiency and provide us with economies of scale as we are able to better control our merchandise and retail planning, in particular the allocation of SKUs according to sales trends at our respective outlets. We are also better able to manage and handle our merchandise during the distribution process, ensuring that the merchandise arrives at our outlets in good condition and in a timely manner. Additionally, having our own network of DCs allows us to earn other operating income in the form of DC fees from certain suppliers through the handling of goods at our DCs.

Our logistics operations and supply chain management rely on the "just-in-time" strategy where we focus on delivering our goods to outlets as and when they are needed, without excessive stockpiling or holding of inventory. This is further enhanced by our central procurement strategy that entails an "automatic ordering" system by each of our outlets. For instance, the system that we have in place will automatically re-order a product as soon as the product's balance falls below a certain number of units at an outlet. Further, the system is also streamlined and deployed between our DCs and headquarters to ensure continuous supply and smooth inventory management.

We also employ Advanced Revelation ("**AREV**") or ARMS as our front-end POS system. The use and integration of our IT system span across most facets of our business operations from our back-end operations to our front-end over-the-counter POS system. For further information on the technologies used in our retail management and control system, see Section 7.19 of this Prospectus.

**(d) 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, arrangements, and configurations across all our outlets. This improves our operational efficiency and ensures that customers can expect a familiar and cohesive shopping experience at our outlets. This includes factors such as the placement of shelves, product displays, aisle layout and overall outlet organisation. We intend to continue deploying the strategy of maintaining a standardised outlet layout and organisation in our future outlet rollouts.

**Strategic positioning of our outlets**. Our outlets' tagline, "Near 'n Save", resonates with our objective to provide our customers with a convenient shopping experience at competitive prices. 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. Other factors that we take into consideration when selecting the location of our outlets are the area's population density, proximity to main roads and ease of access. Additionally, our outlets generally operate 7 days a week, prioritising convenience to accommodate our customers' schedules.

**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 standardisation ensures the day-to-day operations, tasks, and workflows are carried out in a consistent and systematic manner which had provided us the ability to scale up and grow our outlet numbers. By implementing standardised processes, we aim to achieve several benefits, including:

- **Efficiency**: Automated inventory management across all outlets which is then centrally managed at our DCs and headquarters.

- **Quality control**: Standardised processes enable us to maintain a consistent level of quality in our products. By defining clear standards and procedures, we are able to monitor and control various aspects of our operations to ensure consistency and meet customer expectations.

- **Consistent training and on-boarding**: Standardisation simplifies the training and on-boarding process for new employees. With well-defined processes in place, it becomes easier to train new staff members, as they are able to learn and follow established procedures, leading to faster integration and smoother transitions.

**(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. Our ability to attract customers, expand market share and adapt to changing market conditions has contributed to our sustained profitability. We have recorded increased revenue year-on-year at a CAGR of 8.6%, from RM6,841.4 million in FYE 2020 to RM8,075.3 million in FYE 2022. Our Group's other operating income comprising mainly product display fees and target incentives increased from RM567.0 million in FYE 2020 to RM742.9 million in FYE 2022, representing a higher CAGR of 14.5%. Our Adjusted EBITDA has also increased at a CAGR of 7.8% from FYE 2020 to FYE 2022. During this period of growth, our Adjusted EBITDA margins ranged from 7.1% to 8.2%.

Our ability to generate sustained and healthy profit margins highlights our ability to effectively manage our costs and optimise our operational efficiency. We recorded a CAGR of 9.0% in our PAT from RM274.9 million in the FYE 2020 to RM326.7 million in the FYE 2022. During this period of growth, our PAT margins were at 4.0%, 5.3% and 4.0% respectively. For the 9-month FPE 30 September 2023, our PAT grew at a stronger rate of 47.7% compared to the same comparative period of the 9-month FPE 30 September 2022. During 9-month financial period, our PAT margins improved from 3.4% to 4.3%.

Our historical financial performance underscores our financial strength, stability and ability to create value while ensuring effective financial management, strategic decision-making and our commitment to delivering sustainable growth and profitability.

The payback period for our new outlets opened in the last 3 financial years is typically less than 3 years on average based on the average capital expenditure (excluding inventory) to open a new outlet of approximately RM300,000, and new outlets are able to mature and achieve sales levels comparable to our existing outlets in the vicinity typically within a period of 3 to 5 years. Save for the FYE 2022, we managed to maintain positive SSSG in the Periods Under Review. Our Group recorded SSSG of 21.3% and 3.7% in the FYE 2020 and the FYE 2021, respectively mainly due to the increase in demand for daily necessities products from our outlets that are located near residential communities during the COVID-19 movement restrictions and travel ban. Despite our negative SSSG of 4.9% in the FYE 2022 due to the easing of the COVID-19 movement restrictions, the Group's gross SSSG between FYE 2019 (being the pre-COVID-19 pandemic financial period) and FYE 2022 was 17.0%, representing a CAGR of 5.4% over the same period. Furthermore, we managed to record a rebound in our SSSG of 7.3% in the FPE 30 September 2023, mainly attributable to greater demand from our customers for essential household and grocery products.

For more details of our financial information, see Section 12 of this Prospectus.

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

Our Group is managed by our highly experienced senior management team and industry professionals. 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. Leveraging on the industry expertise of our founder-led Key Senior Management, we managed to successfully scale our business model, ensure an effective outlet roll-out strategy, enhance our retailing processes as well as develop our relationships with brand principals, suppliers and third-party service providers. We believe that the experience of our Key Senior Management is invaluable for us to execute our future growth plans and drive our Group's strategic business direction and operational efficiency.

Our Key Senior Management is organised along functional lines where department managers are responsible for the execution of their duties. We implement a flat organisational structure, which we believe is crucial in ensuring operational efficiency and agile decision-making. Our flat organisation structure allows for knowledge transfer through on-the-job training and enables us to identify talents for management succession planning. Additionally, we offer competitive remuneration packages, benefits, training and development programmes to our employees at various levels as part of our retention measures.

We are committed to ensuring a robust succession plan for our management team to facilitate a smooth transition of responsibility over time. To cultivate future successors, we implement on-the-job training facilitated by current employees, and we conduct annual performance appraisals that assess relevant key performance indicators.

### 7.2.2 Our future plans and strategies

We plan to pursue the following future plans and strategies to grow our business financially and operationally:

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

We have a strong track record of growing our outlet network in Malaysia by successfully opening new and profitable outlets. We intend to continue leveraging on our strong brand and market leadership by further expanding our geographical footprint which includes setting up of new outlets in locations with attractive economic potential. Our strategy to expand our presence may include inorganic opportunities such as strategic investments in or acquisitions of existing mini-market operators or any business opportunities that complement our mini-market operations to further accelerate our growth and market presence.

As at the LPD, we operate 2,542 outlets in most states in Malaysia. We have opened a total of 279 outlets in 2023 and will continue to build our pipeline of outlet openings. We aim to open 250 new outlets annually and reach a target of approximately 3,000 outlets operating nationwide by the end of 2025. Of the 750 new outlets targeted to be opened between 2025 and 2027, 600 new outlets are expected to be opened in Peninsular Malaysia and 150 new outlets in East Malaysia. 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, such as the central and southern regions of Peninsular Malaysia, seeking opportunities where available to establish outlets, for instance in areas of new township developments. We have allocated RM[●] million, being part of the proceeds raised from our Public Issue to fund this planned expansion of our network of outlets over the next 3 years from our Listing.

With the increase in our number of retail outlets, we expect to increase advertising space and product display rental capacity which we will be able to offer to our suppliers and brand principals. As such, in addition to the increase in retail sales due to the larger number of outlets, we also anticipate an increase in revenue from advertising and promotional activities.

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

As part of the efforts to accommodate our growing number of outlets, we plan to expand our logistical capabilities by opening new DCs in more strategic locations and in closer proximity to some of our outlets. As at the LPD, we operate a network of 19 DCs throughout Malaysia, with plans to open 2 new DCs, one located in Sarawak and the other in 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. As at the LPD, we have identified Kedah and Sabah as locations to establish 2 of the new DCs to be funded by the proceeds from our Public Issue. The new DC in Sabah is proposed to replace the Sipitang DC which is currently rented.

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. This will allow us to optimise the capacity of each of our DCs and ensure minimal delivery times, improving order fulfilment and supporting quicker replenishment of popular items. By the end of 2027, we anticipate to operate at least 25 DCs, taking into account the replacement of an existing rented Sipitang DC.

We operate our own logistics for the delivery of goods from our DCs to our outlets. As at the LPD, we own 568 trucks. 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 over 2025 to 2027. 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**

Malaysia will continue to be our key market for our operations, by leveraging on our existing value chain that has been established and the strong brand name of "99 Speedmart" that we have built in the country. 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. As we continue to explore the global sourcing market, we will undertake a thorough assessment to identify any potential locations that could provide us with access to a large and diverse selection of products. We have recently commenced procurement of a few types of household products from the PRC. Having an international supply chain makes us well-positioned to potentially reduce costs, and further enables 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**

In September 2023, we launched our bulk sales online platform named "99 Bulksales" via our website, www.99bulksales.my, which is presently available in the Klang Valley only allowing our retail and enterprise customers the opportunity to purchase in bulk online, with the possibility of free delivery subject to certain terms and conditions.

We target to gradually roll out our bulk sales operations to make it available, where feasible, to our retail and enterprise 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. As we believe there is a demand for bulk goods from our existing customers, we also believe that bulk purchasing could appeal to a broader customer base including retailers and enterprise customers looking to purchase supplies and materials in bulk. Having developed and established a dedicated e-commerce platform for this, we are able to provide our customers a seamless and more convenient shopping experience as our customers have an option to customise their bulk orders to cater for their needs.

As at the LPD, save as disclosed above, we have not identified any investment or acquisition opportunities to expand our outlet network inorganically, both locally or internationally, nor have we determined any specific land or DC to be acquired for the commissioning of new DCs.

### 7.3 History and key milestones

The history of our Group's business can be traced back to 1987 when Lee Thiam Wah established a traditional sundry shop named "Pasar Raya Hiap Hoe" in Klang. In 1992, Lee Thiam Wah disposed of "Pasar Raya Hiap Hoe" and set up a mini-market chain business under the sole proprietorship of Ninety Nine Market operating under the trade name of "Pasar Mini 99", which by the late 1990s operated 8 outlets in the Klang Valley.

In 2000, Lee Thiam Wah incorporated 99SM which operated its own outlets as well as outlets operating under franchise. The franchise was introduced to allow us to expand our footprint within a shorter period of time. We eventually phased out all franchise-operated outlets by 2010 due to a change in our expansion strategy. As at the LPD, our Group does not operate any outlet through a franchise arrangement, and all "99 Speedmart" outlets are directly operated by our Group.

In 2003, the business of Ninety Nine Market was transferred to 99SM and our mini-market chain business was rebranded to our current trade name of "99 Speedmart". In 2013, 99EM was established to operate our mini-market chain business in East Malaysia.

For the past 2 decades, under the stewardship of Lee Thiam Wah, our Group has rapidly expanded and as at the LPD, we operate a total of 2,542 outlets across Malaysia.

Our Company was incorporated in Malaysia under the Act on 15 May 2023 as a private limited company under the name of 99 Speed Mart Holdings Sdn Bhd. On 10 July 2023, we changed our name from 99 Speed Mart Holdings Sdn Bhd to our current name. To facilitate the Listing, we were converted into a public limited company on 29 January 2024.

Our Company had undertaken a restructuring exercise involving the transfer of the entire equity interest in 99SM and 99EM to our Company. We had also incorporated 2 subsidiaries in the PRC, namely Yiwu J-Jade Trading and Yiwu SM Import and Export for the purpose of procuring merchandise for sale in our outlets. For further details of our Group's structure, Section 6.2 of this Prospectus.

The following table summarises our key milestones:

| Year | Event |
|---|---|
| 1987 | Lee Thiam Wah set up his 1st traditional sundry shop named "Pasar Raya Hiap Hoe" |
| 1992 | Ninety Nine Market, a sole proprietor was set up by Lee Thiam Wah to operate a mini-market chain business which carried the name "Pasar Mini 99" |
| 2000 | 99SM was incorporated and started operating under the trade name "99 Speedmart" with its first outlet open in Batu Belah, Klang, Selangor |
| 2002 | Our 1st head office and DC located at Jalan Kapar, Klang, Selangor was completed and commissioned in October 2002 |
| 2003 | We acquired the assets and assumed the liabilities of Ninety Nine Market from Lee Thiam Wah comprising 8 outlets and 1 small warehouse |
| 2006 | We were awarded the first Consumer Choice Award from the Ministry of Domestic Trade and Consumer Affairs, Malaysia (currently known as the MDTCL) |
| 2008 | We launched our 100th outlet at Pinggiran Batu Caves, Selangor |
| 2013 | 99EM was incorporated and its 1st outlet and DC were established in Kota Kinabalu, Sabah |
| 2014 | Our 5th DC located in Rawang, Selangor started operations |

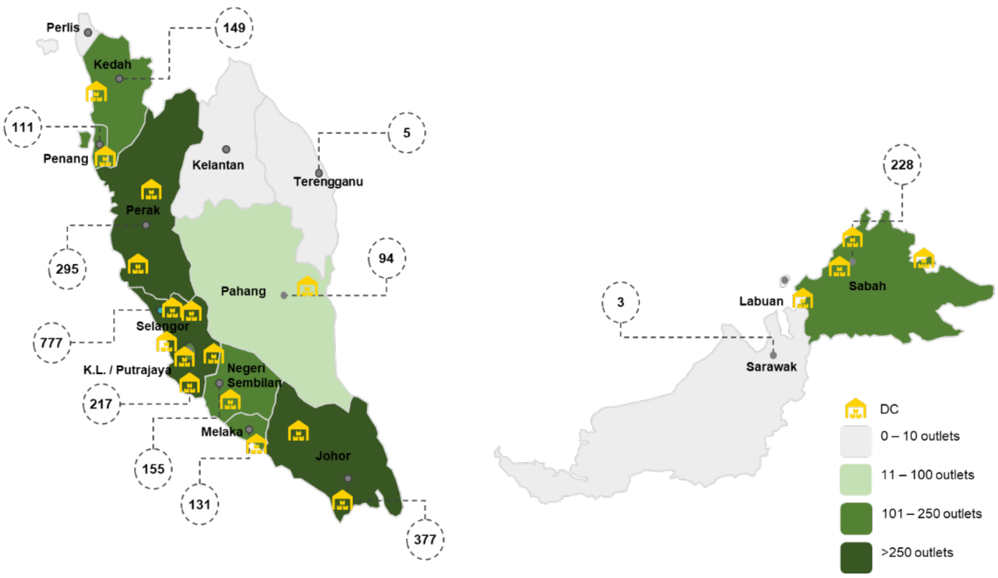
| Year | Event |
|---|---|
| 2015 | We commenced operations of our new headquarters and DC in East Malaysia, located in Kota Kinabalu, Sabah, replacing the one we opened in 2013 |
| 2016 | Our head office was relocated to a self-owned property known as Wisma 99 in Taman Berkeley, Klang, Selangor |
| 2017 | We launched our 1,000th outlet at Shah Alam, Selangor |
| 2020 | Our 10th DC commenced operations at Senai, Johor |
| 2021 | We launched our 2,000th outlet in Puncak Sentul, Kuala Lumpur |
| 2023 | We introduced "99 Bulksales" via our online website www.99bulksales.my, to retail customers as well as enterprise customers |
| 2023 | Our subsidiaries in the PRC were incorporated |

## 7.4 Our business

### 7.4.1 Our outlets

In the span of 2 decades, our Group has grown since we started operations in 2000 under the trade name of "99 Speedmart" and as at the LPD we operate 2,542 outlets across Malaysia. Our Group continues to expand rapidly, with the goal of opening about 250 outlets annually with an immediate target to have a total of approximately 3,000 outlets operating nationwide by end of 2025.

The map below illustrates the geographical distribution of our outlets and DCs as at the LPD, categorised by state:



The following table sets out the number of our outlets in Malaysia by region as at the dates indicated:

| Region | As at 31 December 2020 | 2021 | 2022 | As at 30 September 2023 | As at the LPD |
|---|---|---|---|---|---|
| **Peninsular Malaysia** | | | | | |
| • Central[(1)] | 861 | 903 | 943 | 979 | 994 |
| • East coast[(2)] | 41 | 55 | 69 | 86 | 99 |
| • Northern[(3)] | 285 | 382 | 453 | 523 | 555 |
| • Southern[(4)] | 450 | 510 | 593 | 645 | 663 |
| **East Malaysia**[(5)] | 162 | 174 | 193 | 221 | 231 |
| **Total** | **1,799** | **2,024** | **2,251** | **2,454** | **2,542** |

***Notes:***

*(1) Refers to Selangor, Federal Territories of Kuala Lumpur and Putrajaya.*

*(2) Refers to Terengganu and Pahang.*

*(3) Refers to Kedah, Penang and Perak.*

*(4) Refers to Negeri Sembilan, Melaka and Johor.*

*(5) Refers to Sabah and Sarawak.*

Based on our own estimates, each outlet supports on average an area with approximately 2,000 households. As part of our strategy to capture the growth opportunities in the underpenetrated mini-market retail sector in Malaysia, we plan to continue to expand our outlet network in Malaysia, particularly in areas where we have low penetration rate. For further details on our future plans and strategies for further developing our outlet network, see Section 7.2.2(a) of this Prospectus.

The following table sets out a breakdown of our outlet network in Malaysia by region as at the LPD, alongside the latest available population and population density information of such regions as at 31 December 2022:

| Region | Number of households ('000) | Area (km$^2$) | Household Density (household / km$^2$) | Our outlets count (as at the LPD) | Our population coverage (household / outlets) |
|---|---|---|---|---|---|
| **Peninsular Malaysia** | | | | | |
| • Central | 2,359 | 8,233 | 286.5 | 994 | 2,372.9 |
| • East coast | 1,022 | 64,124 | 15.9 | 99 | 10,321.2 |
| • Northern | 1,738 | 32,504 | 53.5 | 555 | 3,131.9 |
| • Southern | 1,571 | 27,631 | 56.8 | 663 | 2,369.1 |
| **East Malaysia** | 1,220 | 198,363 | 6.1 | 231 | 5,280.1 |

*Source: IMR Report; Frost & Sullivan*

The following table sets out the revenue for our outlet network in Malaysia by region for the periods indicated:

| Region | FYE Audited 2020 RM'000 | FYE Audited 2021 RM'000 | FYE Audited 2022 RM'000 | FPE 30 September Audited 2023 RM'000 |
|---|---|---|---|---|
| **Peninsular Malaysia** | | | | |
| • Central | 4,123,463 | 4,382,911 | 4,219,302 | 3,391,013 |
| • East coast | 123,711 | 166,494 | 186,603 | 193,056 |
| • Northern | 711,368 | 987,296 | 1,140,910 | 1,026,598 |
| • Southern | 1,342,795 | 1,716,775 | 1,916,891 | 1,660,565 |
| **East Malaysia** | 540,023 | 583,280 | 611,556 | 531,909 |
| **Total revenue generated by our outlets** | **6,841,360** | **7,836,756** | **8,075,262** | **6,803,141** |

The following table sets out the net change in the number of outlets for the periods indicated:

| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 30 September 2023 | From 1 October 2023 to the LPD |
|---|---|---|---|---|---|
| **Number of outlets:** | | | | | |
| At the beginning of the year/period | 1,561 | 1,799 | 2,024 | 2,251 | 2,454 |
| Newly opened during the year/period | 238 | 227 | 234 | 206 | 89 |
| Closed during the year/period | - | (2) | (7) | (3) | (1) |
| Net increase during the year/period | 238 | 225 | 227 | 203 | 88 |
| At the end of the year/period | 1,799 | 2,024 | 2,251 | 2,454 | 2,542 |

Unlike supermarket, the mini-market utilise a smaller format, emphasising convenient locations, competitive pricing and offering a wide range of daily necessities comprising mainly FMCG including food and beverages, personal and baby care products as well as household products.

With the exception of 2 outlets which are located at our headquarters in Wisma 99, Klang and Jalan Tepi Sungai, Klang, all of our outlets operate from rented properties. The tenancy period for our outlets is generally fixed for a period of 2 to 3 years, with renewal options for the same duration or as otherwise agreed.

The layout and design of our outlets are generally consistent due to our singular outlet format, the only variation being the size of each outlet. Most of our outlets consist of 2 shoplots or 1 corner shoplot, which typically range from 2,000 to 3,000 sq. ft. Approximately 75% of the area is dedicated to our outlet's retail operations and the balance area used for inventory.

***Example of a corner shoplot outlet***


*Our corner shoplot outlet in Taman Intan, Selangor, approximately 2,700 sq. ft*


*Our corner shoplot outlet in Taman Merbau Indah, Kedah, approximately 2,400 sq. ft*

***Examples of a 2 shoplot outlet***


*Our 2 shoplot outlet in Elmina West, Selangor, approximately 2,200 sq. ft*


*Our 2 shoplot outlet in Taman Bersatu, Kedah, approximately 2,000 sq. ft*

*Note: The real estate properties depicted above are not owned by us.*

### 7.4.2 Outlet opening process

We have a team dedicated to opening new outlets efficiently and the entire process from site identification to outlet opening usually takes between 1 to 2 months but the timeframe may vary subject to various factors, including local regulations.

The typical outlet opening process is as follows:

- **Site identification and preliminary assessment**. We search for potential locations to establish new outlets, with the aim of securing prime locations that offer easy customer access and high visibility. Once a potential location is identified, it is assessed based on factors such as population, customer traffic, the presence of competitors, street visibility and accessibility to determine if the site aligns with our requirements and objectives. Our website also allows developers, property owners and agents to reach out to us and suggest potential locations by submitting a tenancy application form.

- **Physical site visit**. We further assess the site during a physical site visit, to ensure we can make an informed decision regarding the feasibility of the site. During the physical site visit, we gather information about the site's condition and suitability, as well as reassess various aspects such as the surrounding neighbourhood, foot traffic, nearby businesses, infrastructure, and any potential advantages or challenges.

- **Site implementation**. Upon determining that the site is suitable, we secure the site by initiating negotiations with the site owner for rental terms. We may also undertake certain renovations to meet our outlet's layout and design specifications, and install the required fixtures, shelving, signage, security system and equipment. We also make the necessary applications for licences and approvals for the outlet operations and utilities such as electricity, water and internet connectivity.

Once the site is fully prepared, our outlet is ready to be stocked with products and for our staff to be deployed. The final step is typically a pre-opening inspection to ensure everything is in order before our outlet officially opens to customers.

Our capital expenditure to open a new outlet, excluding inventory, includes amongst others, renovation works, racking systems, freezers and chillers, air conditioning, signboard, IT equipment, rental deposits, legal costs and licensing application costs. Equipment and fittings required for the setting up of new outlets are centrally procured by our headquarters. Certain equipment and fittings such as racking trays and display standees are delivered directly to our DCs for onward delivery to our new outlets for installation, which reduces third party logistics costs incurred. Estimated capital expenditure, excluding inventory, to open a new outlet in is approximately RM300,000.

### 7.4.3 Outlet design, layout and presentation

The general layout of our outlets would be as follows:

- **Entrance**. Our outlet has a common entrance and exit to allow easy access for customers.

- **Checkout counters**. There are typically 2 checkout counters where customers can make their purchases, each equipped with a POS system.

- **Aisles and racks**. Our outlet is organised into multiple aisles and racks arranged based on common categories including food and beverages, personal and baby care products as well as household products.

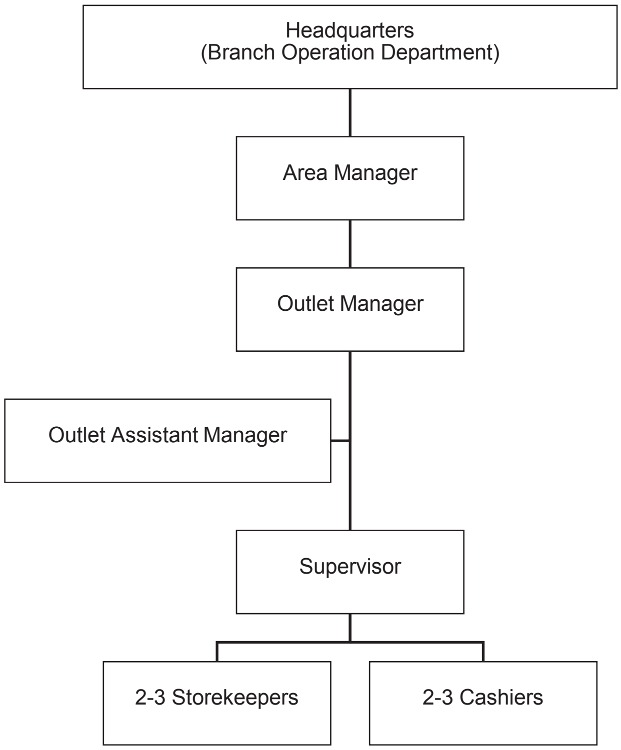
- **Refrigerated and frozen sections**. Every outlet has a separate refrigerated section with chilled products like beverages, dairy products and other chilled food, including a frozen section offering frozen food like ice cream, frozen vegetables, and frozen meat products.

- **Cashier area**. Near the checkout counters, there will be a designated area for bagging purchased items and completing transactions. The cashier area may also include shelves or racks with small, last-minute purchase items like candies or batteries.

### 7.4.4 Outlet operations

Our outlets maintain regular operations throughout the year, other than on certain public holidays where our outlets may close or the operating hours may be adjusted. The majority of our outlets operate from 10:00 a.m. to 10:00 p.m. whilst some outlets have varied operating hours to cater for localised consumer demands, opening as early as 8:00 a.m. and closing as late as 11:30 p.m. All of our outlets operate for at least 12 hours a day.

A typical outlet operating structure and reporting line is as follows:




Each outlet manager has the responsibility of supervising and executing various operational aspects of the outlet and reports to an area manager assigned to each particular area. Each area manager is responsible to supervise the outlets within each area of his responsibility, provide guidance on any issues escalated to them by the outlets managers and monitor the outlets to ensure compliance with the standard operating procedures of each outlet within the area. These area managers report directly to the Branch Operation Department at our headquarters. To ensure effective management, the Branch Operation Department at the headquarters supervises the outlets operations by specific regions of operations, namely, central, east coast, northern and southern regions of Peninsular Malaysia, and East Malaysia.

### 7.4.5 Outlet maintenance and performance monitoring

We regularly assess the condition of our outlets and may undertake refurbishments every 7 years, or when deemed necessary, which may include making changes to our outlet layout, replacement of equipment such as shelving and fixtures, as well as performing renovation touch-ups. The cost of refurbishment varies depending on the extent of refurbishment required and the location of the outlet.

We monitor the performance of all our outlets on a daily basis using our POS system. Sales information for each outlet can be retrieved and analysed to develop data-driven strategies to identify any areas of improvement and develop relevant action plans.

For outlets which achieve a lower revenue growth rate than comparable outlets and regularly fail to achieve their sales targets, we analyse amongst others, the outlet performance, outlet staff performance, outlet operations, location and customer demographics before determining the right mix of measures to address these underperforming outlets. A decision may be made to close the outlet in the event it continues to underperform.

### 7.4.6 Our products

Our Group's merchandising strategy is to offer our customers a wide range of daily necessities comprising mainly FMCG with attractive "price-to-quality" value proposition. The types of products that we offer are generally made up of:

(a) **Food and beverages**. Includes, amongst others, groceries, milk and milk powder, snacks and confectionaries, alcohol, drinks including instant drinks, coffee and tea, bread, cooking oil, seasoning and flavouring products, fresh foods and food spreads.

(b) **Personal and baby care products**. Includes, amongst others, diapers and baby care products, pharmaceutical products such as paracetamol and face masks, paper products such as tissues, serviettes and baby wipes, bath wash and oral care products such as shampoo, body wash and toothpaste.

(c) **Household products**. Includes, amongst others, laundry and cleaning products, household products such as kitchenware, garbage bags, plastic containers and paper cups as well as insecticides.

(d) **Others**. Includes, amongst others, toys and stationery, tobacco products, IT accessories and pet products.

To ensure that the evolving demands of our customers are met and to maintain our competitiveness, we actively monitor and adjust our overall product mix based on sales and operational data provided by our outlets. Products are regularly evaluated and graded based on specific criteria, including historical sales volumes and profit margins. The outcome of this assessment will be relied on in our Group's stock planning to ensure goods sold at our outlets are optimised for shelf space allocation to maximise product turnover.

Our Group offers various ancillary "Speedpoint Services" at our outlets, including utility bill payments and mobile phone reloads, which are facilitated through payment terminals supplied by a Bank Negara Malaysia licensed provider of Merchant Acquiring Services, namely J&C Pacific, and is our related party. These ancillary services contributed to less than 1.0% of our other operating income, or less than 0.1% of revenue of our Group in the FYE 2022. These services are primarily introduced to enhance customer convenience and to attract more customers to our outlets, rather than serving as a significant revenue stream for our Group.

### 7.4.7 Product selection and product mix

Our product procurement team engages directly with brand principals and suppliers, all save for 4 are based in Malaysia, and thoroughly assesses new product proposals, comparing them to similar items we already offer. Key factors taken into consideration include product quality, price and brand principals and suppliers' feedback on their top-selling products. Additionally, we enhance our product offerings by introducing seasonal merchandise to coincide with festive occasions like Hari Raya Aidilfitri, Chinese New Year, Deepavali, Christmas, Hari Gawai and Hari Kaamatan.

Each quarter, we evaluate and assess our products based on specific criteria, including sales volumes and margins. This assessment allows us to determine the ideal shelf space allocation for each product. If a product's demand declines, we gradually reduce its allocated shelf space.

The following table sets out a breakdown of our sales by product category for the periods indicated:

| | FYE | | | FPE 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | **%** | **%** | **%** | **%** |
| Food and beverages | 73.2 | 73.0 | 72.3 | 72.7 |
| Personal and baby care products | 12.3 | 12.7 | 13.5 | 12.7 |
| Household products | 7.0 | 6.9 | 7.1 | 7.7 |
| Others | 7.5 | 7.4 | 7.1 | 6.9 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** |

### 7.4.8 "99 Bulksales" online sales channel

In September 2023, we launched our online platform for bulk sales business named "99 Bulksales", available through our online website, www.99bulksales.my, for certain areas in the Klang Valley, which was expanded to the rest of the Klang Valley in December 2023. 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.

We believe there is a demand for bulk goods from our existing customers and we also believe that bulk purchasing could appeal to a broader customer base including retailers and enterprise customers looking to purchase supplies and materials in bulk. Having developed and established a dedicated e-commerce platform for this, we will be able to provide our customers a seamless and more convenient shopping experience as our customers have an option to customise their bulk orders to cater for their needs. To optimise our bulk sales strategy, we provide our customers with the option of direct delivery or self-pick up services for their bulk orders, subject to terms and conditions, catering to our customers' convenience.

Our bulk sales offering allows our consumers and enterprise customers the option to purchase our goods in larger quantities through our own e-commerce retail platform with a minimum order value of RM500. For orders less than half a cubic meter, customers will be required to self-pick up their orders from selected outlets, whereas for orders exceeding half a cubic meter, the orders will be fulfilled via free delivery. The delivery of such bulk orders will be made by our Group's own fleet of trucks whilst en-route for deliveries to our outlets to optimise efficiency.

Since the introduction in September 2023 and up to the LPD, we have recorded a total of approximately 1,300 transactions representing an aggregate of approximately RM1.6 million in sales.

## 7.5 Pricing

Our Group strives to curate a diverse range of daily necessities that cater to a broad spectrum of consumers, while ensuring such products are accessible at competitive prices.

To maintain our Group's principal foundation of providing its customers with "price-to-quality" value proposition on our product offerings, we operate on a model of shared benefits, whereby cost savings as well as other operating income derived from our Group's operations are taken into consideration when setting product prices.

In order to remain responsive to market dynamics, we regularly monitor prices and trends, making necessary adjustments and implementing price promotions when required to uphold our competitive advantage.

We are able to offer competitive pricing by negotiating directly with principal brand owners and purchasing our products from wholesale suppliers in large volumes. Our competitive pricing is also due to (i) our effective centralised procurement and inventory management strategy as well as from operating an efficient distribution and logistics network; and (ii) our Group earns other operating income such as product display fees, target incentives received from our suppliers, DC fees for handling of goods and advertising and promotional fees at the DCs and target incentive from our suppliers, which are incorporated into our Group's procurement and pricing strategy.

## 7.6 Our top 5 major customers

Our customer base comprises walk-in retail consumers at our outlets, i.e., individuals or families residing within the local community. Our pricing and product offerings appeal to bargain-minded customers who appreciate the convenience of being able to purchase items without the need for extensive travel or excessive spending.

Due to the retail nature of our Group's business, there is no single customer who has made a material contribution to our Group's total revenue for the Periods under Review.

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## 7.7 Our top 5 major suppliers

Our Group's top 5 major suppliers by total purchases for the Periods Under Review are as follows:

| Period | Name of supplier | Main type of products purchased as at the LPD | Length of relationship as at the LPD[(1)] (years) | Amount of purchases (RM million)[(2)] | % of total purchases[(2)] |
|---|---|---|---|---|---|
| FYE 2020 | (i) Nestle | Instant drinks, cereals and instant noodles | 7[(3)] | 474.7 | 7.3 |
| | (ii) TTS[(4)] | Chocolates, pet food and beverages | 24 | 413.6 | 6.4 |
| | (iii) DKSH | Confectionery, biscuits and milk powders | 18 | 391.1 | 6.0 |
| | (iv) L H Uni Distribution | Beverages | 21 | 257.5 | 4.0 |
| | (v) Great Plus[(4)] | Personal care, home care products and over-the-counter medicine | 24 | 201.7 | 3.1 |
| | **Total** | | | **1,738.6** | **26.8** |
| FYE 2021 | (i) Nestle | Instant drinks, cereals and instant noodles | 7[(3)] | 530.6 | 7.1 |
| | (ii) TTS[(4)] | Chocolates, pet food and beverages | 24 | 504.8 | 6.8 |
| | (iii) DKSH | Confectionery, biscuits and milk powders | 18 | 473.7 | 6.4 |
| | (iv) L H Uni Distribution | Beverages | 21 | 314.0 | 4.2 |
| | (v) Great Plus[(4)] | Personal care, home care products and over-the-counter medicine | 24 | 233.3 | 3.1 |
| | **Total** | | | **2,056.4** | **27.6** |
| FYE 2022 | (i) Nestle | Instant drinks, cereals and instant noodles | 7[(3)] | 551.3 | 7.1 |
| | (ii) TTS[(4)] | Chocolates, pet food and beverages | 24 | 522.5 | 6.8 |
| | (iii) DKSH | Confectionery, biscuits and milk powders | 18 | 507.0 | 6.6 |
| | (iv) L H Uni Distribution | Beverages | 21 | 315.7 | 4.1 |
| | (v) Great Plus[(4)] | Personal care, home care products and over-the-counter medicine | 24 | 261.0 | 3.4 |
| | **Total** | | | **2,157.5** | **28.0** |

| Period | Name of supplier | Main type of products purchased as at the LPD | Length of relationship as at the LPD(1) (years) | Amount of purchases (RM million)(2) | % of total purchases(2) |
|---|---|---|---|---|---|
| FPE 30 September 2023 | (i) Nestle | Instant drinks, cereals and instant noodles | 7(3) | 516.1 | 7.9 |
| | (ii) DKSH | Confectionery, biscuits and milk powders | 18 | 452.6 | 7.0 |
| | (iii) TTS(4) | Chocolates, pet food and beverages | 24 | 359.7 | 5.5 |
| | (iv) Dutch Lady | Milk products including infant formula | 8(3) | 237.0 | 3.6 |
| | (v) Great Plus(4) | Personal care, home care products and over-the-counter medicine | 24 | 225.2 | 3.5 |
| | **Total** | | | **1,790.6** | **27.5** |

***Notes:***

*(1) The length of business relationship with our top 5 major suppliers is calculated based on the date of our Group's first purchase from the supplier. The numbers are rounded up to the nearest whole year if it is 6 months or more and vice versa.*

*(2) The purchases amounts are based on the gross amounts less any purchase returns.*

*(3) The length of business relationship is calculated based on the date of our Group's first direct purchase from Nestle and Dutch Lady. Prior to this, our Group had purchased the relevant products from trading houses that distribute Nestle's and Dutch Lady's products.*

*(4) TTS and Great Plus have (i) 2 common shareholders who are directors; and (ii) a common director.*

During the Periods Under Review, our Group's top 5 major suppliers comprised brand principals such as Nestle and Dutch Lady which our Group purchased goods directly from and trading houses such as TTS, DKSH, L H Uni Distribution and Great Plus which distribute the products of several brand principals. Our Group's top 5 major suppliers collectively accounted for between 26.8% to 28.0% of total purchases, for the Periods Under Review.

Our Group is not dependent on any of our top 5 major suppliers as in the event our Group is unable to source a particular product from the brand principals, there are a number of suppliers in Malaysia providing alternative products in the same product range. In the event our Group is unable to purchase a particular product from a distributor, our Group would be able to purchase the relevant goods directly from the brand principals. Furthermore, our Group negotiates trading terms with our top 5 major suppliers on an annual basis. Our Group deals with approximately 650 suppliers as at the LPD. During the Periods Under Review, all of our products are supplied from Malaysian suppliers and we expect to continue to be substantially supplied domestically.

As at the LPD, none of our Group's Directors, Promoters and/or substantial shareholders has any interest, direct or indirect, in any of our top 5 major suppliers.

We have dealt with each of our top 5 major suppliers for at least 7 years and we believe we have cultivated and maintained good working relationships with our major suppliers. During the Periods Under Review, save as disclosed in Section 5.1.1 of this Prospectus, we have not faced any material supply disruptions and/or major delays from our major suppliers. Due to our Group's market leader position as well as our longstanding business relationships with our major suppliers, we expect our business relationships with our top 5 major suppliers to continue.

## 7.8 Marketing and advertising

Our marketing strategy revolves around positioning the "99 Speedmart" brand as a convenient and affordable neighbourhood mini-market. Our Group's "Near n' Save" tagline communicates 2 key messages to our customers:

(a) **Proximity and accessibility**. The word "Near" emphasises our outlets' convenient and strategic locations, that are easily accessible to customers seeking quick and hassle-free shopping experiences; and

(b) **Affordable savings**. The word "Save" underscores our commitment to offering value-for-money products including daily essentials and household items at competitive prices and attracts customers who prioritise convenience and time efficiency in their daily lives.

We utilise the trademarks, intellectual property rights and other proprietary rights associated with the "99 Speedmart" brand and "Near n' Save" tagline for our business in Malaysia. See Annexure B of this Prospectus for further details of our use of trademarks.

We place great emphasis on building strong brand values that align with convenience, value and choice, thereby establishing a positive association with shopping at our outlets. Our marketing and advertising teams plan initiatives about 2 to 3 weeks ahead, launching campaigns primarily during festive seasons or for other promotional activities. We employ various advertising channels, including the internet, media platforms, leaflets, flyers, buntings and standees, new outlet and product campaigns and in-outlet promotions. Our social media presence, including social media platforms like Facebook and Instagram, enables us to maintain regular and direct contact with our customers and to receive customer feedback. It also serves as an interactive channel for receiving customers' feedback, addressing complaints promptly, and engaging in direct communication with our customers.

During the Periods Under Review, we spent approximately 0.01% to 0.02% of our Group's total revenue per annum on advertising and promotions.

Our marketing and advertising initiatives have garnered recognition through several awards and accolades, highlighting the strength of the "99 Speedmart" brand and the success of our marketing efforts. For further details on our awards, see Section 7.10 of this Prospectus.

## 7.9 Procurement, inventory management and DC functions

Our Group's procurement, inventory management and DC functions (encompassing distribution and logistics operations) are managed centrally at our headquarters.

### 7.9.1 Procurement and supply chain management

Our centralised procurement team which includes our purchasing and inventory planning group, is essential in optimising our logistics operations, bringing extensive experience and long-term relationship with our suppliers. Furthermore, our procurement team also actively evaluates and selects suitable products for our outlets. Our procurement team is principally involved in sourcing, product evaluation, supplier relationship management, negotiating purchasing terms including pricing and other terms such as product display fees, advertising fees, DC fees and target incentive fees, renewal of terms and dispute resolution.

When selecting our suppliers, aside from pricing, we take into account factors such as their location, brand reputation, capacity to supply, financial and credit standing, ability to meet delivery deadlines, and compliance with our requirements.

We are always developing new supplier relationships to broaden our product offerings. The suppliers also conduct regular visits to our headquarters to maintain constant communication with us and update us about new product offerings.

Once suitable products and suppliers are identified, our procurement team initiates negotiations to establish the supply arrangements. Additionally, our Group is able to benefit from discounts (i) as we negotiate pricing terms directly with the brand principals and/or distributors; (ii) as we purchase our products in large volumes from wholesale suppliers; and (iii) as we make prompt payments.

We have recently initiated the process of sourcing certain household products from China through our PRC-incorporated subsidiary, Yiwu SM Import and Export. Since we started in November 2023 and up to LPD, we have procured products consisting of only a few types of household products, including amongst others, laundry products, amounting to a total of approximately RM270,000. However, we do not anticipate a significant shift in our sourcing strategy towards the PRC, as we expect to continue to source a large portion of our purchases domestically.

Presently we deal and negotiate directly with the Chinese manufacturers whom we source from attending trade shows in the PRC. Once the order is confirmed, the purchase order is placed through our PRC-incorporated subsidiary, Yiwu SM Import and Export.

### 7.9.2 Inventory management and direct deliveries

Approximately 80.0% of our purchases are first delivered to the DCs, where they will be stored as inventories for redistribution to our outlets based on their requirements. As at the LPD, we own and operate our own fleet of 568 delivery trucks that will deliver products from the DCs to our outlets. The use of our own fleet of delivery trucks allows us to better control logistics operations and achieve greater level of logistic efficiency, as well as to cater to urgent restocking requests by outlets particularly during festive seasons. We earn DC fees from certain suppliers for delivery of goods directly to the DCs as this arrangement would minimise suppliers' logistics costs and time as compared to directly delivering to multiple outlets of our Group.

For the remaining approximately 20.0% of our purchases, the suppliers will directly deliver the products to the respective outlets. Such direct deliveries are usually for products with shorter shelf lives such as bread, fresh milk and eggs, products that require specialised handling such as when there is need to use refrigerated trucks for ice creams, frozen nuggets and large bulky items such as rice so as to minimise the utilisation of DC storage space.

### 7.9.3 Proactive inventory replenishment

Our Group, via the centralised procurement department, establishes pre-determined inventory levels for each product at our DCs and outlets based on the assessment of expected demand at the respective outlets. When the stock of a product at an outlet falls below the pre-determined inventory level, the inventory management system automatically generates a restocking order to our DC.

On a daily basis, the inventory management system consolidates product orders from the outlets and generates delivery lists, in which DC teams will pack the respective delivery order into roll-cages that will be loaded onto delivery trucks for despatch to the respective outlets. Roll-cages are used to ease the delivery and restocking operations.

Our centralised procurement department at our headquarters monitors past sales and DC inventory levels to determine purchase requirements for the DCs and undertake Group-wide purchase orders to the suppliers. Such centralised procurement function allows us to streamline operations and ensure consistent product availability across all our outlets.

This centralised approach enables us to effectively and efficiently manage stock levels and ensure our outlets are adequately supplied to meet customer demands. The above allows us to achieve efficient inventory and cost management functions, which is expected to minimise not only operating cost but also working capital requirements that complements our growth efforts.

### 7.9.4 Size, scope, and functionality of DCs

As at the LPD, we operate a network of 19 DCs that are located in 9 different states in Malaysia. Our Group owns all of the DCs except for the DC located at Sipitang, Sabah and Keningau, Sabah that are rented. Our DCs vary in sizes, ranging from approximately 10,000 sq. ft to 120,000 sq. ft. Each DC supplies inventories to outlets that are generally within a radius of 100 km.

Our DCs operate 12 hours a day, 7 days a week (save for 2 Sundays of each month). Our team stationed at the respective DCs will handle logistic functions for our outlets under the coverage of the DC. This includes the management of inventory records and tracking of inventory levels of the DC and outlets, picking and packaging products for delivery, planning and monitoring distribution routes, maintaining the fleet of delivery trucks, and dispatching of delivery trucks to network of outlets under its coverage.

Our procurement team located at our headquarters regularly evaluates the stock volume and sales rate of each product at the outlets. This information, combined with the inventory management system, enables us to maintain optimal stock levels by monitoring, replenishing and transferring inventory to the outlets, as and when required. The table below presents a detailed overview of our DCs network across various regions in Malaysia:

| Region and location of our DC | State coverage |
|---|---|
| **Central**<br>• Jalan Kapar<br>• Jalan Kebun<br>• Balakong<br>• Sungai Choh<br>• Sungai Tua<br>• Shah Alam | Selangor, Kuala Lumpur and Putrajaya |
| **East Coast**<br>• Gambang | Terengganu and Pahang |
| **Northern**<br>• Sungai Petani<br>• Batu Kawan<br>• Gopeng<br>• Hutan Melintang | Kedah, Penang and Perak |
| **Southern**<br>• Yong Peng<br>• Senai<br>• Merlimau<br>• Chembong | Johor, Melaka and Negeri Sembilan |
| **East Malaysia**<br>• Kota Kinabalu<br>• Sipitang<br>• Sandakan<br>• Keningau | Sabah and Sarawak |

As at the LPD, we are currently expanding our DC in Jalan Kapar to increase its capacity, from a built-up area of 39,290 sq. ft. to about 64,110 sq. ft. This expansion is expected to be completed by 2025 and will be funded by internally generated funds. The expanded DC is intended to support additional outlets in the vicinity.

We have identified Sarawak as the location to establish a new DC by the end of 2024. As at the LPD, we have not incurred any costs in relation to the establishment of this DC in Sarawak.

We have further purchased a piece of leasehold land in Selangor and are in the midst of constructing a DC on it with an estimated built-up size of approximately 120,000 sq. ft. This DC is expected to commence operations by the end of 2025. The total estimated cost for the construction of the DC is approximately RM21.9 million, whereas the purchase cost of the leasehold land amounted to approximately RM16.3 million. As at the LPD, we have incurred a total of RM19.9 million out of the total RM38.2 million.

The costs of setting up the above 2 DCs will be funded by internally generated funds and/or borrowings.

We have also identified Kedah and Sabah as locations to establish 2 other new DCs to be funded by the proceeds from our Public Issue. The new DC in Sabah will replace the Sipitang DC which is currently rented. Save for Kedah and Sabah, we have not identified any other locations for the establishment of DCs that are funded by the proceeds from our Public Issue.

The number of outlets covered by each DC may vary depending on the size of the DC and its radius of operation. Presently, our DCs are sufficient to support our current network of outlets and we will set up new DCs as and when we expand our network of outlets, with RM[●] million from the gross proceeds of our Public Issue allocated for the establishment of at least 6 additional new DCs within 3 years from our Listing. Our business operations are not dependent on any 1 single DC if it ceases operations as we are able to secure alternative means of warehousing and support by our other DCs.

### 7.9.5 Product control and inventory stocktaking procedures

Upon the receipt of products at our DCs and outlets, we will conduct a quantity check on the products to ensure that the quantity received matches the orders. We will also conduct quality checks on all the incoming products to ensure that the products received are in good condition and have not been damaged. All the products we receive from our suppliers have original barcodes that we scan into our inventory system to enable us to track the movement of our products between our DCs and outlets.

As part of our Group's inventory controls, we perform stocktake twice a year for our DCs and annually for our outlets. We also undertake additional stocktaking for products with high sales volumes at our outlets, typically twice a year. The steps for stocktaking include stock counting, scanning and data reconciliation between our outlets, DCs and headquarters.

### 7.9.6 Return policy, customer complaints and feedback

**Return policy**: For complaints and replacements of defective products purchased from us within a certain timeframe, we have procedures in place to ensure that the products are verified to be defective before it is replaced. In cases of products exhibiting manufacturers' defects, we will coordinate with the respective brand principals or suppliers to facilitate claims.

**Customer complaints and feedback**: As part of our efforts to manage customer expectations and promote good relationship with customers, we provide several platforms for the public to raise concerns and provide feedback about their experience at our outlets. The public and customers can share their comments or complaints through our telephone hotlines, online forms, WhatsApp application or E-mail, as well as social media platforms like Facebook and Instagram. Upon receiving the complaints or feedback, we would promptly respond to address the complaints and feedback raised.

## 7.10 Awards and key certifications

The following table sets out the awards that we have received:

| Year | Award | Awarding Body |
|---|---|---|
| 2006, 2007, 2008 & 2009 | Consumer Choice Award | MDTCL |
| 2010, 2012, 2014, 2016 & 2021 | Anugerah Kedai Harga Patut | MDTCL |
| 2012 | Extraordinary Performance Award | Malaysia Retail Chain Association |
| 2017 | Malaysia Retailer Most Chosen Brand | Kantar Worldpanel |
| 2019 | Billion Dollar Club Award | Malaysia Retail Chain Association |
| 2019 | Best MyDebit Merchant (Commercial) in Best e-Payments Acceptance Growth Award | Payments Network Malaysia Sdn Bhd |
| 2020 | Top MyDebit Merchant in Malaysia in Malaysian e-Payments Excellence Awards | Payments Network Malaysia Sdn Bhd |
| 2021 & 2022 | No. 1 in Malaysia for FMCG Retail Sales | NielsenIQ |
| 2022 | Anugerah Pembayar Cukai Terbaik | IRB |
| 2023 | MyFutureJobs Award (Large Corporation) | SOCSO |
| 2023 | GreenRE Certification (Retail Category) for the below:<br>• Platinum – 10 outlets and headquarters in Peninsular Malaysia<br>• Silver – 2 DCs | GreenRE |
| 2023 | Putra Brand Awards (Retail Category) – Silver Award | Association of Accredited Advertising Agents Malaysia |

## 7.11 Properties and equipment

### 7.11.1 Material properties owned and rented by our Group

Details of our material properties, whether owned or leased/tenanted, are set out in Annexure A of this Prospectus.

### 7.11.2 Material plant, machinery and equipment

As at the LPD, our Group does not own any material plant, machinery and equipment.

## 7.12 Non-compliances with the relevant laws, regulations, rules and requirements governing the conduct of the operations of our Group

Our Directors confirm that, save for the non-compliances as disclosed below, as at the LPD, our Group is in compliance with the relevant laws, regulations, rules and requirements governing the conduct of the business of our Group.

### 7.12.1 Non-compliances in respect of the buildings utilised for our Group's operations

| No. | Nature of non-compliance | Current status and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| **Occupation of buildings without CCC** | | | | | | |
| 1. | CCC status of our Group's outlets as at the LPD:<br><br>**Total**<br>- CCC obtained 2,066<br>- Letters obtained from local authorities[(1)] 286<br>- Pending receipt of documents from landlords[(2)] 30<br>- Applications submitted to local authorities[(2)] 100<br>- Outlets located in standalone structures[(3)] 60<br>**Total** **2,542** | With the landlords of the 130 operating outlets that our Group has communicated with:<br><br>(a) the landlords of 6 outlets are in the midst of locating a copy of the CCC, and have submitted applications to seek a copy from the respective local authorities. We have offered to assist the landlords on this matter, and will do so should the landlords agree; and<br><br>(b) the landlords of 124 outlets have requested our Group's assistance to seek a copy of the CCC from the local authorities. In this regard, our Group has assisted the landlords of 94 such outlets to submit request letters to the local authorities to request for copies of the CCC and are awaiting responses from the local authorities, and 30 similar request letters are planned | Majority of the 190 CCCs or confirmation or acknowledgement letters or equivalent from the local authorities, save for the 58 outlets located in the standalone structures in Sabah, are expected to be obtained by end of 2024.<br><br>We target to obtain CCCs, letters from local authorities or temporary occupation licence / permits for the above 58 outlets by the end of 2027. The Group will monitor any application process closely. If none of the above can be obtained during this period, we will progressively consider relocating.<br><br>Our Group endeavours to obtain the majority of the CCCs prior to listing. | Estimated cost of RM60 per outlet within Klang Valley and RM100 per outlet outside Klang Valley, being the administration cost for extracting a copy of the CCC from the relevant local authority. | **Peninsular Malaysia**<br><br>Pursuant to Section 70(27)(f) of the SDBA, any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence and shall on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.<br><br>**Sabah**<br><br>Pursuant to Sections 220, 233(f) and 235 of the Uniform Building By-Laws 2022 under the Local Government Ordinance 1961 of Sabah, any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence and | No material adverse impact to our Group's business operations and financial condition is expected as the estimated cost of rectification, which is mostly administrative in nature, is not material to our Group, and our Group is of the view that the potential maximum penalty being simultaneously imposed on all affected outlets (which total would amount to 8.0% of PBT for the FYE 2022) is unlikely, due to the following:<br><br>(a) the affected outlets are dispersed throughout Malaysia and are under the ambit of different local authorities;<br><br>(b) in the event of enforcement, our Group is of the view that the local authorities may grant a rectification period before imposing any penalties; |

| No. | Nature of non-compliance | Current status and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| | ***Notes:***<br><br>*(1) The landlord or our Group has received letters from the local authorities indicating that the CCC are no longer available or cannot be traced in their records. The letters also indicate where building plans have been approved or the outlet has been exempted from producing the relevant CCCs for purposes of renewing their business licence. Other local authorities have also indicated that even though the records of CCC or building plans are no longer available, they acknowledge that the charges for the assessment rates for the relevant properties have been imposed accordingly.*<br><br>*(2) These outlets are located within shoplots or part of larger developments such as high-rise buildings and apartment blocks.*<br><br>*(3) Comprising standalone structures which are located in Sabah and are not part of a commercial development.* | to be submitted after the respective landlords have gathered the relevant documents, including amongst others, a copy of the latest paid assessment, land title and the identification card of the landlord.<br><br>For the 60 operating outlets located in standalone structures in Sabah, our Group has written to certain relevant authorities to request for a copy of the CCC. The Group has not submitted any applications for the CCC as the Group are not the landowners of the outlets and as such the timing for any applications are uncertain.<br><br>We will continue to liaise with the landlords and local authorities in an effort to address the above matter, either through obtaining the relevant CCCs, letters from local authorities or temporary occupation licence/permits. We will also continue to monitor changes in legislation in Sabah which may ease the process of addressing the above.<br><br>It is the intention of our Group to carry on its operation at the affected outlets while working to obtain the respective CCC. | | | shall on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence, to a further fine not exceeding RM5,000 for every day during which the offence continues after conviction.<br><br>**Sarawak**<br><br>Pursuant to Section 24 of the Fourth Schedule of the Buildings Ordinance 1994 of Sarawak, any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence and shall on conviction, be liable to a fine not exceeding RM10,000 and in the case of a continuing offence, to a further fine not exceeding RM300 for every day during which the offence continues after notice to cease occupying the building has been issued on such person. | (c) the majority of the affected outlets are situated in rows of commercial shoplots that have neighbouring tenants that are operating similar retail businesses and are not operating businesses that are large scale and/or industrial in nature; and<br><br>(d) the records for certain older buildings are no longer available in the records of the local authorities and our Group is not aware that local authorities have requested businesses in most if not all of the affected areas for such documents when applying for business licences.<br><br>In addition, the landlords are obliged under the tenancy agreements to provide all relevant documents required for the use of the premises as a mini-market outlet. In the event of any notice or penalty from local authorities, the Group may be able to make a claim against the landlords. To date, our Group has not received such notices or penalties. |

## 7. BUSINESS OVERVIEW *(Cont'd)*

| No. | Nature of non-compliance | Current status and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| | | | | | | For the 60 operating outlets located in standalone structures in Sabah, 39 outlets are operating with valid business licences, and a further 19 outlets have submitted renewal applications for business licence. The remaining 2 outlets without business license will cease operations in mid-2024. For those applications under renewal, we expect the business licences to be renewed.<br><br>In the event we relocate the remaining 58 outlets located in standalone structures in Sabah, we do not expect any material adverse impact to our business operations and financial performance as their aggregate sales generated contributed only approximately 1.9% of our revenue for the FYE 2022, and any impact on our sales would only occur during the relocation period of between 1 to 2 months.<br><br>In the event our Group is required to relocate a particular outlet (including the outlets in standalone structures in Sabah), the estimated relocation cost is about RM100,000. |

| No. | Nature of non-compliance | Current status and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| 2. | As at the LPD, our Group has yet to obtain CCC for 2 out of 19 DCs. | **i. DC owned by our Group, located at Sungai Tua, Gombak, Selangor ("Sungai Tua DC")**<br><br>Our Group has appointed a consultant to submit the application for CCC to the local authorities and is currently pending inspection from the local authorities' engineering and building department.<br><br>Our Group expects to obtain the CCC after the inspection has been completed and clearance has been granted by the relevant local authorities.<br><br>**ii. Sipitang DC**<br><br>We plan to cease our DC operations at the Sipitang DC upon the expiry of the current tenancy in November 2024. We plan to seek a short term rental (e.g. for 6 to 12-month period) pending the shifting of the DC operations to a new DC expected to be ready to commence operations by the end of 2025 (as explained below).<br><br>Our Group is planning to set up another DC in Sabah to | Our Group is working towards obtaining the CCC for Sungai Tua DC prior to our Listing.<br><br>Our Group does not expect the Sipitang DC, which is rented, to obtain a CCC prior to the expiry of its tenancy. The new DC in Sabah is expected to commence operations by the end of 2025.<br><br>If CCC is not obtained prior to our Listing, the status of the non-compliance will be disclosed in our Group's annual report. | **Sungai Tua DC**<br><br>There is no rectification cost as the application cost for CCC for the Sungai Tua DC was included as part of the construction cost of Sungai Tua DC, which has been paid.<br><br>**Sipitang DC**<br><br>In the event a new DC is rented by our Group, the rental cost per annum is not expected to be material.<br><br>We intend to replace the Sipitang DC with a new DC in Sabah, which will be funded via the proceeds from our Public Issue. | **Peninsular Malaysia**<br><br>Pursuant to Section 70(27)(f) of the SDBA, any person who occupies or permits to be occupied any building or any part thereof without a CCC shall on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.<br><br>**Sabah**<br><br>Pursuant to Sections 220, 233(f) and 235 of the Uniform Building By-Laws 2022 under the Local Government Ordinance 1961 of Sabah, any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence and shall on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence, to a further fine not exceeding RM5,000 for every day during which the offence continues after conviction. | No material adverse impact to our Group's business operations and financial condition as the estimated cost of rectification and the potential maximum penalty (which if simultaneously imposed on a maximum basis would amount to 0.1% of PBT for the FYE 2022) are not material to our Group.<br><br>In the event that we may be required to vacate or cease our operations at such DCs, the outlets served by the Sungai Tua DC may be temporarily served by other DCs. We also intend to cease our DC operations at the Sipitang DC that will be replaced by a new DC in Sabah. |

| No. | Nature of non-compliance | Current status and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| | | take over Sipitang DC. This new DC may operate from a rented premise, or our Group may purchase land to construct our own DC, subject to availability of suitable land. Barring any unforeseen circumstances, the new DC is expected to commence operations by the end of 2025.<br><br>Upon the expiry of the tenancy for the Sipitang DC in November 2024 and we are unable to obtain an extension on short term rental basis, or earlier if the operations of the Sipitang DC are suspended for any reason, the outlets currently served by the Sipitang DC can be temporarily served by other DCs in Sabah, which have CCCs, pending the commissioning of the new DC. | | | | |

| No. | Nature of non-compliance | Current status and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| **Operations of buildings without fire certificates** | | | | | | |
| 3. | As at the LPD, our Group has yet to obtain fire certificates for 12 out of the 19 DCs. Out of the 12 affected DCs:<br><br>(a) 8 DCs have existing fire sprinkler systems and require enhancements (i.e. extending reach of existing systems to the lower rows of the shelving system);<br><br>(b) 3 DCs will require installation of fire sprinkler systems, which will incorporate the sprinkler system for the shelving system; and<br><br>(c) for the Sipitang DC, our Group will cease operations (as explained in 2(ii) above) to be replaced by a new DC, as such no sprinkler fire system will be set up for this DC. | Our Group has appointed consultants to assist in the application for fire certificates and the enhancement/installation of fire sprinkler systems for the 11 affected DCs (excluding the Sipitang DC).<br><br>As at the LPD, for the 11 affected DCs, the consultants have prepared the fire system plan for 8 out of the 11 DCs. For 6 out of the 11 DCs, the consultants have held discussions with the Fire and Rescue Department ("**Bomba**") on the plans and have submitted the formal application to Bomba, of which 1 has been approved. Concurrently, our Group has commenced enhancement or installation works for 5 out of the 10 DCs.<br><br>We have commenced the application process for 4 DCs with the submission of the fire system plan.<br><br>Due to the expansion plans for the DC located in Jalan Kapar as set out in Section 7.9.4 of this Prospectus, the application for the fire certificate will commence in conjunction with the application for a fresh CCC. | The fire certificates for 9 DCs are expected to be obtained by end of 2024 and for the Jalan Kapar DC, by 2025.<br><br>Our Group endeavours to obtain the fire certificates for all of our DCs prior to our Listing.<br><br>If the fire certificates for any of our DCs are not obtained prior to our Listing, the status of non-compliance will be disclosed in our Group's annual report. | Total estimated cost is RM8.0 million. | Pursuant to Section 33 of the Fire Services Act 1988, owners of designated premises which do not have fire certificates may be liable on conviction to a fine not exceeding RM50,000 or imprisonment for a term not exceeding five years or both. | No material adverse impact to our Group's business operations and financial condition due to the following:<br><br>(a) the estimated cost of rectification and the potential maximum penalty (which if simultaneously imposed and incurred would amount to 1.8% of PBT for the FYE 2022) are not material to our Group;<br><br>(b) our Group is of the view that simultaneous closure of all affected DCs is unlikely, as the affected DCs are dispersed throughout Malaysia and are under the ambit of different Bomba jurisdictions and we have made application or engaged Bomba for our owned DCs;<br><br>(c) in the event operations of a particular DC are suspended for whatever reason, the outlets currently served by the DC can be temporarily served by our other DCs; and |

| No. | Nature of non-compliance | Current status and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| | | Bomba will inspect our DCs after receiving the formal application from the consultants. Our Group expects to obtain the fire certificates within 3 months after the respective inspections. | | | | (d) the enhancement and installation works are not expected to significantly disrupt operations in our DCs. |

### 7.12.2 Non-compliances in respect of the operational licences

| No. | Nature of non-compliance | Status as at the LPD and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| 1. | As at the LPD, our Group has yet to obtain operational licences for some of our 2,542 operating outlets, as follows:<br>• 239 outlets (9.5%) are operating without business licence (which is a composite licence and includes the signboard licence), including 142 outlets (5.6%) which are pending renewal of business licence; and<br>• 27 outlets (1.1%) are operating without licence issued by the Ministry of Agriculture and Food Industry of Malaysia for sale of rice ("**Rice Licence**"). | ***Business licence***<br>Business licences at our outlets are subject to examinations or verifications by the relevant local authorities and are valid only for a fixed period of time and are subject to renewal.<br>The applications for new or renewal of business licences for our outlets are mainly administrative in nature and as such, we expect to obtain a majority of them by end of 2024. The delay in obtaining the licences are usually due to the need to re-submit drawings that may be requested by the local councils, awaiting inspection from Bomba and/or the local council, and issues relating to outstanding documents to be submitted (e.g. due to insufficient documents on-hand or additional documents requested).<br>Our Group has submitted [85] applications for business licences of all its operating outlets that have fallen due and have made [18] new applications for business licences. | Majority of the outstanding licences are expected to be obtained by end of 2024.<br>In any event, our Group endeavours to obtain the majority of the respective licences prior to listing.<br>If the respective licences for any of the affected outlets are not obtained prior to listing, the status of non-compliance will be disclosed in our Group's annual report. | Estimated cost per outlet for the application of business licence consists of an average of RM600 for administrative costs, RM2,000 being the average cost for the licence fees and where new building plans are required, an additional average cost of RM7,000 being the cost for the appointment of an architect.<br>Estimated cost per outlet for the application of Rice Licence is RM20 being the licence fee. | ***Business licence***<br>For outlets in Peninsular Malaysia and pursuant to Section 107(6) of the Local Government Act 1976, our Group may be liable to a fine not exceeding RM500 or imprisonment for a term not exceeding 6 months or both.<br>For outlets in Sarawak and pursuant to Sections 145 and 150 of the Local Authorities Ordinance 1996, our Group may be liable to a fine not exceeding RM2,000.<br>For outlets in Sabah and pursuant to Section 3(4) of the Trades Licensing Ordinance 1949, our Group may be liable to a fine of 4 times the amount of the licence fee and a further fine of RM10 for each day or part of a day during the period in which the contravention continues. | No material adverse impact to our Group's business operations and financial condition as the estimated cost of rectification and the potential maximum penalties are not material to our Group. Our Group is of the view that simultaneous closure of all affected outlets is unlikely, as the affected outlets are dispersed throughout Malaysia and are under the ambit of different local authorities; |

| No. | Nature of non-compliance | Status as at the LPD and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| | | The applications for the remaining [55] outlets are pending (i) prior approval of building plans; (ii) pre-submission appointment with local council; and (iii) settlement of assessment by landlords.<br><br>Our Group will continue to liaise with the local authorities and other relevant parties to expedite the process of obtaining the necessary business licences.<br><br>***Rice Licence***<br><br>Our Group has submitted all applications for Rice Licences and the process with the relevant authorities is currently ongoing. | | | ***Rice Licence***<br><br>Pursuant to Section 22(2) of the Control of Padi and Rice Act 1994, our Group may be liable to a fine not exceeding RM25,000, and for a second or subsequent offence, to a fine not exceeding RM50,000. | |

### 7.12.3 Non-compliances in respect of the CFA

| No. | Nature of non-compliance | Status as at the LPD and rectification measures taken or to be taken | Estimated time for rectification | Estimated cost of rectification | Potential penalty | Impact to business operations or financial condition |
|---|---|---|---|---|---|---|
| 1. | As at the LPD, our Group has yet to obtain the CFA for 34 out of the 42 premises currently used as employees' accommodations for our employees in Peninsular Malaysia, comprising residential properties such as apartments and houses, and commercial properties, i.e., shop lots.<br><br>The majority of these accommodations that have not obtained the CFA are commercial shop lots, as they are under a commercial title and the express condition under the land title does not allow for the use of the premises as employees' accommodation. | As at the LPD, there are 10 residential properties and 24 shoplots which are used as employee accommodations that have yet to obtain CFA. We have since been advised that applications for CFA to the Labour Department of Malaysia require prior Planning Permission Approval from the local authorities.<br><br>In this respect, we have submitted an application for Planning Permission Approval for 1 shoplot and for the remaining 33 accommodations, our Group is considering whether to seek CFA certification or to outright relocate to accommodations which will be CFA-certified.<br><br>We are currently assessing the cost benefit of obtaining CFA certification or relocation and have approached various parties that provide CFA certified accommodations, and are currently assessing proposals, taking into consideration factors such as location and additional expenses relating to such relocation.<br><br>Our Group will ensure that all employees' accommodations comply with the requirements of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990. | Our Group expects to address this non-compliance by the end of 2024 either by way of obtaining a CFA certification or relocating.<br><br>It takes approximately 6 months to obtain Planning Permission Approval, including the timeframe required to prepare such application. Upon approval, it takes approximately 1 month to obtain a CFA for the same accommodation. In respect of relocation, the estimated timeframe is approximately 3 months, upon identifying a suitable location.<br><br>If the CFA for any of the particular employee accommodation are not obtained prior to our Listing, the status of non-compliance will be disclosed in our Group's annual report. | There is no cost for the application for a CFA save for a processing fee of between RM100 to RM300 per application and if required, additional cost relating to the appointment of an architect for Planning Permission Approval which is not expected to be material.<br><br>In the event our Group is required to relocate the employees' accommodation, estimated cost is RM30,000 to RM60,000 being the renovation of the residential property. | Pursuant to Sections 24D(3) and 29A of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990, our Group, including its Directors and officers, may be liable to a fine not exceeding RM50,000. | No material adverse impact to our Group's business operations and financial condition as the estimated cost of rectification and the potential maximum penalty (which if simultaneously imposed on a maximum basis would amount to 0.4% of PBT for the FYE 2022) are not material to our Group. |

Notwithstanding that the outstanding non-compliances may remain unresolved at the time of our Listing, we will continue to make the necessary applications and/or engage with the relevant authorities even after our Listing to resolve and address the outstanding non-compliance incidents in accordance with the directions of the relevant authorities. Our management is following up closely and liaising with relevant authorities to resolve the said non-compliances in the best interest of our Company.

In addition to the above, as part of our standard business operations as a mini-market and grocery retailer, we are subject to routine inspections and visits by various regulatory authorities at our outlets. These authorities include the MDTCL, local councils in the vicinity of the outlets, Bomba and occasionally the MOH. The inspections primarily focus on operational compliance, such as the display of business licenses at the outlets and the placement of goods for sale in public areas or on sidewalks. Following these inspections, certain non-compliances had resulted in the issuance of fines or directives, all of which have been fully settled or resolved by us within the prescribed period. These compounds, both individually and collectively, do not have a material adverse impact on the business operations and financial condition of our Group.

### 7.12.4 Internal control measures to prevent the recurrences of non-compliances incidents

Our Board has implemented the following measures to enhance the internal control system of our Group and prevent the recurrence of the non-compliance incidents set out in Section 7.12 of this Prospectus:

(a) In May 2023, our Group engaged an external independent firm to undertake a review of our Group's internal control systems and risk management applications including related policies and procedures that were put in place to address the non-compliance incidents as set out in Section 7.12 of this Prospectus as well as other key areas of our Group's operational processes. Pursuant to the findings from the review, our Group has adopted the recommendations suggested by the external independent firm to address such non-compliance incidents, including enhancing and strengthening key SOP, policies and frameworks, which include the SOP that sets out procedures and process flows to establish new outlets and DCs, the health, safety and environment framework that sets out the procedures to be undertaken to comply with the relevant requirements relating to health and safety of employees as well as the environment, and the inventory management SOP which sets out the relevant procedures in handling inventories to ensure safety and quality of inventories stored at DCs and timely distribution to outlets. For example, the SOPs were strengthened through the imposition of strict control steps to ensure the compilation of all necessary documentation such as CCC, necessary compliance certificates before committing to an outlet location or employee accommodation or before commissioning a DC.

    In addition to the above and with the introduction of our Group's Audit Committee, we had also in February 2024 formally adopted and established a structured and well-documented SOP for capital expenditures planning and control, which provides guidance between our Audit Committee and the management team regarding formal procedures and reporting for budgeting and cash flow management for amongst others, financial planning regarding our outlet expansion, strategic financial resource allocation and efficient cash flow utilisation. Other SOPs which have also been formalised and documented include those that relate to management information systems which outlines amongst others, the control procedures in ensuring data security and efficiency of the systems used in our Group's operations, and the formalisation of our Group Information Technology Policy in order to provide transparency for this policy;

(b) In September 2023, our Group formally adopted our Enterprise Risk Management ("**ERM**") framework to outline the process of risk identification, assessments, and developing mitigation and rectification plans within our Group. As part of the ERM framework, our Group also established the regulatory compliance monitoring framework which includes developing compliance requirement checklists for applicable laws and regulations for the relevant departments within our Group including the compliance with licensing, permits and approvals requirements for the outlets and DCs. Each head of department is responsible for monitoring and overseeing his/her respective departments' legal and regulatory compliances matters including the compliance with licensing, permits and approvals relevant to the scope of their departments by performing regular assessments based on these compliance requirements checklists.

The heads of departments report on compliance status and highlight any non-compliances to our compliance officer, who was appointed on 1 November 2023. The compliance officer will monitor our Group's compliance status as reported by the heads of departments and ensuring that any non-compliance incidents are adequately investigated and rectified. The compliance officer shall periodically report to the Risk Management Committee on the status of our Group's overall compliance and progress of rectification plans for identified non-compliances;

(c) On 15 February 2024, our Group established our Audit Committee and Risk Management Committee. As set out in Section 9.2.6 of this Prospectus, our Audit Committee is solely comprised of Independent Non-Executive Directors, namely Ho Tat Heng, Serina Binti Abdul Samad and Dato' Abdul Latif bin Abu Seman. The Audit Committee's terms of reference set out its duties and obligations including, among others, reviewing the adequacy and effectiveness of the internal control and risk management systems in place; and ensuring that the internal audit function is effective and able to function independently.

As set out in Section 9.2.7 of this Prospectus, our Risk Management Committee comprises Serina Binti Abdul Samad, Lee Thiam Wah, Nirmalah A/P V.Thurai and Ting Seng Hook @ Ting Seng Hee. The duties and obligations of the Risk Management Committee include reviewing the ERM framework and its related policies within our Group, ensuring the infrastructure, resources and systems are in place and adequate for risk management, and that processes for the identification, measurement and analysis, reporting, and mitigation of risks are in place. The Risk Management Committee also reviews the status of the rectification measures taking place for any non-compliance incidents that is brought to their attention by the compliance officer, as well as the effectiveness of our on-going measures. The Risk Management Committee reports to our Board on our Group's compliance obligations, as well as any material issues in relation to non-compliances;

(d) In February 2024, our Group developed the Internal Audit Charter and engaged an external independent firm ("**Internal Auditor**") to undertake independent reviews and assessments on the effectiveness of the internal control measures implemented by our Group in accordance with our Group's regulatory compliance monitoring framework. The Internal Auditor provides independent assurance to our Board (via the Audit Committee) and management regarding our Group's internal controls through audit procedures designed to evaluate the effectiveness of internal controls and assessing compliance with policies and laws and regulations and provide recommendations on improving our Group's compliance, among others. The Internal Auditor reports directly to our Audit Committee on the audit findings pertaining to internal controls and risk management effectiveness; and

(e) Where necessary, our Group will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our Group's internal controls and compliance, and to provide our Group updates on the applicable laws relevant to the business operations from time to time after our Listing. Our Group will also engage professionals where necessary to provide training to our Directors and employees to develop a clear understanding of matters related to the internal controls and compliances for them to leverage on their understanding to enhance our Group's policies and processes and implementation of the same.

In addition to the above, we have implemented additional internal controls for the processing of payments, which includes SOP for the change in supplier bank details and the requirement for independent dual approval for payments. In 2023, an erroneous remittance was made to a party who impersonated one of our suppliers and the matter is presently under investigation by the Royal Malaysia Police. The sum involved is not material, and the aforementioned SOPs were implemented to prevent the recurrence of such incidents. We are also required to obtain licences from the MDTCL for the sale of certain controlled goods at our outlets. In accordance with our SOP, during the interim period of applying for this licence up until we have obtained this licence, we will not sell these controlled goods at our outlets.

## 7.13 Competition

Based on the IMR Report, we are the largest mini-market player and a leading groceries retailer in Malaysia holding a market share of 37.9% and 11.1% respectively in 2022, based on our Group's revenue for the FYE 2022. In the Malaysian mini-market retail segment, there are a few well-established chain industry players with over 15 outlets nationwide, alongside numerous independent industry players localised in various states.

Due to the broad range of products offered by us, some of the items available also overlap with those offered by other grocery retailers such as supermarkets and hypermarkets. These competitors may offer similar products at competitive prices, which can make it challenging for us to differentiate ourselves and attract customers. Supermarkets, hypermarkets and other mini-markets compete with us on the basis of product selection, price, quality, customer service, shopping experience or any combination of these factors.

## 7.14 Seasonality

Our outlets typically experience higher customer traffic and sales revenue during festive periods.

## 7.15 Employees

As at the LPD, we employ a total of 21,099 full-time staff and 37 part-time staff. As at the LPD, we have employed 935 foreign workers, representing 4.4% of our total employees, to assist with our operations at our DCs. We also employ 1 PRC-national under our PRC-incorporated subsidiary, Yiwu SM Import and Export, to undertake administrative work in the PRC. The following table sets out our staff by function as at the dates indicated:

| Categories | As at 31 December 2023 | As at the LPD |
|---|---|---|
| Management | 24 | 24 |
| Headquarters and administrative staff | 727 | 761 |
| Outlet managers | 4,198 | 4,218 |
| Outlet employees | 13,619 | 13,818 |
| DC managers | 33 | 41 |
| DC employees | 2,118 | 2,274 |
| **Total** | **20,719** | **21,136** |

As at the LPD, none of our employees belong to any union nor are they parties to any collective agreements and we have not experienced any strikes or other disruptions due to labour disputes. In addition, our management has and expects to maintain a healthy working relationships with our employees.

### 7.15.1 Employee remuneration and benefits

In 2022, the Malaysian government had gazetted the Minimum Wages Order providing that the minimum monthly wage of employees has been increased from RM1,200 to RM1,500 effective from 1 May 2022. As a result of this, we had incurred higher employee benefit expenses for the FYE 2022 in comparison with FYE 2021. Additionally, our employees' compensation increases in correlation with their performance, promotions and length of service.

Our outlet staff typically receives a base salary. In addition, our outlet managers and outlet area trainers are eligible for sales-based incentive, which varies based on their ability to meet the criteria of our sales incentive program. This program takes into account factors such as individual performance and the overall sales performance of our business. For instance, the incentives for our outlet managers and assistant managers may be contingent on their team achieving sales targets. Our DC staff, such as our checkers in the DC, are entitled to certain incentives when they successfully carry out quantity checks and ensure the accuracy of goods received within the DC. We also motivate our employees with non-financial awards such as long-service awards.

Other than our contributions to the EPF and SOCSO, we do not maintain any retirement, pension or severance plans or have any unfunded pension liabilities, nor do we owe any amounts to any present or former employees that are not in the ordinary course of our business.

### 7.15.2 Employee training

We recognise the importance of developing our employees and maintaining a strong team of management and operational staff to support our growth plans. Therefore, we provide practical and on-the-job training. Our employees gain valuable skills and knowledge through daily work, effectively preparing them to support our outlets and serve our customers. Additionally, we assess their work performance to ensure they acquire the necessary competencies through their routine responsibilities.

We also invest in the development of our Key Senior Management and our managers by offering opportunities to participate in further study programs. This approach to training and development aligns with our commitment to staff advancement and operational excellence.

## 7.16 Environmental, social and governance practices

Our commitment to environmental, social and governance practices is underscored by the following the principle of (i) environmental efficiency and responsibility; (ii) community contribution; and (iii) transparency and accountability:

### 7.16.1 Environmental efficiency and responsibility

We aim to operate as an environmentally efficient and responsible organisation through regular monitoring and evaluation of our energy-use efficiency and waste management. The following sets out our key focus areas and initiatives:

**(a) Energy efficiency of our outlets, DCs and headquarters**

Our outlets are set up with standardised layouts and specifications. Due to the nature of our assets, in particular the large number of outlets we operate and the associated energy resources required to operate the outlets, we have started to assess the energy efficiency of their layouts and equipment used, seeking opportunities for enhancement. Our process in identifying the specific areas of improvement involves: (i) firstly monitoring and evaluating the efficiency of the current layouts and identifying potential improvements; (ii) implementing the changes in selected outlets; (iii) assessing the viability and impact of the changes on overall energy efficiency; and finally (iv) developing a roll-out plan to implement these improvements across our outlets.

To enhance the energy efficiency of our other owned properties, namely our headquarters and DCs, we have embraced sustainable building practices aimed at reducing electricity consumption, indoor air quality enhancements and adopting current infrastructure design principles. For instance:

(i) we ensure our headquarters has good indoor air quality and optimum working conditions by controlling temperature and humidity through the ventilation and air conditioning system, as well as monitoring carbon dioxide ("**$CO_2$**") levels through the $CO_2$ detectors; and

(ii) the design of our DCs prioritises natural ventilation and the use of energy-efficient air conditioning systems. As at the LPD, we have successfully installed solar panels at 14 out of the 17 DCs owned by us, providing clean and renewable electricity to supplement our existing use from the grid, whilst enabling to us reduce our electricity expenses.

In August 2023, we undertook a pilot test wherein our headquarters, 10 of our outlets and 2 DCs were assessed based on the green building criteria set by GreenRE, a green building certification body. These criteria covered, amongst others, areas relating to energy efficiency, water efficiency and carbon emission. Upon completion of this pilot test, we found that for outlets, through the use of (i) LED lighting and air circulators; (ii) inverter air conditioning units and non-heated glass freezers; and (iii) selective solar photovoltaic systems (where permissible), the installation of these energy efficient equipment resulted in at least 30% energy savings in aggregate from the 2015 baseline and on average, a reduction of approximately 60% carbon emission in aggregate.

Additionally, and as a result of our pilot test, in September 2023, our headquarters and the 10 outlets that was part of our pilot test were awarded the Green Building Certification (Platinum Award), and our 2 DCs involved in the pilot test received the Green Building Certification (Silver Award) from GreenRE.

We believe that the replacement and installation provide tangible and measurable positive impact for our energy efficiency initiatives as demonstrated through our pilot testing. As such we plan to gradually retrofit our remaining outlets with such energy efficient equipment and fittings. As at the LPD: (i) all of our outlets have been retro-fitted with LED lighting and air circulators; (ii) a total of 442 and 356 outlets have been installed with inverter air conditioning and non-heated glass freezers respectively; and (iii) a total of 50 outlets are targeted to be installed with the solar photovoltaic system in 2024.

As highlighted in Section 4.6.1(iv) of this Prospectus, we intend to utilise up to RM[•] million of the proceeds from our Public Issue to install new equipment such as inverter air conditioning units, solar photovoltaic systems and non-heated glass freezers at up to 1,070 of our outlets over 36 months from our Listing. These upgrades are expected to contribute to the effective management of our utility expenses and provide a net reduction to our Group's carbon emission. For the FYE 2022, our utilities expenses amounted to RM122.8 million, representing about 12.5% of our total administrative and other operating expenses. In respect of new outlets and DCs, we plan to, where possible, incorporate the same equipment and fittings on the onset.

**(b) Waste Management**

Since May 2023, we have launched the "Say No to Plastic Bags" campaign across our outlets in Peninsular Malaysia, and intend to launch this campaign across East Malaysia by the end of 2024. The aim of this campaign is to promote a zero plastic bag policy, reducing the waste generated from our Group's substantial number of daily transactions.

A key part of this campaign, we introduced the "Bag for Life", available at the nominal price of RM2.00 per piece, and replaceable free of charge at any of our outlets, in case of damage. These efforts align with the Government's agenda, as announced by the Minister for Natural Resources, Environment and Climate Change, which aims to implement a nationwide ban on plastic bags for retail across all business sectors by 2025.

In addition to the "Say No to Plastic Bags" campaign, we have implemented a systematic process to collect and recycle packaging waste, encompassing materials such as corrugated boxes, cardboards, and plastic packaging. Our DCs compile this packaging waste, which is then regularly collected by our recycling third-party agents. For the FYE 2022 and FPE 30 September 2023, we have successfully recovered approximately 20,000 and 16,000 tonnes respectively for recycling. This initiative not only contributed to environmental sustainability but has also generated an aggregate of approximately RM41.7 million in proceeds to us during the Periods Under Review.

### 7.16.2 Community contribution

#### (a) Local and equal employment opportunities and development

As the operator of Malaysia's largest mini-market chain, our presence spans across the country, extending into small towns and rural areas, where employment opportunities may be limited. We aim to make a positive impact in these areas by prioritising employment from the local communities. As at the LPD, we employed over 20,000 Malaysians, which comprises more than 95% of our workforce, of which approximately 47.6% are female and the remaining 52.4% are male**.**

In line with our efforts to support local employment, our available positions are also posted on SOCSO MyFutureJobs platform. This facilitates easy access for potential jobseekers to explore opportunities within our Group and to apply for specific positions. In recognition of our commitment, the SOCSO awarded us the MyFutureJobs Bronze Award in the Large Corporation category at the International Public Employment Forum 2023.

We practise a non-discriminatory policy in our hiring process where we accept capable employees from all genders, race and religion to provide equal employment opportunity for all. Moreover, we actively participate in the 'MyFuture Return-To-Work' Program by SOCSO, which is designed to support individuals with disabilities, known as Orang Kurang Upaya ("**OKU**") in Malaysia. As at the LPD, our workforce includes 90 OKU employees across various functions within our Group.

We are dedicated to our employees' continuous learning and upskilling. In order to enhance our branch managers and area managers' knowledge and skills in areas of outlet operation, as at the LPD, we have sponsored approximately 120 employees to participate in a retail management professional program conducted by Universiti Kebangsaan Malaysia ("**UKM**"), with the 1st batch of employees targeted to complete the program in 2024. Upon completion of this 2-year part-time program, the employees will obtain a professional certification in retail management that cover modules such as consumer behaviour and retail accounting and internal control. We continue to identify the upskilling needs of our employees to develop and introduce programs served to improve the personal development of our employees.

We are also committed to our employees' continuous development in our workplace with our comprehensive Training Policy. This policy includes annual stock take training and in-store training, which are conducted across our headquarters, DCs and outlets. Such a policy is pivotal in creating an environment of continuous learning and development, thereby enhancing the efficiency and effectiveness of our employees in their daily responsibilities.

**(b) Corporate social responsibility programme**

Our commitment to community engagement is demonstrated through providing targeted and practical support to local communities in need. For example, during the COVID-19 pandemic, we distributed goods baskets and contributed essential supplies like masks, disinfectant sprays, sanitizers, and other safety and hygiene products to certain local communities. Additionally, we also donated medical equipment to hospitals and non-governmental organisations.

Through our community outreach efforts, we regularly make welfare donations to non-governmental organisations like the National Cancer Society of Malaysia, IJN Foundation and Paralympic Council Malaysia. We also collaborate with government bodies like the MDTCL to run campaigns such as the Raya Rahmah campaign, where our Group donated goods baskets to support low-income families.

During the Periods Under Review, our Group distributed a total of approximately RM9.4 million in direct donations, goods baskets and essential supplies.

Another example of our community engagement initiative is our semi-pro basketball program, where we provide a dual opportunity for aspiring young talents. Firstly, we provide professional coaching and access to training facilities to develop their basketball skills. Secondly, we offer them employment in our outlets and the chance to advance their careers within our Group. Through such initiatives, we aim to create a positive impact on the lives of these young talents, fostering a culture of growth and active community engagement by us.

**7.16.3 Transparency and accountability**

Our Board is committed to achieving and sustaining a high standard of corporate governance. We have put in place the following practices in accordance with the principles provided in the MCCG which include:

(a) board leadership and effectiveness;

(b) effective audit and risk management; and

(c) integrity in corporate reporting and establishing meaningful relationships with our stakeholders.

We have also met the MCCG's recommendations to have at least 30% female directors and a majority of independent directors.

Our Board's Charter and the role of our Chairman in leading our Board is set out in Section 9.2 of this Prospectus. Additionally, our governance structure includes our Audit Committee, our Nomination and Remuneration Committee and our Risk Management Committee, whose membership comprise all or a majority of Independent Non-Executive Directors, acting as board committees to oversee, amongst others, financial reporting, compensation, potential conflicts and related party transactions and identifying and addressing risks. For further details of our board committees, see Sections 9.2.6, 9.2.7 and 9.2.8 of our Prospectus.

To uphold good corporate governance practices and to achieve the standards expected, we have adopted the following policies:

(i) Anti-Bribery and Anti-Corruption Corruption Policy and Whistleblowing Policy effective from 1 November 2023, to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 to address and prevent any forms of bribery and corrupt practices within our Group;

(ii) adopted a Personal Data Protection Notice on January 2020, which complies with the Personal Data Protection Act, 2010 in order to protect the personal data that we obtained from our stakeholders such as customers, suppliers and employees; and

(iii) adopted a Code of Business Ethics and Conduct on 6 November 2023, to codify the principles and standards that govern our Group's and our employees' business practices and interactions with business partners to ensure that our business activities are undertaken in an ethical, transparent and responsible manner. By adhering to this code, we ensure that decisions taken by our employees align with our ethical values and corporate responsibility goals, thereby fostering a culture of integrity and accountability across our operations.

## 7.17 Insurance

We maintain insurance policies to cover a variety of risks that are relevant to our business needs and operations. For our outlets, we have procured insurance policies covering stock whereas for our DCs, we have procured insurance policies covering stock and burglary. These policies include fire insurance covering our fixtures, fittings and/or stocks for all our outlets and DCs. Additionally, we have building insurance for our headquarters as well as our owned outlets and DCs. Our coverage extends to public liability insurance, employer's liability insurance and vehicle insurance for our business operations. In addition, we provide group personal accident insurance for all our employees and contributions to statutory insurance schemes for our employees.

These insurance policies have specifications and insured limits that are appropriate in view of our exposure to the risk of loss and liability, the cost of such insurance and applicable regulatory requirements in Malaysia. We review our insurance coverage annually and consider our insurance coverage to be adequate, taking into consideration our size, the activities we conduct and the risks associated with our operations.

## 7.18 Research and development

We do not conduct any research and development activities and we do not have any research and development policy.

### 7.19 Technology

We utilise third-party software to streamline a range of business processes, encompassing retail, inventory and distribution management, accounting and finance operations, as well as backup, recovery and cybersecurity measures. The suite of technologies that we utilise includes:

(a) **POS system**. Our outlets are equipped with POS system, serving as our front-end systems to provide real-time monitoring capabilities. The POS system record the sales transaction information, payment amounts, methods of payments, generates sales reports and price changes. Since mid-2023, we have started transitioning our POS system from AREV to ARMS, a web-based system, which offer improved efficiency and is expected to be more scalable and will better support our growing number of outlets;

(b) **Inventory and distribution management system**. We are licenced to use the Microsoft Dynamic Navision, which is a software that assists us with data analysis to monitor inventory data, coordinates distribution and logistics, supporting the operations of all of our outlets as well as DCs. Sales data is provided by the AREV/ARMS POS system for real-time stock level adjustments and procurement planning. This integration allows for a dynamic response to sales activities, with automated re-ordering processes triggered when stock levels at any outlet fall below pre-set thresholds, thereby streamlining inventory control and fulfilling customer demands efficiently. It ensures that the movement of stock from the DC to the outlets is monitored and re-stocking is automated, which is vital for maintaining optimal inventory levels, preventing stock depletion, and mitigating the risks associated with stock damage and loss;

(c) **Accounting and finance system**. We use SQL accounting system to provide financial functionality and analysis reports for the ledger, account payables and receivables and fixed data management;

(d) **Backup and recovery system**. As part of our business continuity plan, we utilise a third-party data backup and recovery service provider. This service allows us to back up our sales data from our internal servers and systems to local servers and to cloud-based servers operated by the service provider on a daily basis; and

(e) **Cybersecurity measures**. Our headquarters, outlets and DCs employ industry-recognised antivirus solutions. These security layers act as the first line of defence against potential cyber threats, ensuring both data integrity and operational continuity. Our IT department also utilises an online remote access application, permitting remote control over our servers in our DCs and outlets. This provides us with the agility to address technical issues promptly, irrespective of location.

### 7.20 Cash management policies, internal control and security

Our cash management processes include, among other processes, (i) daily checking of transactions against cash banked-in for that day and daily cash-to-transaction reconciliation checks by each outlet manager and our administration team at our headquarters, and (ii) monthly detailed checks of sales deposits and bank statements by our finance team, which enable us to ensure that our cash and other funds are handled in an accountable and safe manner. In each of the Periods Under Review, our cash losses were nominal.

Our outlets accept cash, credit cards, debit cards and various e-wallets including, amongst others, Boost, Touch'n Go eWallet, GrabPay, MAE Pay, ShopeePay, WeChat Pay and Alipay. These e-wallet payment services are facilitated through payment terminals supplied by a Bank Negara Malaysia licensed provider of Merchant Acquiring Services, namely J&C Pacific, a related party company. For the Periods Under Review, our sales conducted through non-cash sales transactions accounted for 19%, 28%, 31% and 34% of our Group's total revenue, respectively.

To ensure reasonable assurance of asset protection, including the safekeeping of cash and inventories, as well as the reliability of accounting records, we have various internal controls. These controls include dual approval for online and cheque payment transactions to suppliers and vendors, formalisation of a delegated authority limit over financial decision-making, standardisation of operating procedures for finance management, establishment of an inventory audit unit to assess inventory quantities at our DCs, securing of the accounting system, development of a fixed assets capitalisation policy, reconciliation of accounts payables and receivables as well as maintaining a comprehensive financial manual.

## 7.21 Business interruptions

There has not been any material interruption to our business activities during the past 12 months prior to the date of this Prospectus.

## 7.22 Material dependency on commercial contracts, agreements, other arrangements, licences, patents, trademarks, brand names, franchises and other intellectual property rights

Save for the trademarks that we use in Malaysia for our outlets as disclosed in Annexure B of this Prospectus, as at the LPD, we do not have any commercial contracts, agreements, other arrangements, licences, patents, trademarks, brand names, franchises, other intellectual properties or other matters entered into by or issued to us or on which we are materially dependent on, and which are material to our business and profitability.

In order to safeguard against other parties from using our trademarks outside of Malaysia, we also have trademarks in Singapore, Thailand, the Philippines, Indonesia and China, as disclosed in Annexure B of this Prospectus.
Although we have a franchise registered with the Malaysian Registrar of Franchises under the MDTCL since 2000, as at the LPD, we do not have any franchisees for "99 Speedmart" as all our outlets are operated by us, and we do not have plans to introduce any franchisee in our business operations in the future.

## 7.23 Governing laws and regulations

Details of our governing laws and regulations are set out in Annexure C of this Prospectus.

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Date: 22 February 2024

The Board of Directors
**99 Speed Mart Retail Holdings Berhad**
Lot PT 2811, Jalan Angsa,
Taman Berkeley,
41150 Klang,
Selangor Darul Ehsan, Malaysia

Dear Sirs / Madams,

**Independent Market Research on the Mini-Markets industry in Malaysia for 99 Speed Mart Retail Holdings Berhad ("99 Speedmart" or "the Company")**

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Independent Market Report on the Mini-Markets industry in Malaysia ("**IMR Report**") for inclusion in 99 Speedmart's prospectus in conjunction with the listing of and quotation for the entire enlarged issued shares in 99 Speedmart on the Main Market of Bursa Malaysia Securities Berhad ("**Prospectus**").

We are aware that this IMR Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

We acknowledge that if we are aware of any significant changes affecting the content of this IMR Report between the date hereof and the issue date of the Prospectus, we have an ongoing obligation to either cause this IMR Report to be updated for the changes and, where applicable, cause 99 Speedmart to issue a supplementary prospectus, or withdraw our consent to the inclusion of this IMR Report in the Prospectus.

Frost & Sullivan has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:

**Narciso Podda**
**Director**
**Business & Financial Services**

***Methodology***

*For the purpose of preparing this report, Frost & Sullivan has conducted primary research encompassing interviews with industry experts and industry players, and secondary research, which included reviews of company reports, official websites/social media pages, independent research reports, information from industry associations/authorities/international organisations, and information from Frost & Sullivan research database. Unless being made available in the publicly available sources, projected data was derived by Frost & Sullivan using historical data analysis with the consideration of the social, economic, and political environments for the forecasted period.*

*Comparable key industry players identified in this report have been selected from a long list of companies developed by screening directories in Malaysia as well as discussing with industry players. Subsequently, the list was presented and discussed with industry players and experts[1] that agreed to be interviewed for the purpose of the analysis. Information were further validated via public information through secondary research (which covers reviews of company reports, official websites/social media channels, independent research reports, information from industry associations/authorities/internal organisations, as well as information from Frost & Sullivan research database) and fine-tuned by contacting identified companies (e.g., telephonic method, official social media platforms, among others).*

***Profile of Frost & Sullivan GIC Malaysia Sdn Bhd***

*Frost & Sullivan is a global independent industry research and consulting organisation headquartered in the United States of America with over 60 years of establishment. In Malaysia, Frost & Sullivan's subsidiary, Frost & Sullivan GIC Malaysia Sdn Bhd, operates two offices (Selangor and Iskandar Malaysia) with more than 200 employees offering market research, marketing and branding strategies and business advisory services across 12 industries. Frost & Sullivan is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other related fund-raising and corporate exercises.*

***Profile of the IMR signee, Narciso Podda***

*Narciso Podda is the Director, Business & Financial Services division, for Frost & Sullivan GIC Malaysia Sdn Bhd. Narciso Podda possesses over 15 years of experience in market research and consulting, including over 8 years in independent market research and due diligence exercise for capital markets across the Asia Pacific region. Narciso Podda holds a Bachelor in Business Administration from Bocconi University, Italy, and a Master in International Economics and Finance from Chulalongkorn University, Thailand.*

For further information, please contact:

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[1] Industry players are individuals currently or previously working in the mini-markets industry. Industry experts are individuals with in-depth knowledge on the industry (e.g., industry analysts).

## 1 INTRODUCTION TO THE MINI-MARKETS INDUSTRY IN MALAYSIA

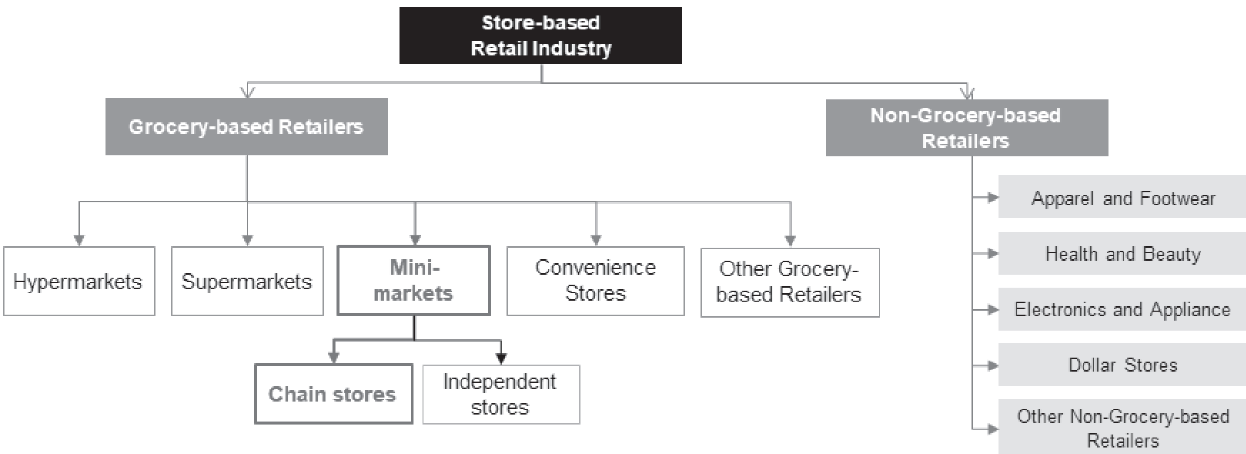
The groceries retail industry in Malaysia is growing and is projected to continue to grow, driven by factors such as population growth, resilient economic outlook, and resilient spending on food and non-alcoholic beverages, among other factors. Within this industry, chain mini-markets are forecasted to be the second-fastest growing segment, behind convenience stores. This is due to the growing popularity of convenient shopping. Within the mini-markets segment, the chain outlets are growing faster than independent outlets, due to the modernisation of retail channels driven by the consumers' preference for a modern shopping experience, among other factors.

99 Speedmart is the largest mini-market player and a leading groceries retailer in Malaysia, by revenue in 2022. In 2023, 99 Speedmart has also the largest number of outlets among the Malaysian mini-market players. By leveraging on its high number of outlets and the large sales volume, 99 Speedmart is able to achieve economies of scale and negotiate better supply terms, reducing its costs per item allowing it to sell its products at a competitive price. These factors help to solidify 99 Speedmart's leading position in the market and make it challenging for other players to compete on pricing. Accordingly, 99 Speedmart is well-positioned also to capture the future growth potential of the groceries retail industry in Malaysia.

## 2 DEFINITION AND MARKET SEGMENTATION

Malaysia's retail industry can be segmented into store-based retailing and non-store-based retailing (e.g. e-commerce, direct selling, vending machines). Store-based retailing comprises two main categories: grocery and non-grocery-based retailers. **Grocery-based retailers** predominantly focus on the sale of food and beverages ("**F&B**") with some selling household supplies and other housing goods (e.g., detergents), lifestyle items (e.g., clothing, luggage) as well as consumer products (e.g., stationery, toys). Non-grocery-based retailers, on the other hand, focus mainly on non-F&B products. Retailers within this segment are typically categorised by their product of focus or operating model. Retailers can also be segmented according to the business model, namely chain and independent outlets. **Chain outlets** have large-scale operations of more than one outlet located at different locations in the country, while independent outlets only operate at one location.

**Figure 2-1: Retail Industry Segmentation in Malaysia**




*Note: 1) Other grocery-based retailers include other food or drinks specialists and small local grocers. 2) Other non-grocery-based retailers include specialty retailers of leisure and personal goods and non-specialty retailers such as department stores; 3) The red boxes indicate the industry subsegments where 99 Speedmart operates.*

*Source: Frost & Sullivan*

The grocery segment encompasses various types of retail outlets, such as hypermarkets, supermarkets, **mini-markets**, and convenience stores, among others. Each of these retailers compete on the basis of product selection, price, quality, customer service, shopping experience, location, or any combination of these factors. The table below summarises their key differences.

**Table 2-1: General Key Differences Between Hypermarkets, Supermarkets, Mini-Markets, and Convenience Stores, Malaysia**

| | Hypermarket | Supermarket | Mini-market | Convenience store |
|---|---|---|---|---|
| **Average outlet size (sq ft)** | Very large >25,000 | Large ~5,000-25,000 | Small ~2,000-5,000 | Very small <2,000 |
| **Predominant location** | Outskirt of the city or suburban areas | City center, residential and shopping areas | Neighbourhood or near public places | Shopping areas, urban streets and highways |
| **Needs met** | Daily necessities and/or products consumed regularly, including fresh produce | Daily necessities and/or products consumed regularly, including fresh produce | Daily necessities and/or products consumed regularly, including limited fresh produce | Packaged products for immediate consumption |
| **Products assortment** | Large variety - Bulk packs | Large variety – Regular packs | Moderate variety – Value-packs | Limited variety – small packs and size |
| **Products of focus** | F&B, personal care, household items, apparel and footwear, electronic appliances, etc. | F&B, personal care, household items | F&B, personal care, household items | F&B, personal care |
| **Operating hours** | 12 hours a day 7 days a week | 12 hours a day 7 days a week | 12 hours a day 7 days a week | 24 hours a day 7 days a week |
| **Example of Key players** | Giant, Mydin, Lotus's, Aeon Big, Econsave | Village Grocer, Jaya Grocer, HeroMarket, Giant, Mydin, Econsave, AEON Store, AEON Maxvalu | 99 Speedmart, Pasar Ekonomi Econsave, Giant Mini, myNEWS SUPERVALUE | 7-Eleven, myNEWS, FamilyMart, KK Super Mart |

*Note: Key players may be involved in one or more types of retail format. For instance, Giant has hypermarkets, supermarkets and mini-markets under the same group.*

*Source: Frost & Sullivan*

## 3 MACROECONOMIC OVERVIEW OF MALAYSIA

The **Malaysian economy** grew from 2018 to 2022 at a compound annual growth rate ("**CAGR**") of 2.6%.[2] However, there was a setback in 2020 with a recorded decline of -5.5% due to the initial uncertainty caused by the political environment at the beginning of the year and the economic impact of the coronavirus disease 2019 ("**COVID-19**"), which caused a decline in the average monthly household income. Notwithstanding the drop in household income, groceries purchases were less affected as they are essential non-discretionary items that people prioritise even during challenging economic times. In 2021, the Malaysian economy rebounded by 3.3% and this positive trend continued into 2022 with the easing of COVID-19 restrictions and strong trading activity, contributing to a higher average monthly household income. Household expenditure in Malaysia grew in tandem with household income. From 2019 to 2022, the total average monthly household expenditure increased from RM4,609 to RM5,150 at a CAGR of 3.8%. In particular, the total average monthly household expenditure for food and non-alcoholic beverages increased from RM780 to RM841 at a CAGR of 2.6% during the same period.[3] The positive growth in household expenditure for food and non-alcoholic beverages provides significant opportunities for the mini-market industry. The Malaysian economy has demonstrated resilience in 2023, growing by 3.7%. This robust performance can be attributed to the continued strength of the domestic demand, which has played a significant role in driving this growth.[4] The Malaysian economy is forecasted to grow by 4.3% in 2024,[5] supported by government initiatives such as the National Energy Transition Roadmap, the New Industrial Master Plan 2030 and the Mid-Term Review of the Twelfth Malaysia Plan.[6]

The **Malaysian population** grew from 32.4 million in mid-2018 to 32.7 million in mid-2022, at a CAGR of 0.2%. It is forecasted that the population will further increase to 34.6 million by mid-2027, growing at a CAGR of 1.2% from mid-2022 onwards.[7] With the population of Malaysia set to increase, the mini-market industry will also expand further due to the increased base of potential customers.

**Table 3-1: Population in Malaysia, mid-2018–mid-2027F**

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|---|---|---|---|---|
| **Population (in millions)** | 32.4 | 32.5 | 32.4 | 32.6 | 32.7 | 33.1 | 33.5 | 33.9 | 34.2 | 34.6 |

*Note: Data refer to mid-year population.*

*Source: IMF (WEO, Oct 2023); Frost & Sullivan*

[2] International Monetary Fund ("**IMF**") World Economic Outlook ("**WEO**") Oct 2023
[3] DOSM, Household Expenditure Survey Report Malaysia 2022
[4] Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, February 2024
[5] IMF, WEO October 2023
[6] Ministry of Finance, Economic Outlook 2024
[7] IMF, WEO October 2023

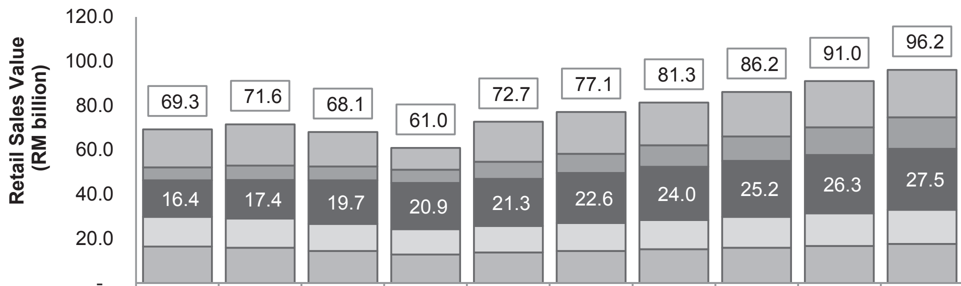
## 4 ANALYSIS OF MINI-MARKETS INDUSTRY IN MALAYSIA

### 4.1 MARKET SIZE

The grocery-based retail industry in Malaysia has experienced expansion, as evidenced by the rise in sales value from RM69.3 billion in 2018 to RM72.7 billion in 2022, at a CAGR of 1.2%. Notably, there has been a substantial growth rate of 19.2% in 2022 compared to the previous year, driven by the recovery of this segment upon the liftings of all movement restrictions in April 2022.

Moving forward, the grocery-based retail industry in Malaysia is projected to continue growing from 2022 to 2027. This growth will be driven by population growth and a resilient economic outlook, which lead to higher income and expenditure by households. These are key factors supporting the growth of the grocery-based retail industry. However, the grocery-based retail industry may face challenges due to inflationary pressures, which can lead to consumers becoming more price sensitive.

**Chart 4-1: Grocery-based Retail Industry by Segment in Malaysia, 2018–2027F**




| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 E | 2024 F | 2025 F | 2026 F | 2027 F |
|---|---|---|---|---|---|---|---|---|---|---|
| Other grocery-based retailers | 17.1 | 18.6 | 15.5 | 9.9 | 18.0 | 18.9 | 19.1 | 20.0 | 20.8 | 21.4 |
| Convenience store | 5.9 | 6.6 | 6.3 | 6.0 | 7.7 | 8.6 | 9.7 | 11.1 | 12.5 | 14.2 |
| Mini-market | 16.4 | 17.4 | 19.7 | 20.9 | 21.3 | 22.6 | 24.0 | 25.2 | 26.3 | 27.5 |
| Supermarkets | 13.4 | 13.1 | 12.3 | 11.4 | 12.0 | 12.6 | 13.3 | 14.0 | 14.7 | 15.5 |
| Hypermarkets | 16.5 | 15.9 | 14.4 | 12.9 | 13.8 | 14.4 | 15.2 | 16.0 | 16.7 | 17.6 |
| Grocery retailers | 69.3 | 71.6 | 68.1 | 61.0 | 72.7 | 77.1 | 81.3 | 86.2 | 91.0 | 96.2 |

*Note: Total may not add up due to rounding.*

*Source: Frost & Sullivan*

**Table 4-1: CAGR of the Grocery-based Retail Industry in Malaysia, 2018–2027F**

| | CAGR 2018-2019 | CAGR 2019-2022 | CAGR 2022-2027F |
|---|---|---|---|
| **Hypermarkets** | -3.3% | -4.8% | 5.0% |
| **Supermarkets** | -1.8% | -3.1% | 5.3% |
| **Mini-markets** | 5.8% | 7.0% | 5.2% |
| *- Chain mini-markets* | *18.2%* | *17.7%* | *10.4%* |
| *- Independent mini-markets* | *-0.5%* | *-0.7%* | *-1.3%* |
| **Convenience stores** | 10.7% | 5.5% | 12.9% |
| **Other grocery-based retailers** | 9.0% | -1.1% | 3.6% |
| **Total grocery-based retailers** | **3.4%** | **0.5%** | **5.8%** |

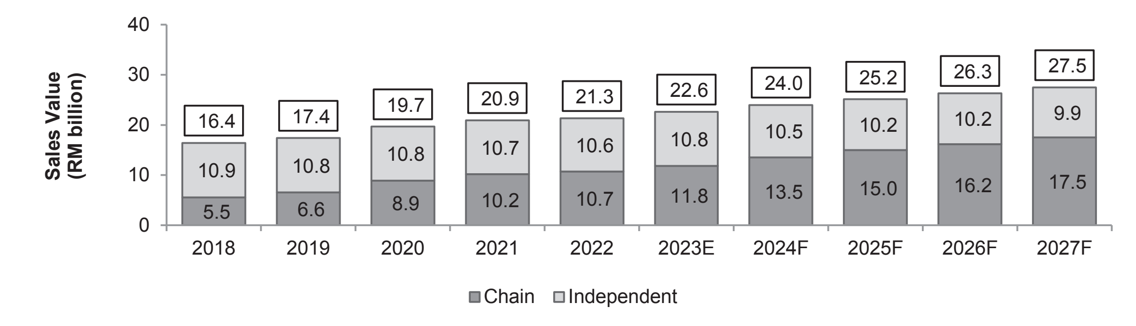
*Note: All forecasts for retail sales value are on a best-efforts basis, based on the latest publicly available information and primary interviews as at January 2024.*

*Source: Frost & Sullivan*

In 2022, grocery-based retailers held a significant share of the total store-based retail sales in Malaysia, accounting for 30.3%. Within the grocery-based retail sector, mini-markets have emerged as a rapidly expanding industry segment in terms of market share, larger than other grocery segments, capturing a growing market share of 29.3% in 2022, compared to 23.7% in 2018. During the COVID-19 pandemic, mini-markets experienced significant growth due to movement restriction orders that limited people's mobility. With supermarkets being less accessible, customers sought nearby alternatives to fulfil their grocery needs. The convenience of mini-markets, located within walking distance of residential areas, made them a preferred choice for customers looking to minimise their time spent shopping. As such, the mini-market industry in Malaysia is poised for significant growth in the forecasted period up to 2027 due to its ability to cater to the needs of consumers seeking convenience and accessibility.

The growth of the mini-markets industry is also expected to be driven by the expansion of chain retailers which are contributing to the modernisation of the grocery purchasing experience. Modern grocery stores provide consumers a comfortable shopping experience in an air-conditioned environment, with a broad range of products properly organised in shelves.

**Chart 4-2: Market Size of the Mini-market Sector in Malaysia, 2018–2027F**




*Note: Total may not add up due to rounding.*

*Source: Frost & Sullivan*

### 4.2 DEMAND DRIVERS AND TRENDS

Population growth, and resilient economic outlook which leads to higher income and expenditure by households, are key factors supporting the growth of the grocery-based retail industry. In addition, there are other drivers that are contributing to the growth of the mini-market retail segment in Malaysia such as the following:

**Growing popularity of convenience shopping:** The busy lifestyle of working adults in urban areas creates a need to shop quickly and conveniently for groceries and other daily necessities, such as fast-moving consumer goods (FMCG). Mini-markets satisfy this need, being typically located in small residential areas or urban centers. In addition, mini-markets have on average a smaller outlet size compared to supermarkets and hypermarkets, and offer selected product assortments tailored to daily needs in contrast to large assortments offered by supermarkets and hypermarkets. Customers can save time and effort by avoiding trips to larger supermarkets or hypermarkets, especially when they only need to purchase a few items. Instead, they can opt to shop at a nearby mini-market or convenience store without feeling overwhelmed. This way, they can minimise the time spent on transportation and navigating through larger outlets, making their shopping experience more efficient and convenient. However, when compared with convenience stores, mini-markets are able to provide a more comfortable shopping experience due to their larger outlet size. Mini-markets also provide value-packs for daily necessities rather than small packs for immediate consumption.

**Resilient spending on food and non-alcoholic beverages:** Despite a significant increase in the consumer price index (CPI) for food and non-alcoholic beverages, which rose by 11.9 points from 133.1 in 2019 to 145.0 in 2022,[8] household expenditure on this group of products continued to grow from RM780 in 2019 to RM841 in 2022 at a CAGR of 2.6%.[9] The trend highlights resilient demand for this group of products found in mini-markets, regardless of economic situations or price fluctuations. The reason behind this consistent demand is that many of these products are essential household necessities and non-discretionary consumables, often requiring regular replenishment and replacement.

**Government initiatives to support of low-to-middle income Malaysian households:** The nationwide initiatives such as the e-Madani programme, Inisiatif Pendapatan Rakyat (IPR) and Sumbangan Tunai Rahmah (STR), along with state government programs like Bantuan Kehidupan Sejahtera Selangor (BINGKAS) and Bantuan Sara Hidup Johor, among others, play a significant role in supporting mini-markets. These initiatives provide direct financial assistance to eligible households in Malaysia, thereby easing the financial burden especially for low income individuals/families when accessing essential goods and services. Furthermore, the Malaysian Government continues to provide subsidies on household products such as white sugar, wheat flour, rice and cooking oil to ensure affordability for all citizens, especially those with lower incomes. This ongoing initiative aims to alleviate financial burdens and promote the well-being of the population.

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[8] DOSM, Consumer Price Index 2022
[9] DOSM, Household Expenditure Survey Report Malaysia 2022

### 4.3 BARRIERS TO ENTRY AND KEY SUCCESS FACTORS

**Strong Branding:** Established and recognised brand names in the mini-market segment enjoy trust and familiarity among customers, making them the preferred choice over competitors. This presents challenges for new entrants who must invest significant time and resources to build brand awareness and gain customer loyalty. A strong brand name contributes to the success of existing mini-markets by attracting and retaining customers, setting a brand apart from competitors, and creating a positive perception of the offering. Operators with a strong brand equity in the consumer industry benefit from instant brand recognition, recall, and long-term customer loyalty, giving them a competitive edge in expanding their customer base.

**Economies of scale and Extensive Outlet Network:** Large retail chains are able to leverage their size to negotiate better prices with suppliers or directly with manufacturers, achieve cost savings through bulk purchases, and spread fixed costs over a larger number of sales, thus offering a strong price-to-quality value proposition. Established companies that have achieved economies of scale can also source private label goods or services at a lower cost than new entrants, making it difficult for new firms to enter the market, compete on price and gain a foothold. Besides, established companies in the mini-market segment typically have a large outlet network, which helps them to reach a wider customer base, spread their risk, and reduce their dependence on any one particular location. This also allows them to respond more effectively to changes in consumer demand and localised market trends, as they can adjust their outlet network and product offerings to meet these changes. Additionally, having a large outlet network can help established mini-markets to build brand recognition and customer loyalty, as customers are more likely to recognise and trust a brand that has a strong presence in their local area and throughout the country.

**Strong distribution network:** Having a robust distribution network enables mini-markets to achieve operational efficiencies and effectively serve their customers. It can be difficult for new entrants to replicate the same level of efficiency, cost-effectiveness and reliability in their supply chain. This is due to the fact that established retailers with strong distribution networks have already invested significant resources in building and optimising their infrastructure, such as their own distribution centres and distribution vehicles across the country. That allows for easier and faster stock replenishment, which can make it harder for new competitors to match.

**Digitalisation and new technologies:** The process of leveraging digital technologies to transform a business may provide mini-market players with a competitive edge over competitors. Digitalisation can, among other benefits, help to improve internal operations, offer cost savings, enhance the customer experience, and better manage and coordinate a large outlet network, particularly when an industry player is expanding and opening new outlets. For example, the Company embarked on bulk sales through a mobile webpage which allows it to take online orders within the Klang Valley. For new entrants, the upfront investment required to implement such digital tools and technologies can be a significant hurdle. The costs associated with setting up automated inventory management systems, mobile express checkouts, energy-efficient infrastructure, and other efficient solutions may be too high for smaller players with limited resources.

**Direct sourcing from manufacturers and/or brand principals:** By purchasing products directly from the manufacturer and/or brand principals, mini-markets can eliminate the markup that would be added by a middleman or distributor. This can help them to keep prices low and remain competitive. Direct sourcing gives mini-markets greater flexibility in terms of product selection. When retailers work directly with manufacturers, they have more control over the products they carry and can choose from a wider range of options. Direct sourcing also allows mini-markets to have more control over the quality of the products they sell. They can work closely with manufacturers to ensure that products meet their standards and specifications. Established mini-markets have invested time and resources in building these relationships with manufacturers, which gives them a competitive advantage over new entrants who may struggle to establish similar relationships.

**Uniformity of outlet layout:** By adopting a consistent and standardised outlet design across multiple locations, mini-markets aim to enhance the customer experience, improve operational efficiency, and strengthen their brand identity through uniformity. This approach ensures that customers can easily navigate and find products in a familiar and predictable manner, regardless of the outlet they visit. Moreover, a uniform outlet layout allows mini-market chains to streamline their operations, optimise inventory management, and maintain a cohesive brand image throughout their entire network of outlets.

### 4.4 COMPETITIVE LANDSCAPE

In the Malaysian mini-market retail segment, there are a few well-established chain industry players with over 15 outlets nationwide, alongside numerous smaller chain and independent industry players localised in various states, where their headquarters are situated. 99 Speedmart's outlets are strategically located in urban, suburban, and rural areas, providing an extensive coverage of the Malaysian population and of Malaysian households. However, 99 Speedmart has a lower store penetration in areas outside of the Central and Southern regions of Malaysia. This is indicative that the Company can potentially expand its footprint in the East Coast and Northern regions of Peninsular Malaysia, as well as in East Malaysia.

**Table 4-2: Estimated Population by Regions[10] as at June 2023 vs 99 Speedmart's outlets as at January 2024 in Malaysia**

| Malaysia | Population (thousand) (Jun 2023) (1) | Area (kilometer ("km")$^2$) | Population Density (people/km$^2$) | 99 Speedmart's outlet count (Jan 2024) (2) | 99 Speedmart's stores penetration (outlets / million population) (3) | 99 Speedmart's population coverage (population (thousand) / outlets) (3) |
|---|---|---|---|---|---|---|
| **Peninsular Malaysia** | **26,917** | **132,492** | **203** | **2,311** | **85.9** | **11.6** |
| - Central | 9,234 | 8,233 | 1,121 | 994 | 107.7 | 9.3 |
| - East Coast | 4,664 | 64,124 | 73 | 99 | 21.2 | 47.1 |
| - Northern | 6,727 | 32,504 | 207 | 555 | 82.5 | 12.1 |
| - Southern | 6,292 | 27,631 | 228 | 663 | 105.4 | 9.5 |
| **East Malaysia** | **6,142** | **198,363** | **31** | **231** | **37.6** | **26.6** |

*Note: Latest available data as at January 2024. (1) Estimated population data as at 30 June 2023; (2) 99 Speedmart's outlets count as at 31 January 2024; (3) Calculated based on the population data as at 30 June 2023 and 99 Speedmart's outlets count as at 31 January 2024.*

*Source: DOSM; IMF; Frost & Sullivan*

**Table 4-3: Number of Households by State as at December 2022 vs 99 Speedmart's outlets in Malaysia as at January 2024**

| Malaysia | Number of households ('000) (Dec 2022) (1) | Area (km$^2$) | Households / area in km$^2$ | 99 Speedmart's outlet count (Jan 2024) (2) | 99 Speedmart's stores penetration (households/outlet) (3) |
|---|---|---|---|---|---|
| **Peninsular Malaysia** | **6,689.4** | **132,492** | **50.5** | **2,311** | **2,894.6** |
| Selangor | 1,774.8 | 7,941 | 223.5 | 777 | 2,284.2 |
| Kuala Lumpur | 553.0 | 243 | 2,275.7 | 211 | 2,620.9 |
| Putrajaya | 30.9 | 49 | 630.6 | 6 | 5,150.0 |
| **Central** | **2,358.7** | **8,233** | **286.5** | **994** | **2,372.9** |
| Kelantan | 357.8 | 15,032 | 23.8 | 0 | - |
| Terengganu | 281.4 | 12,958 | 21.7 | 5 | 56,280.0 |
| Pahang | 382.6 | 36,134 | 10.6 | 94 | 4,070.2 |
| **East Coast** | **1,021.8** | **64,124** | **15.9** | **99** | **10,321.2** |
| Perlis | 75.8 | 816 | 92.9 | 0 | - |
| Kedah | 534.2 | 9,510 | 56.2 | 149 | 3,585.2 |
| Penang | 478.3 | 1,031 | 463.9 | 111 | 4,390.0 |
| Perak | 649.9 | 21,146 | 30.7 | 295 | 2,203.1 |
| **Northern** | **1,738.2** | **32,504** | **53.5** | **555** | **3,131.9** |
| Johor | 999.4 | 19,166 | 52.1 | 377 | 2,650.9 |
| Melaka | 262.0 | 1,755 | 149.3 | 131 | 2,000.0 |
| N. Sembilan | 309.3 | 6,710 | 46.1 | 155 | 1,995.5 |
| **Southern** | **1,570.7** | **27,631** | **56.8** | **663** | **2,369.1** |
| Sabah | 601.3 | 74,100 | 8.1 | 228 | 2,637.3 |
| Sarawak | 596.8 | 124,171 | 4.8 | 3 | 198,933.3 |
| Labuan | 21.6 | 92 | 234.8 | 0 | - |
| **East Malaysia** | **1,219.7** | **198,363** | **6.1** | **231** | **5,280.1** |
| **Total Malaysia** | **7,909.2** | **330,855** | **23.9** | **2,542** | **3,111.4** |

*Note: Latest available data as at January 2024. (1) Number of households as at 31 December 2022; (2) 99 Speedmart's outlets count as at 31 January 2024; (3) Calculated based on the number of households as at 31 December 2022 and 99 Speedmart's outlets count as at 31 January 2024.*

*Source: DOSM; Frost & Sullivan*

It's important to note that 99 Speedmart competes not only with chain and independent players in the mini-market industry but also indirectly with other grocery-based retailers such as supermarkets. This competition arises from offering similar products and vying for market share based on factors such as product selection, pricing, quality, customer service, and the overall shopping experience.

[10] Central region: state of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. East Coast region: state of Kelantan, Terengganu and Pahang. Northern region: state of Perlis, Kedah, Penang and Perak. Southern region: state of Johor, Melaka and Negeri Sembilan. East Malaysia: state of Sabah and Sarawak and the Federal Territory of Labuan.

### 4.4.1 Profiles of Key Players

Among the various participants in the mini-markets segment, 99 Speedmart stands out as the largest player in Malaysia in terms of geographical coverage and number of outlets, with 2,542 outlets nationwide as at January 2024. 99 Speedmart is also one of the selected key players that manages its logistics predominantly in-house, with its own delivery trucks, lorries and/or distribution centers; other selected key players manage their logistics needs predominantly via third-party service providers.

**Table 4-4: Selected Key Players in the Chain Mini-Markets Segment in Malaysia, January 2024**

| Brand Name[1] | Number of States and Federal Territories in which the Brand has outlets [2] | Number of Outlets [3] |
|---|---|---|
| **99 Speedmart** | 81.3% | 2,542 |
| **Pasar Ekonomi Econsave** | 12.5% | 74 |
| **Bila-bila Mart** | 12.5% | 50 |
| **Giant Mini** | 12.5% | 40 |
| **myNEWS SUPERVALUE** | 50.0% | 31 |
| **Fresh 365** | 18.8% | 28 |
| **Save** | 6.3% | 28 |
| **TMG Express** | 31.3% | 24 |
| **GT Mart** | 6.3% | 19 |
| **Econo Jaya Mini Market** | 25.0% | 15 |

*Notes: Data for each company is provided on a best-effort basis based on publicly available information. The list of selected key players may not be exhaustive and the information is provided for reference only. (1) The brands listed are mini-market retailers that have at least 15 outlets in Malaysia as at January 2024. The brands are sorted based on the total number of outlets in Malaysia.; (2) Refers to the 13 States and 3 Federal Territories in Malaysia; (3) Outlet count is as at January 2024.*

*Source: Respective Company Websites; Frost & Sullivan*

The extensive presence of 99 Speedmart in terms of geographical coverage and number of outlets makes it challenging for other players to compete in the field. The extensive reach and presence of 99 Speedmart give a competitive advantage, as it can cater to a larger customer base, especially cost-conscious customers, and offer convenience through its extensive outlet network. The strong market position of 99 Speedmart creates barriers for new entrants or smaller competitors looking to establish themselves in the same market. With 99 Speedmart already occupying a significant share of the market, it can be difficult for other players to gain traction and attract customers away from the established brand. Furthermore, 99 Speedmart's extensive geographical coverage and established relationships with suppliers give the company a bargaining power to negotiate better deals. This can further solidify its competitive position and make it challenging for others to compete on pricing and product variety.

### 4.4.2 Benchmarking Versus Selected Grocery-based Retailers

**Table 4-5: Financial Benchmarking of Selected Grocery-based Retailers in Malaysia, 2022**

| Company | Type of grocery retailers | Financial year ended | Revenue (RM mil) | Latest three years revenue CAGR | Profit before tax ("PBT") margin [1] | Inventory turnover [2] (days) | Current ratio [3] |
|---|---|---|---|---|---|---|---|
| 99 Speedmart | Mini-market | 31 Dec 22 | 8,075.3 | 17.0% | 6.0% | 47 | 1.2 |
| 7-Eleven Malaysia Holdings Berhad | Convenience store | 31 Dec 22 | 3,764.3 | 16.8% | 3.7% | 56 | 1.0 |
| KK Supermart & Superstore Sdn Bhd | | 30 Jun 23 | 1,255.2 | 22.8% | 10.4% | 61 | 1.6 |
| Mynews Holdings Berhad [5] | | 31 Oct 22 | 631.3 | 6.8% | -3.3% | 61 | 0.7 |
| Trendcell Sdn Bhd | Supermarket | 31 Dec 22 | 2,360.5 | NA [4] | 4.9% | 48 | 1.2 |
| TFP Retail Sdn Bhd | | 31 Oct 22 | 1,038.3 | NA [4] | 4.9% | 62 | 1.5 |
| Mydin Mohamed Holdings Berhad | Hypermarket + supermarket | 31 Mar 23 | 2,952.7 | 1.7% | -1.5% | 152 | 1.0 |
| Lotuss Stores (Malaysia) Sdn Bhd | Hypermarket | 31 Dec 22 | 3,686.5 | NA [4] | 2.7% | 45 | 1.0 |
| AEON Big (M) Sdn Bhd | | 31 Dec 22 | 1,483.6 | -3.2% | -1.2% | 48 | 0.2 |

*Notes: Information based on the latest available financial data reported by selected players as at January 2024. The list of selected players may not be exhaustive and the information is provided for reference only. The selected players are sorted first based on the type of grocery retailer, and then by revenue. The selected grocery-based retailers are either publicly listed or have reported a revenue of more than RM500 million in the latest financial statement available as at January 2024. The revenue and PBT reported may be derived from other non-grocery retail activities; (1) Computed based on PBT divided by revenue; (2) Computed based on average inventories as at the beginning and end of the financial year divided by cost of sales for such financial year, multiplied by number of days in the financial year; (3) Computed based on current assets over current liabilities as at the end of the financial year; (4) Not available due to non-comparable historical revenue. (5) The information for the financial year ending 31 Oct 2023 is excluded in this analysis as only the unaudited report is available as at January 2024.*

*Source: Respective companies' audited financial statements; Frost & Sullivan*

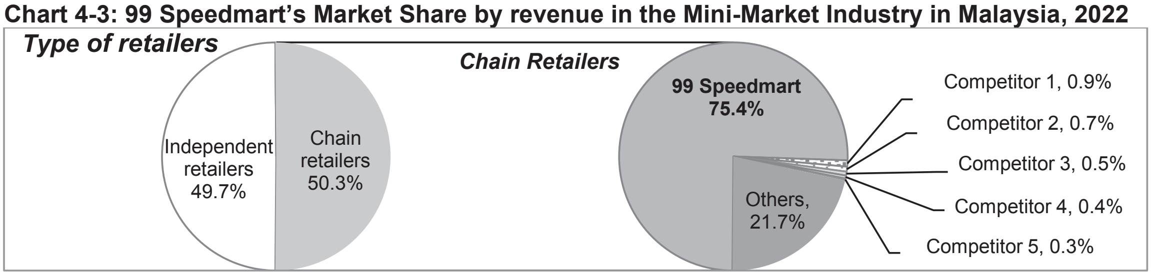
Among the selected grocery-based retailers, 99 Speedmart has among the fastest revenue CAGR in the prior three years, which can be attributed to the Company's expanding geographical coverage and consumer preference towards convenience shopping. Its high PBT margin in the latest financial year indicates that the Company operates efficiently. In terms of financial ratios, 99 Speedmart has a lower inventory turnover period, indicating that goods are sold faster to recover its investment. 99 Speedmart's positive current ratio is comparable with the selected grocery-based retailers.

### 4.4.3 Market Share

The mini-market industry in Malaysia, with a revenue of RM21.3 billion in 2022, is composed of a significant number of independent mini-market retailers and chain mini-market retailers. Among the chain mini-market retailers, 99 Speedmart stands out as the market leader holding a market share of 75.4% in 2022.[11] In Malaysia, 99 Speedmart is also the largest mini-market player and a leading groceries retailer based on revenue holding a market share of 37.9% and 11.1% in 2022 respectively, based on the Company's revenue for the FYE 2022.

99 Speedmart anticipates a significant growth in its market share in the coming years due to several factors. Firstly, the proactive outlet opening strategy and availability of whitespace areas allow the company to expand its presence in various locations across Malaysia to reach new customers and expand its customer base. Moreover, the large scale of 99 Speedmart's operations creates a barrier to entry and expansion for other mini-market players in Malaysia, hindering their ability to compete effectively. 99 Speedmart also stands out from other mini-market players due to its competitive pricing strategy. By offering affordable prices on a wide range of products, it attracts cost-conscious shoppers and creates a loyal customer base. With these factors in place, 99 Speedmart is confident in its ability to increase its market share and establish a strong foothold in the market in the foreseeable future.

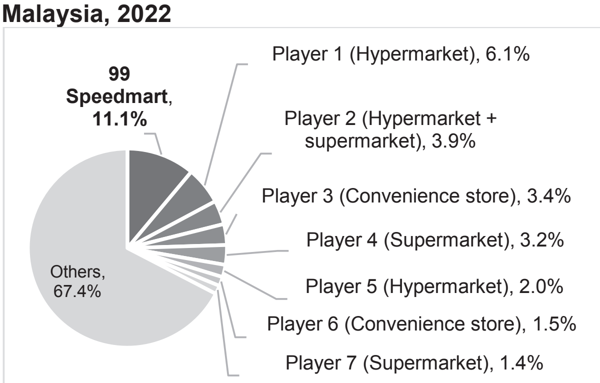
**Chart 4-3: 99 Speedmart's Market Share by revenue in the Mini-Market Industry in Malaysia, 2022**




*Notes: Information relating to "Chain Retailers" as set out in Chart 4-3 is based on (1) Market share estimates derived from the latest available financial data reported by selected players as at January 2024; (2) The category labelled as "Others" include mini-market players with a market share that is estimated to be less than 1.0% in 2022, and other players for which financial information is not available or cannot be estimated; (3) The revenue reported may include revenue derived from other non-mini-market retail activities; (4) The revenue is estimated for the Financial Year January-December 2022 for key industry players that have a different financial reporting period.*

*Source: Frost & Sullivan*

**Chart 4-4: 99 Speedmart's Market Share by revenue in the Grocery-based Retail Industry in Malaysia, 2022**

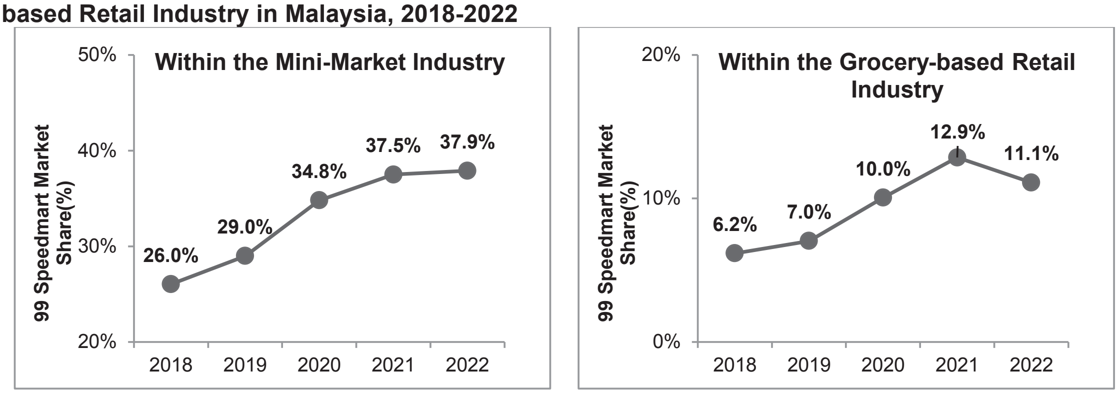



*Notes: Information is based on (1) Market share estimates derived from the latest available financial data reported by selected players as at January 2024; (2) The category labelled as "Others" include grocery-based retail players with a market share that is estimated to be less than 1.0% in 2022, and other players for which financial information is not available or cannot be estimated; (3) The revenue reported may include revenue derived from other non-grocery retail activities; (4) The revenue for player 3 is based on the convenience store segment only; (5) The revenue is estimated for the Financial Year January-December 2022 for key industry players that have a different financial reporting period.*

*Source: Frost & Sullivan*

[11] 99 Speedmart's market positioning in 2022 is confirmed by comparing its revenue in 2022 against the estimated revenue of other similar mini-market retailers reported in the table "Profile of Key Players". The revenue data may not have been available for all players. Therefore, Frost & Sullivan has estimated their revenue based on various factors, including the number of established outlets, the indicative revenue per outlet, and the industry average growth rate, amongst others.

**Chart 4-5: Market Share of 99 Speedmart within the Mini-Market Industry and within the Grocery-based Retail Industry in Malaysia, 2018-2022**




*Source: Frost & Sullivan*

### 4.5 INDUSTRY RISKS AND MITIGANTS

**Intense competition from other retail formats:** Due to the broad range of products offered by mini-markets, some of the items available also overlap with those offered by other grocery retailers such as supermarkets and hypermarkets. These competitors often offer similar products at competitive prices, which can make it challenging for mini-markets to differentiate themselves and attract customers. However, the smaller outlet footprint compared with other retailers, makes mini-markets a convenient destination for customers who are looking for a quick shopping trip for their groceries and daily necessities.

**Theft and damaged/obsolete products:** The mini-market industry faces the risks of theft and damaged/obsolete products, but there are mitigants that can help address these concerns. Some of the measures include implementing security systems, conducting employee training, practicing efficient inventory management, establishing strong supplier relationships that can help minimise theft, monitoring product quality and expiration dates, identifying and removing damaged or expired items, and ensuring the freshness of inventory. By implementing these mitigants mini-markets can effectively manage these risks and maintain the integrity of their operations.

**Disruption within the supply chain:** The mini-market industry may, similarly to other grocery retailers, face disruptions due to a possible shortage of supply or sudden increase in demand. A shortage of supply may be due to a shortage of workers in production facilities, a shortage of raw materials for production, or logistics issues among other factors. Meanwhile, a sudden increase in demand is usually not a prolonged event, such as during the outbreak of COVID-19, when in March 2020 the announcement of Movement Control Order generated a panic buying of daily necessities. To reduce the impact of this risk, mini-market retailers constantly monitor industry trends. They may increase or decrease their inventory based on their view on the latest industry demand and supply conditions.

**Labour-intensive industry:** The mini-market industry can be considered a labour-intensive industry as it requires a significant workforce to handle various tasks, such as customer service, inventory management, stocking shelves, and managing the checkout process. Retailers in the mini-market segment need to ensure that their employees are well-trained, motivated, and efficient to provide excellent customer service and maximise productivity. However, retailers are also increasing the adoption of technologies and automation solutions such as inventory management systems to reduce their reliance on human labour.

**Reliance on and vulnerability to imports:** Similar to other retail formats, mini-markets offer a variety of products that can be either locally produced or imported. However, the mini-market industry is generally less vulnerable to disruptions in imports compared to other retailers. This is because the products sold in mini-markets are typically general in nature and not reliant on a limited number of overseas suppliers. There are multiple options available for each type of product, including different brands and similar substitutes, which can be sourced from both local and overseas manufacturers and suppliers. The availability of numerous options reduces the likelihood of being impacted by disruptions from imports.

**Manufacturer risk:** While any retailer is vulnerable to disruptions in the import of products, mini-markets have an advantage in managing manufacturer risk. The products sold in mini-markets are not dependent on a limited number of overseas manufacturers. This means that if one vendor faces issues such as bankruptcy, production delays, or quality control problems, mini-markets have the flexibility to source products from other vendors. This reduces their reliance on any single manufacturer and helps to mitigate the risk of disruptions in the supply chain.

### 4.6 SUMMARY PROSPECTS AND OUTLOOK OF THE MINI-MARKET INDUSTRY

The chain mini-market retail sector in Malaysia is forecasted to grow in the period from 2022 to 2027, at a CAGR of 10.4%. The resilient economic climate provides a conducive environment for consumer spending and supports the growth of the retail sector, including mini-markets. Besides, the country's population growth and urbanisation trend are also driving the demand for easily accessible grocery stores in the proximity of residential areas. The growing popularity of convenience shopping, along with busy lifestyles, has increased the demand for mini-markets.

Furthermore, spending on food and non-alcoholic beverages has proven to be resilient even during challenging times. Malaysians prioritise their food and grocery needs, making the mini-market industry a resilient sector that can withstand economic uncertainties. Lastly, the government's initiatives to support low-to-middle income Malaysian households further contributes to the positive prospects of the mini-market industry. Programs and initiatives aimed at improving the welfare of these households, such as financial aid and subsidies, increase the purchasing power and demand for affordable and accessible shopping options like mini-markets. These highly advantageous factors not only create a conducive environment, but also pave the way for exponential growth and resounding success of mini-markets in the country.

## 5 SUMMARY PROSPECTS AND OUTLOOK FOR THE COMPANY

99 Speedmart is the largest mini-market player and a leading groceries retailer in Malaysia, by revenue in 2022. In 2023, 99 Speedmart has also the largest number of outlets among the Malaysian mini-market players. The mini-market industry is experiencing significant growth and it has the potential to continue to grow further, which presents opportunities for retailers like 99 Speedmart. As the leading homegrown mini-market chain player in Malaysia, 99 Speedmart is positioned to capitalise on the growth potential of the industry.

The primary focus of 99 Speedmart is to provide value and ease to consumers, across Malaysia due to its vast geographical coverage. This positioning has allowed the Company to gain a loyal customer base and compete effectively in the market. 99 Speedmart not only offers a wide variety of products but also provides additional services like bill payment options and mobile top-up services. Besides, the Company is committed to meeting the changing consumer shopping habits by working with suppliers to provide smaller packaging and enhance product selection by introducing seasonal items to coincide with festive occasions. By offering these services, 99 Speedmart becomes a one-stop destination for customers' daily necessities and service needs, providing a comprehensive and convenient shopping experience. The Company's competitive strengths are further enhanced by its efficient supply chain management and cost-effective operations, leveraging economies of scale. By effectively utilising economies of scale, 99 Speedmart can maintain competitive pricings and deliver value to its customers. 99 Speedmart's effective supply chain management includes centralised purchase and delivery processes, efficient inventory management and a front-end point of sale system (POS) for seamless transactions.

Furthermore, 99 Speedmart has strategically identified unmet market opportunities and regions with significant growth potential, where lower market penetration creates greater potential for market entry and expansion. In addition, the Company has demonstrated its commitment to grow by opening new outlets across Malaysia, targeting both urban and rural areas to capture new market segments and augment its market share. With plans to further expand its geographical coverage, 99 Speedmart is poised for continued success and growth in grocery retailing to the end consumers. The introduction of bulk sales capabilities to serve business customers in the Klang Valley through an e-commerce-driven business model allows the Company to further expand and diversify its revenue streams by combining both business-to-consumer and business-to-business sales. With its industry positioning benefitting from resilient consumer demand, alignment with unmet market needs, competitive strengths, and unique strategies; 99 Speedmart is well-positioned for future growth.

**[END OF THE REPORT]**

# 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

## 9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

### 9.1.1 Profiles of our Promoters and substantial shareholders

**(i) Lee Thiam Wah as our Promoter and substantial shareholder**

Lee Thiam Wah, a Malaysian, is our Promoter and substantial shareholder. Details of his profile are set out in Section 9.2.1(ii) of this Prospectus. For details of Lee Thiam Wah's family relationship with our Directors and Key Senior Management, see Section 9.4 of this Prospectus.

**(ii) Lee LYG Holdings as our Promoter and substantial shareholder**

Lee LYG Holdings is our Promoter and substantial shareholder.

Lee LYG Holdings was incorporated in Malaysia under the Act on 16 May 2017 as a private limited company under the name of 99 IMall Sdn Bhd. Lee LYG Holdings changed its name to its present name on 14 December 2023.

Lee LYG Holdings is principally engaged in investment holdings and as at the LPD does not have any interest or shareholdings in any other corporations except for its shareholdings in our Company.

As at the LPD, the issued share capital of Lee LYG Holdings is RM2 comprising 2 ordinary shares.

Lee Thiam Wah is the sole director and shareholder of Lee LYG Holdings.

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### 9.1.2 Shareholding of our 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:

| | | | | | **After our IPO** | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **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** | |
| **Name / Country of Incorporation / Nationality** | **No. of Shares ('000)** | **%** | **No. of Shares ('000)** | **%** | **No. of Shares ('000)** | **%** | **No. of Shares ('000)** | **%** | **No. of Shares ('000)** | **%** | **No. of Shares ('000)** | **%** |
| **Promoters and substantial shareholders** | | | | | | | | | | | | |
| Lee LYG 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 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% shareholding in Lee LYG Holdings, pursuant to Section 8(4) of the Act.*

#### 9.1.3 Changes in our Promoters, substantial shareholders' shareholdings in our Company since our incorporation

Save for the issuance of Shares to our Promoters and substantial shareholders pursuant to the acquisition of 99SM and 99EM by our Company and the Subdivision as detailed in Section 6.1.2 of this Prospectus, there has been no change in our Promoters and Substantial Shareholders' shareholdings in our Company since our incorporation.

## 9.2 BOARD OF DIRECTORS

Our Board acknowledges and takes cognisance of the MCCG which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies.

Our Board comprises at least 30% female Directors and a majority of independent directors. With that, our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Group effectively. Our Board is also committed to achieving and sustaining high standards of corporate governance.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Group. To ensure the effective discharge of its functions, our Board has set out the following key responsibilities in our board charter:

(i) review and approve strategies, business plans and key policies for our Group, as well as assess and monitor the performance of the management personnel of our Company ("**Management**") in implementing them;

(ii) set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout our Group;

(iii) ensure full compliance and to carry out the duties of our Board in accordance with all applicable laws, regulations and guidelines;

(iv) ensure that there shall be unrestricted access to independent advice or expert advice at our Company's expense in furtherance of our Board's duties;

(v) ensure that all members of our Board and our Management are of sufficient calibre, has the necessary skills and experience, and there is a proper and robust succession plan for our Management and our Board in place;

(vi) review, challenge and decide on our Management's proposals for our Group, and monitor its implementation by our Management;

(vii) ensure all directors are able to understand financial statements and form a view of the information presented, and ensure the integrity of our Group's financial and non-financial reporting;

(viii) together with our Management, promote good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour; and

(ix) ensure that our Group has in place procedures to enable effective, transparent and regular communication with stakeholders, including channels for stakeholders to provide their views and feedback including complaints, and such channel shall be available at all times and the Company shall acknowledge and address the stakeholders' views, feedback and complaints appropriately.

In addition, the roles and responsibilities of our Chairman and CEO are clearly segregated to further enhance and preserve a balance of authority and accountability. Our Chairman (and in the event that our Chairman is conflicted, our Senior Independent Director) is primarily responsible for, amongst others, the following:

(i) leading our Board in its collective oversight of our Management so that our Board can perform its responsibilities effectively;

(ii) representing our Board to the shareholders and to chair and to ensure the efficient organisation and conduct of our Board and/or meeting of our shareholders;

(iii) setting the board agenda and ensuring the provision of accurate, timely, complete and clear information to our Directors as well as ensuring our Board Committee meetings are conducted separately from Board meetings;

(iv) leading and chairing board meetings and discussions;

(v) ensuring appropriate steps are taken to provide effective communication with our shareholders and relevant stakeholders and that their views are communicated to our Board as a whole;

(vi) leading our board in setting the values and standards as well as the adoption and implementation of good corporate governance practices in our Group;

(vii) ensuring that all Directors are enabled and encouraged to participate in Board meetings. This includes ensuring that all relevant issues are on the agenda that all Directors receive timely, relevant information tailored to their needs, that they are properly briefed on issues arising at Board meetings, and that adequate time is allocated for discussion of issues tabled to our Board for deliberation;

(viii) maintaining a relationship of trust with and between the executive and non-executive Directors; and

(ix) functioning as a facilitator at meetings of our Board to ensure that no member, whether executive or non-executive, dominates any discussion and that relevant discussions take place with the relevant opinions among members forthcoming.

On the other hand, our CEO is primarily responsible for the effective implementation of our Group's business plan and policies established by our Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operations.

## 9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

The details of the members of our Board and the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

| Director | Designation | Age | Nationality | Date of appointment | Date of expiration of the current term of office at AGM | No. of years and months in office |
|---|---|---|---|---|---|---|
| Dato' Chua Tia Guan | Non-Independent Non-Executive Chairman | 55 | Malaysian | 28 November 2023 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Lee Thiam Wah | Executive Director and CEO | 59 | Malaysian | 15 May 2023 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Ng Lee Tieng | Non-Independent Non-Executive Director | 44 | Malaysian | 6 June 2023 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Lee Lay Liang | Executive Director | 47 | Malaysian | 28 November 2023 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Ho Tat Heng | Senior Independent Non-Executive Director | 52 | Malaysian | 8 January 2024 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Nirmalah A/P V.Thurai | Independent Non-Executive Director | 67 | Malaysian | 8 January 2024 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Serina Binti Abdul Samad | Independent Non-Executive Director | 54 | Malaysian | 8 January 2024 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Dato' Abdul Latif Bin Abu Seman | Independent Non-Executive Director | 62 | Malaysian | 8 January 2024 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Ting Seng Hook @ Ting Seng Hee | Independent Non-Executive Director | 61 | Malaysian | 14 March 2024 | Subject to retirement at the AGM in 2024 | Less than 1 year |
| Lee Yan Zhong | Alternate Director to Lee Thiam Wah | 23 | Malaysian | 28 November 2023 | Nil | Less than 1 year |
| Leong Sau Chan | Alternate Director to Lee Lay Liang | 46 | Malaysian | 28 November 2023 | Nil | Less than 1 year |

None of our Directors represent any corporate shareholder on our Board. For details on the associations and family relationships between our Promoters, substantial shareholders, Directors and Key Senior Management, see Section 9.4 of this Prospectus.

### 9.2.1 Profiles of our Directors

#### (i) Dato' Chua Tia Guan

Dato' Chua Tia Guan, a Malaysian aged 55, is our Non-Independent Non-Executive Chairman. He was appointed to our Board on 28 November 2023.

He graduated with a Bachelor of Accounting from the University of Malaya, Malaysia in 1993. He is also a member of the Malaysian Institute of Certified Public Accountants, the MIA as well as the Chartered Tax Institute of Malaysia (*formerly known as* Malaysian Institute of Taxation) since 1997.

He commenced his career in 1993 as a tax staff assistant with an international accounting firm, Arthur Andersen & Co. He rose through the ranks of Arthur Andersen & Co and was promoted to Manager of Tax and Financial Planning in 2000.

Through a merger of Arthur Andersen & Co and Ernst & Young in 2002, he joined Ernst & Young Tax Consultants Sdn Bhd as a senior manager, where he provided tax and financial planning services.

He left Ernst & Young Tax Consultants Sdn Bhd in 2003 and thereafter co-founded Asia Business Centre group, a boutique consulting outfit specialising in tax and financial consulting services, where apart from his designation as the Head of Tax & Financial Consulting, he is also a director and co-owner.

He was appointed as the Independent Non-Executive Chairman of the board of directors of Success Transformer Corporation Berhad, a public company listed on the Main Market of Bursa Securities, from 2016 until his cessation of office in 2020. He is also the Chairman of the Executive Committee of Newscape Capital, which is the ultimate holding company of Cosmo Restaurants and Burger King Singapore Pte Ltd, the holding company of the Burger King franchise in Malaysia and Singapore respectively, since 2015.

He currently sits on the board of several companies as disclosed in Section 9.2.3 of this Prospectus.

#### (ii) Lee Thiam Wah

Lee Thiam Wah, a Malaysian aged 59, is our Executive Director and CEO. He was appointed to our Board on 15 May 2023. He is the founder of our Group and has over 36 years of experience and expertise in the retail industry.

He completed an executive programme from the School of Professional and Continuing Education ("**SPACE**") known as Executive Master of Business Administration ("**MBA**") programme in collaboration with Southern University College, in 2023.

Lee Thiam Wah opened his first mini-market, "Pasar Raya Hiap Hoe" in 1987 as a sole proprietorship. In 1992, he disposed of "Pasar Raya Hiap Hoe" and set up a mini-market chain business under the sole proprietorship of Ninety Nine Market operating under the trade name of "Pasar Mini 99". By 1998, he had successfully expanded Ninety Nine Market's chain of mini-markets to 8 stores, all located in Klang, Selangor.

In 2000, he incorporated 99SM, which acquired all assets and assumed all liabilities of Ninety Nine Market in 2003 to realise his vision of building an integrated chain of mini-markets. Through 99SM, he led the expansion of "99 Speedmart" outlets in Peninsular Malaysia and by 2008, 99SM opened its 100th outlet. Thereafter in 2013, he founded 99EM as the vehicle for expanding our Group's mini-market business in East Malaysia.

Under his stewardship, our Group has since expanded to become the largest mini-market chain in Malaysia. As CEO of our Group, he is responsible for the overall expansion of our Group as well as our corporate strategy planning and strategies on new product development to meet our customers' expectations.

Lee Thiam Wah is widely regarded in the retail industry having been awarded, amongst others, the Outstanding Entrepreneur award in 2014 by the Chinese Chamber of Commerce and Industry Kuala Lumpur and Selangor and the Outstanding Entrepreneurship award 2014 by Asia Pacific Enterprise Asia. Being a prominent entrepreneur in our industry, he has also been featured across diverse publications, including news articles and educational textbooks, which highlight his achievements in overcoming adversity and developing a successful business.

Lee Thiam Wah has expanded his investments into, amongst others, the food and beverages sector in Malaysia and Singapore through his investments in the Burger King franchise in Malaysia and Singapore. He also has investments in U Stars Group which operates in Singapore.

He currently sits on the board of the Malaysian subsidiaries of our Group and several private limited companies as disclosed in Section 9.2.3 of this Prospectus.

**(iii) Ng Lee Tieng**

Ng Lee Tieng, a Malaysian aged 44, is our Non-Independent Non-Executive Director. She is also the wife of Lee Thiam Wah. She was appointed to our Board on 6 June 2023. She has more than 26 years of experience in the retail industry.

She completed an executive programme from SPACE known as Executive MBA programme in collaboration with Southern University College, in 2023.

She began her career in 1997 as a purchasing executive of Ninety Nine Market, i.e. Lee Thiam Wah's sole proprietorship which operated several mini-markets under the name of "Pasar Mini 99" in Klang, Selangor. During this period, her responsibilities were focused on purchasing and costing-related matters, as well as managing relationship with suppliers. Her experience in the mini-market business provided her insights into the retail industry, which she later applied to her role as a director of 99SM in 2000.

Between 2000 and 2015, she was responsible for overseeing all aspects of human resources within our Group, including recruitment, payroll management, employee relations and was instrumental in building a dedicated team for our Group. She was also responsible for overseeing the operational and business development aspects of our Group in a complementary supporting role to Lee Thiam Wah, prior to the establishment of our Group's various departments.

In 2015, Ng Lee Tieng and Lee Thiam Wah invested in the franchise business of Burger King in Malaysia and Singapore. She currently holds the position of CEO of Cosmo Restaurants and Burger King Singapore Pte Ltd, the holding companies of the Burger King franchise in Malaysia and Singapore respectively.

She currently sits on the board of the subsidiaries of our Group and several private limited companies as disclosed in Section 9.2.3 of this Prospectus.

**(iv) Lee Lay Liang**

Lee Lay Liang, a Malaysian aged 47, is our Executive Director and leads our payments division. She is also a member of our Key Senior Management and is the younger sister of Lee Thiam Wah. She was appointed to our Board on 28 November 2023. She has more than 29 years of experience in the retail industry.

Joining us in 1994, she has a long career with our Group, gradually rising through the ranks to assume her current leadership role. She completed an executive programme from SPACE known as Executive MBA programme in collaboration with Southern University College, in 2023.

She began her career when she first joined Ninety Nine Market (sole proprietorship of Lee Thiam Wah) in 1994 as an account executive. In 2000, she was appointed as an administrative executive of 99SM where her main responsibilities included overseeing the stock count processes, costing related matters, payment processing and payroll management. During this period, she assisted our Group in establishing our initial finance operations as our Group's financial reporting requirements became more demanding and complex due to our high pace of growth.

Throughout the years, she has been a key member of our management team, working with Lee Thiam Wah to support his plans to expand our business. Since 2018, she was appointed as a board member of our key operating subsidiaries, 99SM and 99EM, together with Lee Thiam Wah. She presently leads our payments division, working with and in coordination with our CFO in managing the payments to our Group's approximately 650 suppliers and vendors as well as oversees the payroll management for our Group's over 20,000 employees.

She currently sits on several private limited companies as disclosed in Section 9.2.3 of this Prospectus.

**(v) Ho Tat Heng**

Ho Tat Heng, a Malaysian aged 52, is our Senior Independent Non-Executive Director. He was appointed to our Board on 8 January 2024.

He obtained a Diploma in Commerce (Financial Accounting) with Distinction from Tunku Abdul Rahman College, Kuala Lumpur in 1995. He was admitted as a member of the ACCA since 2000 and as a Fellow in 2005.

He commenced his career at CIMB in 1996 as an Executive in the Corporate Finance department and rose up the ranks to Manager in 2000 and subsequently to Senior Manager in 2002. He remained with CIMB for the next 14 years until 2016 where he has held various key positions including Associate Director, Director, Head and Managing Director of the Corporate Finance department of CIMB.

He resigned from CIMB in 2016 and joined ZJ Advisory Sdn Bhd, a corporate advisory firm, where he was an executive director until his resignation in 2018. He has since become a freelance consultant under his own company, FHL Consultancy Sdn Bhd, providing consultancy services.

He is presently an independent director of JCY International Berhad, a company listed on the Main Market of Bursa Securities, and currently sits on the board of another private limited company as disclosed in Section 9.2.3 of this Prospectus.

**(vi) Nirmalah A/P V.Thurai**

Nirmalah A/P V.Thurai, a Malaysian aged 67, is our Independent Non-Executive Director. She was appointed to our Board on 8 January 2024.

She obtained a Bachelor of Arts (Honours) in Mass Communication from Universiti Sains Malaysia in 1978.

She commenced her career in 1979 as a research officer at Sahabat Alam Malaysia, a non-governmental organisation. She joined Institut Teknologi MARA (the predecessor of Universiti Teknologi MARA) as a lecturer in 1980 until 1981.

She then began her career spanning 39 years within the Nestle group of companies. Between 1981 and 2004, save for 2 years between 1987 and 1988 with Nestle UK Ltd, she served at Nestle, starting as a Market Research Executive. She rose through the ranks at Nestle with the management of various portfolios including, Head of Market Research, Senior Brand Manager for Nescafe and Marketing Manager for Nestle Professional as well as Business Manager for Chilled Dairy business unit of Nestle (Malaysia) Berhad ("**Nestle Malaysia**").

Between 2005 and 2017, she held the position of Country Business Manager of Cereal Partners Worldwide S.A., a joint venture between Nestle S.A. and General Mills, Inc, where she was tasked with managing the operations of Cereal Partners Worldwide S.A. in Malaysia, Singapore and Brunei. During this period, she was also appointed as a Director of Cereal Partners (Malaysia) Sdn Bhd, an affiliate of Nestle Malaysia.

Between 2014 and 2020, she was a member of Nestle Malaysia's Executive Leadership Team, where she contributed to corporate level strategic planning and change management initiatives. She was promoted to Executive Director of Group Corporate Affairs in 2017, with the additional role of leading the Corporate Nutrition and Consumer Engagement services for Nestle Malaysia since 2019. She retired in 2020.

Since her retirement, she has been providing training services in business solutions, business turnaround and management, crisis management, marketing and communication at ECI HR Solutions Sdn Bhd. She has also been a business coach for Asia School of Business since 2021.

**(vii) Serina Binti Abdul Samad**

Serina Binti Abdul Samad, a Malaysian aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 8 January 2024.

She graduated with a Bachelor of Laws (Hons) from Coventry University, England in 1992. She was called to the Bar of England and Wales and is a member of Lincoln's Inn, England, since 1993. She has been an advocate and solicitor of the High Court of Malaya and member of the Malaysian Bar since 1994. She obtained a Masters in Counselling from HELP University, Malaysia in 2013.

She commenced her career in 1995 as a legal associate at KM Chye & Partners, where she was involved in the area of capital and debt markets. She left KM Chye & Partners in 1999 and joined Hisham, Sobri & Kadir, also as a legal associate, where she practiced in various corporate and commercial matters.

Thereafter, she left Hisham, Sobri & Kadir in 2000 and has since co-founded the law firm, Azmi & Associates, where she oversaw the firm's practice as a co-deputy managing partner and headed the Capital and Debt Markets Practice Group. She was also responsible for the development of the Mergers and Acquisitions Practice Group. She has extensive experience in the fields of corporate finance, capital markets as well as mergers and acquisitions.

She is presently an independent director of Etiqa General Insurance Berhad and sits on the board of another private limited company as disclosed in Section 9.2.3 of this Prospectus.

**(viii) Dato' Abdul Latif Bin Abu Seman**

Dato' Abdul Latif Bin Abu Seman, a Malaysian aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 8 January 2024.

He graduated with a Bachelor of Economics from University of Malaya, Malaysia in 1984 and obtained a Master in Policy Analysis from Saitama University, Japan in 1994.

He had a career spanning 39 years with Malaysia Productivity Corporation ("**MPC**"), a body corporate incorporated pursuant to the Malaysia Productivity Corporation (Incorporation) Act 1966, where he joined in 1984 as a consultant. He was transferred to MPC, Johor in 1985 and further transferred to MPC, Sabah in 1986 as an Assistant Regional Head. In 1991, he was promoted to a Senior Consultant of the Management Development Division of MPC, Petaling Jaya.

He took a break to further his studies from 1992 to 1994, whereby he obtained his Master in Policy Analysis. He returned to MPC, Petaling Jaya in 1995 as a Senior Consultant of the Policy Research Division. From 1995 until 2019, he rose through the ranks and has held various positions such as Manager of the Best Practices Division in 2000, Director of the Promotion and Joint Venture Division in 2002, Director of MPC, Sarawak in 2005, and Deputy Director General in 2010.

He was promoted to Director General of MPC in 2019, a role he held until his retirement in 2023.

**(ix) Ting Seng Hook @ Ting Seng Hee**

Ting Seng Hook @ Ting Seng Hee, a Malaysian aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 14 March 2024.

He obtained a Graduate Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom in 1994. He was also admitted as a member of the Chartered Institute of Marketing in 2001.

In 1992, he began his 28-year career with A. Clouet (Malaysia) Sdn Bhd (formerly known as A. Clouet & Co., (KL) Sdn Bhd) ("**ACKL**"), a company distributing canned foods under the brand name "Ayam Brand", as a sales executive. He was promoted to National Sales Manager in 1995, where he was tasked with overseeing the sales operation of ACKL in Malaysia.

Thereafter, he rose through the ranks within ACKL. In 2001, he was promoted to General Manager, where he reported directly to the managing director of ACKL and was responsible for managing the entire financial budget of ACKL. He was subsequently promoted to Managing Director in 2010, where he oversaw the entire operations of ACKL.

In 2016, he assumed the position of Group CEO and in addition to his designation as Managing Director of ACKL, he was also responsible for managing the business activities of Denis Asia Pacific Private Limited, the holding company of ACKL, in Malaysia, Vietnam, Singapore, Australia, Indonesia and Brunei until his retirement in 2020.

Since his retirement, he has provided personal business management coaching on a part time basis. He currently sits on the board of a private limited company as disclosed in Section 9.2.3 of this Prospectus.

**(x) Lee Yan Zhong**

Lee Yan Zhong, a Malaysian aged 23, is our Alternate Director to Lee Thiam Wah. He is the son of Lee Thiam Wah and Ng Lee Tieng. He was appointed to our Board on 28 November 2023.

In 2022, he graduated with a Bachelor of Science in Philosophy, Politics and Economics from King's College London, England.

He then joined 99SM as an Optimisation Research Officer and was subsequently redesignated to Optimisation & Sustainability Officer in 2023, where he is responsible for optimising our Group's processes and enhancing inter-departmental functions, as well as analysing and implementing sustainability measures into our Group's operations.

He currently sits on the board of several private limited companies as disclosed in Section 9.2.3 of this Prospectus.

**(xi) Leong Sau Chan**

Leong Sau Chan, a Malaysian aged 46, is our Alternate Director to Lee Lay Liang and Director of Business Development. She was appointed to our Board on 28 November 2023 and is also a member of our Key Senior Management. She has over 23 years of experience in the retail industry.

She obtained a Bachelor of Arts in International Business Administration from the University of Northumbria at Newcastle, England, in 2000.

She joined 99SM in 2000 as an Assistant Manager, where she was involved in various operational matters, including day-to-day operations of the outlets such as ordering and receipt of goods, the setting up of new outlets, as well as assisting with administrative work including, amongst others, preparation of daily reports and recruitment of employees.

In 2007, she was promoted to Manager of Business Development and her duties were streamlined to focus more on the expansion of our outlets. She was also responsible for the overall licensing of all our outlets in Peninsular Malaysia, registration of our Group's trademarks and involved in matters related to land acquisition.

She assumed her current position as Director of Business Development in 2016, where in addition to her existing responsibilities, she leads the Business Development team in identifying business and potential growth opportunities as well as analysing, identifying and implementing outlet expansion strategies.

She currently sits on the board of a subsidiary of our Group and several private limited companies as disclosed in Section 9.2.3 of this Prospectus.

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### 9.2.2 Shareholding of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO (assuming full subscription of our IPO Shares allocated to the Eligible Persons):

| | Before our IPO[1] | | | | After our IPO | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Assuming the Over-allotment Option is not exercised[2] | | | | Assuming the Over-allotment Option is fully exercised[3] | | | |
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| Director | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % |
| Dato' Chua Tia Guan | - | - | - | - | 500 | * | - | - | 500 | * | - | - |
| Lee Thiam Wah | 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 |
| Ng Lee Tieng | 320,000 | 4.0 | - | - | 278,880 | 3.3 | - | - | 270,312 | 3.2 | - | - |
| Lee Lay Liang | - | - | - | - | 500 | * | - | - | 500 | * | - | - |
| Ho Tat Heng | - | - | - | - | 200 | * | - | - | 200 | * | - | - |
| Nirmalah A/P V.Thurai | - | - | - | - | 200 | * | - | - | 200 | * | - | - |
| Serina Binti Abdul Samad | - | - | - | - | 200 | * | - | - | 200 | * | - | - |
| Dato' Abdul Latif Bin Abu Seman | - | - | - | - | 200 | * | - | - | 200 | * | - | - |
| Ting Seng Hook @ Ting Seng Hee | - | - | - | - | 200 | * | - | - | 200 | * | - | - |
| Lee Yan Zhong | - | - | - | - | 500 | * | - | - | 500 | * | - | - |
| Leong Sau Chan | - | - | - | - | 500 | * | - | - | 500 | * | - | - |

***Notes:***

* *Negligible.*

(1) *Based on our issued Shares of 8,000,000,000 Shares after the Subdivision.*

(2) *Based on our enlarged issued Shares of 8,400,000,000 upon our Listing and assuming full subscription of the Issue Shares as allocated to our Directors under the allocation for Eligible Persons.*

(3) *Assuming an 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% shareholding in Lee LYG Holdings, pursuant to Section 8(4) of the Act.*

### 9.2.3 Principal directorship and principal business activities of our Directors outside our Group in the past 5 years

The directorships of our Directors outside of our Group as at the LPD and in the past 5 years preceding the LPD, as well as their involvement in principal business activities outside our Group as at the LPD are as follows:

| Name of company/entity | Principal activities | Involvement in business activities |
|---|---|---|
| **Dato' Chua Tia Guan** | | |
| • Asia Business Advisory Sdn Bhd | • Provision of business and tax advisory services | • Director *(Appointed on 31 May 2016)* and substantial shareholder (direct) |
| • Asia Business Wealth Management Sdn Bhd | • Provision of family wealth and business succession planning and consulting services | • Director *(Appointed on 12 June 2004)* and substantial shareholder (direct) |
| • Infinite Qi Gong Sdn Bhd | • Self-healing qigong classes, workshop and seminars to corporations and individuals and trading in qigong-related merchandise | • Substantial shareholder (direct) |
| • Success Transformer Corporation Berhad (*listed on the Main Market of Bursa Securities*) | • Investment holding company for property and companies primarily engaged in design, manufacturing and distribution of electrical apparatus and industrial lighting | • Director *(Appointed on 22 April 2016 and resigned on 29 June 2020)* |
| • Forum Motivasi PLT | • Provision of personal development/ motivational course and financial consultancy services | • Partner |
| • Velodrom Harmoni PLT | • Provision of sports instruction and business management consultancy services | • Partner |
| **Lee Thiam Wah** | | |
| • 24 Speed Mart Sdn Bhd | • Mini-market *(dissolved on 18 November 2022)* | • Director *(Appointed on 12 May 2017)* and substantial shareholder (direct) |
| • Acquis Sdn Bhd | • Activities of holding companies; manufacture of electricity distribution and control apparatus | • Director (*Appointed on 17 October 2022*) and substantial shareholder (indirect) |
| • Burger King Singapore Pte Ltd | • Operation of company-operated Burger King restaurants, training of franchises; fast food outlets | • Director (*Appointed on 18 August 2015*) and substantial shareholder (indirect) |
| • Careon Pharmacy | • Wholesale of pharmaceutical and medical goods; other human health services | • Director (*Appointed on 15 September 2020*) and substantial shareholder (direct) |
| • Cleanwave | • Transportation, logistics, trading, manufacturing, distributing, import and export, warehousing, sales and marketing of all kinds of household and hygiene care products, cleaning products, cosmetics and personal care products | • Director (*Appointed on 5 July 2018*) and substantial shareholder (indirect) |

| Name of company/entity | Principal activities | Involvement in business activities |
|---|---|---|
| • Cosmo Restaurants | • Developing, operating, promoting and/or managing Burger King restaurants | • Director (*Appointed on 18 August 2015*) and substantial shareholder (indirect) |
| • Global Success | • Investment holding company which invests in quoted and unquoted shares | • Director (*Appointed on 22 November 2016*) and substantial shareholder (direct) |
| • J&C Pacific | • Providing total communications services, solutions and products | • Director (*Appointed on 11 May 2022*) and substantial shareholder (indirect) |
| • Lee Intellectual Properties | • To engage in the business of registration and commercial exploitation of intellectual property rights | • Director (*Appointed on 19 July 2011*) and substantial shareholder (direct) |
| • Lee LYG Holdings | • Investment holding company investing in quoted and unquoted shares | • Director (*Appointed on 16 May 2017*) and substantial shareholder (direct) |
| • Lee International Retail Holdings | • Investment holding company of the U Stars Group | • Director (*Appointed on 13 May 2022*) and substantial shareholder (direct) |
| • Lovely Century | • Renting out its properties to derive rental income | • Director (*Appointed on 9 January 1995*) and substantial shareholder (direct) |
| • MCI Food Industries Sdn Bhd | • Fast-food restaurant *(dissolved on 18 November 2022)* | • Director *(Appointed on 2 August 2018)* and substantial shareholder (direct) |
| • Multihexa | • Wholesale of a variety of goods without any particular specialisation | • Director (*Appointed on 9 January 2023*) and substantial shareholder (indirect) |
| • Nasi Lemak Gempak | • Restaurants | • Director (*Appointed on 1 March 2019*) and substantial shareholder (direct) |
| • Nature Century | • Property developer | • Director (*Appointed on 15 March 2017*) and substantial shareholder (direct) |
| • Newscape Capital | • Investment holding company of Rancak Selera | • Director (*Appointed on 27 May 2015*) and substantial shareholder (direct) |
| • Octo Asia | • Wholesale of a variety of goods without any particular specialisation | • Director (*Appointed on 9 May 2019*) and substantial shareholder (indirect) |
| • Radiant Globaltech (*listed on the Main Market of Bursa Securities*) | • Retail technology software solutions; investment holding company holding shares in companies principally involved in the business of retail technology solutions | • Substantial shareholder (indirect) |
| • Rancak Selera | • Investment holding company of Cosmo Restaurants and Burger King Singapore Pte Ltd | • Director (*Appointed on 18 August 2015*) and substantial shareholder (indirect) |

| Name of company/entity | Principal activities | Involvement in business activities |
|---|---|---|
| • Subang Excel | • Wholesale and retail of pharmaceutical products, chemists and druggists and of the dispensing of medicines | • Director (*Appointed on 15 September 2020*) and substantial shareholder (direct) |
| • The Bakery Depot Pte Ltd | • Manufacture of bread, cakes and confectionery (excluding frozen bakery products) | • Substantial shareholder (indirect) |
| • U-Market Pte Ltd (*formerly known as 99 Speed Mart (Singapore) Pte Ltd*) | • Mini-marts, convenience stores and provision shops | • Director (*Appointed on 10 July 2019*) and substantial shareholder (direct) |
| • U Stars Food | • Wholesale trade of a variety of goods without a dominant product; warehousing, packing and distribution of groceries, food and beverages products; other holding companies | • Director (*Appointed on 3 April 2023*) and substantial shareholder (indirect) |
| • U Stars | • Supermarkets and hypermarkets; mini-marts, convenience stores and provision shops | • Director (*Appointed on 3 April 2023*) and substantial shareholder (indirect) |
| • U Stars Supermarket | • Supermarkets and hypermarkets; mini-marts, convenience stores and provision shops | • Director (*Appointed on 3 April 2023*) and substantial shareholder (indirect) |
| • Venus Gateway | • Investments in property and the holding company of Cleanwave, Multihexa and Octo Asia | • Director (*Appointed on 12 March 1998*) and substantial shareholder (direct) |
| **Ng Lee Tieng** | | |
| • Burger King Singapore Pte Ltd | • Operation of company-operated Burger King restaurants, training of franchises; fast food outlets | • Director (*Appointed on 18 August 2015*) and substantial shareholder (indirect) |
| • Cosmo Restaurants | • Developing, operating, promoting and/or managing Burger King restaurants | • Director (*Appointed on 18 August 2015*) and substantial shareholder (indirect) |
| • Global Success | • Investment holding company which invests in quoted and unquoted shares | • Director (*Appointed on 22 November 2016*) |
| • J&C Pacific | • Providing total communications services, solutions and products | • Director (*Appointed on 11 May 2022*) |
| • Lee Intellectual Properties | • To engage in the business of registration and commercial exploitation of intellectual property rights | • Director (*Appointed on 19 July 2011*) and substantial shareholder (direct) |
| • Lee International Retail Holdings | • Investment holding company of the U Stars Group | • Director (*Appointed on 13 May 2022*) and substantial shareholder (direct) |
| • Lovely Century | • Renting out its properties to derive rental income | • Director (*Appointed on 26 April 2004*) |
| • Nature Century | • Property developer | • Director (*Appointed on 3 July 2020*) |

| Name of company/entity | Principal activities | Involvement in business activities |
|---|---|---|
| • Newscape Capital | • Investment holding company of Rancak Selera | • Director (*Appointed on 27 May 2015*) and substantial shareholder (direct) |
| • Rancak Selera | • Investment holding company of Cosmo Restaurants and Burger King Singapore Pte Ltd | • Director (*Appointed on 18 August 2015*) and substantial shareholder (indirect) |
| • Subang Excel | • Wholesale and retail of pharmaceutical products, chemists and druggists and of the dispensing of medicines | • Director (*Appointed on 15 September 2020*) |
| • The Bakery Depot Pte Ltd | • Manufacture of bread, cakes and confectionery (excluding frozen bakery products) | • Substantial shareholder (indirect) |
| • Venus Gateway | • Investment in property and the holding company holding shares in Cleanwave, Multihexa and Octo Asia | • Director (*Appointed on 26 April 2004*) |
| **Lee Lay Liang** | | |
| • Family Network | • Renting out of properties to derive rental income | • Director (*Appointed on 12 January 2015*) and substantial shareholder (direct) |
| • MCI Food Industries Sdn Bhd | • Fast-food restaurant *(dissolved on 18 November 2022)* | • Director *(Appointed on 2 August 2018 and resigned on 1 April 2019)* |
| • Venus Gateway | • Investments in property and the holding company of Cleanwave, Multihexa and Octo Asia | • Director (*Appointed on 30 November 2021 and resigned on 11 October 2022*) |
| **Ho Tat Heng** | | |
| • FHL Consultancy Sdn Bhd | • Provider of consultancy services | • Director (*Appointed on 27 March 2019*) and substantial shareholder (direct) |
| • JCY International Berhad (listed on the Main Market of Bursa Securities) | • Investment holding company in companies principally involved in the manufacturing of precision components, sub-assembly, design and development of hard disk drives (HDD) | • Director (*Appointed on 31 May 2023*) |
| • Supersho (M) Sdn Bhd | • Dealer in printing products | • Substantial shareholder (direct) |
| **Serina Binti Abdul Samad** | | |
| • Azmi & Associates | • Legal firm | • Partner |
| • Etiqa General Insurance Berhad (a subsidiary of Malayan Banking Berhad, a company listed on the Main Market of Bursa Securities) | • Underwriting of general insurance | • Director (*Appointed on 2 December 2019*) |
| • Oryx Stainless Malaysia Sdn Bhd | • Involved in the purchasing, processing and sales of stainless steel scrap and trade of any raw material related to the production of stainless stell/steel or other metal and alloys | • Director (*Appointed on 29 August 2011 and resigned on 20 November 2023*) |

| Name of company/entity | Principal activities | Involvement in business activities |
|---|---|---|
| • UTM Holdings Sdn Bhd | • General trading and services, hospitality services, project management, renting out premises owned by Universiti Teknologi Malaysia | • Director (*Appointed on 22 March 2018*) |
| **Dato' Abdul Latif Bin Abu Seman** | | |
| • Pembangunan Sumber Manusia Berhad | • The imposition and collection of human resources development levy for the purpose of promoting the training and development of employees, apprentices and trainees and the establishment and administration of human resources development fund as set out in the Pembangunan Sumber Manusia Berhad Act 2001 | • Director (*Appointed on 26 April 2021 and resigned on 25 April 2023*) |
| **Ting Seng Hook @ Ting Seng Hee** | | |
| • A. Clouet (Malaysia) Sdn Bhd | • Distribution of canned fish and other foodstuff | • Director (*Appointed on 1 June 2006 and resigned on 31 December 2020*) |
| • Denis Distribution of Malaysia Sdn Bhd | • Other business support services activities, retail sale of any kind of product over the internet | • Director (*Appointed on 8 October 2014 and resigned on 31 December 2020*) |
| • Guinea Foods Sdn Bhd | • Manufacture and sale of canned food | • Director (*Appointed on 15 May 2008 and resigned on 31 December 2020*) |
| • Linaco Manufacturing (M) Sdn Bhd | • Manufacturing of coconut related products and UHT (ultra high temperature) drinking water products | • Director (*Appointed on 6 June 2007 and resigned on 30 June 2022*) |
| • Linaco Specialty Industries Sdn Bhd | • Manufacturing and sale of sauce and vinegar | • Director (*Appointed on 2 December 2019 and resigned on 25 March 2021*) and Alternate Director (*Appointed on 25 March 2021 and resigned on 1 July 2022*) |
| • Mafipro Sdn Bhd | • Production and sale of canned seafood and other canned foodstuff | • Director (*Appointed on 22 April 2009 and resigned on 31 December 2020*) |
| • SFI Food Sdn Bhd | • Quality assurance services and providing warehousing cum coldroom services and providing management services to related companies | • Director (*Appointed on 7 April 2016 and resigned on 31 December 2020*) |
| • Summit Mission Sdn Bhd | • Letting of real properties | • Director (*Appointed on 10 April 1996*) and substantial shareholder (direct) |
| **Lee Yan Zhong** | | |
| • Max Bell | • Design, supply, install, maintenance, operation, training in solar system, power system and electrical system | • Director (*Appointed on 13 October 2022*) and substantial shareholder (direct) |
| • Acquis Sdn Bhd | • Activities of holding companies; manufacture of electricity distribution and control apparatus | • Director (*Appointed on 28 July 2022*) and substantial shareholder (direct) |

| Name of company/entity | Principal activities | Involvement in business activities |
|---|---|---|
| **Leong Sau Chan** | | |
| • Family Network | • Investment in rental properties to derive rental income | • Director (*Appointed on 19 November 2021*) and substantial shareholder (direct) |
| • Venus Gateway | • Investment in property and the holding company of Cleanwave, Multihexa and Octo Asia | • Director (*Appointed on 30 November 2021 and resigned on 11 October 2022*) |

The involvement of our Directors in those business activities outside our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors.

### 9.2.4 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and us which provide for benefits upon termination of employment.

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### 9.2.5 Directors' remuneration and material benefits in-kind

The remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our Directors for services rendered to us in all capacities to our Group for the FYE 2023 and FYE 2024 are as follows:

| FYE 2023 (paid) | Salary (RM'000) | Directors' fees (RM'000) | Bonus (RM'000) | Contributions to EPF, SOCSO and EIS (RM'000) | Allowances (RM'000) | Benefits-in-kind (RM'000) | Total (RM'000) |
|---|---|---|---|---|---|---|---|
| Dato' Chua Tia Guan | - | 13 | - | - | - | - | 13 |
| Lee Thiam Wah | - | 1,500 | - | - | 140 | 28 | 1,668 |
| Lee Lay Liang | 170 | - | 52 | 33 | 41 | 4 | 300 |
| Leong Sau Chan | 170 | - | 48 | 33 | 43 | 4 | 298 |
| Lee Yan Zhong | 80 | - | 16 | 14 | 8 | - | 118 |
| Ng Lee Tieng | - | 300 | 150 | 18 | - | - | 468 |
| Ho Tat Heng | - | - | - | - | - | - | - |
| Nirmalah A/P V.Thurai | - | - | - | - | - | - | - |
| Serina Binti Abdul Samad | - | - | - | - | - | - | - |
| Dato' Abdul Latif Bin Abu Seman | - | - | - | - | - | - | - |
| Ting Seng Hook @ Ting Seng Hee | - | - | - | - | - | - | - |

| FYE 2024 (Proposed) | Salary (RM'000) | Director's fees (RM'000) | Bonus (RM'000) | Contributions to EPF, SOCSO and EIS (RM'000) | Allowances (RM'000) | Benefits-in-kind (RM'000) | Total (RM'000) |
|---|---|---|---|---|---|---|---|
| Dato' Chua Tia Guan | - | 160 | - | - | 15 | - | 175 |
| Lee Thiam Wah | 1,080 | - | 360 | 87 | 140 | 28 | 1,695 |
| Lee Lay Liang | 192 | - | 56 | 35 | 36 | 9 | 328 |
| Leong Sau Chan | 192 | - | 52 | 35 | 36 | 9 | 324 |
| Lee Yan Zhong | 106 | - | 18 | 19 | 24 | 7 | 174 |
| Ng Lee Tieng | - | 120 | - | - | 13 | - | 133 |
| Ho Tat Heng | - | 99 | - | - | 13 | - | 112 |
| Nirmalah A/P V.Thurai | - | 90 | - | - | 13 | - | 103 |
| Serina Binti Abdul Samad | - | 90 | - | - | 13 | - | 103 |
| Dato' Abdul Latif Bin Abu Seman | - | 90 | - | - | 13 | - | 103 |
| Ting Seng Hook @ Ting Seng Hee | - | 75 | - | - | 10 | - | 85 |

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by our Nomination and Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved or endorsed by our shareholders at a general meeting.

### 9.2.6 Audit Committee

Our Audit Committee was formed by our Board on 15 February 2024. Our Audit Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

| Name | Designation | Directorship |
|---|---|---|
| Ho Tat Heng | Chairman | Senior Independent Non-Executive Director |
| Serina Binti Abdul Samad | Member | Independent Non-Executive Director |
| Dato' Abdul Latif Bin Abu Seman | Member | Independent Non-Executive Director |

Our Audit Committee undertakes, amongst others, the following functions:

**(i) External Audit**

To review and highlight and/or report to our Board, amongst others, the following:

(a) the external audit plan, nature, scope and plan with external auditors and ensure co-ordination where more than one audit firm is involved;

(b) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors and Management's response;

(c) the external audit report, external evaluation of the internal controls system and management letters with external auditors;

(d) the annual evaluation of the performance of the external auditors, including the suitability, objectivity and independence of the external auditors;

(e) the written assurance from the external auditors confirming their independence in the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

(f) the non-audit services provided by the external auditors and/or its network firms to our Company or the financial year; and

(g) the nomination for the appointment or re-appointment of the external auditors.

**(ii) Internal Audit**

(a) to review and highlight and/or report to our Board, the following:

- the adequacy of the scopes, budget, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
- the internal audit plan, processes, the results of the internal audit assessments, its scope, implementation plan and provide appropriate guidance to ensure its effectiveness as well as investigation undertaken and whether or not the appropriate and prompt action is taken by management on the recommendations;

(b) ensure that the internal audit function is effective, carried out objectively and is able to function independently;

(c) approve any appointments or terminations of the internal audit service provider or senior staff members of the internal audit function, namely the head of internal audit and his/her deputy, if any;

(d) prepare reports, at least annually, to our Board summarising the work of the internal audit function performed in fulfilling the committee's responsibilities, functions and duties for the financial year including details of relevant training attended by the committee; and

(e) review the adequacy and effectiveness of internal control systems, including management information systems and the internal auditors' and/or external auditors' assessment of these systems and policies.

**(iii) Related Party Transactions and Conflict of Interest Situations**

(a) review and report to our Board any related party transaction and conflict of interest situation that arose, persist or may arise within our Company or Group;

(b) ensure that our Group has adequate procedures and processes in place to evaluate, approve, monitor, track and report related party transactions and to review the adequacy of these processes; and

(c) review and report to our Board the propriety of any related party transactions entered into by our Group including the review and monitoring of recurrent related party transactions.

**(iv) Whistleblowing, Fraud, and Anti-Bribery & Corruption**

(a) review and approve policies and procedures on whistleblowing established to address allegations raised by whistle-blowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to the committee;

(b) review and approve our Group's policies and procedures for detecting fraud and anti-bribery and corruption;

(c) review the effectiveness of anti-fraud and anti-bribery and corruption measures taken; and

(d) ensure that the bribery and corruption risk is included in its annual risk assessment of our Group.

**(v) Financial Reporting**

(a) review the quarterly and year-end financial statements of our Company before reporting the statements to our Board approving the same, focusing particularly on:

- any changes in or implementation of major accounting policies and practices;
- significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
- the going concern assumption;

- litigation or actions that could affect the financial position, performance or results materially;
- compliance with accounting standards and other legal requirements; and
- integrity of financial statements;

(b) monitor the integrity of the financial statements of our Group by:

- assessing whether the financial reports represent a true and fair view of the Group's financial position and performance and ensure compliance with the accounting standards and other regulatory requirements;
- ensuring the competency of the accounting staff and adequacy of the resources and infrastructure of the finance function for accurate, complete, consistent and timely reporting; and
- proposing best practices on disclosure in the financial statements and the annual reports of the Group, to be in line with the recommendations set out in the MCCG and other applicable rules and regulations.

### 9.2.7 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established by our Board on 15 February 2024. Our Nomination and Remuneration Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

| Name | Designation | Directorship |
|---|---|---|
| Nirmalah A/P V.Thurai | Chairman | Independent Non-Executive Director |
| Dato' Abdul Latif Bin Abu Seman | Member | Independent Non-Executive Director |
| Ting Seng Hook @ Ting Seng Hee | Member | Independent Non-Executive Director |

Our Nomination and Remuneration Committee undertakes, amongst others, the following functions:

**(i) Appointment(s)**

(a) identifying and nominating candidates to fill our Board and/or Board Committee vacancies as and when they arise, for the approval of our Board;

(b) make recommendations to our Board for the appointment of the Chairman of our Board and Board Committees, CEO and Senior Independent Director;

(c) review, facilitate and define orientation and induction plans for new directors with respect to the business, structure and management of our Group; and

(d) develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.

**(ii) Training and Development**

(a) assess the training needs of each Director, review the fulfilment of such training and disclose details in the Annual Report as appropriate.

**(iii) Succession Planning**

(a) review and recommend to our Board the succession plan and policy of the Chairman of our Board, the executive and non-executive Directors, CEO and the Senior Management.

**(iv) Annual Performance Assessment**

(a) review and assess annually, amongst others, the following:

- the structure, size and composition of our Board and ensuring that the composition is refreshed periodically. This activity shall be disclosed in the Annual Report of our Company;
- the effectiveness of our Board as a whole, the Committees of our Board and the contribution of each individual Director vide a formal and objective assessment; and
- the effectiveness and performance of the CEO, CFO and Executive Directors;

(b) consider and recommend any policy regarding the period of service of Non-Executive Directors, tenure of our Independent Non-Executive Directors and assess annually the independence of its independent directors;

(c) review the term of office and performance of our Audit Committee and Risk Management Committee, and each of its member annually to determine whether they have carried out their duties in accordance with their terms of reference;

(d) consider the size and balance of our Board with a view to determine the impact of the number upon our Board's effectiveness and recommend it to our Board;

(e) recommend to our Board protocol for accepting new directorships; and

(f) consider and recommend our Directors for re-election/re-appointment at each AGM with reasons in support of such recommendation.

**(v) Remuneration**

(a) review and recommend to our Board for approval, the remuneration policies and procedures and entire individual remuneration packages for each of the Executive Directors, Non-Executive Directors and Senior Management to ensure the levels of remuneration be sufficiently attractive and be able to retain high calibre Directors to run the Company successfully;

(b) assist our Board in developing and administrating a fair and transparent procedure for setting the policy on remuneration of Directors and Senior Management;

(c) consider and review Executive Directors' scope of service contracts, if any;

(d) review and recommend to our Board and thereafter the shareholders at the AGM, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of our Company;

(e) review the performance of our Executive Directors and Senior Management against the key performance indicators and recommend to our Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and

(f) review any major changes in remuneration policy and employee benefits structures throughout our Company or Group, and if thought fit, recommend them to our Board for adoption.

### 9.2.8 Risk Management Committee

Our Risk Management Committee was established by our Board on 15 February 2024. Our Risk Management Committee currently comprises the following members, of which the majority are Independent Non-Executive Directors:

| Name | Designation | Directorship |
|---|---|---|
| Serina Binti Abdul Samad | Chairman | Independent Non-Executive Director |
| Lee Thiam Wah | Member | Executive Director and CEO |
| Nirmalah A/P V.Thurai | Member | Independent Non-Executive Director |
| Ting Seng Hook @ Ting Seng Hee | Member | Independent Non-Executive Director |

Our Risk Management Committee undertakes, amongst others, the following functions:

**(i) Risk Management Matters**

(a) identify, assess, review, monitor and communicate to our Board the risks identified faced by our Group;

(b) review the adequacy and effectiveness of risk management of our Group and key internal control procedures and processes in place;

(c) establish, periodically review and evaluate the effectiveness of our Group's risk management structure, guidelines, framework and policies and ensure implementation of the objectives outlined in the policies and compliance with them;

(d) review and recommend for our Board's approval of our Group's risk management policies, strategies, Group risk profile and risk tolerance, and any proposed changes thereto;

(e) review the risk profile of our Group to ensure integration of environmental, social and governance risks, and the Risk Management team's plans to mitigate risks as identified from time to time.

(f) ensure adequate infrastructure, resources and systems are in place for risk management and that the risk management processes for the

(f) ensure adequate infrastructure, resources and systems are in place for risk management and that the risk management processes for the identification, measurement and analysis reporting and mitigation of risks are in place within our Group and are operating in an efficient and effective manner;

(g) review periodic reports from the management on monitoring of risk exposure, risk portfolio composition and risk management activities to ensure these are aligned with risk strategy and objectives;

(h) review and recommend new policies or changes to policies, and to consider their risk implications including the procedures in place by management to prevent and detect fraud such as cyber fraud;

(i) review the impact of risk on capital adequacy and profitability under normal and stressed scenarios;

(j) approve risk methodologies for measuring and managing risks arising from our Group's business and operational activities;

(k) review and evaluate the various processes, methodology and systems engaged by our Company and to ensure that they are conducted within the standards and policies as set by our Board;

(l) provide reporting on the updates on key risk management issues to our Board.

**(ii) Sustainability Matters**

(a) oversee the management of principal business risks and significant/material environmental, social and governance risks;

(b) ensuring resources and processes are in place to enable our Company to achieve its sustainability commitments and targets;

(c) review the performance evaluations of our Board and senior management in addressing our Company's material sustainability risks and opportunities;

(d) ensuring appropriate action is taken to ensure that our Company understands the sustainability issues relevant to our Company and our business; and

(e) review disclosures statements relating to management of sustainability matters of our Company in our Annual Report.

**(iii) Strategic Planning and Others**

(a) review and provide guidance to our Group's strategic plan as proposed by management vis-à-vis our Group's Enterprise Risk Management; and

(b) review business continuity management including emergency plans and crisis readiness.

## 9.3 KEY SENIOR MANAGEMENT

Our Key Senior Management is responsible for the day-to-day management and operations of our Group. Our Key Senior Management as at the date of this Prospectus are as follows:

| Name | Age | Designation |
|---|---|---|
| Lee Thiam Wah | 59 | Executive Director and CEO |
| Yong Eng Kwang | 38 | COO |
| Ong Yee Peng | 33 | CFO |
| Lee Lay Liang | 47 | Executive Director |
| Leong Sau Chan | 46 | Director of Business Development |
| Foo Meng Keet | 43 | General Manager of East Malaysia Operations |
| Yong Kin Onn | 66 | Director of Management Information System |
| Mak Pooi Hin | 59 | General Manager of Account |
| Chia Yong Cherng | 44 | Director of Logistics |
| Mohd Mahrus Bin Mohd Faizail | 37 | Senior Manager of Branch Administration |
| Tee Tian Hock | 49 | Senior Manager of Project Department |

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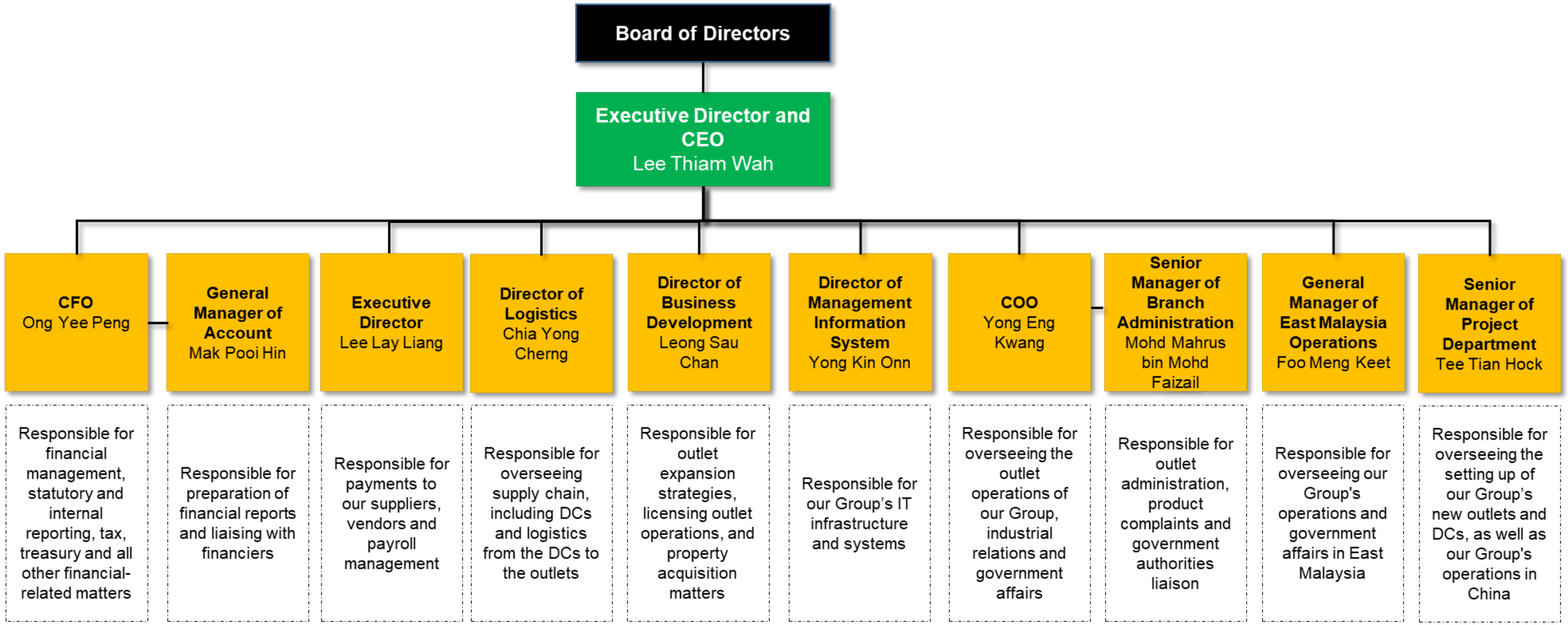
### 9.3.1 Management reporting structure

Our management reporting structure is as follows:



### 9.3.2 Profiles of our Key Senior Management

The profiles of our Executive Directors who are also part of our Key Senior Management are set out in Section 9.2.1 of this Prospectus.

**(i) Yong Eng Kwang**

Yong Eng Kwang, a Malaysian aged 38, is our COO. He has over 17 years of experience in the retail industry.

He obtained a Master of Management (Distinction) from the Open University Malaysia in 2021. He was admitted as a Member of the Malaysian Institute of Management in 2023.

In 2006, he began his career and joined 99SM as a store manager, where he was responsible for overseeing the day-to-day operations of 1 of our outlets. He was subsequently promoted to Training Manager in 2008, where he was responsible for recruiting and developing talents as well as devised an outlet operation training programme for our Group.

Thereafter, he was promoted to the position of Branch Operation Manager in 2013, General Manager of Branch Operations in 2015 and Director of Branch Operation in 2021, where he was responsible for, amongst others, managing the daily operations of our outlets in Peninsular Malaysia, providing training to our outlet managers, developing and implementing growth strategies as well as managing various operational aspects of our Group such as, maintenance of the outlets in Peninsular Malaysia, customer service, industrial relations and governmental affairs of our Group.

He was promoted to his current position as COO in 2023 where he is in charge of overseeing the entire operations of the outlets of our Group and continues to oversee the industrial relations and government affairs of our Group.

**(ii) Ong Yee Peng**

Ong Yee Peng, a Malaysian aged 33, is our CFO. She has over 11 years of experience in auditing and accounting.

She obtained a Bachelor of Business in International Business (Accounting) from Edith Cowan University, Australia in 2011. She was admitted as a member of the ACCA since 2018 and as a Fellow in 2023. She has also been a member of the MIA since 2019.

She began her career in 2012 as an audit assistant at the accounting firm, Crowe Horwath Malaysia (now Crowe Malaysia PLT) and left in in 2017 where her last designation was audit assistant manager, responsible for managing audit portfolios of clients in various industries.

She briefly joined Paul Hype Page Consulting Pte Ltd, an accounting firm in Singapore, from December 2017 to March 2018 as a corporate specialist assistant manager. She left to complete her ACCA on a full-time basis.

Between August 2018 and November 2019, she served as an assistant manager of finance at various companies, namely Golden Screen Cinemas Sdn Bhd, Cinead Sdn Bhd, Glitters Café Sdn Bhd and Mac Food Services (M) Sdn Bhd, where she was responsible for their financial reporting and management of operational finance.

In December 2019, she rejoined Crowe Malaysia PLT as an audit assistant manager and was subsequently promoted to audit manager until her departure in 2022.

She joined 99SM as an accountant in July 2022 and was subsequently promoted to CFO in May 2023, where she was responsible for the financial management of our Company and Group, overseeing the statutory reporting and internal management reporting functions of our Group, ensuring appropriate financial planning and financial corporate compliance, treasury, tax and other finance operations.

**(iii) Foo Meng Keet**

Foo Meng Keet, a Malaysian aged 43, is our General Manager of East Malaysia Operations. He has over 18 years of experience in the FMCG retail industry.

He graduated with a Bachelor of Food Science and Technology from the Universiti Putra Malaysia in 2003. Thereafter, he obtained a Master of Business Administration from Universiti Utara Malaysia in 2005.

He began his career in 2003 as a Quality Assurance Executive for Soon Soon Oilmills Sdn Bhd, where he was responsible for quality control activities. He left Soon Soon Oilmills Sdn Bhd in 2005.

From 2005 to 2023, he worked at Nestle. Over this period, he has held various sales and marketing positions including Distributor Development Manager, Brand Manager, Customer Business Manager and Category Development Manager. Throughout his 18 years of employment with Nestle, he was part of their marketing team and had engaged with various distributors and retailers nationwide for the distribution of Nestle's products.

He joined 99EM as General Manager of East Malaysia Operations in March 2023 where he is tasked with overseeing our Group's operations and government affairs in East Malaysia.

**(iv) Yong Kin Onn**

Yong Kin Onn, a Malaysian aged 66, is our Director of Management Information System. He has over 37 years of experience in the IT industry.

He obtained a Bachelor of Science from the University of Guelph, Canada in 1986.

He began his career as a programmer at Information Systems Research Sdn Bhd, a software company, in 1986. Thereafter, he resigned in 1988 to be a freelance programmer, where he developed software, particularly accounting and inventory software on a freelance basis. In 1990, he returned to Information System Research Sdn Bhd as a software manager, where he led a team of programmers in the design and development of software used in various industries, including retail, until his resignation in 1995.

In 1996, he joined Spektrum Imej (M) Sdn Bhd, as a software manager, where he was tasked with software development. He subsequently joined The Store Corporation Berhad, a supermarket cum departmental store chain, in 2005, as their Management Information System Assistant General Manager. He was the head of the Management Information System Department where he led the company's IT team and oversaw the company's IT and communications portfolio, until his resignation in 2010.

He joined 99SM in 2011 as our General Manager of Management Information System, where his duties include designing, developing, implementing and deploying our Group's in-house warehouse management system and POS system at our outlets. He also developed the procedures for, amongst others, the security, disaster recovery and contingency plan for the systems.

He assumed his current position as our Director of Management Information System in 2013.

**(v) Mak Pooi Hin**

Mak Pooi Hin, a Malaysian aged 59, is our General Manager of Account. He has over 34 years of experience in accounting.

He obtained a Bachelor of Business Administration from the National Chengchi University, the PRC in 1989.

He began his career in 1989 at Chunghwa Picture Tubes Sdn Bhd, a manufacturer of cathode ray tubes, as an assistant account manager where he was responsible for preparing reports on the company's financials. Thereafter, from 1997 to 2008, he was an account officer for various companies, namely, The Store Corporation Berhad, a supermarket and departmental chain from 1997 to 2002, Able Steel Pipes Sdn Bhd, a manufacturer of mild steel pipes from 2002 to 2007 and Care Coils Sdn Bhd, a manufacturer of coil springs from 2007 to 2008. As an account officer, he was responsible for the preparation of the companies' financial statements and various other finance operations.

He joined 99SM in July 2008 as Account Manager and was the head of our Accounts Department, where he was responsible for the preparation of financial reports. He was subsequently promoted to Senior Account Manager in 2016, where in addition to his existing responsibilities, he acted as the liaison with our financiers. He assumed his current position as our General Manager of Account in 2023.

**(vi) Chia Yong Cherng**

Chia Yong Cherng, a Malaysian aged 44, is our Director of Logistics. He has over 15 years of experience in the retail industry.

He obtained a Bachelor of Arts in International Business Administration from the University of Northumbria at Newcastle, England, in 2003.

He began his career as a field underwriter for American International Assurance Company, Ltd in 2002. He subsequently joined 99SM in 2006 as a Branch Leader and has since held a number of positions within our Group, including Branch Leader, Area Supervisor, Logistic and Warehouse Manager, Senior DC Manager and General Manager of DC.

He assumed his current position of Director of Logistics in 2021 and is responsible for overseeing our Group's supply chain, which includes the expansion and daily operations of our DCs as well as the logistics of the distribution of our products from our DCs to our outlets.

**(vii) Mohd Mahrus Bin Mohd Faizail**

Mohd Mahrus Bin Mohd Faizail, a Malaysian aged 37, is our Senior Manager of Branch Administration. He has over 12 years of experience in the retail industry.

He obtained a Bachelor of Applied Arts with Honours from Universiti Malaysia Sarawak, Malaysia, in 2009.

He began his career in 2010 as an administrative officer for Fiverules Dynamic Sdn Bhd, where he was tasked with liaising with clients for quotations and project scheduling. He left to join 99SM in 2011 as an Assistant Branch Manager, where he supervised the daily operation of one of our outlets.

He rose through the ranks to become a Branch Manager, Area Manager, Assistant Manager of Operations, Division Manager of Branch Operations and finally, to his current position of Senior Manager of Branch Administration in 2023. His responsibilities include matters relating to outlet maintenance, handling product complaints and acting as liaison with governmental authorities such as MDTCL, MOH and various other ministries.

**(viii) Tee Tian Hock**

Tee Tian Hock, a Malaysian aged 49, is our Senior Manager of Project Department. He has over 25 years of experience in the retail industry.

He completed an executive programme from SPACE known as Executive MBA programme in collaboration with Southern University College, in 2023.

He began his career when he first joined Ninety Nine Market (sole proprietorship of Lee Thiam Wah) in 1992 as a store keeper. In 1995, he left to join Jastar Food Industries Sdn Bhd (now Linaco Food Industries Sdn Bhd), a food manufacturer, as a supervisor, where his duties include storekeeping and as a packing technician, until his resignation in 2000.

He joined 99SM as a retail development and technical supervisor from 2000 to 2003, where he was responsible for setting up new outlets, including preparation of the layout of our outlets and overseeing various other outlet operations.

He left for a brief period from 2003 to 2004 to set up a café business under Star Pisces Café Sdn Bhd, where he was a director. He returned to 99SM in 2004 as a maintenance and equipment executive, and rose through the ranks to become a Project Manager and assumed his current position of Senior Manager of Project Department in 2021. He is responsible for preparing the installation plans for new outlets as well as managing the installation of the racking systems, signboards, CCTV and alarm systems, etc, of our new outlets and DCs.

In 2023, he was given a new responsibility of overseeing our operations in the PRC, including sourcing of products as well as acting as liaison with our suppliers in the PRC. He is currently the legal representative and executive director of both of our PRC subsidiaries.

### 9.3.3 Shareholding of our Key Senior Management

The shareholding of our Key Senior Management (other than our Directors who are also part of our Key Senior Management which are disclosed in Section 9.2.2 of this Prospectus) before and after our IPO as follows:

| | Before our IPO | | | | After our IPO | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Assuming the Over-allotment Option is not exercised(1) | | | | Assuming the Over-allotment Option is fully exercised(2) | | | |
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| Name | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % | No. of Shares ('000) | % |
| Yong Eng Kwang | - | - | - | - | 200 | * | - | - | 200 | * | - | - |
| Ong Yee Peng | - | - | - | - | 200 | * | - | - | 200 | * | - | - |
| Foo Meng Keet | - | - | - | - | 150 | * | - | - | 150 | * | - | - |
| Yong Kin Onn | - | - | - | - | 150 | * | - | - | 150 | * | - | - |
| Mak Pooi Hin | - | - | - | - | 150 | * | - | - | 150 | * | - | - |
| Chia Yong Cherng | - | - | - | - | 150 | * | - | - | 150 | * | - | - |
| Mohd Mahrus Bin Mohd Faizail | - | - | - | - | 150 | * | - | - | 150 | * | - | - |
| Tee Tian Hock | - | - | - | - | 150 | * | - | - | 150 | * | - | - |

***Notes:***

* *Negligible.*

(1) *Based on our enlarged issued Shares of 8,400,000,000 upon our Listing and assuming full subscription of our Issue Shares as allocated to our Key Senior Management under the allocation for Eligible Persons.*

(2) *Assuming the Over-allotment Option of 214,200,000 Shares, representing 15.0% of the total number of IPO Shares offered, is fully exercised.*

### 9.3.4 Involvement of our Key Senior Management in other principal business activities

Save as disclosed below and in Section 9.2.3 of this Prospectus in respect of our Directors who are Key Senior Management, none of our Key Senior Management are involved in principal business activities outside our Group as at the LPD and in the past 5 years preceding the LPD:

| Name of company/entity | Principal activities | Involvement in business activities |
|---|---|---|
| **Tee Tian Hock** | | |
| • Wanli Construction Works | • Dealing, supplies and services in signboard, advertisement, interior design, renovation works, wiring installation, sub-contractor in general construction works, supplies in hardware and building material | • Partner |

Tee Tian Hock's interest in Wanli Construction Works will not affect his commitment and responsibilities in his role as a Key Senior Management as he does not have any role in the business.

### 9.3.5 Service contracts with our Key Senior Management

As at the date of this Prospectus, there are no existing or proposed service contracts between our Key Senior Management and us which provide for benefits upon termination of employment.

### 9.3.6 Key Senior Management's remuneration and material benefits in-kind

The remuneration and material benefits in-kind of our Directors and CEO who are also part of our Key Senior Management are set out in Section 9.2.5 of this Prospectus. The aggregate remuneration and material benefits in-kind paid (including any contingent or deferred remuneration) or proposed to be paid to our Key Senior Management for services rendered in all capacities to our Group for the FYE 2023 and the FYE 2024 are as follows:

| | Remuneration band (in bands of RM50,000) | |
|---|---|---|
| | **FYE 2023 (Paid)** | **FYE 2024 (Proposed)** |
| **Key Senior Management** | **RM'000** | **RM'000** |
| Foo Meng Keet | 350 – 400 | 400 – 450 |
| Yong Eng Kwang | 300 – 350 | 350 – 400 |
| Yong Kin Onn | 350 – 400 | 350 – 400 |
| Chia Yong Cherng | 300 – 350 | 300 – 350 |
| Ong Yee Peng | 150 – 200 | 250 – 300 |
| Mak Pooi Hin | 200 – 250 | 250 – 300 |
| Mohd Mahrus Bin Mohd Faizail | 100 – 150 | 150 – 200 |
| Tee Tian Hock | 150 – 200 | 150 – 200 |

The above remuneration of our Key Senior Management, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Nomination and Remuneration Committee and subsequently approved by our Board.

## 9.4 ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationships between our Promoters, substantial shareholders, Directors and Key Senior Management:

(i) Lee Thiam Wah, our Promoter, substantial shareholder, Executive Director and CEO, is:
- sole shareholder and director of Lee LYG Holdings, our Promoter and substantial shareholder;
- spouse of Ng Lee Tieng;
- father of Lee Yan Zhong;
- brother of Lee Lay Liang; and
- cousin of Leong Sau Chan.

(ii) Ng Lee Tieng, our Non-Independent Non-Executive Director, is:
- spouse of Lee Thiam Wah;
- mother of Lee Yan Zhong;
- sister-in-law of Lee Lay Liang; and
- cousin-in-law of Leong Sau Chan.

(iii) Lee Lay Liang, our Executive Director, is:
- sister of Lee Thiam Wah;
- sister-in-law of Ng Lee Tieng; and
- aunt of Lee Yan Zhong; and
- cousin of Leong Sau Chan.

(iv) Lee Yan Zhong, our Alternate Director, is:
- son of Lee Thiam Wah and Ng Lee Tieng; and
- nephew of Lee Lay Liang.

(v) Leong Sau Chan, our Alternate Director and Director of Business Development, is:
- cousin of Lee Thiam Wah;
- cousin-in-law of Ng Lee Tieng; and
- cousin of Lee Lay Liang.

## 9.5 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors or Key Senior Management has been involved in any of following events (whether in or outside Malaysia):

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;

(vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) there is any unsatisfied judgment against such person.

## 9.6 OTHER MATTERS

No amounts have been paid or benefits given within the 2 years preceding the date of this Prospectus, nor are intended to be paid or given to our Promoters or our substantial shareholders except for the following:

(i) remunerations and benefits-in-kind arising from employment paid to our substantial shareholders as set out in Section 9.2.5 of this Prospectus; and

(ii) dividend paid to our substantial shareholders.

Save as disclosed in Section 9.1, there is no other controlling shareholder. There is no arrangement which operation may result in the change in control of our Company at a date subsequent to our IPO and our Listing.

Our Promoters and substantial shareholders do not have different voting rights from our other shareholders.

# 10. RELATED PARTY TRANSACTIONS

## 10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

### 10.1.1 Material related party transactions

Save as disclosed below, there are no other material related party transactions entered into by our Group which involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the Periods Under Review and up to the LPD:

| No. | Transacting parties with our Group | Nature of relationship/ Interested Major Shareholder and/or Director[(1)] | Nature of transaction[(2)] | FYE 2020 | FYE 2021 | FYE 2022 | FPE 30 September 2023 | From 1 October 2023 up to the LPD |
|---|---|---|---|---|---|---|---|---|
| | | | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 1. | Lee Thiam Wah and entities in which he holds direct/indirect interests in, comprising:<br>• Careon Group<br>• Burger King Group<br>• J&C Pacific<br>• Venus Gateway Group<br>• Nasi Lemak Gempak<br>• Lovely Century<br>• Nature Century<br>• Radiant Globaltech Group | Lee Thiam Wah[(3)]<br>Ng Lee Tieng[(4)]<br>Lee Lay Liang[(5)]<br>Leong Sau Chan[(5)] | Purchase of products for sale in our outlets, including fees and net of discounts[(6)] | 29,727<br>0.48% of our cost of goods sold | 45,387<br>0.64% of our cost of goods sold | 50,382<br>0.69% of our cost of goods sold | 46,907<br>0.76% of our cost of goods sold | 29,121<br>0.99% of our cost of goods sold |
| | | | Commissions and income received for ancillary services and fees paid for smart terminal platform to J&C Pacific[(7)] | 8,795<br>3.20% of our PAT | 6,991<br>1.67% of our PAT | 7,396<br>2.26% of our PAT | 6,095<br>2.08% of our PAT | 3,306<br>2.95% of our PAT |
| | | | Sale of grocery products[(8)] | 1,061<br>0.02% of our revenue | 903<br>0.01% of our revenue | 1,716<br>0.02% of our revenue | 1,226<br>0.02% of our revenue | 551<br>0.02% of our revenue |
| | | | Purchase of equipment and software[(9)] | 1,810<br>0.38% of our NA | 2,061<br>0.28% of our NA | 2,573<br>0.41% of our NA | 1,272<br>0.22% of our NA | 1,328<br>0.24% of our NA |
| | | | Rental received and paid by our Group[(10)] | 769<br>0.28% of our PAT | 827<br>0.20% of our PAT | 880<br>0.27% of our PAT | 690<br>0.23% of our PAT | 312<br>0.28% of our PAT |

## 10. RELATED PARTY TRANSACTIONS *(Cont'd)*

| No. | Transacting parties with our Group | Nature of relationship/ Interested Major Shareholder and/or Director[1] | Nature of transaction[2] | FYE 2020 | FYE 2021 | FYE 2022 | FPE 30 September 2023 | From 1 October 2023 up to the LPD |
|---|---|---|---|---|---|---|---|---|
| | | | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | | | Other recurrent transactions[11] | 2,155 | 2,472 | 2,928 | 4,001 | 3,289 |
| | | | | 0.78% of our PAT | 0.59% of our PAT | 0.90% of our PAT | 1.36% of our PAT | 2.93% of our PAT |
| | | | Non-recurrent transactions[12] | 426 | 13,300 | 5,826 | 609 | 32 |
| | | | | 0.09% of our NA | 1.80% of our NA | 0.92% of our NA | 0.10% of our NA | 0.01% of our NA |
| 2. | Zing Heing Group, a group in which Eng Yaw Keong and Lim Geok Eng have direct interests in | Ng Lee Tieng[13] | Purchases of specialty foods and snacks for sale in our outlets, including fees, and net of discounts and sponsorships received [14] | 61,606 | 59,515 | 79,155 | 66,475 | 35,563 |
| | | | | 0.99% of our cost of goods sold | 0.84% of our cost of goods sold | 1.08% of our cost of goods sold | 1.08% of our cost of goods sold | 1.21% of our cost of goods sold |
| | | | Rental paid by our Group[15] | 42 | 42 | 42 | 32 | 11 |
| | | | | 0.02% of our PAT | 0.01% of our PAT | 0.01% of our PAT | 0.01% of our PAT | 0.01% of our PAT |
| 3. | Max Bell | Lee Yan Zhong[16] | Payment for installation of solar photovoltaic systems at our outlets, headquarters and DCs | - | - | 521 | 974 | 546 |
| | | | | | | 0.08% of our NA | 0.17% of our NA | 0.10% of our NA |
| 4. | Lee Lay Liang, Leong Sau Chan and Family Network, a company for which they have direct interests in | Lee Lay Liang[17]<br>Leong Sau Chan[17]<br>Lee Thiam Wah[17] | Rental paid by our Group[18] | 394 | 507 | 656 | 633 | 292 |
| | | | | 0.14% of our PAT | 0.12% of our PAT | 0.20% of our PAT | 0.22% of our PAT | 0.26% of our PAT |

## 10. RELATED PARTY TRANSACTIONS *(Cont'd)*

| No. | Transacting parties with our Group | Nature of relationship/ Interested Major Shareholder and/or Director[1] | Nature of transaction[2] | FYE 2020 | FYE 2021 | FYE 2022 | FPE 30 September 2023 | From 1 October 2023 up to the LPD |
|---|---|---|---|---|---|---|---|---|
| | | | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 5. | Three Star Stationery (M) Sdn Bhd, a company in which Lee Leong Yew has a direct interest in | Lee Thiam Wah[19]<br>Lee Lay Liang[19] | Purchase of stationery and printing supplies, including sponsorships received[20] | - | 212<br>0.05% of our PAT | 774<br>0.24% of our PAT | 479<br>0.16% of our PAT | 263<br>0.23% of our PAT |
| 6. | Eng Yaw Keong, Lim Geok Eng, Eng Lee Hay and Eng Hock Heng @ Ng Hock Keng | Ng Lee Tieng[13] | Rental paid by our Group[21] | 36<br>0.01% of our PAT | 36<br>0.01% of our PAT | 38<br>0.01% of our PAT | 28<br>0.01% of our PAT | 13<br>0.01% of our PAT |
| 7. | Asia Business Advisory Sdn Bhd, Forum Motivasi PLT and Velodrom Harmoni PLT, which are company/partnerships which Dato' Chua Tia Guan has a direct interest in | Dato' Chua Tia Guan | Provision of tax and other related advisory services by Dato' Chua's Companies which are not recurrent. | 480<br>0.17% of our PAT | 1,003<br>0.24% of our PAT | - | - | 36<br>0.03% of our PAT |

## 10. RELATED PARTY TRANSACTIONS *(Cont'd)*

***Notes:***

*(1) The associations or family relationship between our major shareholders and Directors are set out in Section 9.4 of this Prospectus.*

*(2) Unless otherwise stated, the related party transactions are recurrent.*

*(3) Lee Thiam Wah is a substantial shareholder and director in Careon Group, Burger King Group, J&C Pacific, Venus Gateway Group, Nasi Lemak Gempak, Lovely Century and Nature Century, and is a substantial shareholder in Radiant Globaltech Group.*

*(4) Ng Lee Tieng is the CEO, substantial shareholder and director of Burger King Group, and is a director of Subang Excel, a subsidiary of Careon Pharmacy, J&C Pacific, Lovely Century and Nature Century. Ng Lee Tieng is also a shareholder of J&C Pacific, Venus Gateway Group, Lovely Century and Radiant Globaltech Group.*

*(5) Lee Lay Liang and Leong Sau Chan are shareholders of J&C Pacific.*

*(6) Being the purchase of products for sale in our outlets from Cleanwave, Multihexa, Octo Asia, Nasi Lemak Gempak, Cosmo Restaurant and J&C Pacific, including amongst others, cleaning and hygiene products, pet products, toys, party supplies, SIM cards and food products. These purchases are part of our ordinary course of business, and the purchase prices are set based on purchase orders. The credit terms granted to our Group typically ranges from 1 to 30 days.*

*(7) In respect of J&C Pacific, being the sum of commission paid for merchant discount rates and income received by our Group for ancillary services provided at our outlets, including amongst others, mobile reload and bill payment services and sale of e-voucher and data analysis as well as fees paid by our Group for the smart terminal platform provided to our Group, including its maintenance charges. The salient terms of the services provided include the provision of the smart terminal platforms at our Group's outlets, training on the use and operation of the said platforms as well as maintenance of the said platforms, payment services including bill payments, Touch n' Go and mobile reloads services, credit card service, SIM card activation service, gift card activation service, digital wallet service and a pick-up and/or drop-off service by courier service companies.*

*(8) Being sale of grocery products to Cosmo Restaurants and Nasi Lemak Gempak, with credit terms of typically 30 days granted by our Group.*

*(9) Being the sum of the purchase from Radiant Globaltech Group of equipment and hardware as well as subscription to software for use at our outlets, DCs and headquarters. The purchase prices are set based on purchase orders, and the credit terms received by our Group is typically for 30 days.*

*(10) Being the sum of the rental income received from Nature Century and Cosmo Restaurants for renting premises at our headquarters, Wisma 99 and from renting premises in Plaza Serdang Raya to Cosmo Restaurants, along with the rental paid to Lovely Century and Lee Thiam Wah for 12 of our rented properties. The tenancy period for these premises is 3 years, with the latest expiry being on 28 February 2027. The current monthly rental for each of these properties ranges from RM1,800 to RM10,000.*

*(11) Being the sum of the purchase of meal vouchers and meal sets from Cosmo Restaurants, as well as goods for staff welfare including face masks and sanitizers, and income received by our Group from advertisements and sponsorships received for our Group's annual dinner.*

## 10. RELATED PARTY TRANSACTIONS *(Cont'd)*

*(12) Being the sum of the acquisition cost of DC from Venus Gateway in FYE 2021, the rental payments made to Venus Gateway for the DC prior to its acquisition, purchase of air conditioning units and motor vehicle from Cosmo Restaurants in FYE 2020 and FYE 2021, purchase of television from J&C Pacific in FYE 2022, one-off sales of toys to Multihexa and transactions involving pharmaceutical products and disposal of motor vehicle with the Careon Group.*

*(13) Ng Lee Tieng is the sister of Eng Yaw Keong and daughter of Lim Geok Eng, both of whom are directors and shareholders of Zing Heing Group. Ng Lee Tieng is also the sister of Eng Lee Hay and daughter of Eng Hock Heng @ Ng Hock Keng.*

*(14) Being the sum of the purchase of specialty foods and snacks for sale in our outlets and sponsorships received for our Group's annual dinner. These purchases are part of our ordinary course of business, and the purchase prices are set based on purchase orders. The credit terms granted to our Group is typically for 1 day.*

*(15) Being rental for one of our rented properties. The tenancy period for this premise is 3 years, with the latest expiry being on 31 March 2024. The current monthly rental for this premise is RM3,500.*

*(16) Lee Yan Zhong is a substantial shareholder and director of Max Bell.*

*(17) Lee Lay Liang and Leong Sau Chan are directors and shareholders of Family Network. Lee Thiam Wah and Lee Lay Liang are the siblings of the directors and shareholders of Family Network, namely Lee Leong Tek, Lee Lay Hong, Tan Suah Teng, Lee Lai Lee, Lee Lay Keow, Lee Lay Ang, Lee Lay Nee, Lee Lay Wan, Lee Lay Sin and Lee Leong Yew.*

*(18) Being rental of premises including for 12 of our rented properties from Family Network, 2 of our rented properties each from Lee Lay Liang and Leong Sau Chan. The tenancy period for these premises is 3 years, with the latest expiry being on 14 February 2027. The current monthly rental for each of these properties ranges from RM2,200 to RM8,000.*

*(19) Lee Thiam Wah and Lee Lay Liang are the siblings of a director and substantial shareholder of Three Star Stationery (M) Sdn Bhd, namely Lee Leong Yew.*

*(20) Being the sum of the purchase of stationery and printing supplies for the operations and administrative purposes of our Group and the sponsorship received for our Group's annual dinner. These purchases are part of our ordinary course of business, and the purchase prices are set based on purchase orders. The credit terms granted to our Group is typically for 30 days.*

*(21) Being rental of premises for one of our rented properties. The tenancy period for this premise is 3 years, with the latest expiry being on 14 May 2025. The current monthly rental for this premise is RM3,200.*

Save for certain transactions detailed below, our Directors confirm that all the above material related party transactions were transacted on an arm's length basis, not more favourable to the related parties than those generally available to third parties and were not detrimental to our non-interested shareholders based on the following reasons:

(i) rental for properties between our Group and related parties are based on rates comparable to similar properties in the vicinity and are based on terms which are commonly adopted in tenancy arrangements of a similar nature with third parties;

(ii) purchases of products or services from related parties are based on pricing which are generally comparable with those offered by unrelated third party suppliers for similar products or services and/or prices which are offered by the related parties to their other unrelated customers; and

(iii) sales of our products to related parties generally adhere to list prices consistent with those available to retail customers in our outlets.

The following transactions are not considered by our Directors to be on arm's length basis:

**(a) The Deeds of Assignment executed by Lee Intellectual Properties as assignor, and 99SM as assignee**

The Deeds of Assignment are not considered by the Directors to be on an arm's length basis, as they were provided on terms favourable to our Group for a nominal consideration payable by 99SM. These Deeds of Assignment confer upon our Group all the benefits, rights, title, and interests in the trademarks that are used in our Group's business in Malaysia. These also include the trademarks registered outside of Malaysia, namely Singapore, Thailand, the Philippines, Indonesia, and the PRC. As at the LPD, the registration of the assignment for the trademarks registered in Malaysia, Singapore and Indonesia have been completed, and as such our Group is the registered owner of the trademarks in Malaysia and Singapore, whilst the registration of the assignment for the trademarks registered outside Malaysia, Singapore and Indonesia remain pending, and upon completion of the respective registrations, our Group will become the registered owner of the trademarks in the respective countries.

Lee Thiam Wah and Ng Lee Tieng each hold a 50% equity interest in Lee Intellectual Properties, the entity established to hold all the trademarks of the business. These trademarks belong to Lee Thiam Wah and Ng Lee Tieng's businesses, respectively, including the trademarks used by our Group's business. In view of our Listing, all trademarks relevant to our Group that were held by Lee Intellectual Properties have been assigned to 99SM as it aligns the ownership of the trademarks with our operations. Although the Deeds of Assignment are not viewed by our Directors as being on an arm's length basis, given they were secured on terms favourable to our Group for a nominal consideration, our Directors believe that the terms of the Deeds are not detrimental to our Group.

Lee Thiam Wah, our Executive Director, CEO and major shareholder of our Group is the director and shareholder of Lee Intellectual Properties. Ng Lee Tieng, our Non-Independent Non-Executive Director, is the director of Lee Intellectual Properties. For further details on the Trademarks, see Annexure B of this Prospectus.

**(b) Sales and purchases of the goods between our Group and Careon Pharmacy**

**(i) Sales of personal care and wellness products as well as food and beverage products by our Group to Careon Pharmacy**

Since 2021, 99SM supplies personal care and wellness products as well as food and beverage products to Careon Pharmacy on a cost-based basis plus handling charges, amounting to a total of RM0.6 million, RM5.8 million and RM0.6 million in the FYE 2021, FYE 2022 and FPE 30 September 2023, respectively. This transaction is not recurrent and will not continue after September 2023. Any future purchases by Careon Pharmacy from our Group will be made on an arm's length basis.

**(ii) Purchases of COVID-19 antigen rapid test kits by our Group from Careon Pharmacy**

In 2021, 99SM purchased the COVID-19 antigen rapid test kits from Careon Pharmacy on a cost-based basis plus handling charges. During the FYE 2021, the total amount transacted with Careon Pharmacy was RM4.9 million. This transaction is not recurrent and has ceased since December 2021 as 99SM has found alternative suppliers. At that time, due to high demand, 99SM faced challenges sourcing these kits, and Careon Pharmacy assisted by supplying the required kits.

Lee Thiam Wah, our Executive Director, CEO and major shareholder of our Group, is the director and shareholder holding 100% equity interest in Careon Pharmacy.

The transactions between our Group and Careon Pharmacy are not viewed by the Directors to be on an arm's length basis, given that both transactions were on a cost-based basis plus handling charges. While these arrangements benefited both parties mutually, they have since been discontinued and our Group has no intention of entering into similar transactions on a cost-based basis plus handling charges with Careon Pharmacy. As such, our Directors believe that these transactions are not detrimental to our Group.

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders (which mandate would typically be renewed as required at each AGM of our Company) to enter into such recurrent transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and non-interested shareholders and to mitigate any potential conflict of interest situation, our Audit Committee will, among others, supervise and monitor any recurrent related party transaction and the terms thereof and report to our Board for further action, as set out in Section 10.2.1 of this Prospectus.

### 10.1.2 Related party transactions entered into that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the Periods Under Review and up to the LPD.

### 10.1.3 Material outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties

Save as disclosed below, there are no material outstanding loans or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the Periods Under Review and up to the LPD:

**(a) Corporate guarantee provided by 99SM**

Pursuant to the franchise agreements entered into between BK AsiaPac Pte Ltd ("**Franchisor**"), Burger King Singapore Pte Ltd, Rancak Selera, Newscape Capital, Cosmo Restaurants and 99SM, a corporate guarantee was provided by 99SM to secure the Burger King franchise in Malaysia and Singapore. The franchise in Malaysia and Singapore was held by Lee Thiam Wah and Ng Lee Tieng through their interest in Newscape Capital, Rancak Selera, Cosmo Restaurants and Burger King Singapore Pte Ltd.

Our Directors are of the view that the corporate guarantee was not on normal commercial terms and not on arm's length basis as no fee was charged by 99SM on such corporate guarantee provided. This corporate guarantee was discharged on 25 October 2023 and is not detrimental to our Group. Following our Listing, our Group does not intend to enter into similar transactions with any related parties.

**(b) Careon Pharmacy utilisation of the facility provided by Alliance Bank Malaysia Berhad ("Alliance Bank") to 99SM**

Alliance Bank has extended a banking facility to 99SM, which grants Careon Pharmacy the right to utilise the bank guarantee facility within this banking arrangement. This arrangement was to facilitate Careon Pharmacy in securing funding during its initial establishment phase. This third-party utilisation of the bank guarantee facility provided to 99SM is not considered by our Directors to be on an arm's length basis and not on normal commercial terms as Careon Pharmacy did not pay a fee to 99SM for the use of such facility. This third-party utilisation of the bank guarantee facility provided to 99SM was cancelled on 11 October 2023. Our Directors are of the view that the transaction is not detrimental to our Group as the third-party utilisation of the bank guarantee has been discontinued by Alliance Bank. Following our Listing, our Group does not intend to enter into similar transactions with any related parties.

## 10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

### 10.2.1 Audit Committee review

Our Audit Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group. Our Audit Committee also reviews any transaction, procedure or course of conduct that raises questions of management integrity including our related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:

(a) the rationale and the cost/benefit to our Company are first considered;

(b) where possible, comparative quotes will be taken into consideration;

(c) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and

(d) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit Committee are reported to our Board for its further action.

### 10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interests between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the Directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the third parties dealing on arm's length basis with our Group and are not to the detriment of our non-interested shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and MCCG upon our Listing. The procedures which may form part of the framework include, among others, the following:

(a) our Board shall ensure that majority of our Board's members are Independent Directors and will undertake an annual assessment of our Independent Directors;

(b) our Directors will be required to immediately make full disclosure of any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and

(c) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

# 11. CONFLICT OF INTEREST

## 11.1 INTEREST IN ENTITIES CARRYING ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE CUSTOMERS AND/OR SUPPLIERS OF OUR GROUP

### 11.1.1 Involvement of our Directors and substantial shareholders in entities which carry on a similar trade as that of our Group

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group:

| Entity | Our Directors and/or substantial shareholders | Nature | Principal activity | Nature of interest |
|---|---|---|---|---|
| U Stars Group | **Our substantial shareholder and Director**<br>Lee Thiam Wah | Similar trade as that of our Group | Supermarkets and hypermarkets; Mini-marts, convenience stores and provision shops and/ or warehousing, packing and distribution of groceries, food and beverages products | Lee Thiam Wah is a director and shareholder holding 100% equity interest in Lee International Retail Holdings, which in turn holds 49.0% equity interest in each of the companies in the U Stars Group. Lee International Retail Holdings intends to increase its equity interest in U Stars Group up to 75.0%, subject to approval of relevant authorities in Singapore.<br>He is also a director of U Stars Supermarket, U Stars and U Stars Food Holdings, which is part of the U Stars Group. |

Notwithstanding the above, our Board is of the view that the potential conflict of interest situation which may arise as a result of Lee Thiam Wah's interests in the U Stars Group, which is operating in the retail grocery market segment similar to our Group, is mitigated as the operations of the U Stars Group are handled by a separate management team, led by Lim Kok Wei, the CEO of the U Stars Group and that all of the outlets of the U Stars Group are only located in Singapore. The geographical separation of the outlets between our Group and the U Stars Group ensures a distinct and separate customer bases and markets, removing any direct competition. Furthermore, Lee Thiam Wah is not involved in the day-to-day operations of the U Stars Group. The U Stars Group operates as a 24-hour supermarket chain offering a wide range of products, including fresh produce and food items, while our Group operates as a mini-market chain with conventional business hours.

## 11. CONFLICT OF INTEREST *(Cont'd)*

### 11.1.2 Involvement of our Directors and substantial shareholders in entities which are our customers and/or suppliers

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are our customers and/or suppliers:

| No. | Entity | Our Directors and/or substantial shareholders | Nature of transaction | Principal activity | Nature of interest |
|---|---|---|---|---|---|
| 1. | Cleanwave | **<u>Our substantial shareholder and Director</u>**<br>Lee Thiam Wah<br><br>**<u>Our Director</u>**<br>Ng Lee Tieng | Supplier of cleaning products, personal care and pet products | Sales and marketing of cleaning products for, but not limited to household and personal hygiene and vehicle cleaning products | Lee Thiam Wah and Ng Lee Tieng are directors and shareholders holding 99.9% and less than 1.0% equity interest respectively in Venus Gateway.<br><br>Venus Gateway in turn holds 65.0% in Cleanwave; 52.0% in Multihexa and 52.0% in Octo Asia.<br><br>Lee Thiam Wah is also a director of Cleanwave, Multihexa and Octo Asia. |
| 2. | Multihexa | | Supplier of toys and party supplies | Wholesale of a variety of goods | |
| 3. | Octo Asia | | Supplier of fruits, nuts and vegetables | Wholesale of a variety of goods including fruits, nuts and vegetables | |
| 4. | Cosmo Restaurants | **<u>Our substantial shareholder and Director</u>**<br>Lee Thiam Wah<br><br>**<u>Directors</u>**<br>Dato' Chua Tia Guan<br>Ng Lee Tieng | Customer of food products on ad-hoc basis<br><br>Supplier of meal sets and vouchers | Developing, operating, promoting and/or managing Burger King restaurants in Malaysia | Lee Thiam Wah and Ng Lee Tieng are directors and shareholders holding 80.0% and 20.0% equity interest in Newscape Capital respectively. Newscape Capital in turn holds 100% in Rancak Selera which in turn holds 95.0% in Cosmo Restaurants.<br><br>Both Lee Thiam Wah and Ng Lee Tieng are directors of Cosmo Restaurants and members of the Executive Committee of Newscape Capital, being the ultimate holding company of Cosmo Restaurants. Ng Lee Tieng is the CEO of Cosmo Restaurants.<br><br>Dato' Chua Tia Guan is the Chairman of the Executive Committee of Newscape Capital. Dato' Chua Tia Guan does not hold any equity interest or directorship in, and is not involved in the day-to-day operations of, Newscape Capital, Rancak Selera or Cosmo Restaurants. |

## 11. CONFLICT OF INTEREST *(Cont'd)*

| No. | Entity | Our Directors and/or substantial shareholders | Nature of transaction | Principal activity | Nature of interest |
|---|---|---|---|---|---|
| 5. | Nasi Lemak Gempak | **Our substantial shareholder and Director**<br>Lee Thiam Wah | Customer of grocery staples and perishables<br><br>Supplier of instant coffee powder | Restaurants | Lee Thiam Wah is a director and shareholder holding 72.0% equity interest in Nasi Lemak Gempak |
| 6. | J&C Pacific | **Our substantial shareholder and Director**<br>Lee Thiam Wah<br><br>**Director**<br>Ng Lee Tieng | Supplier of SIM cards and our provider of payment gateway, mobile payment, bill payment, gift card activation and reload services | Providing total communications services, solutions and products | Lee Thiam Wah and Ng Lee Tieng are directors and shareholders holding 99.9% and 0.1% equity interest in Global Success respectively. Global Success in turn holds 39.0% in J&C Pacific. Ng Lee Tieng is also a shareholder holding 1.0% equity interest in J&C Pacific.<br><br>Both Lee Thiam Wah and Ng Lee Tieng are directors of J&C Pacific. |

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Notwithstanding the above, our Board is of the view that any potential conflict of interest situation which may arise through the interests of our Directors and substantial shareholders in other entities which are our customers or suppliers (collectively referred to as "**Related Customers**" and/or "**Related Suppliers**") is mitigated due to the following:

(a) our Related Customers and Related Suppliers are not in competition with our Group's business and operations as our Group is not involved in the business of the Related Customers, and our Group is acting as one of the distribution channels for our Related Suppliers;

(b) save for the sales to and purchases from Careon Pharmacy as disclosed in Section 10 of this Prospectus, all sales to and purchases from our Related Customers and Related Suppliers are transacted on an arm's length basis and on normal commercial terms which are not more favourable to them than those generally available to third parties;

(c) our Group is not dependent on any of our Related Customers and none of them are our Group's major customers. For the Periods Under Review, the aggregate sales to our Related Customers represents less than 0.1% of our Group's total revenue;

(d) our Group is not dependent on any of our Related Suppliers and none of them are our Group's major suppliers. For the Periods Under Review, the total purchases from our Related Suppliers represents less than 1.0% of our Group's total purchases and there are other suppliers in the market offering similar products which could be alternatives to our Group;

(e) in addition, the involvement of our Directors and substantial shareholders in our Related Customers and Related Suppliers does not affect their contributions to our Group as:

   (i) The Related Customers and/or the Related Suppliers (collectively, the "**Related Entities**") are managed by their respective management team, and Lee Thiam Wah, our Executive Director and CEO, is not involved in the day-to-day operations of the Related Entities; and

   (ii) Ng Lee Tieng, our Non-Independent Non-Executive Director, holds a non-executive role in our Group and thus is not involved in the day-to-day operations of our Group. Furthermore, save for Cosmo Restaurants which she is involved in the operations as its CEO, the other Related Entities are managed by their own respective management team and she is not involved in the day-to-day operations of the other Related Entities; and

(f) Lee Thiam Wah, Ng Lee Tieng and persons connected to them will abstain from deliberation and voting at Board meetings in relation to any transaction with our Related Entities, if any.

As set out in Section 10.2.1 of this Prospectus, our Audit Committee will review any conflict of interest situation that may arise within the Company or our Group including such transaction, procedure or course that raises questions on management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts to ensure that any such transactions are carried out on terms that are not detrimental to our Group and is in the best interest of our Group. Any future dealings with parties in which our Directors and substantial shareholders have interest, direct or indirect, will be based on established procedures for related party transactions to ensure that they are carried out on an arm's length basis and in accordance with the Listing Requirements in respect of related party transactions.

Notwithstanding, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which are carrying on a similar trade as our Group and/or our customers or suppliers may give rise to a conflict of interest situation with our business. Although such interests may give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on all resolutions pertaining to such matters or transactions that require the approval of our shareholders in respect of their direct or indirect interests. Such transactions will be carried out on arm's length basis and on normal commercial terms.

## 11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

### 11.2.1 Declaration by CIMB

CIMB, being the Principal Adviser for our Listing and the Sole Bookrunner, Sole Managing Underwriter and Underwriter for our IPO, as well as its holding company, CIMB Group Holdings Berhad, and the subsidiaries, related and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other, and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group.

As at the LPD, CIMB Bank Berhad has extended a total of RM110.0 million facilities to our Group, comprising RM30.0 million in the form of credit facilities and RM79.9 million in the form of corporate card solutions facilities, as part of its ordinary course of business. It is expected that our Group will repay some of the borrowings owing to CIMB Bank Berhad using the proceeds raised from our Public Issue. The credit facilities and the corporate card solutions facilities extended to our Group do not impose any conditions to our IPO and our Listing.

CIMB is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as the Principal Adviser for our Listing and the Sole Bookrunner, Managing Underwriter and Underwriter for our IPO and any potential conflict of interest that exists or is likely to exist in relation to the aforementioned capacity is mitigated by the following:

(i) CIMB is a licensed investment bank and its appointment as the Principal Adviser for our Listing and the Sole Bookrunner, Managing Underwriter and Underwriter for our IPO is in the ordinary course of its business and CIMB does not receive or derive any financial interest or benefits save for the professional fees received in relation to the aforementioned appointment for our Listing and our IPO;

(ii) CIMB Bank Berhad is a licensed commercial bank and the extension of credit facilities and corporate card solutions facilities to our Group arose in the ordinary course of its business;

(iii) the conduct of the CIMB Group in its banking business is strictly regulated by, among others, the Financial Services Act 2013, Islamic Financial Services Act 2013, the CMSA and the CIMB Group's own internal controls and checks;

(iv) the total aggregate outstanding amount owed by our Group to CIMB Bank Berhad of approximately RM110.0 million as at the LPD is not material when compared to the audited NA of the CIMB Group as at 31 December 2022 of approximately RM62.5 billion; and

(v) CIMB is required under its investment banking license to comply with applicable laws, regulations and guidelines issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities, implementation of "Chinese Wall" policies between different business divisions and the formation of an independent committee to review its business operations.

Accordingly, CIMB confirms that there is no conflict of interest situation in its capacity as the Principal Adviser for our Listing and the Sole Bookrunner, Sole Managing Underwriter and Underwriter for our IPO.

**11.2.2 Declaration by Crowe Malaysia PLT**

Crowe Malaysia PLT confirms that there is no conflict of interest situation in its capacity as the Auditors and Reporting Accountants to our Company in relation to our IPO.

**11.2.3 Declaration by Lee Choon Wan & Co.**

Lee Choon Wan & Co. confirms that there is no conflict of interest situation in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

**11.2.4 Declaration by Christopher & Lee Ong**

Christopher & Lee Ong confirms that there is no conflict of interest situation in its capacity as the legal adviser to the Sole Bookrunner, Sole Managing Underwriter and Underwriter as to Malaysian law in relation to our IPO.

**11.2.5 Declaration by Frost & Sullivan**

Frost & Sullivan confirms that there is no conflict of interest situation in its capacity as the IMR in relation to our IPO.

## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

On 14 December 2023, our Group was formed upon completing the acquisition of 99SM and 99EM as further described in Section 6.1.2 of this Prospectus. For the Periods Under Review and up to the LPD, our Company, 99SM, 99EM, Yiwu J-Jade Trading and Yiwu SM Import and Export have been under the common control of our Lee Thiam Wah and the historical combined financial information of our Group as presented in this Section has been prepared as if our Company, 99SM, 99EM, Yiwu J-Jade Trading and Yiwu SM Import and Export were already operating as a single economic entity throughout the Periods Under Review.

The historical combined financial information for the Periods Under Review presented below have been derived from the Accountants' Report included in Section 13 of this Prospectus ("**Combined Financial Statements**"). The financial statements of 99SM and 99EM for the FYE 2020 and 2021 were previously prepared in accordance with the MPERS. During the FYE 2022 our Group adopted MFRS for the first time and the financial statements for the FYE 2022 are the first financial statements prepared in accordance with MFRS. Accordingly, comparative information for the FYE 2020 and 2021 have been restated retrospectively to give effect to these changes. As such, our Combined Financial Statements have been prepared in accordance with MFRS and IFRS.

There are no accounting policies used in our financial statements that are peculiar to our Group because of the nature of our business or the industry we are involved in.

The historical results for any prior financial years or interim periods are not necessarily indicative of results to be expected for a full financial year or interim period or any future financial years or interim periods.

The following historical combined financial information should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 12.2 of this Prospectus and the Accountants' Report set out in Section 13 of this Prospectus.

**Selected combined statements of profit or loss and other comprehensive income data**

| | **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** |
| Other operating income | 566,954 | 685,239 | 742,858 | 469,025 | 609,967 |
| Other income | 13,488 | 22,037 | 22,499 | 16,911 | 16,912 |
| Administrative and other operating expenses | (796,228) | (857,705) | (980,585) | (705,857) | (830,099) |
| Finance costs | (41,539) | (43,794) | (41,970) | (31,618) | (31,768) |
| **PBT** | **377,290** | **561,816** | **484,113** | **292,237** | **394,747** |
| Income tax expense | (102,362) | (142,722) | (157,448) | (93,392) | (101,056) |
| **PAT[(1)]** | **274,928** | **419,094** | **326,665** | **198,845** | **293,691** |

**Other selected financial data**

| | FYE | | | FPE 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| GP margin (%)(2) | 9.3 | 9.6 | 9.2 | 9.2 | 9.3 |
| EBITDA(3) | 622,109 | 790,398 | 732,040 | 474,450 | 591,927 |
| Adjusted EBITDA(3) | 491,039 | 642,643 | 570,160 | 354,491 | 458,673 |
| EBITDA margin (%)(4) | 9.1 | 10.1 | 9.1 | 8.0 | 8.7 |
| Adjusted EBITDA margin (%)(5) | 7.2 | 8.2 | 7.1 | 6.0 | 6.7 |
| PBT margin (%)(6) | 5.5 | 7.2 | 6.0 | 4.9 | 5.8 |
| PAT margin (%)(7) | 4.0 | 5.3 | 4.0 | 3.4 | 4.3 |
| Basic and diluted EPS (sen)(8) | 3.3 | 5.0 | 3.9 | 2.4 | 3.5 |

***Notes:***

*(1) All of our PAT is wholly attributable to owners of our Group as we do not have any non-controlling interest.*

*(2) Computed based on GP divided by revenue.*

*(3) EBITDA is calculated as PAT plus (i) income tax expense; (ii) finance costs; and (iii) depreciation and amortisation less (iv) interest income. Adjusted EBITDA is calculated as EBITDA less (i) repayments of lease liabilities; (ii) interest expense on lease liabilities; (iii) other lease related adjustments including, amongst others, COVID-19 rent concessions; and (iv) the reversal of the provision for restoration costs. The following table reconciles our PAT to EBITDA and Adjusted EBITDA for the Periods Under Review.*

| | FYE | | | FPE 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| PAT | 274,928 | 419,094 | 326,665 | 198,845 | 293,691 |
| Add/(Less): | | | | | |
| Income tax expense | 102,362 | 142,722 | 157,448 | 93,392 | 101,056 |
| Finance costs | 41,539 | 43,794 | 41,970 | 31,618 | 31,768 |
| Depreciation and amortisation | 206,068 | 189,400 | 209,010 | 152,768 | 166,554 |
| Interest income | (2,788) | (4,612) | (3,053) | (2,173) | (1,142) |
| **EBITDA** | **622,109** | **790,398** | **732,040** | **474,450** | **591,927** |
| (Less): | | | | | |
| Repayments of lease liabilities | (92,003) | (106,060) | (122,382) | (90,083) | (103,657) |
| Interest expense on lease liabilities | (38,868) | (41,640) | (39,435) | (29,826) | (29,443) |
| Other lease related adjustments including, amongst others, COVID-19 rent concessions | (199) | (55) | (63) | (50) | (88) |
| Reversal of provision for restoration costs | - | - | - | - | (66) |
| **Adjusted EBITDA** | **491,039** | **642,643** | **570,160** | **354,491** | **458,673** |

(4) *Computed based on EBITDA divided by revenue.*

(5) *Computed based on Adjusted EBITDA divided by revenue.*

(6) *Computed based on PBT divided by revenue.*

(7) *Computed based on PAT divided by revenue.*

(8) *Computed based on PAT divided by our enlarged issued Shares of 8,400,000,000 upon our Listing.*

### Selected combined statements of financial position data

| | As at 31 December | | | As at 30 September |
|---|---|---|---|---|
| | Audited | | | Audited |
| | 2020 | 2021 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total non-current assets | 1,156,885 | 1,143,387 | 1,137,896 | 1,168,679 |
| Total current assets | 907,539 | 1,214,550 | 1,242,528 | 1,341,888 |
| **Total assets** | **2,064,424** | **2,357,937** | **2,380,424** | **2,510,567** |
| Total non-current liabilities | 813,345 | 759,024 | 703,505 | 706,795 |
| Total current liabilities | 778,886 | 861,926 | 1,045,067 | 1,218,729 |
| **Total liabilities** | **1,592,231** | **1,620,950** | **1,748,572** | **1,925,524** |
| NA | 472,193 | 736,987 | 631,852 | 585,043 |
| Net current assets | 128,653 | 352,624 | 197,461 | 123,159 |
| Share capital | - | - | - | # |
| Invested equity | 4,000 | 17,500 | 17,500 | 17,500 |
| Retained profits | 468,193 | 719,487 | 614,352 | 567,543 |
| **Total equity** | **472,193** | **736,987** | **631,852** | **585,043** |
| **Other selected financial data** | | | | |
| Total borrowings (excluding lease liabilities) (RM'000) | 64,297 | 55,763 | 56,531 | 53,091 |
| Net (cash)/borrowings (RM'000)(1) | (65,846) | (294,400) | (28,525) | (19,649) |
| Gearing ratio (times)(2) | 0.14 | 0.08 | 0.09 | 0.09 |
| Net gearing ratio (times)(3)(4) | (0.14) | (0.40) | (0.05) | (0.03) |

***Notes:***

# *The symbol denotes RM100.*

(1) *Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents as at the end of the financial year/period.*

(2) *Computed based on total borrowings (excluding lease liabilities) divided by the total equity as at the end of the financial year/period.*

(3) *Computed based on net (cash)/borrowings divided by the total equity as at the end of the financial year/period.*

(4) *Negative net gearing ratio denotes a net cash position.*

## 12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Group's financial condition and results of operations should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus.

### 12.2.1 Overview

Based on our Group's revenue for the FYE 2022, we are the largest mini-market player in Malaysia with an estimated market share of 37.9%. As at the LPD, we have expanded our distribution footprint to 2,542 outlets nationwide and 19 DCs across 9 states in Malaysia.

With our outlets' tagline, "Near n' Save" in mind, we strategically open our outlets in close proximity to residential communities to ensure our customers can conveniently access our outlets. Our outlets maintain regular operations throughout the year, other than on certain public holidays where our outlets may close or the operating hours may be adjusted. For the Periods Under Review, we have opened 238, 225, 227 and 203 new outlets (net of outlet closures). We intend to continue to open new outlets across Malaysia, with the goal of opening about 250 new outlets annually to reach a targeted total of approximately 3,000 outlets operating nationwide by end of 2025.

As at the LPD, we also offer a diverse range of product portfolio through our outlets with approximately 3,300 SKUs on average across approximately 50 product categories comprising food and beverages, personal and baby care products as well as household products, amongst others, at competitive pricing compared to our competitors.

For further information on our business, see Section 7 of this Prospectus.

The CAGR of our Group's revenue, GP, PAT and Adjusted EBITDA from the FYE 2020 to FYE 2022 and from the FPE 30 September 2022 to the FPE September 2023 are set out as follows:

| | FYE | | | FPE 30 September | | |
|---|---|---|---|---|---|---|
| | 2020 | 2022 | CAGR | 2022 | 2023 | % |
| | RM'000 | RM'000 | (%) | RM'000 | RM'000 | change |
| Revenue | 6,841,360 | 8,075,262 | 8.6 | 5,906,466 | 6,803,141 | 15.2 |
| GP | 634,615 | 741,311 | 8.1 | 543,776 | 629,735 | 15.8 |
| PAT | 274,928 | 326,665 | 9.0 | 198,845 | 293,691 | 47.7 |
| Adjusted EBITDA | 491,039 | 570,160 | 7.8 | 354,491 | 458,673 | 29.4 |

### 12.2.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and are expected to be affected by a number of factors, including those set out below:

**(i) Number of sales transactions and the average value of sales transaction**

The total number of sales transactions at our outlets and the average transaction value of each sales transaction made by our customers are the primary drivers for our overall financial performance and directly impacts our revenue, financial position and the SSSG of our outlets as well as indirectly impacts our other operating income.

Our outlets increase revenue through (i) an increase in the number of sales transactions at our outlets; and/or (ii) an increase in the average value of each sales transaction at our outlets. The number of sales transactions at an outlet depends primarily on, amongst others, the level of footfall within the proximity of the outlet, our ability to satisfy changes in consumer demand and preferences by regularly assessing our product mix and pricing to ensure competitive advantage over our competitors or new entrants into the retail mini-market sector as well as overall customer experience and standard of service we provide in our outlets. With our outlets located across a variety of localities with differing population demographics and disposable income, the average value of a sales transaction varies accordingly based on our product mix, the price points of our products and the ability to make informed decisions on customer behaviour and preferences as well as market trends and opportunities.

The average value of each sales transaction at our outlets, the average sales per outlet per day and the average number of sales transactions per outlet per day for the Periods Under Review are set out as follows:

| | **FYE** | | | **FPE 30 September** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| Average number of sales transactions per outlet per day(1) | 523 | 459 | 440 | 436 | 475 |
| Average value of each sales transaction (RM)(2) | 21.33 | 24.54 | 23.59 | 23.62 | 22.37 |
| Average sales per outlet per day (RM)(3) | 11,156.82 | 11,263.17 | 10,378.85 | 10,306.10 | 10,631.90 |

***Notes:***

*(1) 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.*

*(2) Calculated as the revenue generated by our outlets during the financial year/period divided by the aggregate number of sales transactions at our outlets during the financial year/period.*

*(3) 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/period with the number of days for the respective financial year/period.*

The SSSG of our outlets for the Periods Under Review are set out in the table below:

| | FYE | | | FPE 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| SSSG (%)[(1)] | 21.3 | 3.7 | (4.9) | 7.3 |
| Number of outlets included in the calculation of SSSG[(2)] | 1,284 | 1,559 | 1,791 | 2,014 |
| Average number of outlets during the financial year/period[(3)] | 1,680 | 1,912 | 2,138 | 2,353 |

***Notes:***

*(1) 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 the 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.*

*(2) Calculated based on the number of outlets which have been in operation for at least 9 months or 12 months during the respective financial period/year and the corresponding period in the financial period/year.*

*(3) Calculated based on the simple average of the number of outlets at the beginning of the financial year and at the end of the financial year. At the beginning of the FYE 2020, 2021 and 2022, we had 1,561, 1,799 and 2,024 outlets respectively. At the end of the FYE 2022 and the FPE 30 September 2023, we had 2,251 and 2,454 outlets. For further details on the net change in the number of our outlets during the Periods Under Review, see Section 7.4.1 of this Prospectus.*

<u>FYE 2020</u>

SSSG for our outlets was 21.3% in the FYE 2020 mainly attributable to an increase in demand for household and essential products from our outlets that were located near residential communities and neighbourhoods as a result of the COVID-19 movement restrictions and lockdown. This is reflected in the significantly higher average value per sales transaction of RM21.33 in the FYE 2020 as compared to RM17.08 in the FYE 2019 (representing an increase of 24.9%) as customers tend to purchase higher volumes of household necessities in a single transaction during the COVID-19 movement restrictions and lockdown. This increase in average value per sales transaction more than offset the lower average number of sales transactions per outlet per day of 523 in the FYE 2020 as compared to 568 in the FYE 2019 (representing a decrease of 8.0%).

*FYE 2021*

SSSG for our outlets for the FYE 2021 remained positive at 3.7% mainly attributable to the increase in demand for household and essential products as a result of the extension of COVID-19 movement restrictions and lockdown, as reflected by the higher average value per sales transaction of RM24.54 in the FYE 2021 as compared to RM21.33 in the FYE 2020 (representing an increase of 15.0%). This increase in average value per sales transaction more than offset the lower average number of sales transactions per outlet per day of 459 in the FYE 2021 as compared to 523 in the FYE 2020 (representing a decrease of 12.2%).

*FYE 2022*

SSSG for our outlets decreased by 4.9% in the FYE 2022, mainly attributed to the easing of the COVID-19 movement restrictions and lockdown, allowing customers to easily travel beyond their neighbourhoods. This is reflected by the lower average number of sales transactions per outlet per day of 440 in the FYE 2022 compared to 459 in the FYE 2021 (representing a decrease of 4.1%), and the lower average value per sales transaction of RM23.59 in the FYE 2022 compared to RM24.54 in the FYE 2021 (representing a decrease of 3.9%).

Taking into consideration the pre-COVID-19 pandemic financial period of FYE 2019, our Group's gross SSSG between FYE 2019 and FYE 2022 was 17.0% representing a CAGR of 5.4% over the same period, which is calculated based on 1,276 outlets (net of outlet closures).

*FPE 30 September 2023*

SSSG for our outlets had increased by 7.3% for the FPE 30 September 2023, mainly attributable to an increase in demand for our grocery products during the same period, as evidenced by the higher average number of sales transactions per outlet per day of 475 for the FPE 30 September 2023 as compared to 436 for the FPE 30 September 2022 (representing an increase of 8.9%), offset by a slightly lower average value per sales transaction of RM22.37 in the FPE 30 September 2023 as compared to RM23.62 in the FPE 30 September 2022 (representing a decrease of 5.3%).

**(ii) Growing and expanding our outlet footprint and presence across Malaysia**

Our sales, costs and profitability are directly affected by the number of outlets in which we operate.

An important factor for the increase in our revenue is through the expansion of our outlet network via the strategic locations of our outlets in close proximity to residential communities that provides for a convenient shopping experience and are easily accessible by our customers. As part of our strategy to capture the growth opportunities in Malaysia's "mini-market" industry, we intend to continue to expand our outlet network across Malaysia. From 1 October 2023 to the LPD, we have already opened 88 new outlets (net of 1 outlet closure) nationwide.

As we grow our outlet network, our inventory cost and many of our operating expenses such as employee expenses, rental related expenses, utilities expenses as well as upkeep and maintenance expenses, will also grow in tandem. However, the substantial scale of our operations offers the advantage of economies of scale, contributing to improvement in profit margins. The significant size of our outlet network further strengthen our negotiating position with suppliers.

For further details on the breakdown of our outlet footprint and presence as at the end of each of the Periods Under Review across the different regions, see Section 7.4.1 of this Prospectus.

**(iii) Strategic product pricing and managing our curated product range through effective sourcing and distribution**

We maintain a wide range of products encompassing consumable merchandise and household products. Our products are competitively priced and the pricing is generally consistent across our outlets to provide our customers with an attractive price-to-quality value proposition, which drives our revenue.

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. Our cost of sales associated with procuring inventory from approximately 650 suppliers as at the LPD constitute our largest expense, representing approximately 90.7%, 90.4% and 90.8% of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively as well as 90.8% and 90.7% of our total revenue for the FPE 30 September 2022 and FPE 30 September 2023, respectively.

We generally maintain a certain selling margin above the purchasing cost for our products. In the highly competitive grocery retail sector that we operate in, achieving a balance between maximising profitability and ensuring competitive pricing is crucial, especially in situations involving price increases.

**(iv) Employee benefit expenses**

We operate a labour-intensive business and consequently, our employee expenses directly affect our results of operations. As at the LPD, we have in total 21,136 employees. Our employee benefits include, amongst others, employee salaries, allowances, overtime expenses, contributions to defined contribution plans and wages, incurred in respect of our employees at our outlets, DCs and corporate headquarters.

The percentage of total employee benefits expenses against our Group's revenue for the Periods Under Review are set out in the table below:

| | FYE | | | FPE 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Total employee benefits expenses | 424,761 | 484,675 | 552,089 | 391,797 | 495,141 |
| Total employee benefits expenses as a percentage of revenue | 6.2% | 6.2% | 6.8% | 6.6% | 7.3% |

We determine our employees' salaries based on various factors including but not limited to the experience, position and seniority of our employees. As at the LPD, the base salary of all our employees in Malaysia are paid in accordance with the applicable Malaysian statutory minimum wage of RM1,500 nationwide, where more than 90.0% of our total employees are paid above the Malaysian minimum wage. Any future changes to our employees' salaries, such as salary increments or increases in the statutory minimum wage of Malaysia, will directly impact our employee benefits expenses. In addition to salaries and incentive-based pay, we also incur ancillary expenses relating to, amongst others, medical fees, staff refreshments, staff welfare, meal allowance as well as the recruitment and training of our employees.

**(v) Outlet related expenses including rental and refurbishment**

Our business is real-estate intensive and as at the LPD, we operate 2,540 outlets on tenanted properties and 2 outlets on properties owned by us. For our rented properties, we generally enter into leases which are for initial terms of 2 or 3 years, with the option for us to extend. These rental rates may be adjusted depending on prevailing property market conditions in Malaysia at the time of extension or renewal, subject to the applicable maximum increases agreed to under each tenancy agreement. Save for 2 DCs located in Sabah which we rent, we do not incur any other rental costs for the other 17 DCs as well as our corporate headquarters as we own these properties.

Apart from rental considerations, we regularly assess the condition of our outlets and generally may conduct refurbishments every 7 years or when deemed necessary, in alignment with our Group's maintenance strategy.

Significant adjustments to our rental rates would affect the repayment of our lease liabilities including the interest on lease liabilities.

**(vi) Consumer spending and economic conditions in Malaysia**

We are dependent on the Malaysian consumer spending and general state of the Malaysian economy as all of our outlets are located in Malaysia. Demand for, and prevailing prices of our products relate directly to the strength, purchasing power and growth of the Malaysian economy.

More specifically, we also depend on the condition of the Malaysian grocery-based retail industry. According to the IMR Report, the total grocery-based retail industry has grown at a CAGR of 0.5% between 2019 and 2022, and is expected to grow at a CAGR of 5.8% between 2022 and 2027, with chain mini-markets expected to grow by 10.4% over the same period. The expansion of such growth can be attributed to the growing population in Malaysia and the increasing demand for grocery and household related products.

Historically, there have been changes in the Malaysian tax regulations and these changes affect our costs, expenses and margins. In 2021, as part of Budget 2022, the Government introduced an one-off prosperity tax on companies with chargeable income in excess of RM100 million. Due to the prosperity tax, our Group incurred additional tax of 9% on chargeable income exceeding RM100 million above the statutory rate of 24% which resulted in a lower PAT margin and higher effective tax rate for the FYE 2022.

**(vii) Other operating income**

Our financial results are affected by, amongst others, our ability to consistently generate and grow our other operating income. Our other operating income includes product display fees, target incentive fees, DC fees for handling of products as well as other advertisement and promotional fees. The growth of our other operating income is a result of the expansion of our network of outlets and DCs as well as the increasing volume of product sales. The trading terms with our suppliers are typically negotiated on a yearly basis. We take into consideration both revenue and other operating income collectively when assessing financial performance and sustainability of our business operations.

Throughout the Periods Under Review, we have successfully grown our other operating income at a CAGR of 14.5% between the FYE 2020 and FYE 2022 and 30.0% between the FPE 30 September 2022 and the FPE 30 September 2023.

As a key customer to our main suppliers, we are able to earn target incentive fees if we meet the targeted purchase volumes that are set for us. During the Periods Under Review, we have generally met these purchase volumes, as we were able to successfully implement our revenue growth and outlet expansion plans.

Further, our extensive distribution network, comprising our DCs and our fleet of delivery trucks, optimises our logistic operations and allows for most of our suppliers to deliver goods directly to our DCs and subsequently for our own delivery to our outlets. This eliminates the need for such suppliers to deliver goods directly to our outlets enabling us to charge DC fees for the handling of their products.

In this regard, our organised and efficient operations combined with the high sales volume generated by our extensive network of outlets has enabled us to negotiate favourable trading terms with our main suppliers, which contributed to the increase in our other operating income figures for the respective years.

For further details on the other operating income on our financial results, see Section 12.2.4(d) of this Prospectus.

**(viii) COVID-19 pandemic**

During the outbreak of the COVID-19 pandemic from early 2020 to early 2022, the Government implemented various safety measures such as lockdowns and other movement control orders to curb the spread of the disease.

During this period, and where there are reported cases of COVID-19, affected outlets and DCs had to temporarily suspend their operations in accordance with the safety regulations, protocols and sanitisation procedures, as required by the MOH.

Other than the affected outlets and DCs, we maintained normal operations at our outlets throughout the various lockdowns as we were classified as an "essential service". During this period, the operations of our DCs that support our outlets also continued to operate as normal.

Although the opening of new outlets was affected at the initial stages of the COVID-19 lockdown, the increase in demand for essential products during this lockdown period coupled with the continued opening of our outlets at the later stages of the lockdown period resulted in a significant increase in our revenue and other operating income in the FYE 2020 and FYE 2021. The strategic locations of our outlets which are in close proximity to residential communities, ensured residents convenient access to essential products throughout the lockdown period which in return facilitated the growth of our revenue.

It is important to note that the handling of future disease outbreak by the Government and their associated initiatives will be case specific. Therefore, we are unable to determine if future pandemics or disease(s) outbreaks will have a positive or negative impact on the financial results and operations of our Group.

### 12.2.3 Critical accounting estimates and judgements

The preparation of our financial statements in accordance with MFRS and IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities as at the reporting date. We periodically review our estimates and underlying assumptions. We recognise revisions to accounting estimates in the period in which the estimates are revised and in any future periods affected. Nonetheless, actual results may differ from these estimates.

**Judgements made in applying accounting policies**

In the process of applying the accounting policies of our Group, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the combined financial statements.

**Sources of estimation uncertainty**

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amount of the assets or liabilities within the next financial year are discussed below.

**(i) Impairment of non-financial assets**

We reviewed our non-financial assets for indications of impairment and where such indications exist, we performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. Possible changes in these estimates may result in revisions to the carrying amounts of non-financial assets.

**(ii) Provision for restoration costs**

We estimate provision for restoration costs based on the best estimate of future costs and the economic life of the affected assets. The estimated provision for restoration costs is reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Any changes in these accounting estimates will affect the carrying amount of provision for restoration costs as disclosed in Note 15 to the Combined Financial Statements included in Section 13 of this Prospectus.

**(iii) Discount rates used in leases**

Where the interest rate implicit in the lease cannot be readily determined, we use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that we would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. We estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

For further details, see Note 3 of the Combined Financial Statements included in Section 13 of this Prospectus.

### 12.2.4 Results of operations

The principal components of our combined statements of profit or loss and other comprehensive income for the Periods Under Review are as follows:

**(a) Revenue**

We generate our revenue from the retail sales of consumable merchandise and other household products. The retail products we sell comprise several core product categories such as food and beverages, personal and baby care products and household products, which collectively contributed to 92.5%, 92.6%, 92.9% of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively. These product categories also collectively contributed 93.2% and 93.1% of our total revenue for the FPE 30 September 2022 and FPE 30 September 2023.

In addition, the revenue had increased from RM6,841.4 million in the FYE 2020 to RM8,075.3 million in the FYE 2022 which represented a CAGR of 8.6%, and increased by 15.2% from RM5,906.5 million in the FPE 30 September 2022 to RM6,803.1 million in the FPE 30 September 2023.

The following table sets out the breakdown of our revenue by product categories for the Periods Under Review.

| | **FYE** | | | | | |
|---|---|---|---|---|---|---|
| | **2020** | | **2021** | | **2022** | |
| | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** |
| Food and beverages | 5,005,403 | 73.2 | 5,717,128 | 73.0 | 5,842,445 | 72.3 |
| Personal and baby care products | 840,266 | 12.3 | 995,954 | 12.7 | 1,090,293 | 13.5 |
| Household products | 480,057 | 7.0 | 543,697 | 6.9 | 575,736 | 7.1 |
| Others | 515,634 | 7.5 | 579,977 | 7.4 | 566,788 | 7.1 |
| **Total** | **6,841,360** | **100.0** | **7,836,756** | **100.0** | **8,075,262** | **100.0** |

| | FPE 30 September | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % |
| Food and beverages | 4,268,944 | 72.3 | 4,948,428 | 72.7 |
| Personal and baby care products | 807,505 | 13.7 | 865,659 | 12.7 |
| Household products | 425,473 | 7.2 | 522,698 | 7.7 |
| Others | 404,544 | 6.8 | 466,356 | 6.9 |
| **Total** | **5,906,466** | **100.0** | **6,803,141** | **100.0** |

**(b) Cost of sales**

Our cost of sales consists of the purchase costs of the consumable merchandise and household products that we purchase directly from our suppliers and trading houses, as well as costs associated with inventories written off and losses.

The following table sets out the components of our cost of sales for the Periods Under Review.

| | FYE | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Purchase cost of goods(1) | 6,506,357 | 104.8 | 7,432,523 | 105.0 | 7,724,028 | 105.3 |
| Discounts received(2) | (307,705) | (5.0) | (359,107) | (5.1) | (400,762) | (5.5) |
| Cost associated with inventories written off | 8,093 | 0.2 | 7,301 | 0.1 | 10,685 | 0.2 |
| **Total cost of sales** | **6,206,745** | **100.0** | **7,080,717** | **100.0** | **7,333,951** | **100.0** |

| | FPE 30 September | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % |
| Purchase cost of goods(1) | 5,619,059 | 104.8 | 6,514,108 | 105.5 |
| Discounts received(2) | (263,725) | (4.9) | (350,613) | (5.7) |
| Cost associated with inventories written off | 7,356 | 0.1 | 9,911 | 0.2 |
| **Total cost of sales** | **5,362,690** | **100.0** | **6,173,406** | **100.0** |

***Notes:***

*(1) Computed based on cost of goods sold, after deducting return of goods to our suppliers and including packaging costs in relation to vegetables and fresh food.*

*(2) Including supplier fund in relation to discounts provided by suppliers for promotional items sold at our outlets and prompt payment discounts.*

The following table sets out the breakdown of our cost of sales by product categories for the Periods Under Review.

| | FYE | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Food and beverages | 4,588,903 | 73.9 | 5,206,346 | 73.5 | 5,352,297 | 73.0 |
| Personal and baby care products | 750,598 | 12.1 | 889,941 | 12.6 | 977,211 | 13.3 |
| Household products | 416,021 | 6.7 | 472,589 | 6.7 | 503,613 | 6.9 |
| Others | 451,223 | 7.3 | 511,841 | 7.2 | 500,830 | 6.8 |
| **Total** | **6,206,745** | **100.0** | **7,080,717** | **100.0** | **7,333,951** | **100.0** |

| | FPE 30 September | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % |
| Food and beverages | 3,916,498 | 73.0 | 4,518,755 | 73.2 |
| Personal and baby care products | 722,100 | 13.5 | 783,524 | 12.7 |
| Household products | 370,861 | 6.9 | 457,756 | 7.4 |
| Others | 353,231 | 6.6 | 413,371 | 6.7 |
| **Total** | **5,362,690** | **100.0** | **6,173,406** | **100.0** |

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(c) **GP and GP margin**

The following table sets out the breakdown of our GP and GP margin by product categories for the Periods Under Review.

| | Food and beverages RM'000 | Personal and baby care products RM'000 | Household products RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **FYE 2020** | | | | | |
| Revenue | 5,005,403 | 840,266 | 480,057 | 515,634 | 6,841,360 |
| Cost of sales | (4,588,903) | (750,598) | (416,021) | (451,223) | (6,206,745) |
| **GP** | **416,500** | **89,668** | **64,036** | **64,411** | **634,615** |
| GP margin | 8.3% | 10.7% | 13.3% | 12.5% | 9.3% |
| **FYE 2021** | | | | | |
| Revenue | 5,717,128 | 995,954 | 543,697 | 579,977 | 7,836,756 |
| Cost of sales | (5,206,346) | (889,941) | (472,589) | (511,841) | (7,080,717) |
| **GP** | **510,782** | **106,013** | **71,108** | **68,136** | **756,039** |
| GP margin | 8.9% | 10.6% | 13.1% | 11.7% | 9.6% |
| **FYE 2022** | | | | | |
| Revenue | 5,842,445 | 1,090,293 | 575,736 | 566,788 | 8,075,262 |
| Cost of sales | (5,352,297) | (977,211) | (503,613) | (500,830) | (7,333,951) |
| **GP** | **490,148** | **113,082** | **72,123** | **65,958** | **741,311** |
| GP margin | 8.4% | 10.4% | 12.5% | 11.6% | 9.2% |
| **FPE 30 September 2022** | | | | | |
| Revenue | 4,268,944 | 807,505 | 425,473 | 404,544 | 5,906,466 |
| Cost of sales | (3,916,498) | (722,100) | (370,861) | (353,231) | (5,362,690) |
| **GP** | **352,446** | **85,405** | **54,612** | **51,313** | **543,776** |
| GP margin | 8.3% | 10.6% | 12.8% | 12.7% | 9.2% |
| **FPE 30 September 2023** | | | | | |
| Revenue | 4,948,428 | 865,659 | 522,698 | 466,356 | 6,803,141 |
| Cost of sales | (4,518,755) | (783,524) | (457,756) | (413,371) | (6,173,406) |
| **GP** | **429,673** | **82,135** | **64,942** | **52,985** | **629,735** |
| GP margin | 8.7% | 9.5% | 12.4% | 11.4% | 9.3% |

**(d) Other operating income**

Other operating income mainly comprise product display fees, target incentives received from our suppliers, DC fees for handling of goods and advertising and promotional fees. Our product display fees constitute the largest proportion of our total other operating income.

The following table sets out the breakdown of our other operating income for the Periods Under Review.

| | **FYE** | | | | | |
|---|---|---|---|---|---|---|
| | **2020** | | **2021** | | **2022** | |
| | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** |
| Product display fees[1] | 336,533 | 59.4 | 412,536 | 60.2 | 441,914 | 59.5 |
| Incentives[2] | 130,033 | 22.9 | 154,139 | 22.5 | 163,347 | 22.0 |
| DC fees | 91,453 | 16.1 | 110,150 | 16.1 | 121,937 | 16.4 |
| Advertising and promotional fees[3] | 4,700 | 0.8 | 4,514 | 0.7 | 12,396 | 1.7 |
| Others[4] | 4,235 | 0.8 | 3,900 | 0.5 | 3,264 | 0.4 |
| **Total other operating income** | **566,954** | **100.0** | **685,239** | **100.0** | **742,858** | **100.0** |

| | **FPE 30 September** | | | |
|---|---|---|---|---|
| | **2022** | | **2023** | |
| | **RM'000** | **%** | **RM'000** | **%** |
| Product display fees[1] | 295,790 | 63.1 | 361,342 | 59.2 |
| Incentives[2] | 77,180 | 16.5 | 129,940 | 21.3 |
| DC fees | 84,897 | 18.1 | 106,738 | 17.5 |
| Advertising and promotional fees[3] | 8,714 | 1.8 | 9,274 | 1.5 |
| Others[4] | 2,444 | 0.5 | 2,673 | 0.5 |
| **Total other operating income** | **469,025** | **100.0** | **609,967** | **100.0** |

***Notes:***

*(1) Includes fees for, amongst others, products displayed on shelves in our outlets, fees for ad hoc shelving of promotional products and fees for the listing of new products in our outlets.*

*(2) Includes conditional and target incentives for achieving certain sales target set by our suppliers.*

*(3) Includes fees received from suppliers who advertise products on buntings at our outlets as well as advertising leaflets at our outlets and through social media.*

*(4) Includes commission earned from service providers in relation to "Speedpoint Services" offered at our outlets such as bill payment, mobile prepaid and reload, e-Payment, gaming and entertainment subscriptions as well as courier services.*

## (e) Other income

Our other income mainly consists sale of recyclable materials such as cardboard boxes and plastic materials as well as interest income.

The following table sets out the breakdown of our other income for the Periods Under Review.

| | FYE | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Sale of recyclable materials | 6,329 | 46.9 | 14,464 | 65.6 | 13,657 | 60.7 |
| Interest income[(1)] | 2,788 | 20.7 | 4,612 | 20.9 | 3,053 | 13.6 |
| Others[(2)] | 4,371 | 32.4 | 2,961 | 13.5 | 5,789 | 25.7 |
| **Total** | **13,488** | **100.0** | **22,037** | **100.0** | **22,499** | **100.0** |

| | FPE 30 September | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % |
| Sale of recyclable materials | 11,257 | 66.6 | 7,208 | 42.6 |
| Interest income[(1)] | 2,173 | 12.8 | 1,142 | 6.8 |
| Others[(2)] | 3,481 | 20.6 | 8,562 | 50.6 |
| **Total** | **16,911** | **100.0** | **16,912** | **100.0** |

***Notes:***

*(1) Includes interest income derived from our fixed deposits and bank accounts.*

*(2) Includes, amongst others, recovery of uniform deposits from our ex-employees, expired and unredeemed sales voucher, sponsorships from our suppliers for our annual dinner as well as funds received for our basketball team in exchange for their brands to be printed on the jerseys.*

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**(f) Administrative and other operating expenses**

Our administrative and other operating expenses mainly comprise employee benefit expenses, depreciation of assets including our property and equipment, and ROU assets, utilities expenses, upkeep and maintenance expenses as well as travelling expenses.

The following table sets out the breakdown of our administrative and other operating expenses for the Periods Under Review.

| | FYE | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Employee benefit expenses[(1)] | 424,761 | 53.3 | 484,675 | 56.5 | 552,089 | 56.3 |
| Depreciation of ROU assets | 148,597 | 18.7 | 127,896 | 14.9 | 139,622 | 14.2 |
| Utilities expenses[(2)] | 90,936 | 11.4 | 97,706 | 11.4 | 122,766 | 12.5 |
| Depreciation of plant and equipment | 57,466 | 7.2 | 61,499 | 7.2 | 69,383 | 7.1 |
| Upkeep and maintenance expenses[(3)] | 23,888 | 3.0 | 27,665 | 3.2 | 35,200 | 3.6 |
| Plastic bag and price tag labels | 12,356 | 1.6 | 12,408 | 1.5 | 13,409 | 1.4 |
| Transportation expenses[(4)] | 9,282 | 1.2 | 11,552 | 1.4 | 12,551 | 1.3 |
| Bank charges[(5)] | 6,399 | 0.8 | 9,806 | 1.1 | 10,055 | 1.0 |
| Licensing and regulatory fees[(6)] | 4,194 | 0.5 | 5,357 | 0.6 | 5,011 | 0.5 |
| Office expenses[(7)] | 2,842 | 0.4 | 2,927 | 0.3 | 3,637 | 0.4 |
| Security expenses[(8)] | 1,483 | 0.2 | 1,606 | 0.2 | 2,142 | 0.2 |
| Insurance | 1,029 | 0.1 | 1,017 | 0.1 | 1,172 | 0.1 |
| Others[(9)] | 12,995 | 1.6 | 13,591 | 1.6 | 13,548 | 1.4 |
| **Total** | **796,228** | **100.0** | **857,705** | **100.0** | **980,585** | **100.0** |

| | FPE 30 September | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % |
| Employee benefit expenses[(1)] | 391,797 | 55.5 | 495,141 | 59.6 |
| Depreciation of ROU assets | 103,526 | 14.7 | 114,184 | 13.8 |
| Utilities expenses[(2)] | 90,964 | 12.9 | 96,160 | 11.6 |
| Depreciation of plant and equipment | 49,238 | 7.0 | 52,370 | 6.3 |
| Upkeep and maintenance expenses[(3)] | 26,398 | 3.7 | 26,367 | 3.2 |
| Plastic bag and price tag labels | 10,634 | 1.5 | 6,253 | 0.7 |
| Transportation expenses[(4)] | 9,217 | 1.3 | 10,030 | 1.2 |
| Bank charges[(5)] | 7,394 | 1.1 | 8,856 | 1.1 |
| Licensing and regulatory fees[(6)] | 3,722 | 0.5 | 3,857 | 0.5 |
| Office expenses[(7)] | 2,684 | 0.4 | 3,330 | 0.4 |
| Security expenses[(8)] | 1,493 | 0.2 | 2,008 | 0.2 |
| Insurance | 760 | 0.1 | 1,030 | 0.1 |
| Others[(9)] | 8,030 | 1.1 | 10,513 | 1.3 |
| **Total** | **705,857** | **100.0** | **830,099** | **100.0** |

***Notes:***

*(1) Includes, amongst others, salaries, allowances, overtime payments, contributions to defined contribution plans, wages, bonuses as well as directors' fees and remunerations.*

*(2) Includes electricity expenses, telecommunication expenses as well as water expenses at our corporate headquarters, DCs and outlets.*

*(3) Includes expenses in relation to maintaining the conditions of our corporate headquarters, DCs and outlets, equipment, vehicles as well as our IT hardware and software.*

*(4) Includes, amongst others, expenses in respect of fuel for our delivery trucks for the deliveries from DCs to the respective outlets and our vans used in the renovation and fitting instalments at our outlets, tolls and road tax.*

*(5) Includes expenses in respect of bank transactional charges on payment received through debit and credit card, digital wallets and cheques.*

*(6) Includes licensing fees necessary for the operation of our outlets as well as the assessment and quit rent.*

*(7) Includes, amongst others, printing and stationery as well as uniform and name tag expenses.*

*(8) Includes expenses in relation to the engagement of security guards for our DCs and corporate headquarters.*

*(9) Includes, amongst others, warehouse expenses such as purchasing of garbage bags and tape, promotional materials such as bunting and flyers, annual dinner expenses, sundry expenses such as face mask, wet tissue and hand sanitisers, as well as donations and gifts.*

**(g) Finance costs**

Finance costs comprise interest on lease liabilities on our ROU assets, interest on our loans and borrowings as well as the unwinding of discount on provision for restoration costs of our outlets.

The following table sets out our finance costs for the Periods Under Review.

| | FYE | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Interest on lease liabilities | 38,868 | 93.6 | 41,640 | 95.1 | 39,435 | 94.0 |
| Interest expenses on loans and borrowings | 2,516 | 6.0 | 1,844 | 4.2 | 2,061 | 4.9 |
| Unwinding of discount on provision for restoration costs(1) | 155 | 0.4 | 310 | 0.7 | 474 | 1.1 |
| **Total** | **41,539** | **100.0** | **43,794** | **100.0** | **41,970** | **100.0** |

| | FPE 30 September | | | |
|---|---|---|---|---|
| | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % |
| Interest on lease liabilities | 29,826 | 94.3 | 29,443 | 92.7 |
| Interest expenses on loans and borrowings | 1,481 | 4.7 | 1,863 | 5.9 |
| Unwinding of discount on provision for restoration costs(1) | 311 | 1.0 | 462 | 1.4 |
| **Total** | **31,618** | **100.0** | **31,768** | **100.0** |

***Note:***

*(1) Refers to the change in the present value of a provision for restoration costs over time, considering changes in interest rates and the passage of time.*

**(h) Income tax expense**

Our income tax expenses comprise current and deferred tax. We calculate current tax at the Malaysian statutory tax rate in respect of our PAT for the respective years/periods.

Our deferred tax expense primarily provides for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

For further details on the reconciliation of the income tax expense, see Note 23 of the Combined Financial Statements included in Section 13 of this Prospectus.

The following table sets out the breakdown of our income tax expense for the Periods Under Review.

| | FYE | | | FPE 30 September | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current tax | 109,223 | 147,770 | 161,140 | 96,064 | 98,887 |
| Deferred tax | (6,861) | (5,048) | (3,692) | (2,672) | 2,169 |
| **Income tax expenses** | **102,362** | **142,722** | **157,448** | **93,392** | **101,056** |

Our Group's effective tax rate is derived after dividing the total income tax expenses that is payable for the same financial year/period by the PBT. The effective tax rate is mainly affected by the statutory tax rate, non-deductible expenses, non-taxable income and over or under-provisions of current tax in the previous financial year/period.

The following tables set out our Group's effective tax rate for the Periods Under Review.

| | FYE | | |
|---|---|---|---|
| | **2020** | **2021** | **2022** |
| | **RM'000** | **RM'000** | **RM'000** |
| PBT | 377,290 | 561,816 | 484,113 |
| Income tax expense | 102,362 | 142,722 | 157,448 |
| Group effective tax rate (%) | 27.1 | 25.4 | 32.5 |
| Malaysia statutory tax rate (%) | 24.0 | 24.0 | 24.0 |

| | FPE 30 September | |
|---|---|---|
| | **2022** | **2023** |
| | **RM'000** | **RM'000** |
| PBT | 292,237 | 394,747 |
| Income tax expense | 93,392 | 101,056 |
| Group effective tax rate (%) | 32.0 | 25.6 |
| Malaysia statutory tax rate (%) | 24.0 | 24.0 |

For the FYE 2020 and the FYE 2021 as well as the FPE 30 September 2023, our effective tax rate was higher than the Malaysian statutory tax rate of 24.0% mainly due to non-deductible expenses in relation to, amongst others, depreciation in relation to our property and equipment and ROU assets, donation and gift and initial licensing fees for the setting up of our outlets and DCs.

For the FPE 30 September 2022 and the FYE 2022, our effective tax rate was disproportionately higher than the Malaysian statutory tax rate of 24.0% mainly due to the one-off impact of the 33.0% prosperity tax which was imposed by the Government during the FYE 2022.

### 12.2.5 Review of performance for the FYE 2021 compared to the FYE 2020

The following table presents selected information from our combined statements of profit or loss in absolute terms, as a percentage of revenue and the percentage changes for the financial years indicated:

| | FYE | | | | |
|---|---|---|---|---|---|
| | 2020 | | 2021 | | % |
| | RM'000 | % | RM'000 | % | change |
| Revenue | 6,841,360 | 100.0 | 7,836,756 | 100.0 | 14.5 |
| Cost of sales | (6,206,745) | (90.7) | (7,080,717) | (90.4) | 14.1 |
| **GP** | **634,615** | **9.3** | **756,039** | **9.6** | **19.1** |
| Other operating income | 566,954 | 8.3 | 685,239 | 8.8 | 20.9 |
| Other income | 13,488 | 0.2 | 22,037 | 0.3 | 63.4 |
| Administrative and other operating expenses | (796,228) | (11.7) | (857,705) | (10.9) | 7.7 |
| Finance costs | (41,539) | (0.6) | (43,794) | (0.6) | 5.4 |
| **PBT** | **377,290** | **5.5** | **561,816** | **7.2** | **48.9** |
| Income tax expense | (102,362) | (1.5) | (142,722) | (1.8) | 39.4 |
| **PAT** | **274,928** | **4.0** | **419,094** | **5.4** | **52.4** |

**(i) Revenue**

Revenue increased substantially by 14.5% from RM6,841.4 million for the FYE 2020 to RM7,836.8 million for the FYE 2021 mainly due to the positive SSSG of 3.7% and the 12.5% increase in the number of new outlets, rising from 1,799 to 2,024 outlets.

During the FYE 2021, there was an increase in demand for essential household products from our Group's outlets that are located within or near residential communities during the extension of COVID-19 movement restrictions and travel ban. This was reflected by the higher average value per sales transaction of RM24.54 in the FYE 2021 as compared to RM21.33 in the FYE 2020 (representing an increase of 15.0%). This increase in average value per sales transaction more than offset the lower average number of sales transactions per outlet per day of 459 in the FYE 2021 as compared to 523 in the FYE 2020 (representing a decrease of 12.2%).

**(ii) Cost of sales**

Cost of sales increased by 14.1% from RM6,206.7 million for the FYE 2020 to RM7,080.7 million for the FYE 2021, which is generally in line with the growth in revenue.

**(iii) GP and GP margin**

As a result of the foregoing, GP increased by 19.1% from RM634.6 million in the FYE 2020 to RM756.0 million in the FYE 2021 with a slight increase in our GP margin from 9.3% in the FYE 2020 to 9.6% in the FYE 2021.

**(iv) Other operating income**

Other operating income increased by 20.9% from RM567.0 million for the FYE 2020 to RM685.2 million for the FYE 2021 mainly due to the increase in supplier incentives and product display fees as a result of higher purchases that commensurate the increase in revenue as well as better negotiated terms with some suppliers.

**(v) Other income**

Other income increased by 63.4% from RM13.5 million for the FYE 2020 to RM22.0 million for the FYE 2021 mainly due to the increase in the sale of the recyclable boxes in which goods received from suppliers are packed in, arising from higher purchases during the year as well as an increase in interest income received in respect of higher placement of excess funds into fixed deposit in the FYE 2021.

**(vi) Administrative and other operating expenses**

Administrative and other operating expenses increased by 7.7% from RM796.2 million for the FYE 2020 to RM857.7 million for the FYE 2021 mainly due to an increase in staff costs, which mainly comprised of higher salaries, allowances and overtime payments in line with the growth in business operations. Additionally, there were also higher utilities expenses in line with the growth in the number of outlets.

**(vii) Finance costs**

Finance costs increased by 5.4% from RM41.5 million for the FYE 2020 to RM43.8 million for the FYE 2021 primarily due to an increase in the interest on lease liabilities of RM2.8 million arising from the addition of new outlets and in accordance with the initial adoption of MFRS 16 in the FYE 2020.

**(viii) PBT and PBT margin**

As a result of the foregoing, PBT increased by 48.9% from RM377.3 million for the FYE 2020 to RM561.8 million for the FYE 2021. PBT margin increased from 5.5% in the FYE 2020 to 7.2% in the FYE 2021, in line with higher other operating income and slightly higher GP margin.

**(ix) Income tax expense**

Income tax expense increased by 39.4% from RM102.4 million for the FYE 2020 to RM142.7 million for the FYE 2021. The lower increase in income tax expense as compared to the increase in PBT for the same period was mainly due to the higher non-deductible expenses in the FYE 2020. This was reflected by the higher effective tax rate in the FYE 2020 of 27.1% as compared to 25.4% in the FYE 2021.

**(x) PAT**

As a result of the foregoing, PAT increased by 52.4% from RM274.9 million for the FYE 2020 to RM419.1 million for the FYE 2021. The PAT margin increased from 4.0% in the FYE 2020 to 5.3% in the FYE 2021.

### 12.2.6 Review of performance for the FYE 2022 compared to the FYE 2021

The following table presents selected information from our consolidated statements of profit or loss, in absolute terms, as a percentage of revenue, and the percentage changes for the financial years indicated:

| | FYE | | | | |
|---|---|---|---|---|---|
| | 2021 | | 2022 | | % |
| | RM'000 | % | RM'000 | % | change |
| Revenue | 7,836,756 | 100.0 | 8,075,262 | 100.0 | 3.0 |
| Cost of sales | (7,080,717) | (90.4) | (7,333,951) | (90.8) | 3.6 |
| **GP** | **756,039** | **9.6** | **741,311** | **9.2** | **(1.9)** |
| Other operating income | 685,239 | 8.8 | 742,858 | 9.2 | 8.4 |
| Other income | 22,037 | 0.3 | 22,499 | 0.3 | 2.1 |
| Administrative and other operating expenses | (857,705) | (10.9) | (980,585) | (12.2) | 14.3 |
| Finance costs | (43,794) | (0.6) | (41,970) | (0.5) | (4.2) |
| **PBT** | **561,816** | **7.2** | **484,113** | **6.0** | **(13.8)** |
| Income tax expense | (142,722) | (1.8) | (157,448) | (2.0) | 10.3 |
| **PAT** | **419,094** | **5.3** | **326,665** | **4.0** | **(22.1)** |

**(i) Revenue**

Our revenue increased slightly by 3.0% from RM7,836.8 million for the FYE 2021 to RM8,075.3 million for the FYE 2022, mainly contributed by the 11.2% increase in the number of new outlets, rising from 2,024 to 2,251 outlets. This growth was moderated by a decline in SSSG at negative 4.9% that resulted from the lifting of COVID-19 movement restrictions and lockdown during the year.

This is reflected by the lower average number of sales transactions per outlet per day of 440 in the FYE 2022 compared to 459 in the FYE 2021 (representing a decrease of 4.1%), and the lower average value per sales transaction of RM23.59 in the FYE 2022 compared to RM24.54 in the FYE 2021 (representing a decrease of 3.9%).

**(ii) Cost of sales**

Our cost of sales increased by 3.6% from RM7,080.7 million for the FYE 2021 to RM7,334.0 million for the FYE 2022. This was mainly due to higher level of sales coupled with higher purchase prices for products arising from the global supply chain disruption in 2022.

**(iii) GP and GP margin**

As a result of the foregoing, our GP decreased by 1.9% from RM756.0 million in the FYE 2021 to RM741.3 million in the FYE 2022. Additionally, our GP margin also decreased slightly from 9.6% in the FYE 2021 to 9.2% in the FYE 2022.

**(iv) Other operating income**

Our other operating income increased by 8.4% from RM685.2 million for the FYE 2021 to RM742.9 million for the FYE 2022 mainly due to the increase in product display fees from the higher number of outlets and the increase in DC fees arising from higher purchases and better negotiated terms with some suppliers.

**(v) Other income**

Our other income increased by 2.1% from RM22.0 million for the FYE 2021 to RM22.5 million for the FYE 2022 primarily arising from sponsorship and promotional contribution received from suppliers in conjunction with our Group's anniversary dinner in the FYE 2022, which was partially offset by lower sale of recyclable materials and interest income.

**(vi) Administrative and other operating expenses**

Our administrative and other operating expenses increased by 14.3% from RM857.7 million for the FYE 2021 to RM980.6 million for the FYE 2022 mainly due to:

(a) salary adjustments pursuant to the implementation of the Minimum Wages Order from 1 May 2022 coupled with the increase in the total number of employees by 2,110 from 15,127 as at 31 December 2021 to 17,237 as at 31 December 2022; and

(b) higher utilities expenses in connection with the imposition of electricity tariff surcharge on non-domestic users which commenced on 1 February 2022, and our Group had also provided mobile phone plans to employees as part of their effort to attract and retain talent.

**(vii) Finance costs**

Our finance costs decreased by 4.2% from RM43.8 million for the FYE 2021 to RM42.0 million for the FYE 2022 primarily due to a decrease in the interest on lease liabilities incurred arising from the reduction in outstanding lease interest of our existing outlets nearer to the end of their tenancies.

**(viii) PBT and PBT margin**

As a result of the foregoing, our PBT decreased by 13.8% from RM561.8 million for the FYE 2021 to RM484.1 million for the FYE 2022. Our PBT margin decreased from 7.2% in the FYE 2021 to 6.0% in the FYE 2022 mainly due to lower GP margin for the reasons set out in Section 12.2.6 (ii) of this Prospectus and higher administrative and other operating expenses for the reasons set out in 12.2.6(vi) of this Prospectus.

**(ix) Income tax expense**

Our income tax expense increased by 10.3% from RM142.7 million for the FYE 2021 to RM157.4 million for the FYE 2022 despite the reduction in PBT above. This was mainly due to the one-off prosperity tax of 33.0% imposed by the government in 2022. This was reflected in the higher effective tax rate of 32.5% in 2022 compared to 25.4% in 2021.

(x) **PAT**

As a result of the foregoing, our PAT decreased by 22.1% from RM419.1 million for the FYE 2021 to RM326.7 million for the FYE 2022. Our PAT margin decreased from 5.3% in the FYE 2021 to 4.0% in the FYE 2022.

### 12.2.7 Review of performance for the FPE 30 September 2023 compared to the FPE 30 September 2022

The following table presents selected information from our combined statements of profit or loss, in absolute terms, as a percentage of revenue and the percentage changes for the financial periods indicated:

| | FPE 30 September | | | | |
|---|---|---|---|---|---|
| | 2022 | | 2023 | | % |
| | RM'000 | % | RM'000 | % | change |
| Revenue | 5,906,466 | 100.0 | 6,803,141 | 100.0 | 15.2 |
| Cost of sales | (5,362,690) | (90.8) | (6,173,406) | (90.7) | 15.1 |
| **GP** | **543,776** | **9.2** | **629,735** | **9.3** | **15.8** |
| Other operating income | 469,025 | 7.9 | 609,967 | 9.0 | 30.0 |
| Other income | 16,911 | 0.3 | 16,912 | 0.2 | 0.0 |
| Administrative and other operating expenses | (705,857) | (12.0) | (830,099) | (12.2) | 17.6 |
| Finance costs | (31,618) | (0.5) | (31,768) | (0.5) | 0.5 |
| **PBT** | **292,237** | **4.9** | **394,747** | **5.8** | **35.1** |
| Income tax expense | (93,392) | (1.5) | (101,056) | (1.5) | 8.2 |
| **PAT** | **198,845** | **3.4** | **293,691** | **4.3** | **47.7** |

(i) **Revenue**

Our revenue increased by 15.2% from RM5,906.5 million for the FPE 30 September 2022 to RM6,803.1 million for the FPE 30 September 2023, mainly due to the positive SSSG of 7.3% and the revenue contribution from the 12.1% increase in the number of outlets, rising from 2,190 to 2,454 outlets.

During the FPE 30 September 2023, our Group had enjoyed greater demand for our products, as evidenced by the higher average number of sales transactions per outlet per day of 475 for the FPE 30 September 2023 as compared to 436 for the FPE 30 September 2022 (representing an increase of 8.9%), offset by a slightly lower average value per sales transaction of RM22.37 in the FPE 30 September 2023 as compared to RM23.62 in the FPE 30 September 2022 (representing a decrease of 5.3%).

(ii) **Cost of sales**

Our cost of sales increased by 15.1% from RM5,362.7 million for the FPE 30 September 2022 to RM6,173.4 million for the FPE 30 September 2023, which was in line with the growth in revenue.

**(iii) GP and GP margin**

As a result of the foregoing, our GP increased by 15.8% from RM543.8 million in the FPE 30 September 2022 to RM629.7 million in the FPE 30 September 2023 where our GP margin remained consistent during the same periods.

**(iv) Other operating income**

Our other operating income increased by 30.0% from RM469.0 million for the FPE 30 September 2022 to RM610.0 million for the FPE 30 September 2023 mainly due to:

(a) higher product display fees amounting to RM361.3 million for the FPE 30 September 2023 as compared to RM295.8 million for the FPE 30 September 2022 as a result of better negotiated terms with some of our suppliers, in tandem with the increase in the number of our outlets; and

(b) increase in target incentives as a result of higher number of purchases to support our growing business operations for the FPE 30 September 2023.

**(v) Other income**

Our other income remained relatively constant at approximately RM16.9 million for the FPE 30 September 2022 and the FPE 30 September 2023. For both the financial periods, our other income mainly comprise recovery of uniform deposits collected from our ex-employees, expired and unredeemed sales vouchers that were sold by our Group to customers as well as sale of recyclable materials such as cardboards and plastic.

**(vi) Administrative and other operating expenses**

Our administrative and other operating expenses increased by 17.6% from RM705.9 million for the FPE 30 September 2022 to RM830.1 million for the FPE 30 September 2023 mainly due to the increase in the total number of employees by 21.4% from 16,541 as at 30 September 2022 to 20,078 as at 30 September 2023. Additionally, this increase is also attributable by the 9-month impact of the Minimum Wages Order in the FPE 30 September 2023 as compared to only a 5-month impact in the FPE 30 September 2022 as the Minimum Wages Order was only implemented from 1 May 2022 onwards.

**(vii) Finance costs**

Our finance costs increased slightly by 0.5% from RM31.6 million for the FPE 30 September 2022 to RM31.8 million for the FPE 30 September 2023 primarily due to an increase in the interest on bank borrowings incurred for the FPE 30 September 2023.

**(viii) PBT**

As a result of the foregoing, our PBT increased by 35.1% from RM292.2 million for the FPE 30 September 2022 to RM394.7 million for the FPE 30 September 2023. Our PBT margin increased from 4.9% in the FPE 30 September 2022 to 5.8% in the FPE 30 September 2023 mainly due to higher other operating income which was partially offset by an increase in our administrative and other operating expenses.

**(ix) Income tax expense**

Our income tax expense increased by 8.2% from RM93.4 million for the FPE 30 September 2022 to RM101.1 million for the FPE 30 September 2023, which is lower than the 35.1% increase in PBT, mainly due to the one-off prosperity tax of 33.0% imposed by the Government in the FYE 2022, which was reflected in the higher effective tax rate of 32.0% in FPE 30 September 2022 compared to 25.6% in FPE 30 September 2023.

**(x) PAT and PAT margin**

As a result of the foregoing, our PAT increased by 47.7% from RM198.8 million for the FPE 30 September 2022 to RM293.7 million for the FPE 30 September 2023. Our PAT margin increased from 3.4% for the FPE 30 September 2022 to 4.3% for the FPE 30 September 2023.

### 12.2.8 Liquidity and capital resources

**(i) Working capital**

Our working capital is funded through cash generated from our operating activities, our cash and cash equivalents as well as loans and borrowings from financial institutions.

As at 30 September 2023, we had cash and cash equivalents of RM72.7 million and term loans of RM53.1 million. As at the LPD, our Group still has unutilised borrowing facilities amounting to RM26.8 million in respect of term loans.

As at 30 September 2023, our working capital, calculated as current assets of RM1,341.9 million minus current liabilities of RM1,218.7 million, was RM123.2 million.

Based on our cash generated from our operating activities, cash and cash equivalents, loans and borrowings, the gross proceeds that we expect to raise from our Public Issue, planned capital expenditure, expected dividends to be paid as well as the proposed bonus payout of approximately RM15.0 million to our employees before our Listing, our Board believes that we have sufficient working capital for a period of 12 months from the date of this Prospectus.

## 12. FINANCIAL INFORMATION *(Cont'd)*

### (ii) Cash flows

The following table sets out a summary of our combined statements of cash flows for the Periods Under Review.

| | FYE | | |
|---|---|---|---|
| | Audited | | |
| | 2020 | 2021 | 2022 |
| | RM'000 | RM'000 | RM'000 |
| Net cash generated from operating activities | 505,049 | 572,188 | 401,873 |
| Net cash (used in)/ generated from investing activities | (63,742) | (411,726) | 215,352 |
| Net cash used in financing activities | (346,162) | (260,899) | (555,938) |
| Net increase/(decrease) in cash and cash equivalents | 95,145 | (100,437) | 61,287 |
| Cash and cash equivalents at beginning of the financial year | 29,061 | 124,206 | 23,769 |
| **Cash and cash equivalents at end of the financial year** | **124,206** | **23,769** | **85,056** |

| | FPE 30 September | |
|---|---|---|
| | Unaudited | Audited |
| | 2022 | 2023 |
| | RM'000 | RM'000 |
| Net cash generated from operating activities | 205,272 | 508,499 |
| Net cash generated from/(used in) investing activities | 189,341 | (74,382) |
| Net cash used in financing activities | (389,349) | (446,433) |
| Net increase/(decrease) in cash and cash equivalents | 5,264 | (12,316) |
| Cash and cash equivalents at beginning of the financial period | 23,769 | 85,056 |
| **Cash and cash equivalents at end of the financial period** | **29,033** | **72,740** |

Most of our cash and cash equivalents are held in RM. There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

***Net cash generated from operating activities***

*FYE 2020*

Our net cash generated from operating activities was RM505.0 million for the FYE 2020. This was calculated based on our PBT of RM377.3 million, which was then adjusted for non-cash and other items of RM252.7 million mainly comprising depreciation of ROU assets and property and equipment as well as further adjustments for working capital changes of RM19.3 million which comprise:

(a) an increase in inventories of RM85.7 million for the FYE 2020 to support a higher level of demand of for essential and household products during the COVID-19 movement restriction and lockdown period as well as our Group's continuing expansion of our outlet network; and

(b) an increase in net amount owing by related parties of RM3.9 million which are trade in nature,

which was partially offset by an increase in trade and other payables of RM106.6 million for the FYE 2020 mainly from higher volume of inventories purchased in 2020 as explained above.

Our Group paid RM41.4 million in interest expense, comprising RM38.9 million interest on lease liabilities and RM2.5 million interest on bank borrowings, as well as RM105.7 million in income tax in the FYE 2021.

*FYE 2021*

Our net cash generated from operating activities was RM572.2 million in the FYE 2021. This was calculated based on our PBT of RM561.8 million, which was then adjusted for non-cash and other items of RM235.8 million mainly comprising depreciation of ROU assets and property and equipment, as well as further adjustment for working capital changes of RM30.5 million which mainly comprised:

(a) an increase in inventories of RM83.6 million to cater for the increase in sales; and

(b) an increase in trade and other receivables of RM14.1 million primarily due to the payment of deposit made for the acquisition of a leasehold land located in Selangor which was subsequently used to construct a DC,

which was partially offset by an increase in trade and other payables of RM64.1 million primarily due to overall increase in cost of sales.

Our Group paid RM43.5 million in interest expense, comprising RM41.6 million interest on lease liabilities and RM1.8 million interest on bank borrowings, as well as RM151.4 million in income tax in the FYE 2021.

*FYE 2022*

Our net cash generated from operating activities was RM401.9 million in the FYE 2022. This was calculated based on our PBT of RM484.1 million, which was then adjusted for non-cash and other items of RM258.5 million mainly comprising depreciation of ROU assets, property and equipment as well as further adjustment for working capital changes of RM137.5 million which mainly comprised:

(a) increase in inventories of RM300.6 million mainly to support our Group's expanding operations including the opening 3 new DCs in the FYE 2022, representing a significant expansion compared to only 1 new DC in the FYE 2021. In addition, following the disruption in the global supply chain during the FYE 2022, our Group took proactive measures to increase its stock levels to ensure it has sufficient inventory to support its operations and the anticipated increase in sales moving forward; and

(b) increase in net amount owing by related parties of RM4.6 million which are trade in nature,

which was partially offset by an increase in trade and other payables of RM174.5 million mainly due to (i) overall increase in cost of sales, (ii) higher volume of inventories purchased in 2022 as explained above, and (iii) increase in maintenance, upkeep and office expenses after the easing of the COVID-19 movement restrictions and the gradual shift to working-in-office on a full time basis at the corporate headquarters.

Our Group paid RM41.5 million in interest expense, comprising RM39.4 million interest on lease liabilities and RM2.1 million interest on bank borrowings, as well as RM161.8 million in income tax for the FYE 2022.

*FPE 30 September 2023*

Our net cash generated from operating activities was RM508.5 million in the FPE 30 September 2023. This was calculated based on our PBT of RM394.7 million, which was then adjusted for non-cash and other items of RM206.7 million mainly comprising depreciation of ROU assets, property and equipment as well as further adjustment for working capital changes of RM51.5 million which comprised of an increase in trade and other payables amounting to RM175.9 million in tandem with higher purchases as a result of higher number of outlets which was partially offset by the increase in inventories amounting to RM115.8 million to support our Group's current and expanding operations.

Our Group paid RM31.3 million in interest expense, comprising RM29.4 million interest on lease liabilities and RM1.9 million interest on bank borrowings, as well as RM113.1 million in income tax for the FPE 30 September 2023.

***Net cash generated from/used in investing activities***

*FYE 2020*

Our net cash used in investing activities was RM63.7 million for the FYE 2020, which mainly comprised:

(a) RM64.9 million utilised for the purchase of furniture, fittings, office equipment, racks, roll cages and shop equipment, motor vehicles, renovation and signboards for the development, and refurbishment of our existing and new outlets, DCs and corporate headquarters;

(b) acquisition of a leasehold land in Pahang for the purpose of constructing a new DC amounting to RM3.6 million; and

(c) RM2.9 million mainly in connection with the construction of our staff training and recreation centre and new DCs located in Perak, Sabah, Melaka and Pahang,

which was partially offset by the withdrawal of fixed deposits with tenure more than 3 months with the financial institution amounting to RM7.9 million comprising approximately RM7.3 million which was initially placed in the FYE 2020, and approximately RM0.6 million of interest rolled over and added to the principal amount.

*FYE 2021*

Our net cash used in investing activities was RM411.7 million in the FYE 2021, which mainly comprised:

(a) placement of fixed deposits with tenure more than 3 months with the financial institution amounting to RM320.0 million;

(b) RM63.7 million utilised for the purchase of furniture, fittings, office equipment, racks, roll cages and shop equipment, motor vehicles, renovation and signboards for the development, and refurbishment of existing and new outlets, DCs and corporate headquarters;

(c) RM27.4 million mainly in connection with the construction of 4 DCs located in Pahang, Sabah, Melaka and Perak, as well as for the acquisition of the DC located in Selangor which was previously rented from Venus Gateway, a related party;

(d) purchase of freehold land in Kedah for the construction of a new DC amounting to RM4.7 million,

which was partially offset by the interest received mainly from fixed deposits amounting to RM3.3 million.

*FYE 2022*

Our net cash generated from investing activities was RM215.4 million for the FYE 2022, which mainly comprised:

(a) withdrawal of fixed deposits with tenure more than 3 months with the financial institution amounting to RM321.3 million, comprising RM320.0 million which was initially placed in the FYE 2021, and RM1.3 million of interest rolled over and added to the principal amount; and

(b) interest received amounting to RM3.1 million mainly from fixed deposits,

which was partially offset by:

(c) RM79.9 million utilised for the purchase and installation of furniture, fittings, office equipment, racks, roll cages and shop equipment, motor vehicles, renovation, signboards and solar photovoltaic system for the development, and refurbishment of existing and new outlets, DCs and our corporate headquarters;

(d) RM21.8 million mainly in connection with the construction of 4 DCs located in Sabah, Kedah, Pahang and Melaka; and

(e) acquisition of a leasehold land in Selangor amounting to RM6.6 million.

*FPE 30 September 2023*

Our net cash used in investing activities was RM74.4 million for the FPE 30 September 2023, which mainly comprised RM75.2 million utilised for the purchase and installation of racks, roll cages and shop equipment, furniture, fittings, office equipment, motor vehicles, renovation, signboards and solar system for the development and refurbishment of existing and new outlets, DCs and corporate headquarters which was partially offset by interest received amounting to RM1.1 million mainly from our Group's bank current accounts.

***Net cash used in financing activities***

*FYE 2020*

Our net cash used in financing activities was RM346.2 million for the FYE 2020, which mainly comprised:

(a) payment of dividends to our shareholders amounting to RM235.0 million;

(b) repayment of lease liabilities, which mainly arise from rental of outlets, amounting to RM92.0 million;

(c) repayment of our bills payable in respect of the purchase of goods amounting to RM15.9 million; and

(d) repayment of term loans of RM13.0 million,

which was partially offset by the drawdown of term loans of RM9.0 million which were mainly used to refinance a term loan for our corporate headquarters in Klang.

*FYE 2021*

Our net cash used in financing activities was RM260.9 million for the FYE 2021, which mainly comprised:

(a) payment of dividends to our shareholders amounting to RM154.3 million;

(b) repayment of lease liabilities, which mainly arose from rental of outlets, amounting to RM106.1 million; and

(c) repayment of term loans of RM15.1 million,

which was partially offset by:

(d) drawdown of term loans of RM7.4 million which were mainly used to finance in part the acquisition of the leasehold land in Cyberjaya, Selangor which was subsequently used to construct a DC; and

(e) RM7.1 million owing to Venus Gateway, a related party for the acquisition of the DC located in Jalan Kapar, Selangor, which was previously rented.

*FYE 2022*

Our net cash used in financing activities was RM555.9 million for the FYE 2022, which mainly comprised:

(a) payment of dividends to shareholders amounting to RM431.8 million;

(b) repayment of lease liabilities, which mainly arose from rental of outlets, amounting to RM122.4 million;

(c) repayment to related parties amounting to RM7.6 million mainly for the acquisition of the DC in Jalan Kapar, Selangor; and

(d) repayment of our term loans of RM4.6 million,

which was partially offset by drawdowns of term loans amounting to RM10.4 million that were used to partly finance the acquisitions of leasehold land in Selangor and freehold land in Kedah.

*FPE 30 September 2023*

Our net cash used in financing activities was RM446.4 million for the FPE 30 September 2023, which mainly comprised:

(a) payment of dividends to shareholders amounting to RM340.5 million; and

(b) repayment of lease liabilities, which mainly arose from rental of our outlets, amounting to RM103.7 million.

### 12.2.9 Term loans

As at 30 September 2023, our total term loans, all of which were interest bearing based on floating rates, amounted to RM53.1 million as set out in the table below:

| | Average effective interest rates | RM'000 |
|---|---|---|
| Non-current term loans (secured) | 4.20% – 5.35% | 48,524 |
| Current term loans (secured) | 4.20% – 5.35% | 4,567 |
| **Total term loans** | | **53,091** |

The maturity profile of our term loans as at 30 September 2023 are set out below:

| | Within 1 year | 1 year to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Term loans | 4,567 | 19,035 | 29,489 | 53,091 |

As at 30 September 2023, all of our term loans are denominated in RM and secured by way of legal charges over certain properties and ROU assets belonging to our Group as well as personal guarantees provided by certain directors of our Group. We have obtained consent from the respective financial institutions to fully discharge these guarantees upon our Listing.

For more information on our term loans, see Note 13 of the Combined Financial Statements included in Section 13 of this Prospectus.

We have not defaulted on either the interest or principal sums for any of our term loans during the Periods Under Review and up to the LPD. As at the LPD, we are not in breach of the terms and conditions or covenants associated with our borrowings which could materially affect our financial position and results of operations or the investment in our Shares.

### 12.2.10 Lease liabilities

As at 30 September 2023, our total lease liabilities amounted to RM756.2 million as set out in the table below:

| | Incremental borrowing rate | RM'000 |
|---|---|---|
| Non-current lease liabilities | 5.15% | 606,327 |
| Current lease liabilities | 5.15% | 149,906 |
| **Total lease liabilities** | | **756,233** |

The maturity profile of our lease liabilities as at 30 September 2023 are set out below:

| | Within 1 year | 1 year to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Lease liabilities | 149,906 | 602,220 | 4,107 | 756,233 |

We lease retail outlets for the sale of our consumable merchandise and household products and DCs to be used for the distribution of products to our retail outlets. Rental contracts for retail outlets are typically for an initial term of 2 or 3 years with renewal options for the same duration or as otherwise agreed while the rental contract for our DC is usually for a period of 5 years with a tenancy renewal option of up to 5 years. The terms and conditions of our leases are negotiated on an individual basis.

For more information on our lease liabilities, see Note 14 of the Combined Financial Statements included in Section 13 of this Prospectus.

### 12.2.11 Key financial ratios

The following table sets out certain of our key financial ratios for the Periods Under Review.

| | FYE | | | FPE 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| Average trade receivables turnover (days)(1) | 1 | 1 | 1 | 1 |
| Average trade payables turnover (days)(2) | 31 | 31 | 36 | 40 |
| Average inventory turnover (days)(3) | 41 | 39 | 47 | 51 |
| Current ratio (times)(4) | 1.17 | 1.41 | 1.19 | 1.10 |
| Gearing ratio (times)(5) | 0.14 | 0.08 | 0.09 | 0.09 |
| Net gearing ratio (times)(6)(7) | (0.14) | (0.40) | (0.05) | (0.03) |

***Notes:***

*(1) Computed based on the average of the opening and closing trade receivables for the financial year/period divided by revenue for such financial year/period, multiplied by number of days in the financial year/period.*

*(2) Computed based on the average of the opening and closing trade payables for the financial year/period divided by cost of goods sold for such financial year/period, multiplied by number of days in the financial year/period.*

*(3) Computed based on the average of the opening and closing inventories for the financial year divided by cost of goods sold for such financial year/period, multiplied by number of days in the financial year/period.*

*(4) Computed based on current assets over current liabilities as at the end of the financial year/period.*

*(5) Computed based on total borrowings (excluding lease liabilities) over total equity as at the end of the financial year/period.*

*(6) Computed based on total borrowings (excluding lease liabilities) less cash and cash equivalents divided by total equity as at the end of the financial year/period.*

*(7) Negative net gearing ratio denotes a net cash position.*

### (i) Average trade receivables turnover period

Due to the nature of our mini-market business operations, we generate almost all of our revenue from our outlets where transactions with customers are mainly settled immediately on a cash basis, third party online service payment channel service providers, for e.g. Touch 'n Go eWallet, Boost, GrabPay, MAE Pay, ShopeePay, Alipay etc, or through financial institutions providing retail debit and credit card services. Our trade receivables from financial institutions which provide retail credit services typically release payment to us within 2 working days from the point of sale whilst third-party online payment channel service providers typically release payment within the range of 2 to 10 working days.

Our trade receivables turnover period for the Periods Under Review have been consistently maintained at around 1 day.

As at 30 September 2023, our total outstanding trade receivables amounted to approximately RM23.7 million mainly in relation to amounts owed to us by financial institutions which provide retail credit services and of which RM14.3 million is due from J&C Pacific which provides online payment channel services.

The following table sets out the ageing analysis for our trade receivables as at 30 September 2023:

| | | Past due | | |
|---|---|---|---|---|
| **As at 30 September 2023** | **Current** | **1-30 days** | **31-90 days** | **Total** |
| Trade receivables (RM'000) | 23,310 | 192 | 162 | 23,664 |
| % of total trade receivables | 98.5 | 0.8 | 0.7 | 100.0 |
| **As at the LPD:** | | | | |
| Trade receivables collected (RM'000) | 23,310 | 192 | 162 | 23,664 |
| Trade receivables settled (% of total trade receivables) | 98.5 | 0.8 | 0.7 | 100.0 |
| Trade receivables outstanding (RM'000) | - | - | - | - |

We do not have any significant exposure to any individual customer which we believe is not recoverable.

### (ii) Average trade payables turnover period

The normal trade credit period under our trade payables generally range between 14 to 90 days and our average trade payables turnover period for the Periods Under Review have remained in the lower range of the normal credit period that our trade creditors have extended to us. Our trade payables also include balances outstanding for corporate card solution facilities provided by a financial institution which is a payment arrangement between our supplier and the financial institution. These balances are deemed trade payables as they are not subject to interest charges unless repayments are made after the interest-free period. During the Periods Under Review and up to the LPD, we have not incurred interest charges under such corporate card solutions facilities.

Our trade payables turnover period remained the same at around 31 days for the FYE 2020 and the FYE 2021.

Our trade payables turnover period increased from 31 days for the FYE 2021 to 36 days for the FYE 2022 arising from higher purchases of products as at the end of the FYE 2022 to ensure that there are sufficient inventory levels for us to support the expansion of our outlet network and anticipated increase in sales.

Our trade payables turnover period increased from 36 days for the FYE 2022 to 40 days for the FPE 30 September 2023 primarily due to higher purchases of products aimed at supporting our ongoing commitment to maintaining higher stock levels to support our existing and growing business operations, including the growth of our outlets and DCs.

The following table sets out the ageing analysis for our trade payables as at 30 September 2023:

| | | **Past due** | | | |
|---|---|---|---|---|---|
| **As at 30 September 2023** | **Current** | **1-30 days** | **31-90 days** | **More than 90 days** | **Total** |
| Trade payables (RM'000) | [(1)]648,449 | 296,114 | 26,239 | 18,197 | 988,999 |
| % of total trade payables | 65.6 | 29.9 | 2.7 | 1.8 | 100.0 |
| **As at the LPD** | | | | | |
| Trade payables settled (RM'000) | (646,831) | (295,408) | (25,548) | (6,324) | (974,111) |
| Trade payables settled (% of total trade payables) | 65.4 | 29.9 | 2.6 | 0.6 | 98.5 |
| Trade payables outstanding (RM'000) | 1,618 | 706 | 691 | 11,873 | 14,888 |

***Note:***

*(1) Includes RM78.3 million owing under corporate card solutions facilities provided to us as described above.*

We endeavour to pay our suppliers within credit period granted to us to ensure our supplies are not disrupted. As at the LPD, we do not have any material disputes or legal proceedings for outstanding payment that have been initiated by our suppliers against us.

**(iii) Inventory turnover**

The table below sets out a summary breakdown of our inventories for the Periods Under Review.

| | FYE | | | FPE 30 September |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Opening inventory | 649,209 | 726,793 | 803,128 | 1,093,026 |
| Closing inventory | 726,793 | 803,128 | 1,093,026 | 1,198,920 |
| Average inventory | 688,001 | 764,961 | 948,077 | 1,145,973 |
| Cost of goods sold | 6,206,745 | 7,080,717 | 7,333,951 | 6,173,406 |
| Average inventory turnover (days)[(1)] | 41 | 39 | 47 | 51 |

***Note:***

*(1) Computed as an average of the opening and closing inventory for the financial year/period divided by cost of goods sold for such financial year/period, multiplied by number of days in the financial year/period.*

Our average inventory turnover period remained relatively constant at 41 days for the FYE 2020 and 39 days for the FYE 2021.

Our average inventory turnover period increased from 39 days for the FYE 2021 to 47 days for the FYE 2022. This was mainly due to higher inventory levels to support our expanding operations including the opening of 3 new DCs in the FYE 2022, representing a significant expansion compared to only 1 new DC in the FYE 2021. In addition, following the disruption in the global supply chain during the FYE 2022, we took proactive measures to increase our inventory levels to ensure we have sufficient inventory to support business operations as well as the anticipated increase in sales moving forward.

Our average inventory turnover period increased from 47 days for the FYE 2022 to 51 days for the FPE 30 September 2023 mainly due to our ongoing commitment to maintain higher inventory levels in support of our current and expanding business operations as well as anticipated sales moving forward.

**(iv) Current ratio**

Our current ratio increased from 1.17 times as at the FYE 2020 to 1.41 times as at the FYE 2021 mainly due to:

(a) higher short term bank deposits amounting to RM220.6 million as a result of higher sales generated coupled with lower dividends paid of RM154.3 million for the FYE 2021; and

(b) increase of inventory levels amounting to RM76.3 million to support the expansion of our outlet network and surge in demand for our products in conjunction with the COVID-19 movement restriction and lockdown,

which was partially offset by an increase in our trade payables amounting to RM64.2 million to support the growth of our business operations.

Our current ratio decreased from 1.41 times as at the FYE 2021 to 1.19 times as at the FYE 2022 mainly due to higher dividends of RM431.8 million paid to our shareholders for the FYE 2022 and the increase in our trade payables amounting to RM165.0 million arising from higher purchases of products as at the end of the FYE 2022 to ensure that there are sufficient inventory levels for future business operations.

Our current ratio decreased slightly from 1.19 times as at the FYE 2022 to 1.10 times as at the FPE 30 September 2023 primarily due to the increase in trade payables for the FPE 30 September 2023 arising from higher purchases to maintain higher inventory levels to support current and expanding business operations.

**(v) Gearing ratio**

Our gearing ratio decreased from 0.14 times as at the FYE 2020 to 0.08 times as at the FYE 2021 primarily due to an increase in our retained earnings arising from higher profitability achieved by our Group and repayment of borrowings amounting to RM15.1 million for the FYE 2021.

As at the FYE 2022, our gearing ratio had increased marginally to 0.09 times due to lower retained earnings from payment of dividends that was partially offset by the repayment of term loans amounting to RM4.6 million in the FYE 2022. Our gearing ratio remained constant at 0.09 times as at 30 September 2023 as the decrease in retained earnings as a result of payment of dividend was offset by the repayment of term loans amounting to RM3.4 million.

### 12.2.12 Capital expenditure

The following table sets out our capital expenditure for the Periods Under Review.

| | FYE | | | FPE 30 September | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Freehold land | - | 4,667 | 636 | 636 | - |
| Buildings | 1,994 | 6,782 | 10,322 | 10,322 | 568 |
| Furniture, fittings and office equipment | 15,817 | 14,331 | 16,923 | 12,417 | 15,872 |
| Motor vehicles | 2,731 | 2,653 | 4,798 | 3,019 | 3,198 |
| Renovation | 16,940 | 17,363 | 18,762 | 13,964 | 13,649 |
| Signboards | 3,047 | 2,908 | 3,289 | 2,469 | 3,862 |
| Solar photovoltaic system | - | - | 1,068 | 742 | 1,037 |
| Racks, roll cages and shop equipment | 26,330 | 26,440 | 35,022 | 26,615 | 26,934 |
| Capital work-in-progress | 2,908 | 20,875 | 11,515 | 7,257 | 10,034 |
| **Total** | **69,767** | **96,019** | **102,335** | **77,441** | **75,154** |

The majority of our capital expenditures were incurred in conjunction with the setting up or renovation of our outlets and DCs including the purchase of relevant equipment such as racks and roll cages, furniture, fittings and office equipment and signboards.

Our capital expenditure increased by 37.6% from RM69.8 million for the FYE 2020 to RM96.0 million for the FYE 2021 mainly due to the construction of 4 DCs as well as the acquisition of a DC in the FYE 2021. Additionally, we also acquired a freehold land for the purpose of constructing a DC in the FYE 2021.

Our capital expenditure increased by 6.6% from RM96.0 million for the FYE 2021 to RM102.3 million for the FYE 2022 mainly due to the setting up of our new outlets and construction of 4 DCs in the FYE 2022.

Our capital expenditure decreased by 3.0% from RM77.4 million for the FPE 30 September 2022 to RM75.2 million for the FPE 30 September 2023 mainly due to lower cost incurred in relation to the construction of DCs.

For further details on the capital expenditure breakdown for each of the Periods Under Review, see Section 12.2.8(ii) of this Prospectus.

For the Periods Under Review, we have mainly funded our capital expenditure via a mixture of internally generated funds and term loans.

### 12.2.13 Material investments and divestitures

Saved as disclosed in Section 12.2.12 and Sections 14.6 of this Prospectus, we have not undertaken any material investments or divestitures during the Periods Under Review and up to the LPD.

### 12.2.14 Capital commitments and contractual obligations

***Capital commitments***

Our capital commitments (being our contracted capital expenditures) as at 30 September 2023 and the LPD are as follows:

| | As at 30 September 2023 | As at the LPD |
|---|---|---|
| | RM'000 | RM'000 |
| **Contracted but not provided for:** | | |
| Acquisition of property and equipment | 44,278 | 16,996 |
| Construction of property | 21,833 | 18,363 |
| **Total** | **66,111** | **35,359** |

Our capital commitments as at the LPD primarily comprise (i) approximately RM18.4 million in relation to the construction of a DC in Selangor as well as purchase of relevant equipment; (ii) approximately RM10.8 million for the purchase of approximately 100 new replacement trucks; (iii) approximately RM3.3 million for the purchase of a freehold land located in Kedah; (iv) approximately RM1.3 million in relation to the purchase of inventory management software for our DCs; and (v) approximately RM1.2 million in relation to the purchase of motor vehicles. We plan to meet our capital commitments through internally generated funds and/or borrowings.

Save as disclosed above, as at the LPD, we do not have any other material capital commitments incurred or known to be incurred by us that may have a material adverse effect on our result of operations or financial position.

***Other contractual obligations***

Our contractual cash obligations (excluding capital expenditure commitments) as at 30 September 2023 comprise primarily of repayment obligations for our borrowings and in respect of our lease liabilities.

The maturity profile of our undiscounted contractual cash repayment obligations for our borrowings as at 30 September 2023 are as follows:

| | Within 1 year | 1 year to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| **Payments due by period** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Borrowings | 6,283 | 24,911 | 30,466 | 61,660 |

The maturity profile of our undiscounted contractual cash repayment obligations in respect of our lease liabilities as at 30 September 2023 are as follows:

| | Within 1 year | 1 year to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| **Payments due by period** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Lease liabilities | 185,470 | 664,191 | 3,789 | 853,450 |

We plan to meet our contractual cash obligations through our cash and cash equivalents on hand, as well as cash generated from future operations and funding from other financing activities (if required) and in respect of our borrowings, from the gross proceeds of our Public Issue as described in Section 4.6.2 of this Prospectus.

### 12.2.15 Contingent liabilities

As at the LPD, we do not have any contingent liabilities that, upon becoming enforceable, may have a material adverse effect on our results of operations or financial position. We have bank guarantees as security deposits in favour of our utility providers, town councils and suppliers amounting to RM18.0 million as at the LPD.

### 12.2.16 Off-balance sheet arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a material effect on our business, financial performance and financial position.

### 12.2.17 Financial risk management

We are exposed to market risk arising from our operations and use of financial instruments. Our overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

**(i) Credit risk**

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our exposure to credit risk arises mainly from our receivables with financial institutions which provide retail credit services and our online payment channel service providers. However, we are not reliant on any particular counterparty. Due to the nature of our business operations, majority of our transactions are immediately settled on a cash basis and therefore keeping our credit risk at a minimal.

As at 30 September 2023, our receivables are primarily amounts due from financial institutions and our online payment channel service providers. Based on our low historical observed default rates (adjusted for forward-looking estimates), the expected credits losses are not material and therefore is not recognised.

As at 30 September 2023, we have not incurred and do not expect to incur material credit losses on our financial assets or other financial instruments.

**(ii) Liquidity risk**

Liquidity risk is the risk that we may face difficulties in our ability to meet our financial obligations as and when they fall due. Our exposure to liquidity risk arises principally from various payables, loans and borrowings.

We continuously practise prudent liquidity risk management whilst maintaining a sufficient level of cash and cash equivalents and assessing the availability of funding through standby credit facilities deemed adequate by the management to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities as and when they fall due. For example, we check available funds in our banks on a daily basis and that daily cash outflows to our creditors and for expenditures will be checked against the daily sales collections from the previous day.

For a summary of the maturity profile of our borrowings as well as lease liabilities as at the end of the Periods Under Review based on undiscounted contractual payments, see Notes 13 and 14 of the Combined Financial Statements included in Section 13 of this Prospectus.

**(iii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Our Group is exposed to foreign currency risk on transactions that are denominated in currencies other than RM which consist of RMB in relation to the sourcing of merchandise from China through our PRC subsidiary. As at the LPD, these transactions are not material to our Group. Exposure in foreign currency is monitored on an ongoing basis and our Group endeavours to keep the net exposure at an acceptable level.

**(iv) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our exposure to interest rate risk arises from our interest-earning financial assets and interest-bearing financial liabilities in the form of floating rate borrowings. Short-term receivables and payables are not significantly exposed to interest rate risk fluctuations.

Our Group's practice is to observe the movements in interest rates and always strive to obtain the most favourable rates available for new financing.

Based on a 100 basis point change in the interest rates, the following table demonstrates the sensitivity of our PAT, with all other variables held constant:

| | Increase/(Decrease) for the Periods Under Review | | | |
|---|---|---|---|---|
| | FYE | | | FPE 30 September |
| **Floating rate instruments** | **2020** | **2021** | **2022** | **2023** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Increase in 100 basis points | (489) | (424) | (430) | (403) |
| Decrease in 100 basis points | 489 | 424 | 430 | 403 |

For more information in relation to interest rate risk, see Note 33 of the Combined Financial Statements included in Section 13 of this Prospectus.

### 12.2.18 Inflation

There has not been a material impact from inflation on our Group's financial condition and results of operations for the Periods Under Review. Nonetheless, inflation may affect our financial performance by increasing certain of our expenses, such as expenses relating to employee benefits. Any increase in inflation rate beyond levels experienced in the past may affect our future operations and financial performance if we are unable to fully offset higher costs through increased revenue.

### 12.2.19 Order book

Due to the nature of our business, we do not maintain an order book.

### 12.2.20 Trends information

Save as disclosed in Sections 5, 7 and 8 of this Prospectus, and to the best of our Board's knowledge and belief, there are no other known factors, trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our business, financial condition and results of operations.

### 12.2.21 Significant changes

Save as disclosed in this Prospectus, no significant changes have occurred since the FPE 30 September 2023 which may have a material effect on our financial condition and results of operation.

### 12.2.22 Government / economic / fiscal / monetary policies

Our Group is subject to the risks of government, economic, fiscal or monetary policies, where any unfavourable change may materially affect our business operations, financial performance and prospects.

For the Periods Under Review and up to the LPD, save for the one-off prosperity tax of 33.0% and the Minimum Wages Order which was imposed by the Government during the FYE 2022, our results have not been materially and adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies.

For further information on government, economic, fiscal or monetary policies or factors which could materially affect our Group's operations, see Section 5 of this Prospectus.

### 12.2.23 Accounting standards issued but not yet effective and not early adopted

For a description of accounting standards issued but not yet effective and not early adopted, see Note 2.1 of the Combined Financial Statements included in Section 13 of this Prospectus.

### 12.2.24 Treasury policies and objectives

Our principal sources of funds for day-to-day operations and growth mainly comprise a combination of cash and cash equivalents, cash generated from our operations as well as loans and borrowings. One of the primary responsibilities of our finance function is to ensure that we maintain sufficient working capital to meet our obligations as they fall due as well as our anticipated commitments. Using appropriate governance and policies, our Group's finance is tasked with the responsibility to identify, quantify, monitor and control the risks (liquidity, interest, currency, credit, legal and regulatory) associated with these activities, using appropriate mitigation techniques.

Adhering to our SOP, sales proceeds from each of our outlets are banked-in daily and monitored by our assistant branch managers, branch managers and our corporate headquarters. We rely on our daily sales proceeds to enable us to make timely payments to our creditors where the normal credit period given to our Group generally range from 14 to 90 days.

The overarching goal of our capital management is to ensure sustainability of shareholders' equity, thereby fortifying our capacity to support and expand our business to maximise shareholders' value.

## 12.3 CAPITALISATION AND INDEBTEDNESS

The table below presents our capitalisation and indebtedness as at the LPD and on the assumption that our IPO, our Listing and the use of proceeds from our Public Issue as set out in Section 4 of this Prospectus had occurred on the LPD. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at the LPD and is provided for illustrative purposes only.

| | As at the LPD (Unaudited) | Adjustments[1] | After our IPO, Listing and use of proceeds |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| **Indebtedness** | | | |
| **Current** | | | |
| Term loans (secured and guaranteed) | 4,613 | - | 4,613 |
| Lease liabilities | 154,899 | - | 154,899 |
| **Non-current** | | | |
| Term loans (secured and guaranteed) | 46,936 | [•] | [•] |
| Lease liabilities | 636,457 | - | 636,457 |
| **Total indebtedness** | 842,905 | [•] | [•] |
| **Total equity / capitalisation** | 547,293 | [•] | [1][•] |
| **Total capitalisation and indebtedness** | **1,390,198** | **[•]** | **[•]** |

***Note:***

*(1) Calculated after taking into account, amongst others, the gross proceeds raised from our Public Issue based on the Retail Price, the remaining estimated listing expenses of approximately RM[•] million.*

## 12.4 DIVIDEND POLICY

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

(i) the level of our cash, gearing, debt profile, return on equity and retained earnings;

(ii) our expected financial performance for the year;

(iii) our projected levels of capital expenditure and other growth/investment plans;

(iv) our working capital requirements;

(v) applicable restrictive covenants under our financing documents; and

(vi) the general economic and business conditions and other factors deemed relevant by our Board.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries. Distributions by our subsidiaries will depend upon their operating results, earnings, capital requirements, general financial condition and other relevant factors.

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 Group's cash requirements or any plans approved by our Board.

Save for certain banking restrictive covenants which our Group are subject to, there are no dividend restrictions imposed on our subsidiaries as at the LPD.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. There can be no assurance that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. For the factors which may affect or restrict our ability to pay dividends, see Section 5 of this Prospectus.

The following table sets out our dividends declared and paid for the Periods Under Review.

| | FYE | | | FPE 30 September |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total dividends declared and paid | 235,000 | 154,300 | 431,800 | 340,500 |
| PAT | 274,928 | 419,094 | 326,665 | 293,691 |
| Dividend payout ratio[(1)] | 0.85 | 0.37 | 1.32 | 1.16 |

***Note:***

*(1) Computed based on dividend paid out divided by PAT during the Periods Under Review.*

From 1 October 2023 up to the LPD, our Group has declared a further dividend of RM150.0 million in respect of the FYE 2023 which was subsequently paid in tranches of RM50.0 million, RM20.0 million, RM30.0 million, RM20.0 million and RM30.0 million on 4 December 2023, 8 January 2024, 9 January 2024, 30 January 2024 and 13 February 2024 respectively. As a result, the total dividends declared in respect of the FYE 2023 is RM490.5 million. Our Group also intends to pay a further dividend of approximately RM100.0 million by the 1st half of 2024 in respect of the FYE 2024.

Save as mentioned above, we have not declared or paid any other dividends to our shareholders for the past 3 financial years up to the LPD. All the dividends mentioned above and for the planned FYE 2024 dividend is intended to be funded by internal funds generated from our operations. The dividends paid after 30 September 2023 and the planned FYE 2024 dividend described above will not affect the execution and implementation of our future plans and strategies as mentioned in this Prospectus.

For more information on our dividends, see Note 24 of the Combined Financial Statements included in Section 13 of this Prospectus.

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## 12.5 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

Crowe

**Crowe Malaysia PLT**
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

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22 FEB 2024

The Board of Directors
**99 Speed Mart Retail Holdings Berhad**
**(Formerly known as "99 Speed Mart Holdings Sdn. Bhd.")**
Lot PT 2811, Jalan Angsa,
Taman Berkeley,
41150 Klang,
Selangor Darul Ehsan.

Dear Sirs/Madams,

**99 SPEED MART RETAIL HOLDINGS BERHAD. (FORMERLY KNOWN AS "99 SPEED MART HOLDINGS SDN. BHD.") ("99 HOLDINGS" OR "THE COMPANY")**

**REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of the Company and its subsidiaries (collectively known as the "**Group**") as at 30 September 2023 and related notes as set out in Appendix A, for which we have stamped for the purpose of identification. The pro forma combined statements of financial position have been prepared by the Directors for inclusion in the prospectus to be issued in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Directors have compiled the pro forma combined statements of financial position are set out in Note 3 of Appendix A, and in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia ("**Prospectus Guidelines**") and the Guidance Note for Issuers of pro forma financial information issued by the Malaysian Institute of Accountants ("**Guidance Note**").

The pro forma combined statements of financial position have been compiled by the Directors, to illustrate the impact of the events or transactions as set out in Notes 3.3, 3.4 and 3.5 of Appendix A of this letter on the Group's financial position as at 30 September 2023.

As part of this process, information about the Group's financial position have been extracted from the audited combined financial statements of the Company for the financial period ended 30 September 2023 as set out in the Accountants' Report of the Company.

## THE DIRECTORS' RESPONSIBILITIES

The Directors are responsible for compiling the pro forma combined statements of financial position on the basis as described in the notes thereon to the pro forma combined statements of financial position and in accordance with the requirements of Prospectus Guidelines.

## REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

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

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

## REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position has been compiled, in all material respects, by the Directors on the basis as described in the notes thereon of the pro forma combined statements of financial position.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma combined statements of financial position on the basis as described in the notes thereon of the pro forma combined statements of financial position in Appendix A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the pro forma combined statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position in Appendix A.

The purpose of the pro forma combined statements of financial position included in the prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, on the basis of applicable criteria involves performing procedures to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma combined statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma combined statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion, the pro forma combined statements of financial position of the Group have been compiled, in all material respects, on the basis as described in the notes thereon to the pro forma combined statements of financial position in Appendix A and in accordance with the requirements of the Prospectus Guidelines.

**OTHER MATTERS**

Our report on the pro forma combined statements of financial position has been prepared for inclusion in the prospectus. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

**Crowe Malaysia PLT**
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Shah Alam

**Ong Beng Chooi**
03155/05/2025 J
Chartered Accountant

## APPENDIX A

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

| | Note | Audited | | Pro Forma I | | Pro Forma II | | Pro Forma III |
|---|---|---|---|---|---|---|---|---|
| | | As at 30 September 2023* RM'000 | Subsequent Events RM'000 | After Subsequent Events RM'000 | Proposed IPO RM'000 | After Pro Forma I and Proposed IPO RM'000 | Utilisation of Proceeds RM'000 | After Pro Forma II and Utilisation of Proceeds RM'000 |
| **ASSETS** | | | | | | | | |
| NON-CURRENT ASSETS | | | | | | | | |
| Property and equipment | | 408,875 | | 408,875 | | 408,875 | | 408,875 |
| Right-of-use assets | | 746,372 | | 746,372 | | 746,372 | | 746,372 |
| Deferred tax assets | | 13,432 | | 13,432 | | 13,432 | | 13,432 |
| | | 1,168,679 | | 1,168,679 | | 1,168,679 | | 1,168,679 |
| CURRENT ASSETS | | | | | | | | |
| Inventories | | 1,198,920 | | 1,198,920 | | 1,198,920 | | 1,198,920 |
| Trade receivables | | 23,664 | | 23,664 | | 23,664 | | 23,664 |
| Other receivables, deposits and prepayments | | 46,564 | | 46,564 | | 46,564 | | 46,564 |
| Cash and cash equivalents | 5.1 | 72,740 | (150,000) | (77,260) | [●] | [●] | [●] | [●] |
| | | 1,341,888 | | 1,191,888 | | [●] | | [●] |
| TOTAL ASSETS | | 2,510,567 | | 2,360,567 | | [●] | | [●] |
| **EQUITY AND LIABILITIES** | | | | | | | | |
| EQUITY | | | | | | | | |
| Share capital | 5.2 | # | 474,506 | 474,506 | [●] | [●] | [●] | [●] |
| Invested equity | 5.3 | 17,500 | (17,500) | - | | - | | - |
| Merger deficit | 5.4 | - | (457,006) | (457,006) | | (457,006) | | (457,006) |
| Retained profits | 5.5 | 567,543 | (150,000) | 417,543 | | 417,543 | [●] | [●] |
| TOTAL EQUITY | | 585,043 | | 435,043 | | [●] | | [●] |

*# - denote RM100.*

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Chartered Accountants

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

| | | Audited | | Pro Forma I | | Pro Forma II | | Pro Forma III |
|---|---|---|---|---|---|---|---|---|
| | Note | As at 30 September 2023* RM'000 | Subsequent Events RM'000 | After Subsequent Events RM'000 | Proposed IPO RM'000 | After Pro Forma I and Proposed IPO RM'000 | Utilisation of Proceeds RM'000 | After Pro Forma II and Utilisation of Proceeds RM'000 |
| **EQUITY AND LIABILITIES (CONT'D)** | | | | | | | | |
| NON-CURRENT LIABILITIES | | | | | | | | |
| Term loans | 5.6 | 48,524 | | 48,524 | | 48,524 | [•] | [•] |
| Lease liabilities | | 606,327 | | 606,327 | | 606,327 | | 606,327 |
| Provision for restoration costs | | 51,944 | | 51,944 | | 51,944 | | 51,944 |
| | | 706,795 | | 706,795 | | 706,795 | | [•] |
| CURRENT LIABILITIES | | | | | | | | |
| Trade payables | | 988,999 | | 988,999 | | 988,999 | | 988,999 |
| Other payables and accruals | | 57,890 | | 57,890 | | 57,890 | | 57,890 |
| Contract liability | | 2,150 | | 2,150 | | 2,150 | | 2,150 |
| Term loans | 5.6 | 4,567 | | 4,567 | | 4,567 | | 4,567 |
| Lease liabilities | | 149,906 | | 149,906 | | 149,906 | | 149,906 |
| Current tax liabilities | | 15,217 | | 15,217 | | 15,217 | | 15,217 |
| | | 1,218,729 | | 1,218,729 | | 1,218,729 | | 1,218,729 |
| TOTAL LIABILITIES | | 1,925,524 | | 1,925,524 | | 1,925,524 | | [•] |
| TOTAL EQUITY AND LIABILITIES | | 2,510,567 | | 2,360,567 | | [•] | | [•] |
| No. of shares in issue ('000) | 5.2 | # | 8,000,000 | 8,000,000 | 400,000 | 8,400,000 | | 8,400,000 |
| Net assets (RM'000) | | 585,043 | | 435,043 | | [•] | | [•] |
| Net assets per share (RM) | | 5,850.43 | | 0.05 | | [•] | | [•] |

*# - denote RM100.*

Note:-
** Extracted from Accountants' Report included in Section 13 of this Prospectus.*

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**APPENDIX A**

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

## 1. ABBREVIATION

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

| | | |
|---|---|---|
| Directors | : | Directors of our Company |
| Guidance Note | : | the Guidance Note for Issuers of pro forma financial information issued by the Malaysian Institute of Accountants |
| IPO | : | Initial public offering of up to 1,428,000,000 IPO Shares via the Offer for Sale and the Public Issue |
| Issue Shares | : | New Shares to be issued under the Public Issue |
| Listing | : | Listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Securities |
| LPD | : | 31 January 2024, being the latest practicable date prior to the registration of this Prospectus with the SC |
| MFRSs | : | Malaysian Financial Reporting Standards as issued by the Malaysian Accounting Standards Board |
| MPERS | : | Malaysian Private Entities Reporting Standard as issued by the Malaysian Accounting Standards Board |
| Offer for Sale | : | Offer for sale of up to 1,028,000,000 Offer Shares by the Selling Shareholders |
| Offer Shares | : | Existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale |
| Pink Form Allocations | : | The allocation of 42,000,000 IPO Shares to the Eligible Persons under the Retail Offering |
| Prospectus Guidelines | : | Prospectus Guidelines issued by the SC |
| Public Issue | : | Public issue of 400,000,000 Issue Shares by our Company |
| Subdivision | : | Subdivision of our 474,506,402 shares into 8,000,000,000 shares |
| Shares | : | Ordinary shares in our Company |

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## APPENDIX A

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

### 2. INTRODUCTION

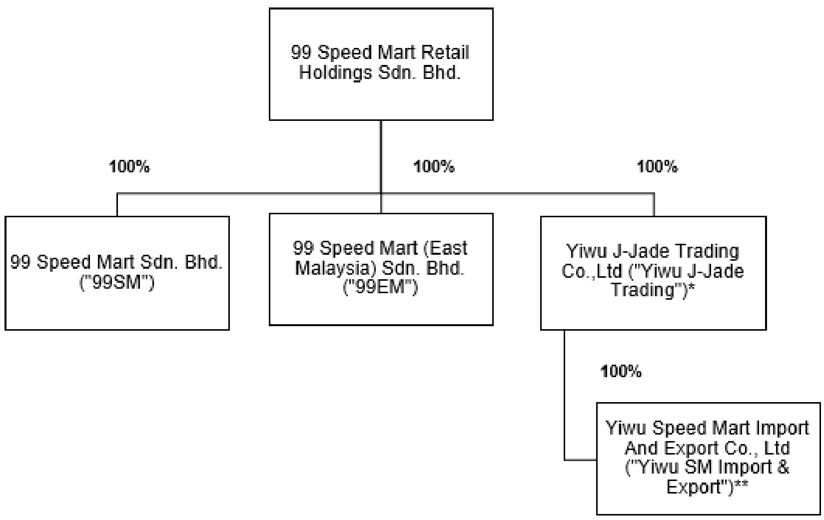
The pro forma combined statements of financial position of the Group as at 30 September 2023 have been prepared for inclusion in the prospectus in connection with the initial public offering of ordinary shares in the Company and the listing of and quotation for the entire enlarged issued Share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing") and should not be relied upon for any other purposes.

The pro forma combined statements of financial position have been prepared for illustrative purposes only to show the effects of the transactions as set out in notes 3.3, 3.4 and 3.5 had the transactions been effected on 30 September 2023. The pro forma combined statements of financial position may not, because of their nature, give a true picture of the Group's actual financial position. Further, such financial information does not purport to predict the future financial position of the Group.

### 3. PRO FORMA GROUP AND BASIS OF PREPARATION

#### 3.1 Pro Forma Group

The pro forma corporate structure of the Group, pursuant to the completion of the transactions in note 3.3 are as follows:-




**Yiwu J-Jade Trading was incorporated in China on 28 September 2023 as a subsidiary of the Company.*

***Yiwu SM Import & Export was incorporated in China on 19 October 2023 as a subsidiary of Yiwu J-Jade Trading.*

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**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

**3. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)**

**3.2 Basis of Preparation**

The pro forma combined statements of financial position of the Group have been prepared for illustration purposes using the audited combined financial statements of the Group as at 30 September 2023 which was prepared in accordance with Malaysian Financial Reporting Standards ("**MFRSs**") and International Financial Reporting Standards ("**IFRS**") and are not subject to any qualification, modification or disclaimer.

The pro forma combined statements of financial position of the Group have also been compiled in a manner consistent with both the format of the audited combined financial statements and accounting policies of the Group as set out in the Accountants' Report of the Company for the financial period ended 30 September 2023.

**3.3 Subsequent Events**

In conjunction with and as an integral part of the Listing, the Company had undertaken the following:

**3.3.1 Acquisition of 99SM and 99EM**

On 9 November 2023, the Company entered into a Conditional Share Sales Agreement to acquire the entire issued share capital of 99SM and 99EM comprising 15,000,000 and 2,500,000 ordinary shares respectively for the total purchase consideration of RM474,506,302 which has been fully satisfied via the issuance of 474,506,302 new ordinary shares in the Company at an issue price of RM1.00 per share, to the vendor. The purchase consideration was arrived at on a willing-buyer-willing-seller basis, after taking into consideration of the unaudited net assets position of 99SM and 99EM respectively, as at 30 June 2023.

The Acquisition of 99SM and 99EM has been accounted for using book value accounting. Under book value accounting, the difference between the consideration paid and the share capital of the acquiree is accounted for as merger reserve.

**3.3.2 The Subdivision**

The subdivision of all existing Shares in issue of 474,506,402 Shares into 8,000,000,000 Shares. It is involving the subdivision of every 1 existing Share into approximately 16.8596 Shares in the Company.

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Chartered Accountants

**APPENDIX A**

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

**3. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)**

**3.3 Subsequent Events (Cont'd)**

**3.3.3 Transfer of Shares**

The transfer of 256,589,283 Shares from Lee Thiam Wah to Lee LYG Holdings Sdn. Bhd.

**3.3.4 Declaration of Dividend**

On 30 November 2023, 99SM had declared and paid a third interim dividend of RM10 per ordinary share amounted to RM150,000,000 in respect of the financial year ending 31 December 2023. On 13 February 2024, the dividend has been fully paid.

**3.4 Proposed IPO**

In conjunction with the Listing, the Company proposes to undertake the following:

(i) public issue of 400,000,000 Issue Shares, representing approximately 4.8% of the enlarged issued Shares of the Company, at an issue price of RM[●] per Share, detailed as follows:

(a) 168,000,000 Issue Shares, representing 2.0% of the enlarged issued Shares, will be made available for application by the Malaysian Public via balloting, of which 50% will be set aside for Bumiputera investors;

(b) 42,000,000 Issue Shares, representing 0.5% of the enlarged issued Shares, will be reserved for the application by directors, eligible employees of the Group and persons who have contributed to the success of the Group under the Pink Form Allocations; and

(c) 190,000,000 Issue Shares, representing approximately 2.3% of the enlarged issued Shares, will be reserved for Bumiputera investors approved by Ministry of Trade and Industry of Malaysia ("MITI").

(ii) offer for sale of 1,028,000,000 offer shares, representing approximately 12.2% of the enlarged issued Shares of the Company, at an offer price of RM[●] per Share.

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**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

**3. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)**

**3.5 Listing**

Upon completion of the subsequent events and proposed IPO and before deducting the estimated listing expenses directly attributable to the issuance of new shares of RM[●], the share capital has increased from RM100 comprising 100 Shares to RM[●] comprising 8,400,000,000 Shares.

Upon completion of the IPO, the Company shall be admitted to the Official List and the entire enlarged share capital of RM[●] (after deducting the estimated listing expenses directly attributable to the issuance of new Shares of RM[●]) comprising 8,400,000,000 Shares shall be listed and quoted on the the Main Market of Bursa Malaysia Securities Berhad.

**4. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**

The pro forma combined statements of financial position as at 30 September 2023 have been prepared solely for illustrative purposes only to show the effects of the following transactions based on the assumptions that they have been effected on 30 September 2023:-

**4.1 Pro Forma I**

After incorporating the pro forma effects of the subsequent events as set out in note 3.3 above.

**4.2 Pro Forma II**

After incorporating the cumulative effects of Pro Forma I and the IPO as set out in note 3.4 above.

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## APPENDIX A

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

**4. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**4.3 Pro Forma III**

After incorporated the cumulative effects of Pro Forma II and the utilisation of the proceeds from the IPO.

The proceeds from the IPO as stated in the prospectus in relation to the IPO, will be utilised as follows:-

| No | Details of use of proceeds | Note | Estimated timeframe for utilisation upon Listing | RM'000 | % |
|---|---|---|---|---|---|
| 1. | Capital expenditure of the Group | 4.3.1 | | | |
| | (i) Expansion of network of outlets | | Within 36 months | [●] | [●] |
| | (ii) Establishment of new distribution centres | | 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 | 5.6 | Within 6 months | [●] | [●] |
| 3 | Defray fees and expenses for the Proposed Public Issue | 4.3.2 | Within 6 months | [●] | [●] |
| | | | | [●] | [●] |

**4.3.1** As at the LPD, the planned utilisation of proceeds for capital expenditure of the Group are still in a discussion phase and the Group has yet to enter into any definitive agreements with any parties. Accordingly, the proceeds earmarked for expansion of network of outlets, establishment of new distribution centres, purchase of delivery trucks and upgrading of existing outlets are not reflected in the pro forma combined statements of financial position.

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## APPENDIX A

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

### 4. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

#### 4.3 Pro Forma III (Cont'd)

**4.3.2** The estimated listing expenses comprising the following:

| | RM'000 |
|---|---|
| Profeesional fees | [●] |
| Fees to authorities | [●] |
| Underwriting, placement and brokerage fees | [●] |
| Contingencies and other incidental expenses in connection with the IPO which includes marketing, advertising, roadshow expenses, service tax and other miscellaneous expenses | [●] |
| | [●] |

From the estimated listing expenses of RM[●], RM[●] is assumed to be directly attributable to the issuance of new shares and therefore will be set-off against equity. The remaining RM[●] are assumed to be attributable to the listing and therefore will be charged out to profit or loss and this represents a one-off expenditure in conjunction with the Listing. As at financial period 30 September 2023, the Company had recognised the listing expenses of approximately RM[●] in profit or loss and the amount had been paid.

### 5. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

#### 5.1 Cash and cash equivalents

| | Note | RM'000 |
|---|---|---|
| As at 30 September 2023 | | 72,740 |
| Less: Declaration of dividend** | 3.3.4 | (150,000) |
| As per Pro Forma I | | (77,260) |
| Add: Proceeds from Public Issuance | 3.4 (i) | [●] |
| As per Pro Forma II | | [●] |
| Less: Utilisation of proceeds: | | |
| - estimated listing expenses | | [●] |
| - repayment of bank borrowings | 4.3 (3) | [●] |
| | | [●] |
| As per Pro Forma III | | [●] |

***Upon declaration of dividend, the Company remains solvent after the distribution in accordance with section 131(1) of Companies Act 2016.*

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**APPENDIX A**

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

**5. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**5.2 Share Capital**

| | Note | Number of Ordinary Shares ('000) | RM'000 |
|---|---|---|---|
| As at 30 September 2023 | | # | # |
| Add: Acquisition of 99SM and 99EM | 3.3.1 | 474,506 | 474,506 |
| Add: The subdivision | 3.3.2 | 7,525,494 | - |
| As per Pro Forma I | | 8,000,000 | 474,506 |
| Add: Shares issued under the Public Issue | 3.4 (i) | 400,000 | [●] |
| As per Pro Forma II | | 8,400,000 | [●] |
| Less: Estimated listing expenses | 4.3.2 | - | [●] |
| As per Pro Forma III | | 8,400,000 | [●] |

*# - denote RM100.*

**5.3 Invested Equity**

| | Note | Number of Ordinary Shares ('000) | RM'000 |
|---|---|---|---|
| As at 30 September 2023 | | 17,500 | 17,500 |
| Less: Acquisition of 99SM and 99EM | 3.3.1 | (17,500) | (17,500) |
| As per Pro Forma I, II and III | | - | - |

**5.4 Merger Deficit**

| | Note | RM'000 |
|---|---|---|
| As at 30 September 2023 | | - |
| Less: Acquisition of 99SM and 99EM | 3.3.1 | (457,006) |
| As per Pro Forma I, II and III | | (457,006) |

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**APPENDIX A**

**99 SPEED MART RETAIL HOLDINGS BERHAD**
**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

**5. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**5.5 Retained profits**

| | Note | RM'000 |
|---|---|---|
| As at 30 September 2023 | | 567,543 |
| Less: Declaration of dividend | 3.3.4 | (150,000) |
| As per Pro Forma I and II | | 417,543 |
| Less: Item expensed off to the statement of profit or loss and other comprehensive income: | | |
| - estimated listing expenses | 4.3.2 | [●] |
| As per Pro Forma III | | [●] |

**5.6 Term Loans**

| | Note | Non-Current Liabilities RM'000 | Current Liabilities RM'000 | Total RM'000 |
|---|---|---|---|---|
| As per 30 September 2023/ As per Pro Forma I/II | | 48,524 | 4,567 | 53,091 |
| Less: Utilisation of Proceeds | 4.3 (3) | [●] | - | [●] |
| As per Pro Forma III | | [●] | 4,567 | [●] |

Any outstanding term loan balances remaining after utilisation of proceeds will be settled using internal funds.

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**APPENDIX A**

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated 22 FEB 2024

On behalf of the Board of Directors,

**Lee Thiam Wah**
Director

**Ng Lee Tieng**
Director

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Chartered Accountants

**Crowe Malaysia PLT**
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The Board of Directors
**99 Speed Mart Retail Holdings Berhad**
**(Formerly known as "99 Speed Mart Holdings Sdn. Bhd.")**
Lot PT 2811, Jalan Angsa,
Taman Berkeley,
41150 Klang,
Selangor Darul Ehsan.

**Dear Sirs/Madams,**

**REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF 99 SPEED MART RETAIL HOLDINGS BERHAD (FORMERLY KNOWN AS "99 SPEED MART HOLDINGS SDN. BHD.")**

**OPINION**

We have audited the financial information contained in the Accountants' Report of 99 Speed Mart Retail Holdings Berhad ("99 Holdings" or the "Company") (formerly known as "99 Speed Mart Holdings Sdn. Bhd."), its subsidiaries and combining entities (collectively known as the "Group"), which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023, the combined statements of profit or loss and comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years/period then ended and notes to the combined financial statements, including a summary of significant accounting policies, as set out from pages 4 to 76.

The historical financial information has been prepared for inclusion in the prospectus of 99 Holdings in connection with the listing of and quotation for the entire enlarged issued share capital of 99 Holdings on the Main Market of Bursa Malaysia Securities Berhad. This report is required by the *Prospectus Guidelines issued by the Securities Commission Malaysia* (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information contained in the Accountants' Report gives a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023, and of its financial performance and cash flows for the financial years/period then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Prospectus Guidelines.

**BASIS FOR OPINION**

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

*INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES*

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

**DIRECTORS' RESPONSIBILITIES FOR THE COMBINED FINANCIAL INFORMATION**

The directors of the Company are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with MFRSs and IFRSs. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

**REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS**

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

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

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

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

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

Crowe

**REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

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

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

- Obtain sufficient appropriate audit evidence regarding the combined financial statements of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**OTHER MATTERS**

The significant events subsequent to the end of the financial period ended 30 September 2023 has been disclosed in Note 37 to this report.

The comparative information for the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows and notes to the combined financial statements for the financial period ended 30 September 2022 has not been audited.

**RESTRICTION ON DISTRIBUTION AND USE**

Our report has been prepared for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

| | |
|---|---|
| **Crowe Malaysia PLT** | **Ong Beng Chooi** |
| 201906000005 (LLP0018817-LCA) & AF 1018 | 03155/05/2025 J |
| Chartered Accountants | Chartered Accountant |
| Shah Alam | |

22 FEB 2024

## 99 SPEED MART RETAIL HOLDINGS BERHAD
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

## COMBINED STATEMENTS OF FINANCIAL POSITION

| | | **Audited as at** | | | |
|---|---|---|---|---|---|
| | | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **ASSETS** | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property and equipment | 4 | 318,690 | 353,210 | 386,091 | 408,875 |
| Right-of-use assets | 5 | 831,324 | 778,263 | 736,204 | 746,372 |
| Intangible asset | 6 | 10 | 5 | - | - |
| Deferred tax assets | 7 | 6,861 | 11,909 | 15,601 | 13,432 |
| | | 1,156,885 | 1,143,387 | 1,137,896 | 1,168,679 |
| CURRENT ASSETS | | | | | |
| Inventories | 8 | 726,793 | 803,128 | 1,093,026 | 1,198,920 |
| Trade receivables | 9 | 18,742 | 17,287 | 27,778 | 23,664 |
| Other receivables, deposits and prepayments | 10 | 31,861 | 43,972 | 36,668 | 46,564 |
| Cash and cash equivalents | 11 | 130,143 | 350,163 | 85,056 | 72,740 |
| | | 907,539 | 1,214,550 | 1,242,528 | 1,341,888 |
| TOTAL ASSETS | | 2,064,424 | 2,357,937 | 2,380,424 | 2,510,567 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

| | | **Audited as at** | | | |
|---|---|---|---|---|---|
| | | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **EQUITY AND LIABILITIES** | | | | | |
| EQUITY | | | | | |
| Share capital | 12 | - | - | - | # |
| Invested equity | 12 | 4,000 | 17,500 | 17,500 | 17,500 |
| Retained profits | | 468,193 | 719,487 | 614,352 | 567,543 |
| TOTAL EQUITY | | 472,193 | 736,987 | 631,852 | 585,043 |
| NON-CURRENT LIABILITIES | | | | | |
| Loans and borrowing | 13 | 53,397 | 46,444 | 52,085 | 48,524 |
| Lease liabilities | 14 | 721,090 | 669,372 | 603,555 | 606,327 |
| Provision for restoration costs | 15 | 38,858 | 43,208 | 47,865 | 51,944 |
| | | 813,345 | 759,024 | 703,505 | 706,795 |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 16 | 575,957 | 640,159 | 805,175 | 988,999 |
| Other payables and accruals | 17 | 56,132 | 62,193 | 67,112 | 57,890 |
| Contract liability | 18 | 2,187 | 3,798 | 2,727 | 2,150 |
| Loans and borrowing | 13 | 10,900 | 9,319 | 4,446 | 4,567 |
| Lease liabilities | 14 | 99,973 | 116,371 | 136,134 | 149,906 |
| Current tax liabilities | | 33,737 | 30,086 | 29,473 | 15,217 |
| | | 778,886 | 861,926 | 1,045,067 | 1,218,729 |
| TOTAL LIABILITIES | | 1,592,231 | 1,620,950 | 1,748,572 | 1,925,524 |
| TOTAL EQUITY AND LIABILITIES | | 2,064,424 | 2,357,937 | 2,380,424 | 2,510,567 |

*# - denote RM100.*

**99 SPEED MART RETAIL HOLDINGS BERHAD**
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

## COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|---|
| | | FYE 31 December | | | FPE 30 September | |
| | | 2020 | 2021 | 2022 | 2022 | 2023 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 19 | 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) |
| Gross profit | | 634,615 | 756,039 | 741,311 | 543,776 | 629,735 |
| Other operating income | 20 | 566,954 | 685,239 | 742,858 | 469,025 | 609,967 |
| Other income | | 13,488 | 22,037 | 22,499 | 16,911 | 16,912 |
| | | 1,215,057 | 1,463,315 | 1,506,668 | 1,029,712 | 1,256,614 |
| Administrative and other operating expenses | | (796,228) | (857,705) | (980,585) | (705,857) | (830,099) |
| Finance costs | | (41,539) | (43,794) | (41,970) | (31,618) | (31,768) |
| Profit before taxation | 21 | 377,290 | 561,816 | 484,113 | 292,237 | 394,747 |
| Income tax expense | 23 | (102,362) | (142,722) | (157,448) | (93,392) | (101,056) |
| Profit for the financial year/period | | 274,928 | 419,094 | 326,665 | 198,845 | 293,691 |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income for the financial year/period | | 274,928 | 419,094 | 326,665 | 198,845 | 293,691 |
| Profit for the financial year/period attributable to owners of the Company | | 274,928 | 419,094 | 326,665 | 198,845 | 293,691 |
| Total comprehensive income attributable to owners of the Company | | 274,928 | 419,094 | 326,665 | 198,845 | 293,691 |
| Basic earnings per ordinary share (sen) | 29 | 6,873 | 2,853 | 1,867 | 1,136 | 1,678 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
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## COMBINED STATEMENTS OF CHANGE IN EQUITY

| | Note | Non-distributable Invested equity RM'000 | Distributable Retained profits RM'000 | Total equity RM'000 |
|---|---|---|---|---|
| Balance at 1 January 2020 | | 4,000 | 428,265 | 432,265 |
| Profit (representing total comprehensive income) for the financial year | | - | 274,928 | 274,928 |
| Dividends | 24 | - | (235,000) | (235,000) |
| Balance at 31 December 2020/ 1 January 2021 | | 4,000 | 468,193 | 472,193 |
| Profit (representing total comprehensive income) for the financial year | | - | 419,094 | 419,094 |
| Allotment of bonus shares during the financial year | | 13,500 | (13,500) | - |
| Dividends | 24 | - | (154,300) | (154,300) |
| | | 13,500 | (167,800) | (154,300) |
| Balance at 31 December 2021/ 1 January 2022 | | 17,500 | 719,487 | 736,987 |
| Profit (representing total comprehensive income) for the financial year | | - | 326,665 | 326,665 |
| Dividends | 24 | - | (431,800) | (431,800) |
| Balance at 31 December 2022 | | 17,500 | 614,352 | 631,852 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

## COMBINED STATEMENTS OF CHANGE IN EQUITY (CONT'D)

| | Note | Non-distributable Share capital RM'000 | Non-distributable Invested equity RM'000 | Distributable Retained profits RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2022 | | - | 17,500 | 719,487 | 736,987 |
| Profit (representing total comprehensive income) for the financial period | | - | - | 198,845 | 198,845 |
| Dividends | 24 | - | - | (301,689) | (301,689) |
| Balance at 30 September 2022 (Unaudited) | | - | 17,500 | 616,643 | 634,143 |
| Balance at 1 January 2023 | | - | 17,500 | 614,352 | 631,852 |
| Profit (representing total comprehensive income) for the financial period | | | - | 293,691 | 293,691 |
| Dividends | 24 | - | - | (340,500) | (340,500) |
| Issuance of shares | 12 | # | - | - | # |
| | | # | - | (340,500) | (340,500) |
| Balance at 30 September 2023 | | # | 17,500 | 567,543 | 585,043 |

*# - denote RM100.*

**99 SPEED MART RETAIL HOLDINGS BERHAD**
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS**

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before taxation | 377,290 | 561,816 | 484,113 | 292,237 | 394,747 |
| Adjustments for:- | | | | | |
| Amortisation of trademark | 5 | 5 | 5 | 4 | - |
| Depreciation of property and equipment | 57,466 | 61,499 | 69,383 | 49,238 | 52,370 |
| Depreciation of right-of-use assets | 148,597 | 127,896 | 139,622 | 103,526 | 114,184 |
| Interest expense of financial liabilities that are not at fair value through profit or loss | 2,671 | 2,154 | 2,535 | 1,792 | 2,325 |
| Interest expense on lease liabilities | 38,868 | 41,640 | 39,435 | 29,826 | 29,443 |
| Inventories written off | 8,093 | 7,301 | 10,685 | 7,356 | 9,911 |
| COVID-19-related rent concessions | (199) | (55) | (63) | (50) | - |
| Interest income of financial assets that are not at fair value through profit or loss | (2,788) | (4,612) | (3,053) | (2,173) | (1,142) |
| Gain on derecognition due to lease termination | - | - | - | - | (88) |
| Gain on disposal of equipment | - | (37) | (19) | (18) | (217) |
| Reversal of provision for restoration costs | - | - | - | - | (66) |
| Operating profit before working capital changes | 630,003 | 797,607 | 742,643 | 481,738 | 601,467 |
| Increase in inventories | (85,678) | (83,636) | (300,583) | (355,731) | (115,805) |
| Decrease/(Increase) in trade and other receivables | 1,254 | (14,103) | (5,794) | (2,335) | (10,832) |
| Increase in trade and other payables | 106,554 | 64,136 | 174,483 | 226,581 | 175,876 |
| Increase/(Decrease) in contract liability | 1,128 | 1,611 | (1,071) | (1,011) | (577) |
| (Increase)/Decrease in amount owing by related parties | (3,915) | 1,478 | (4,556) | (4,347) | 2,819 |
| Cash generated from operations and balance carried forward | 649,346 | 767,093 | 605,122 | 344,895 | 652,948 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
(Incorporated in Malaysia)

## COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

| | | **Audited** | | | **Unaudited** | **Audited** |
|---|---|---|---|---|---|---|
| | | FYE 31 December | | | FPE 30 September | |
| | | 2020 | 2021 | 2022 | 2022 | 2023 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash generated from operations and balance brought forward | | 649,346 | 767,093 | 605,122 | 344,895 | 652,948 |
| Interest paid | | (41,384) | (43,484) | (41,496) | (31,307) | (31,306) |
| Income tax refunded | | 2,830 | - | - | - | - |
| Income tax paid | | (105,743) | (151,421) | (161,753) | (108,316) | (113,143) |
| Net cash generated from operating activities | | 505,049 | 572,188 | 401,873 | 205,272 | 508,499 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| (Advances to)/Repayment from related parties | | (969) | 962 | (154) | (177) | (207) |
| Interest received | | 2,788 | 3,294 | 3,053 | 2,173 | 1,142 |
| Purchase of property and equipment | | (69,767) | (96,019) | (102,335) | (77,441) | (75,154) |
| Acquisition of right-of-use assets | 25 | (3,645) | - | (6,620) | (6,620) | (380) |
| Proceeds from disposal of equipment | | - | 37 | 90 | 88 | 217 |
| Withdrawal/(Placement) of fixed deposits with tenure more than 3 months | | 7,851 | (320,000) | 321,318 | 271,318 | - |
| Net cash (used in)/generated from investing activities | | (63,742) | (411,726) | 215,352 | 189,341 | (74,382) |
| Balance carried forward | | 441,307 | 160,462 | 617,225 | 394,613 | 434,117 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

| | | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|---|
| | | FYE 31 December | | | FPE 30 September | |
| | | 2020 | 2021 | 2022 | 2022 | 2023 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance brought forward | | 441,307 | 160,462 | 617,225 | 394,613 | 434,117 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Advances from/(Repayment to) related parties | | 754 | 7,134 | (7,600) | (4,570) | 953 |
| Advances from a director | | - | - | - | - | 211 |
| Dividends paid | 24 | (235,000) | (154,300) | (431,800) | (301,689) | (340,500) |
| Drawdown of term loans | 25 | 9,000 | 7,380 | 10,419 | 10,419 | - |
| Repayment of lease liabilities | 25 | (92,003) | (106,060) | (122,382) | (90,083) | (103,657) |
| Repayment of term loans | 25 | (13,029) | (15,053) | (4,575) | (3,426) | (3,440) |
| Decrease in bill payable | | (15,884) | - | - | - | - |
| Subcriber shares | | - | - | - | - | # |
| Net cash used in financing activities | | (346,162) | (260,899) | (555,938) | (389,349) | (446,433) |
| Net increase/(decrease) in cash and cash equivalents | | 95,145 | (100,437) | 61,287 | 5,264 | (12,316) |
| Cash and cash equivalents brought forward | | 29,061 | 124,206 | 23,769 | 23,769 | 85,056 |
| Cash and cash equivalents carried forward | 11 | 124,206 | 23,769 | 85,056 | 29,033 | 72,740 |

*# - denote RM100.*

**99 SPEED MART RETAIL HOLDINGS BERHAD**
(Formerly known as 99 Speed Mart Holdings Sdn. Bhd.)
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 1. GENERAL INFORMATION

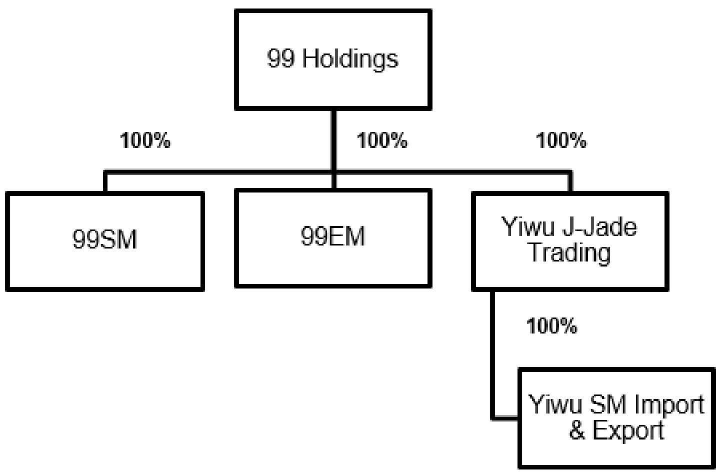
The Company was incorporated in Malaysia under Companies Act 2016 on 15 May 2023, as a private limited liability company to facililate the proposed initial public offering. On 10 July 2023, the Company changed its name from 99 Speed Mart Holdings Sdn. Bhd. to 99 Speed Mart Retail Holdings Sdn. Bhd.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot PT 2811, Jalan Angsa, Taman Berkeley, 41150 Klang, Selangor Darul Ehsan, Malaysia.

99 Speed Mart Retail Holdings Berhad. is principally engaged in investment holding and provision of management services whilst the principal activities of its subsidiaries and the combining entities are disclosed in Note 32 to the combined financial statements.

On 28 September 2023, the Group incorporated Yiwu J-Jade Trading Co., Ltd ("Yiwu J-Jade Trading") as an investment holding subsidiary in China to wholly own another subsidiary, Yiwu Speed Mart Import and Export Co., Ltd ("Yiwu SM Import & Export") which was incorporated on 19 October 2023.

As an integral part of listing the Company on Main Market of Bursa Malaysia Securities Berhad, the Company entered into a conditional share sale agreement on 9 November 2023 to acquire the entire equity interest in 99 Speed Mart Sdn. Bhd. ("99SM") and 99 Speed Mart (East Malaysia) Sdn. Bhd. ("99EM") which were completed on 14 December 2023 (collectively known as "Acquisitions"). Upon completion of the Acquisitions, 99SM and 99EM became the subsidiaries of the Company.




On 29 January 2024, the Company was converted to a public limited liability company and assumed its present name.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation of Combined Financial Statements

As the Acquisitions were only completed on 14 December 2023, there are no consolidated financial statements of the Group for financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and financial periods ended 30 September 2022 and 30 September 2023.

For the purpose of inclusion in the prospectus of 99 Holdings in connection with the listing of and quotation for the entire enlarged issued share capital of 99 Holdings on the Main Market of Bursa Malaysia Securities Berhad, the Group had prepared the combined financial statements which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and financial periods ended 30 September 2022 and 30 September 2023.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic entity from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the companies, which are under common control throughout the relevant period.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the subsidiaries and combining entities so as to obtain the benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The common control of the Group has been established since the set-up of the Group by virtue of Lee Thiam Wah (collectively referred to as the "Controlling Shareholder"), being the principal shareholder and promoter of the Group. Hence, the combined financial statements of the Group have been prepared as if the Group has been operated as a single economic entity throughout the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and financial periods ended 30 September 2022 and 30 September 2023.

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of Preparation of Combined Financial Statements (Cont'd)

The combined financial statements of the Group are the combination of all of the financial statements of the entities of the Group and have been prepared in accordance with MFRSs, IFRSs and Prospectus Guidelines for the relevant financial years/periods as follows:-

| Entities under common control | 31 December 2020 | 31 December 2021 | 31 December 2022 | 30 September 2022 | 30 September 2023 |
|---|---|---|---|---|---|
| 99 Holdings | * | * | * | * | ✓ |
| 99SM | ✓ | ✓ | ✓ | ✓ | ✓ |
| 99EM | ✓ | ✓ | ✓ | ✓ | ✓ |
| Yiwu J-Jade Trading | # | # | # | # | ✓ |
| Yiwu SM Import & Export | # | # | # | # | # |

* *No financial statements available for the 99 Holdings as the Company was incorporated on 15 May 2023.*

✓ *The combined financial statements of the Group include the financial statements of its subsidiaries and the combining entities for the respective financial years/periods and audited by Crowe Malaysia PLT.*

# *No financial statements are available for the Yiwu J-Jade Trading and Yiwu SM Import & Export as both companies were incorporated on 28 September 2023 and 19 October 2023 respectively.*

The financial statements of the Group for the financial years ended 31 December 2020 and 31 December 2021 were previously prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS"). During the financial year ended 31 December 2022, the Group adopted MFRSs for the first-time and the financial statements for the financial year ended 31 December 2022 are the first financial statements of the Group prepared in accordance with MFRSs. Accordingly, comparative information for the financial year ended 31 December 2020 and 31 December 2021 have been restated restrospectively to give effect to these changes as disclosed in Note 2.2 to the financial statements.

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of Preparation of Combined Financial Statements (Cont'd)

The following MFRSs became effective for the financial period under review:-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 17 Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

The initial application of above amendments did not have any significant impacts on the Group's combined financial statements.

The Group has not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

| **MFRSs and/or IC Interpretations (Including The Consequential Amendments)** | **Effective Date** |
|---|---|
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to MFRS 101: Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements | 1 January 2024 |
| Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the combined financial statements.

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures

As stated in Note 2.1 to the combined financial statements, the Group has adjusted certain amounts reported previously in financial statement prepared in accordance with MPERS. The financial impacts on the transition are as below:-

Reconciliation of Combined Statements of Financial Position

| | Note | MPERS RM'000 | Reclassification RM'000 | Effect of Transition RM'000 | MFRSs RM'000 |
|---|---|---|---|---|---|
| **Combined Statements of Financial Position as at 31 December 2020** | | | | | |
| **ASSETS** | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property and equipment | 2.2(a) | 346,236 | - | (27,546) | 318,690 |
| Right-of-use assets | 2.2(a) | - | - | 831,324 | 831,324 |
| Intangible asset | | 10 | - | - | 10 |
| Deferred tax assets | 2.2(a) | - | - | 6,861 | 6,861 |
| | | 346,246 | - | 810,639 | 1,156,885 |
| CURRENT ASSETS | | | | | |
| Inventories | | 726,793 | - | - | 726,793 |
| Trade receivables | 2.2(c) | - | 18,742 | - | 18,742 |
| Other receivables, deposits and prepayments | 2.2(a), (c) | 49,528 | (17,917) | 250 | 31,861 |
| Cash and cash equivalents | | 130,143 | - | - | 130,143 |
| | | 906,464 | 825 | 250 | 907,539 |
| TOTAL ASSETS | | 1,252,710 | 825 | 810,889 | 2,064,424 |
| **EQUITY AND LIABILITIES** | | | | | |
| EQUITY | | | | | |
| Invested equity | | 4,000 | - | - | 4,000 |
| Retained profits | | 517,321 | - | (49,128) | 468,193 |
| TOTAL EQUITY | | 521,321 | - | (49,128) | 472,193 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Reconciliation of Combined Statements of Financial Position (Cont'd)

| | Note | MPERS RM'000 | Reclassification RM'000 | Effect of Transition RM'000 | MFRSs RM'000 |
|---|---|---|---|---|---|
| **Combined Statements of Financial Position as at 31 December 2020 (Cont'd)** | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| Loans and borrowing | | 53,397 | - | - | 53,397 |
| Lease liabilities | 2.2(a) | - | - | 721,090 | 721,090 |
| Provision for restoration costs | 2.2(a) | - | - | 38,858 | 38,858 |
| | | 53,397 | - | 759,948 | 813,345 |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 2.2(c) | 575,451 | 506 | - | 575,957 |
| Other payables and accruals | 2.2(a), (c) | 57,904 | 319 | (2,091) | 56,132 |
| Contract liability | 2.2(b) | - | - | 2,187 | 2,187 |
| Loans and borrowing | | 10,900 | - | - | 10,900 |
| Lease liabilities | 2.2(a) | - | - | 99,973 | 99,973 |
| Current tax liabilities | | 33,737 | - | - | 33,737 |
| | | 677,992 | 825 | 100,069 | 778,886 |
| TOTAL LIABILITIES | | 731,389 | 825 | 860,017 | 1,592,231 |
| TOTAL EQUITY AND LIABILITIES | | 1,252,710 | 825 | 810,889 | 2,064,424 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Reconciliation of Combined Statements of Financial Position (Cont'd)

| | Note | MPERS RM'000 | Reclassification RM'000 | Effect of Transition RM'000 | MFRSs RM'000 |
|---|---|---|---|---|---|
| **Combined Statements of Financial Position as at 31 December 2021** | | | | | |
| **ASSETS** | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property and equipment | 2.2(a), (c) | 397,308 | (16,990) | (27,108) | 353,210 |
| Right-of-use assets | 2.2(a) | - | - | 778,263 | 778,263 |
| Intangible asset | | 5 | - | - | 5 |
| Deferred tax assets | 2.2(a) | - | - | 11,909 | 11,909 |
| | | 397,313 | (16,990) | 763,064 | 1,143,387 |
| CURRENT ASSETS | | | | | |
| Inventories | | 803,128 | - | - | 803,128 |
| Trade receivables | 2.2(c) | - | 17,287 | - | 17,287 |
| Other receivables, deposits and prepayments | 2.2(a), (c) | 49,430 | (5,662) | 204 | 43,972 |
| Cash and cash equivalents | | 350,163 | - | - | 350,163 |
| | | 1,202,721 | 11,625 | 204 | 1,214,550 |
| TOTAL ASSETS | | 1,600,034 | (5,365) | 763,268 | 2,357,937 |
| **EQUITY AND LIABILITIES** | | | | | |
| EQUITY | | | | | |
| Invested equity | | 17,500 | - | - | 17,500 |
| Retained profits | | 785,287 | - | (65,800) | 719,487 |
| TOTAL EQUITY | | 802,787 | - | (65,800) | 736,987 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Reconciliation of Combined Statements of Financial Position (Cont'd)

| | Note | MPERS RM'000 | Reclassification RM'000 | Effect of Transition RM'000 | MFRSs RM'000 |
|---|---|---|---|---|---|
| **Combined Statements of Financial Position as at 31 December 2021 (Cont'd)** | | | | | |
| NON-CURRENT LIABILITIES | | | | | |
| Loans and borrowing | | 46,444 | - | - | 46,444 |
| Lease liabilities | 2.2(a) | - | - | 669,372 | 669,372 |
| Provision for restoration costs | 2.2(a) | - | - | 43,208 | 43,208 |
| | | 46,444 | - | 712,580 | 759,024 |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 2.2(c) | 639,409 | 750 | - | 640,159 |
| Other payables and accruals | 2.2(a), (c) | 71,989 | (6,115) | (3,681) | 62,193 |
| Contract liability | 2.2(b) | - | - | 3,798 | 3,798 |
| Loans and borrowing | | 9,319 | - | - | 9,319 |
| Lease liabilities | 2.2(a) | - | - | 116,371 | 116,371 |
| Current tax liabilities | | 30,086 | - | - | 30,086 |
| | | 750,803 | (5,365) | 116,488 | 861,926 |
| TOTAL LIABILITIES | | 797,247 | (5,365) | 829,068 | 1,620,950 |
| TOTAL EQUITY AND LIABILITIES | | 1,600,034 | (5,365) | 763,268 | 2,357,937 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Reconciliation of Combined Statements of Profit or Loss and Other Comprehensive income

| | Note | MPERS RM'000 | Reclassification RM'000 | Effect of Transition RM'000 | MFRSs RM'000 |
|---|---|---|---|---|---|
| **Combined Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2020** | | | | | |
| Revenue | | 6,841,360 | - | - | 6,841,360 |
| Cost of sales | 2.2(c) | (6,373,317) | 166,572 | - | (6,206,745) |
| Gross profit | | 468,043 | 166,572 | - | 634,615 |
| Other operating income | 2.2(c) | 738,228 | (171,274) | - | 566,954 |
| Other income | 2.2(a), (c) | 8,516 | 4,702 | 270 | 13,488 |
| | | 1,214,787 | - | 270 | 1,215,057 |
| Administrative and other operating expenses | 2.2(a), (c) | (772,593) | (6,399) | (17,236) | (796,228) |
| Finance costs | 2.2(a), (c) | (8,915) | 6,399 | (39,023) | (41,539) |
| Profit before taxation | | 433,279 | - | (55,989) | 377,290 |
| Income tax expense | 2.2(a) | (109,223) | - | 6,861 | (102,362) |
| Profit for the financial year | | 324,056 | - | (49,128) | 274,928 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the financial year | | 324,056 | - | (49,128) | 274,928 |
| Profit for the financial year attributable to owners of the Company | | 324,056 | - | (49,128) | 274,928 |
| Total comprehensive income attributable to owners of the Company | | 324,056 | - | (49,128) | 274,928 |

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Reconciliation of Combined Statements of Profit or Loss and Other Comprehensive income (Cont'd)

| | Note | MPERS RM'000 | Reclassification RM'000 | Effect of Transition RM'000 | MFRSs RM'000 |
|---|---|---|---|---|---|
| **Combined Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2021** | | | | | |
| Revenue | | 7,836,756 | - | - | 7,836,756 |
| Cost of sales | 2.2(c) | (7,268,674) | 187,957 | - | (7,080,717) |
| Gross profit | | 568,082 | 187,957 | - | 756,039 |
| Other operating income | 2.2(c) | 886,971 | (201,732) | - | 685,239 |
| Other income | 2.2(a), (c) | 8,218 | 13,775 | 44 | 22,037 |
| | | 1,463,271 | - | 44 | 1,463,315 |
| Administrative and other operating expenses | 2.2(a), (c) | (868,083) | (9,807) | 20,185 | (857,705) |
| Finance costs | 2.2(a), (c) | (11,651) | 9,807 | (41,950) | (43,794) |
| Profit before taxation | | 583,537 | - | (21,721) | 561,816 |
| Income tax expense | 2.2(a) | (147,771) | - | 5,049 | (142,722) |
| Profit for the financial year | | 435,766 | - | (16,672) | 419,094 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the financial year | | 435,766 | - | (16,672) | 419,094 |
| Profit for the financial year attributable to owners of the Company | | 435,766 | - | (16,672) | 419,094 |
| Total comprehensive income attributable to owners of the Company | | 435,766 | - | (16,672) | 419,094 |

**99 SPEED MART RETAIL HOLDINGS BERHAD**
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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Notes to reconciliation

(a) Right-of-use Assets

Under MPERS, the Group classified its leasehold land as property and equipment and measured the assets at cost. Upon transition to MFRSs, the Group reclassified the asset from property and equipment to right-of-use assets at the date of transition to MFRSs and elected to use the previous MPERS carrying amount as deemed cost under MFRSs.

For leases that were classified as operating leases under MPERS, the Group measured the lease liabilities at the present value of the remaining lease payments at the date of transition to MFRSs, discounted using the Group's incremental borrowing rate at the date. The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group recognised the provision for restoration costs as the Group has the obligation to restore leased retail outlets to its original state upon the termination or non-renewal of tenancy agreement. The Group estimates provision for restoration costs based on the best estimate of future costs and the economic life of the affected assets. The estimated cost of restoration is discounted to its net present value. An amount equivalent to the discounted initial provision for restoration costs is capitalised and amortised over the lease term of the leased retail outlets. The unwinding of the discount applied to the provision for restoration costs is included under finance costs in profit or loss. The estimated interest rate used in discounting the cash flow is reviewed periodically.

The financial impacts arising from the change are summarised as follows:-

(i) A decrease in property and equipment at 31 December 2020 and 31 December 2021 of approximately RM27,546,000 and RM27,108,000 respectively;

(ii) An increase in right-of-use assets at 31 December 2020 and 31 December 2021 of approximately RM831,324,000 and RM778,263,000 respectively;

(iii) An increase in deferred tax assets at 31 December 2020 and 31 December 2021 of approximately RM6,861,000 and RM11,909,000 respectively;

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Notes to reconciliation (Cont'd)

(a) Right-of-use Assets (Cont'd)

The financial impacts arising from the change are summarised as follows (Cont'd):-

(iv) An increase in other receivables, deposits and prepayments at 31 December 2020 and 31 December 2021 of approximately RM250,000 and RM204,000 respectively;

(v) A decrease in other payables and accruals at 31 December 2020 and 31 December 2021 of approximately RM2,091,000 and RM3,681,000 respectively;

(vi) An increase in lease liabilities at 31 December 2020 and 31 December 2021 of approximately RM821,063,000 and RM785,743,000 respectively;

(vii) An increase in provision for restoration costs at 31 December 2020 and 31 December 2021 of approximately RM38,858,000 and RM43,208,000 respectively;

(viii) An increase in other income for the financial years ended 31 December 2020 and 31 December 2021 of approximately RM270,000 and RM44,000 respectively;

(ix) An increase in administrative and other operating expenses for the financial year ended 31 December 2020 of approximately RM17,236,000;

(x) A decrease in administrative and other operating expenses for the financial year ended 31 December 2021 of approximately RM20,185,000;

(xi) An increase in finance costs for the financial years ended 31 December 2020 and 31 December 2021 of approximately RM39,023,000 and RM41,950,000 respectively; and

(xii) A decrease in income tax expense for the financial years ended 31 December 2020 and 31 December 2021 of approximately RM6,861,000 and RM5,049,000 respectively.

Upon transition to MFRSs, the Group did not make any adjustments to the accounting for assets held as lessor under operating leases. The Group continues to classify leases as either finance leases or operating leases and to account them differently.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Transition to MFRSs and Comparative Figures (Cont'd)

Notes to reconciliation (Cont'd)

(b) Revenue Recognition

Revenue was recognised in accordance with the requirements of Section 23 under MPERS. Upon transition to MFRSs, the Group adopted MFRS 15 'Revenue from Contracts with Customers' ("MFRS 15"), requiring the Group to review the measurement and timing of when revenue shall be recognised. The new accounting policy on the revenue recognition has been applied retrospectively of which the Group identified separate performance obligations arising from its existing sale and deferred sale for performance obligations that are only satisfied on delivery to its customers.

The financial impact arising from the adoption of MFRS 15 is as follows:-

(i) An increase in contract liability at 31 December 2020 and 31 December 2021 of RM2,187,000 and RM3,798,000 respectively.

(c) Reclassifications

The comparative figures for certain assets, liabilities, income and expenses have been reclassified to conform to the presentation of financial year ended 31 December 2022.

### 2.3 Basis of Combination

**(a) Combining entities**

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities under common control of the Controlling Shareholder, and are accounted for as if the Company and the combining entities are a single economic entity at the date that common control was established. The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of equity of the combining entities are added to the same components with the Group's entity and any resulting gain/loss is recognised directly in equity.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Basis of Combination (Cont'd)

#### (a) Combining entities (Cont'd)

The Controlling Shareholder controls an entity when he is exposed, or has rights, to variable returns from his involvement with the entity and has the ability to affect those returns through his power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholder also considers that he has de facto power over an investee when, despite not having the majority of voting rights, he has the current ability to direct the activities of the investee that significantly affect the investee's return.

#### (b) Transactions Eliminated on Combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

### 2.4 Functional and Presentation currency

The combined financial statements of the Group are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency and has been rounded to the nearest thousand (RM'000), unless otherwise stated.

### 2.5 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.6.

Freehold land and capital work-in-progress are not depreciated. Other property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

| | |
|---|---|
| Buildings | 2% |
| Furniture, fittings and office equipment | 10% - 25% |
| Motor vehicles | 10% - 20% |
| Renovation | 10% |
| Signboards | 10% |
| Solar system | 10% |
| Racks, roll cages and shop equipment | 20% |

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

Fully depreciated equipment are retained in the financial statements until they are no longer in use in respect of these equipment.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Impairment of Non-financial Assets

At the end of each reporting period, the Group assesses whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation had no impairment loss been recognised. The reversal is recognised in profit or loss.

### 2.7 Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, and incidentals incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

### 2.8 Contract Liability

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 2.9 Financial Assets

Financial assets of the Group consist of receivables and cash and cash equivalents.

**Initial Recognition and Measurement**

A financial asset is recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A regular purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price as defined in Note 2.14. Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

**Subsequent Measurement**

Financial assets are subsequently measured at amortised cost or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Financial Assets (Cont'd)

**Subsequent Measurement (Cont'd)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

**Impairment**

At each reporting date, the Group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

**Derecognition**

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial Liabilities

Financial liabilities of the Group consist of payables, loans and borrowing and lease liabilities.

**Initial Recognition and Measurement**

A financial liability is recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

**Subsequent Measurement**

All payables, loans and borrowing are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulastive income recognised.

**Derecognition**

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

### 2.11 Leases

**Initial Recognition and Measurement**

**(i) As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Leases (Cont'd)

**Initial Recognition and Measurement (Cont'd)**

**(i) As a lessee (Cont'd)**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(ii) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Leases (Cont'd)

**Subsequent Measurement**

**(i) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**COVID-19-related rent concessions**

The Group has applied Amendments to MFRS 16, Leases - COVID-19-Related Rent Concessions whereby rent concessions received as direct consequence of the COVID-19 pandemic are not assessed as lease modification if all of the following conditions are met:

- the change in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

If the above conditions are met, rent concession are treated as variable lease payments and impact will be recognised in profit or loss for the year.

**(ii) As a lessor**

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

**Provision for Restoration Costs**

A provision for retail outlets and warehouse restoration is recognised when there is a projected cost of dismantlement, removal or restoration as a consequence of using a leased retail outlets and warehouse during a particular period. The provision is measured at the present value of the restoration cost expected to be paid upon termination of the lease agreement.

### 2.13 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sales. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.14 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Fair Value Measurement (Cont'd)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Financial Assets and Financial Liabilities**

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowing which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowing are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

### 2.15 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the combined profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

### 2.16 Employee Benefits

**Short-term Employee Benefits**

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss, in the period in which the associated services are rendered by the employee.

**Defined Contribution Plans**

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss, in the period in which the associated services are rendered by the employee.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Revenue from Contracts with Customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

(i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.

(ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.

(iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.

(iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.

(v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

**Sale of Goods**

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the retail outlets. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery in mini mart outlet.

### 2.18 Other Income

**(i) Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**(ii) Operating lease income**

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Other Income (Cont'd)

#### (iii) Rebates and incentive income

Rebates and incentive income are recognised when the performance obligations have been fulfilled by the Group in accordance with the terms agreed with vendors.

#### (iv) In-store services income

The Group acts as an agent in providing in-store services to its customers.

When another party is involved in providing services to its customers, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. When the Group's role is only to arrange for another entity to provide the services, then the Group is an agent and will need to record the income at the net amount that it retains for its agency services.

### 2.19 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 2.20 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the combined statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

## 3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

### Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the combined financial statements.

### Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Impairment of Non-financial Assets

The Group reviewed its non-financial assets for indications of impairment and where such indications exist, the Group performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. Possible changes in these estimates may result in revisions to the carrying amounts of non-financial assets.

Provision for Restoration Costs

The Group estimates provision for restoration costs based on the best estimate of future costs and the economic life of the affected assets. The estimated provision for restoration costs is reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Any changes in these accounting estimates will affect the carrying amount of provision for restoration costs as disclosed in Note 15 to the combined financial statements.

Discount Rates Used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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## 4. PROPERTY AND EQUIPMENT

| | At 1.1.2020 RM'000 | Additions RM'000 | Transfer RM'000 | Depreciation RM'000 | At 31.12.2020 RM'000 |
|---|---|---|---|---|---|
| Carrying Amount | | | | | |
| Freehold land | 45,773 | - | - | - | 45,773 |
| Buildings | 79,226 | 1,994 | 7,396 | (1,922) | 86,694 |
| Furniture, fittings and office equipment | 44,533 | 15,817 | - | (14,262) | 46,088 |
| Motor vehicles | 7,311 | 2,731 | - | (3,192) | 6,850 |
| Renovation | 56,862 | 16,940 | - | (11,011) | 62,791 |
| Signboards | 9,875 | 3,047 | - | (1,943) | 10,979 |
| Racks, roll cages and shop equipment | 55,373 | 26,330 | - | (25,136) | 56,567 |
| Capital work-in-progress | 7,436 | 2,908 | (7,396) | - | 2,948 |
| | 306,389 | 69,767 | - | (57,466) | 318,690 |

## 4. PROPERTY AND EQUIPMENT (CONT'D)

| Carrying Amount | At 1.1.2021 RM'000 | Additions RM'000 | Transfer RM'000 | Disposal RM'000 | Depreciation RM'000 | At 31.12.2021 RM'000 |
|---|---|---|---|---|---|---|
| Freehold land | 45,773 | 4,667 | - | - | - | 50,440 |
| Buildings | 86,694 | 6,782 | 2,235 | - | (2,103) | 93,608 |
| Furniture, fittings and office equipment | 46,088 | 14,331 | - | - | (15,127) | 45,292 |
| Motor vehicles | 6,850 | 2,653 | - | # | (3,192) | 6,311 |
| Renovation | 62,791 | 17,363 | - | - | (12,247) | 67,907 |
| Signboards | 10,979 | 2,908 | - | - | (2,135) | 11,752 |
| Racks, roll cages and shop equipment | 56,567 | 26,440 | - | - | (26,695) | 56,312 |
| Capital work-in-progress | 2,948 | 20,875 | (2,235) | - | - | 21,588 |
| | 318,690 | 96,019 | - | # | (61,499) | 353,210 |

*# - denote RM1.*

## 4. PROPERTY AND EQUIPMENT (CONT'D)

| | At 1.1.2022 RM'000 | Additions RM'000 | Transfer RM'000 | Disposal RM'000 | Depreciation RM'000 | At 31.12.2022 RM'000 |
|---|---|---|---|---|---|---|
| Carrying Amount | | | | | | |
| Freehold land | 50,440 | 636 | 3,445 | - | - | 54,521 |
| Buildings | 93,608 | 10,322 | 24,153 | - | (2,792) | 125,291 |
| Furniture, fittings and office equipment | 45,292 | 16,923 | - | - | (16,750) | 45,465 |
| Motor vehicles | 6,311 | 4,798 | - | (71) | (3,660) | 7,378 |
| Renovation | 67,907 | 18,762 | - | - | (13,546) | 73,123 |
| Signboards | 11,752 | 3,289 | - | - | (2,368) | 12,673 |
| Solar system | - | 1,068 | - | - | (214) | 854 |
| Racks, roll cages and shop equipment | 56,312 | 35,022 | - | - | (30,053) | 61,281 |
| Capital work-in-progress | 21,588 | 11,515 | (27,598) | - | - | 5,505 |
| | 353,210 | 102,335 | - | (71) | (69,383) | 386,091 |

## 4. PROPERTY AND EQUIPMENT (CONT'D)

| Carrying Amount | At 1.1.2023 RM'000 | Additions RM'000 | Transfer RM'000 | Disposal RM'000 | Depreciation RM'000 | At 30.9.2023 RM'000 |
|---|---|---|---|---|---|---|
| Freehold land | 54,521 | - | - | - | - | 54,521 |
| Buildings | 125,291 | 568 | 12,873 | - | (2,291) | 136,441 |
| Furniture, fittings and office equipment | 45,465 | 15,872 | - | - | (13,089) | 48,248 |
| Motor vehicles | 7,378 | 3,198 | - | @ | (2,606) | 7,970 |
| Renovation | 73,123 | 13,649 | - | - | (10,713) | 76,059 |
| Signboards | 12,673 | 3,862 | - | - | (1,971) | 14,564 |
| Solar system | 854 | 1,037 | 682 | - | (209) | 2,364 |
| Racks, roll cages and shop equipment | 61,281 | 26,934 | 319 | # | (21,491) | 67,043 |
| Capital work-in-progress | 5,505 | 10,034 | (13,874) | - | - | 1,665 |
| | 386,091 | 75,154 | - | ^ | (52,370) | 408,875 |

*@ - denote RM2.*
*# - denote RM1.*
*^ - denote RM3.*

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## 4. PROPERTY AND EQUIPMENT (CONT'D)

| | At cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
|---|---|---|---|
| At 31.12.2020 | | | |
| Freehold land | 45,773 | - | 45,773 |
| Buildings | 96,129 | (9,435) | 86,694 |
| Furniture, fittings and office equipment | 110,017 | (63,929) | 46,088 |
| Motor vehicles | 27,296 | (20,446) | 6,850 |
| Renovation | 116,623 | (53,832) | 62,791 |
| Signboards | 20,804 | (9,825) | 10,979 |
| Racks, roll cages and shop equipment | 169,583 | (113,016) | 56,567 |
| Capital work-in-progress | 2,948 | - | 2,948 |
| | 589,173 | (270,483) | 318,690 |
| At 31.12.2021 | | | |
| Freehold land | 50,440 | - | 50,440 |
| Buildings | 105,146 | (11,538) | 93,608 |
| Furniture, fittings and office equipment | 124,348 | (79,056) | 45,292 |
| Motor vehicles | 29,912 | (23,601) | 6,311 |
| Renovation | 133,986 | (66,079) | 67,907 |
| Signboards | 23,712 | (11,960) | 11,752 |
| Racks, roll cages and shop equipment | 196,023 | (139,711) | 56,312 |
| Capital work-in-progress | 21,588 | - | 21,588 |
| | 685,155 | (331,945) | 353,210 |
| At 31.12.2022 | | | |
| Freehold land | 54,521 | - | 54,521 |
| Buildings | 139,621 | (14,330) | 125,291 |
| Furniture, fittings and office equipment | 141,271 | (95,806) | 45,465 |
| Motor vehicles | 34,214 | (26,836) | 7,378 |
| Renovation | 152,748 | (79,625) | 73,123 |
| Signboards | 27,001 | (14,328) | 12,673 |
| Solar system | 1,068 | (214) | 854 |
| Racks, roll cages and shop equipment | 231,045 | (169,764) | 61,281 |
| Capital work-in-progress | 5,505 | - | 5,505 |
| | 786,994 | (400,903) | 386,091 |

## 4. PROPERTY AND EQUIPMENT (CONT'D)

| | At cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
|---|---|---|---|
| At 30.9.2023 | | | |
| Freehold land | 54,521 | - | 54,521 |
| Buildings | 153,062 | (16,621) | 136,441 |
| Furniture, fittings and office equipment | 157,143 | (108,895) | 48,248 |
| Motor vehicles | 36,497 | (28,527) | 7,970 |
| Renovation | 166,397 | (90,338) | 76,059 |
| Signboards | 30,863 | (16,299) | 14,564 |
| Solar system | 2,787 | (423) | 2,364 |
| Racks, roll cages and shop equipment | 258,298 | (191,255) | 67,043 |
| Capital work-in-progress | 1,665 | - | 1,665 |
| | 861,233 | (452,358) | 408,875 |

The carrying amounts of properties pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 13 to the combined financial statements are as follows:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Freehold land | 35,426 | 36,653 | 36,653 | 31,315 |
| Buildings | 78,693 | 71,267 | 69,660 | 75,725 |
| Capital work-in-progress | - | 47 | 165 | 261 |

*[The rest of this page is intentionally left blank]*

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## 5. RIGHT-OF-USE ASSETS

| | At 1.1.2020 RM'000 | Additions RM'000 | Depreciation RM'000 | At 31.12.2020 RM'000 |
|---|---|---|---|---|
| Carrying Amount | | | | |
| Leasehold land | 24,308 | 3,645 | (407) | 27,546 |
| Retail outlets, hostels and warehouse | 862,173 | 89,795 | (148,190) | 803,778 |
| | 886,481 | 93,440 | (148,597) | 831,324 |

| | At 1.1.2021 RM'000 | Addition RM'000 | Depreciation RM'000 | At 31.12.2021 RM'000 |
|---|---|---|---|---|
| Carrying Amount | | | | |
| Leasehold land | 27,546 | - | (437) | 27,109 |
| Retail outlets, hostels and warehouse | 803,778 | 74,835 | (127,459) | 751,154 |
| | 831,324 | 74,835 | (127,896) | 778,263 |

| Carrying Amount | At 1.1.2022 RM'000 | Additions RM'000 | Depreciation RM'000 | At 31.12.2022 RM'000 |
|---|---|---|---|---|
| Leasehold land | 27,109 | 16,989 | (620) | 43,478 |
| Retail outlets, hostels and warehouse | 751,154 | 80,574 | (139,002) | 692,726 |
| | 778,263 | 97,563 | (139,622) | 736,204 |

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## 5. RIGHT-OF-USE ASSETS (CONT'D)

| Carrying Amount | At 1.1.2023 RM'000 | Additions RM'000 | Derecognition due to lease termination RM'000 | Modification of lease liabilities RM'000 | Depreciation RM'000 | At 30.9.2023 RM'000 |
|---|---|---|---|---|---|---|
| Leasehold land | 43,478 | 380 | - | - | (468) | 43,390 |
| Retail outlets,hostels and warehouse | 692,726 | 70,384 | (851) | 54,439 | (113,716) | 702,982 |
| | 736,204 | 70,764 | (851) | 54,439 | (114,184) | 746,372 |

*[The rest of this page is intentionally left blank]*

## 5. RIGHT-OF-USE ASSETS (CONT'D)

| | At cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
|---|---|---|---|
| At 31.12.2020 | | | |
| Leasehold land | 29,647 | (2,101) | 27,546 |
| Retail outlets, hostels and warehouse | 951,968 | (148,190) | 803,778 |
| | 981,615 | (150,291) | 831,324 |
| At 31.12.2021 | | | |
| Leasehold land | 29,647 | (2,538) | 27,109 |
| Retail outlets, hostels and warehouse | 1,026,803 | (275,649) | 751,154 |
| | 1,056,450 | (278,187) | 778,263 |
| At 31.12.2022 | | | |
| Leasehold land | 46,636 | (3,158) | 43,478 |
| Retail outlets, hostels and warehouse | 1,107,377 | (414,651) | 692,726 |
| | 1,154,013 | (417,809) | 736,204 |
| At 30.9.2023 | | | |
| Leasehold land | 47,016 | (3,626) | 43,390 |
| Retail outlets, hostels and warehouse | 1,230,269 | (527,287) | 702,982 |
| | 1,277,285 | (530,913) | 746,372 |

(a) The Group has lease contracts for leasehold land, retail outlets, hostels and warehouse used in its operations. Their lease terms (include extension options) are appended below:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 Years | 31.12.2021 Years | 31.12.2022 Years | 30.9.2023 Years |
| Leasehold land | 40 to 869 | 40 to 869 | 40 to 869 | 40 to 869 |
| Retail outlets, hostels and warehouse | 2 to 10 | 2 to 10 | 2 to 10 | 2 to 10 |

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'leases of low-value assets' recognition exemptions for these leases.

## 5. RIGHT-OF-USE ASSETS (CONT'D)

(c) The Group has lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

(d) Included in leasehold land was a total carrying amount of RM30,924,294 (31.12.2022 - RM31,255,240; 31.12.2021 - RM14,706,668; 31.12.2020 - RM14,963,258) which has been pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 13 to the combined financial statements.

## 6. INTANGIBLE ASSET

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020<br>RM'000 | 31.12.2021<br>RM'000 | 31.12.2022<br>RM'000 | 30.9.2023<br>RM'000 |
| Purchase of trademark, at cost | 100 | 100 | 100 | 100 |
| Accumulated amortisation: | | | | |
| At 1 January | (85) | (90) | (95) | (100) |
| Amortisation for the financial year | (5) | (5) | (5) | - |
| At 31 December | (90) | (95) | (100) | (100) |
| Carrying amount | 10 | 5 | - | - |

## 7. DEFERRED TAX ASSETS

| | At<br>1.1.2020<br>RM'000 | Recognised in<br>Profit or Loss<br>(Note 23)<br>RM'000 | At<br>31.12.2020<br>RM'000 |
|---|---|---|---|
| **Deferred Tax Assets** | | | |
| Property and equipment | - | 1,861 | 1,861 |
| Lease liabilities | - | 197,056 | 197,056 |
| | - | 198,917 | 198,917 |
| **Deferred Tax Liability** | | | |
| Right-of-use assets | - | (192,056) | (192,056) |
| | - | 6,861 | 6,861 |

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## 7. DEFERRED TAX ASSETS (CONT'D)

| | At 1.1.2021 RM'000 | Recognised in Profit or Loss (Note 23) RM'000 | At 31.12.2021 RM'000 |
|---|---|---|---|
| **Deferred Tax Assets** | | | |
| Property and equipment | 1,861 | 257 | 2,118 |
| Lease liabilities | 197,056 | (8,477) | 188,579 |
| | 198,917 | (8,220) | 190,697 |
| **Deferred Tax Liability** | | | |
| Right-of-use assets | (192,056) | 13,268 | (178,788) |
| | 6,861 | 5,048 | 11,909 |

| | At 1.1.2022 RM'000 | Recognised in Profit or Loss (Note 23) RM'000 | At 31.12.2022 RM'000 |
|---|---|---|---|
| **Deferred Tax Assets** | | | |
| Property and equipment | 2,118 | 217 | 2,335 |
| Lease liabilities | 188,579 | (11,053) | 177,526 |
| | 190,697 | (10,836) | 179,861 |
| **Deferred Tax Liability** | | | |
| Right-of-use assets | (178,788) | 14,528 | (164,260) |
| | 11,909 | 3,692 | 15,601 |

| | At 1.1.2023 RM'000 | Recognised in Profit or Loss (Note 23) RM'000 | At 30.9.2023 RM'000 |
|---|---|---|---|
| **Deferred Tax Assets** | | | |
| Property and equipment | 2,335 | (2,335) | - |
| Lease liabilities | 177,526 | 3,970 | 181,496 |
| | 179,861 | 1,635 | 181,496 |
| **Deferred Tax Liability** | | | |
| Property and equipment | - | (1,819) | (1,819) |
| Right-of-use assets | (164,260) | (1,985) | (166,245) |
| | (164,260) | (3,804) | (168,064) |
| | 15,601 | (2,169) | 13,432 |

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## 7. DEFERRED TAX ASSETS (CONT'D)

The deferred tax assets have been recognised by the Group on the basis of the Group's previous history of recording profits and to the extent that it is probable that future profits will be available against which the temporary differences can be utilised.

## 8. INVENTORIES

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At cost:- | | | | |
| Goods held for resale | 726,793 | 803,128 | 1,093,026 | 1,198,920 |

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Recognised in profit or loss:- | | | | | |
| Inventories written off | 8,093 | 7,301 | 10,685 | 7,356 | 9,911 |
| Inventories recognised as cost of sales | 6,198,652 | 7,073,416 | 7,323,266 | 5,355,334 | 6,163,495 |

## 9. TRADE RECEIVABLES

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables: | | | | |
| - Related parties[(a)] | 14,409 | 11,918 | 19,532 | 14,275 |
| - Unrelated parties | 4,333 | 5,369 | 8,246 | 9,389 |
| | 18,742 | 17,287 | 27,778 | 23,664 |

[(a)] *being companies in which a director of the Group has a substantial financial interest.*

The trade receivables represent amount owing from corporate customers and transactions conducted with business associates which are generally from 1 to 30 days (31.12.2022 - 1 to 30 days; 31.12.2021 - 1 to 30 days; 31.12.2020 - 1 to 30 days) terms.

## 9. TRADE RECEIVABLES (CONT'D)

The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status (stated at gross) is as follows:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Not past due | 18,423 | 16,914 | 20,581 | 23,310 |
| 1 to 30 days past due | 87 | 183 | 619 | 192 |
| 31 to 90 days past due | 232 | 190 | 6,578 | 162 |
| | 18,742 | 17,287 | 27,778 | 23,664 |

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 180 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables are not considered to be material and hence, have not been recognised.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Other receivables: | | | | |
| - Related parties[(a)] | 973 | 11 | 165 | 372 |
| - Unrelated parties | 961 | 1,035 | 932 | 919 |
| | 1,934 | 1,046 | 1,097 | 1,291 |
| Deposits | 29,712 | 42,750 | 35,273 | 44,710 |
| Prepayments | 215 | 176 | 298 | 563 |
| | 31,861 | 43,972 | 36,668 | 46,564 |

[(a)] *being companies in which certain directors of the Group or their close family members have substantial financial interests.*

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The currency profile of other receivables, deposits and prepayments is as follows:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Chinese Yuan | - | - | - | 98 |
| Ringgit Malaysia | 31,861 | 43,972 | 36,668 | 46,466 |
| | 31,861 | 43,972 | 36,668 | 46,564 |

**Other Receivables**

The amount owing by related parties represents advances to companies in which certain directors of the Group or their close family members have substantial financial interests. The amount is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

**Deposits**

Included in deposits as at 30 September 2023 was an amount of RM6,044,525 for purchase of freehold land cum warehouse. The said deposit will be transferred into property and equipment upon the fulfilment of condition precedent stated in Sales and Purchase Agreement dated 14 September 2023 (Note 36 (e)).

Included in deposits as at 31 December 2021 was an amount of RM10,368,764 for purchase of leasehold land. The leasehold land has been pledged to a licensed bank as security for credit facilities granted to the Group as disclosed in Note 13 to the combined financial statements.

**Prepayments**

Included in prepayments as at 31 December 2022 is an advance payment made to a supplier amounting to RM70,314, and as at 31 December 2021 was an advance payment made to a related party amounting to RM5,869 which are unsecured, non-interest bearing and will be offset against future purchases.

## 11. CASH AND CASH EQUIVALENTS

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 29,420 | 28,845 | 85,056 | 72,740 |
| Fixed deposits with licensed banks | 100,723 | 321,318 | - | - |
| | 130,143 | 350,163 | 85,056 | 72,740 |

## 11. CASH AND CASH EQUIVALENTS (CONT'D)

The effective interest rate of fixed deposits with licensed banks as at 30 September 2023 is Nil (31.12.2022 - Nil; 31.12.2021 - 2.28% - 2.30%; 31.12.2020 - 2.10%) per annum.

The currency profile of cash and cash equivalents is as follows:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Chinese Yuan | - | - | - | 5 |
| Ringgit Malaysia | 130,143 | 350,163 | 85,056 | 72,735 |
| | 130,143 | 350,163 | 85,056 | 72,740 |

For the purpose of combined statements of cash flows, cash and cash equivalents comprise the followings:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 29,420 | 28,845 | 85,056 | 72,740 |
| Fixed deposits with licensed banks | 100,723 | 321,318 | - | - |
| | 130,143 | 350,163 | 85,056 | 72,740 |
| Less: | | | | |
| - Fixed deposits with tenure of more than 3 months | - | (321,318) | - | - |
| - Bank overdrawn (Note 13) | (5,937) | (5,076) | - | - |
| Cash and cash equivalents | 124,206 | 23,769 | 85,056 | 72,740 |

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

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## 12. SHARE CAPITAL AND INVESTED EQUITY

(a) Share capital

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | Number of shares | | | |
| Balance as at 1 January/date of incorporation | - | - | - | 100 |
| Balance as at 31 December/ 30 September | - | - | - | 100 |

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM | RM | RM | RM |
| Balance as at 1 January/date of incorporation | - | - | - | 100 |
| Balance as at 31 December/ 30 September | - | - | - | 100 |

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## 12. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)

(b) Invested equity

| | Audited as at | | | | Audited as at | | | |
|---|---|---|---|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | Number of shares ('000) | | | | RM'000 | RM'000 | RM'000 | RM'000 |
| Issued and fully paid-up shares with no par value of the combined entities classified as equity instruments: | | | | | | | | |
| At 1 January | 4,000 | 4,000 | 17,500 | 17,500 | 4,000 | 4,000 | 17,500 | 17,500 |
| Issuance of bonus shares | - | 13,500 | - | - | - | 13,500 | - | - |
| At 31 December/30 September | 4,000 | 17,500 | 17,500 | 17,500 | 4,000 | 17,500 | 17,500 | 17,500 |

(i) For the purpose of the combined financial statements, the invested equity at the end of the respective financial years/period ended 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023 is the aggregate of the share capital of the combining entities constituting the Group.

(ii) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(iii) During the financial year ended 31 December 2021, 99SM increased its issued and paid-up share capital from RM2,500,000 to RM15,000,000 by way of bonus issue of 12,500,000 new ordinary shares of RM1 each in the ratio of five bonus shares for every one existing ordinary share held. The bonus shares were issued by way of capitalisation of RM12,500,000 from retained profits.

## 12. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)

(iv) During the financial year ended 31 December 2021, 99EM increased its issued and paid-up capital from RM1,500,000 to RM2,500,000 by the way of bonus issue of 1,000,000 new ordinary shares of RM1 each in the ratio of two bonus shares for every three existing ordinary shares held. The bonus shares were issued by way of capitalisation of RM1,000,000 from retained profits.

(v) The new ordinary shares issued rank pari passu in all respects with the existing shares of the combining entities.

## 13. LOANS AND BORROWING

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Secured | | | | |
| Term loans (floating rate) | 58,360 | 50,687 | 56,531 | 53,091 |
| Unsecured | | | | |
| Bank overdrawn (floating rate) | 5,937 | 5,076 | - | - |
| | 64,297 | 55,763 | 56,531 | 53,091 |
| Disclosed as: | | | | |
| - Current liabilities | 10,900 | 9,319 | 4,446 | 4,567 |
| - Non-current liabilities | 53,397 | 46,444 | 52,085 | 48,524 |
| | 64,297 | 55,763 | 56,531 | 53,091 |

The term loans are secured by ways of:-

(i) first party legal charges over certain properties and right-of-use assets belonging to the Group as disclosed in Notes 4 and 5 to the combined financial statements;

(ii) a corporate guarantee issued by 99SM;

(iii) personal guarantee by a director of the Group; and

(iv) a joint and several guarantee by certain directors of the Group.

The effective interest rates of loans and borrowing as at 30 September 2023 are 4.20% to 5.35% (31.12.2022 - 4.20% to 5.35%; 31.12.2021 - 3.20% to 4.35%; 31.12.2020 - 2.95%% to 4.52%) per annum.

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## 13. LOANS AND BORROWING (CONT'D)

**Term Loans**

Term loans are repayable over 8 to 15 years. The repayment analysis is as follows:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Gross loan instalments: | | | | |
| - Within 1 year | 6,940 | 5,931 | 6,266 | 6,283 |
| - Later than 1 year and not later than 2 years | 6,940 | 5,931 | 6,266 | 6,283 |
| - Later than 2 years and not later than 5 years | 20,820 | 17,793 | 18,681 | 18,628 |
| - Later than 5 years | 33,496 | 29,531 | 34,580 | 30,466 |
| Total contractual undiscounted cash flows | 68,196 | 59,186 | 65,793 | 61,660 |
| Future finance charges | (9,836) | (8,499) | (9,262) | (8,569) |
| Present value of term loans: | | | | |
| - Within 1 year | 4,963 | 4,243 | 4,446 | 4,567 |
| - Later than 1 year and not later than 2 years | 5,127 | 4,375 | 4,580 | 4,705 |
| - Later than 2 years and not later than 5 years | 15,888 | 13,532 | 14,037 | 14,330 |
| - Later than 5 years | 32,382 | 28,537 | 33,468 | 29,489 |
| | 58,360 | 50,687 | 56,531 | 53,091 |

The fair value of term loans is measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2 of the fair value hierarchy). The fair value measured is considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

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## 14. LEASE LIABILITIES

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Gross lease liabilities: | | | | |
| - Within 1 year | 139,924 | 154,121 | 170,695 | 185,470 |
| - Later than 1 year and not later than 5 years | 825,858 | 754,323 | 669,378 | 664,191 |
| - Later than 5 years | 14,218 | 5,896 | 964 | 3,789 |
| Total contractual undiscounted cash flows | 980,000 | 914,340 | 841,037 | 853,450 |
| Future finance charges | (158,937) | (128,597) | (101,348) | (97,217) |
| Present value of lease liabilities | | | | |
| - Within 1 year | 99,973 | 116,371 | 136,134 | 149,906 |
| - Later than 1 year and not later than 5 years | 697,464 | 655,631 | 587,036 | 602,220 |
| - Later than 5 years | 23,626 | 13,741 | 16,519 | 4,107 |
| | 821,063 | 785,743 | 739,689 | 756,233 |
| Disclosed as: | | | | |
| - Current liabilities | 99,973 | 116,371 | 136,134 | 149,906 |
| - Non-current liabilities | 721,090 | 669,372 | 603,555 | 606,327 |
| | 821,063 | 785,743 | 739,689 | 756,233 |

The movements of lease liabilitsies are as follows:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| At 1 January | 827,726 | 821,063 | 785,743 | 739,689 |
| Additions | 85,539 | 70,795 | 76,391 | 66,701 |
| Changes due to lease modification | - | - | - | 54,439 |
| Changes due to lease termination | - | - | - | (939) |
| Interest expense recognised in profit or loss | 38,868 | 41,640 | 39,435 | 29,443 |
| Repayment of principal | (92,003) | (106,060) | (122,382) | (103,657) |
| COVID-19-related rent concessions | (199) | (55) | (63) | - |
| Repayment of interest expense | (38,868) | (41,640) | (39,435) | (29,443) |
| At 31 December/30 September | 821,063 | 785,743 | 739,689 | 756,233 |

The incremental borrowing rate applied to lease liabilities as at 30 September 2023 is 5.15% (31.12.2022 - 5.15%; 31.12.2021 - 5.15%; 31.12.2020 - 5.15%) per annum.

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## 15. PROVISION FOR RESTORATION COSTS

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| At 1 January | 34,447 | 38,858 | 43,208 | 47,865 |
| Provision made during the year/period | 4,256 | 4,040 | 4,183 | 3,683 |
| Unwinding of discount factor | 155 | 310 | 474 | 462 |
| Provision reversed during the financial period | - | - | - | (66) |
| At 31 December/30 September | 38,858 | 43,208 | 47,865 | 51,944 |

Under lease arrangements, the Group has an obligation to dismantle and restore those leased retail outlets at the end of the lease terms to an acceptable condition consistent with the lease agreements.

The provisions are estimated using the assumption that removal and restoration will only take place upon expiry of the lease term of 6 years (31.12.2022 - 6 years; 31.12.2021 - 6 years; 31.12.2020 - 6 years). The discount rate and inflation rate used to determine the obligation as at the reporting date were 3.60% and 2.70% (31.12.2022 - 3.60% and 2.70%; 31.12.2021 - 3.60% and 2.70%; 31.12.2020 - 3.60% and 2.70%) respectively.

While the provisions are based on the best estimate of future costs and the economic life of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, when there is indication of a material change.

## 16. TRADE PAYABLES

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Related parties[(a)] | 11,036 | 10,029 | 13,081 | 10,643 |
| Unrelated parties | 564,921 | 630,130 | 792,094 | 978,356 |
| | 575,957 | 640,159 | 805,175 | 988,999 |

[(a)] *being companies in which certain directors of the Group or their close family members have substantial financial interests.*

The normal trade credit terms granted to the Group range from 14 to 90 days (31.12.2022 - 14 to 90 days; 31.12.2021 - 14 to 90 days; 31.12.2020 - 14 to 90 days).

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## 17. OTHER PAYABLES AND ACCRUALS

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other payables: | | | | |
| - A director | - | - | - | 211 |
| - Related parties[(a)] | 855 | 7,989 | 389 | 1,342 |
| - Unrelated parties | 29,989 | 27,145 | 32,769 | 32,337 |
| - Deposits received | 4,094 | 4,625 | 3,889 | - |
| | 34,938 | 39,759 | 37,047 | 33,890 |
| Accruals | 21,194 | 22,434 | 30,065 | 24,000 |
| | 56,132 | 62,193 | 67,112 | 57,890 |

[(a)] *being companies in which certain directors of the Group or their close family members have substantial financial interests.*

The amount owing to related parties represents unsecured, interest-free advances granted to the Group. The amount is repayable on demand and is to be settled in cash.

## 18. CONTRACT LIABILITY

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Unutilised vouchers | 2,187 | 3,798 | 2,727 | 2,150 |

The contract liability primarily relates to the unutilised cash vouchers as at end of each reporting period which revenue is recognised at a point in time upon redemption.

The following table shows reconciliation from the opening balance to the closing balance for unutilised vouchers:-

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January | 1,059 | 2,187 | 3,798 | 2,727 |
| Additions during the financial year/period | 1,685 | 8,044 | 4,117 | 5,545 |
| Redemptions/Expired | (557) | (6,433) | (5,188) | (6,122) |
| At 31 December/30 September | 2,187 | 3,798 | 2,727 | 2,150 |

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## 19. REVENUE

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with customers:- | | | | | |
| Revenue recognised at a point in time | | | | | |
| - Sale of goods | 6,841,360 | 7,836,756 | 8,075,262 | 5,906,466 | 6,803,141 |

Revenue from sale of goods is recognised at a point in time when control of the goods has been transferred to customer, which coincides with the delivery of goods and acceptance by customers.

Information about disaggregation of revenue has not been disclosed as the Group derives revenue mainly from retail sales.

## 20. OTHER OPERATING INCOME

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Product display fees | 336,533 | 412,536 | 441,914 | 295,790 | 361,342 |
| Target incentives | 130,033 | 154,139 | 163,347 | 77,180 | 129,940 |
| Distribution centre fees | 91,453 | 110,150 | 121,937 | 84,897 | 106,738 |
| Advertising and promotional fees | 4,700 | 4,514 | 12,396 | 8,714 | 9,274 |
| Others | 4,235 | 3,900 | 3,264 | 2,444 | 2,673 |
| | 566,954 | 685,239 | 742,858 | 469,025 | 609,967 |

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## 21. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):-

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Amortisation of trademark | 5 | 5 | 5 | 4 | - |
| Audit fee: | | | | | |
| - current financial year/period | 163 | 160 | 500 | 375 | 375 |
| - overprovision in the previous financial year | - | (5) | - | - | - |
| Depreciation of property and equipment | 57,466 | 61,499 | 69,383 | 49,238 | 52,370 |
| Depreciation of right-of-use assets | 148,597 | 127,896 | 139,622 | 103,526 | 114,184 |
| Interest expense on lease liabilities | 38,868 | 41,640 | 39,435 | 29,826 | 29,443 |
| Interest expense of financial liabilities that are not at fair value through profit or loss: | | | | | |
| - term loans | 2,516 | 1,842 | 2,058 | 1,478 | 1,831 |
| - bank overdrawn | - | 2 | 3 | 3 | * |
| - banker acceptance | - | - | - | - | 32 |
| - unwinding of discount on provision for restoration costs | 155 | 310 | 474 | 311 | 462 |
| Inventories written off | 8,093 | 7,301 | 10,685 | 7,356 | 9,911 |
| Lease expense relating to: | | | | | |
| - short-term leases | 190 | 15 | 9 | 7 | 61 |
| - leases of low-value assets | 70 | 71 | 90 | 65 | 81 |
| Personnel expenses (Note 22) | 418,984 | 474,896 | 543,849 | 385,442 | 483,537 |
| COVID-19-related rent concessions | (199) | (55) | (63) | (50) | - |
| Interest income of financial assets that are not at fair value through profit or loss | (2,788) | (4,612) | (3,053) | (2,173) | (1,142) |
| Gain on derecognition due to lease termination | - | - | - | - | (88) |
| Gain on disposal of equipment | - | (37) | (19) | (18) | (217) |
| Operating lease income | (514) | (458) | (531) | (392) | (446) |
| Reversal of provision for restoration costs | - | - | - | - | (66) |

** - denote RM300.*

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## 22. PERSONNEL EXPENSES

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Directors of the Company: | | | | | |
| - Fee | 1,260 | 1,460 | 1,775 | 1,325 | 1,350 |
| - Other short-term employee benefits | 651 | 682 | 772 | 408 | 410 |
| - Defined contribution plan | 91 | 72 | 71 | 36 | 34 |
| | 2,002 | 2,214 | 2,618 | 1,769 | 1,794 |
| Employees: | | | | | |
| - Short-term employee benefits | 381,524 | 432,484 | 494,102 | 350,297 | 441,212 |
| - Defined contribution plan | 35,458 | 40,198 | 47,129 | 33,376 | 40,531 |
| | 416,982 | 472,682 | 541,231 | 383,673 | 481,743 |
| | 418,984 | 474,896 | 543,849 | 385,442 | 483,537 |

Included in the employee benefits expense were the remuneration paid to key management personnel amounting to RM1,172,358 (31.12.2022 - RM1,295,310; 31.12.2021 - RM1,231,792; 31.12.2020 - RM1,141,359).

The estimated monetary value of benefits received or receivables by certain directors and key management personnel otherwise than in cash amounted to RM47,175 (31.12.2022 - RM62,900; 31.12.2021 - RM62,900; 31.12.2020 - RM62,900).

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## 23. INCOME TAX EXPENSE

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | | |
| - for the financial year/period | 110,087 | 147,737 | 161,941 | 96,865 | 98,887 |
| - (over)/underprovision of tax in the previous financial year | (864) | 33 | (801) | (801) | - |
| | 109,223 | 147,770 | 161,140 | 96,064 | 98,887 |
| Deferred tax: | | | | | |
| - for the financial year/period | (6,861) | (5,048) | (3,692) | (2,672) | 2,153 |
| - underprovision of tax in the previous financial year | - | - | - | - | 16 |
| Income tax expense | 102,362 | 142,722 | 157,448 | 93,392 | 101,056 |

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

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before taxation | 377,290 | 561,816 | 484,113 | 292,237 | 394,747 |
| Tax at the statutory tax rate of 24% | 90,550 | 134,836 | 116,187 | 70,137 | 94,739 |
| Incremental effect of Cukai Makmur at the tax rate of 33% (2021: Nil; 2020 - Nil) | - | - | 35,043 | 18,497 | - |
| Non-deductible expenses | 12,772 | 7,940 | 7,155 | 5,680 | 6,395 |
| Non-taxable income | (96) | (87) | (136) | (121) | (94) |
| (Over)/underprovision of tax in the previous financial year | | | | | |
| - current tax | (864) | 33 | (801) | (801) | - |
| - deferred tax | - | - | - | - | 16 |
| Income tax expense for the financial year/period | 102,362 | 142,722 | 157,448 | 93,392 | 101,056 |

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## 24. DIVIDENDS

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 99 Speed Mart Sdn. Bhd. | | | | | |
| In respect of the financial year ended 31 December 2020 | | | | | |
| First interim dividend of approximately RM10.20 per ordinary share | 25,500 | - | - | - | - |
| Second interim dividend of approximately RM30.01 per ordinary share | 75,035 | - | - | - | - |
| Third interim dividend of approximately RM38.02 per ordinary share | 95,049 | - | - | - | - |
| Fourth interim dividend of approximately RM15.77 per ordinary share | 39,416 | - | - | - | - |
| In respect of the financial year ended 31 December 2021 | | | | | |
| First interim dividend of approximately RM8.80 per ordinary share | - | 22,000 | - | - | - |
| Second interim dividend of approximately RM1.42 per ordinary share | - | 21,300 | - | - | - |
| Third interim dividend of approximately RM377 for every 150 ordinary share | - | 37,700 | - | - | - |
| Fourth interim dividend of approximately RM733 for every 150 ordinary share | - | 73,300 | - | - | - |
| Dividends carried forward | 235,000 | 154,300 | - | - | - |

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## 24. DIVIDENDS (CONT'D)

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Dividends brought forward | 235,000 | 154,300 | - | - | - |
| 99 Speed Mart Sdn. Bhd. | | | | | |
| In respect of the financial year ended 31 December 2022 | | | | | |
| First interim dividend of approximately RM15.74 per ordinary share | - | - | 236,124 | - | - |
| Second interim dividend of approximately RM2.73 per ordinary share | - | - | 40,880 | - | - |
| Third interim dividend of approximately RM1.65 per ordinary share | - | - | 24,685 | - | - |
| Fourth interim dividend of approximately RM8.67 per ordinary share | - | - | 130,111 | - | - |
| In respect of the financial year ended 31 December 2022 | | | | | |
| First interim dividend of approximately RM15.74 per ordinary share | - | - | - | 236,124 | - |
| Second interim dividend of approximately RM2.73 per ordinary share | - | - | - | 40,880 | - |
| Third interim dividend of approximately RM1.65 per ordinary share | - | - | - | 24,685 | - |
| Dividends carried forward | 235,000 | 154,300 | 431,800 | 301,689 | - |

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## 24. DIVIDENDS (CONT'D)

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Dividends brought forward | 235,000 | 154,300 | 431,800 | 301,689 | - |
| 99 Speed Mart Sdn. Bhd. | | | | | |
| In respect of the financial year ending 31 December 2023 | | | | | |
| First interim dividend of approximately RM621 for every 150 ordinary share | - | - | - | - | 62,100 |
| Second interim dividend of approximately RM2,014 for every 150 ordinary share | - | - | - | - | 201,400 |
| 99 Speed Mart (East Malaysia) Sdn. Bhd . | | | | | |
| In respect of the financial year ending 31 December 2023 | | | | | |
| First interim dividend of approximately RM30.80 per ordinary share | - | - | - | - | 77,000 |
| Dividends paid | 235,000 | 154,300 | 431,800 | 301,689 | 340,500 |

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## 25. NOTES TO COMBINED STATEMENT OF CASH FLOWS

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Acquisition of Right-of-use Assets** | | | | | |
| Cost of right-of-use assets acquired | 93,440 | 74,835 | 97,563 | 76,198 | 70,764 |
| Acquisition by means of leases | (85,539) | (70,795) | (76,391) | (56,133) | (66,701) |
| Provision of restoration costs | (4,256) | (4,040) | (4,183) | (3,076) | (3,683) |
| Deposit paid in previous financial year | - | - | (10,369) | (10,369) | - |
| Net cash disbursed | 3,645 | - | 6,620 | 6,620 | 380 |
| | | | | | |
| **Short-term Loans and Borrowing** | | | | | |
| At 1 January | 2,376 | 5,937 | 5,076 | 5,076 | - |
| Net cash flow changes | 3,561 | (861) | (5,076) | (5,076) | - |
| At 31 December/30 September | 5,937 | 5,076 | - | - | - |
| | | | | | |
| Represented by: | | | | | |
| - Bank overdrawn | 5,937 | 5,076 | - | - | - |
| | | | | | |
| **Term Loans** | | | | | |
| At 1 January | 62,389 | 58,360 | 50,687 | 50,687 | 56,531 |
| Drawdown | 9,000 | 7,380 | 10,419 | 10,419 | - |
| Repayments | (13,029) | (15,053) | (4,575) | (3,426) | (3,440) |
| At 31 December/30 September | 58,360 | 50,687 | 56,531 | 57,680 | 53,091 |

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## 25. NOTES TO COMBINED STATEMENT OF CASH FLOWS (CONT'D)

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Lease Liabilities** | | | | | |
| At 1 January | 827,726 | 821,063 | 785,743 | 785,743 | 739,689 |
| Additions | 85,539 | 70,795 | 76,391 | 56,133 | 66,701 |
| Repayments | (92,003) | (106,060) | (122,382) | (90,083) | (103,657) |
| Changes due to lease modification | - | - | - | - | 54,439 |
| Changes due to lease termination | - | - | - | - | (939) |
| COVID-19-related rent concessions | (199) | (55) | (63) | (50) | - |
| At 31 December/30 September | 821,063 | 785,743 | 739,689 | 751,743 | 756,233 |

The total cash outflow for leases is as follows:

| | 2020 | 2021 | 2022 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Operating Activities** | | | | | |
| Lease expense recognised in profit or loss (Note 21): | | | | | |
| - short-term leases | 190 | 15 | 9 | 7 | 61 |
| - leases of low-value assets | 70 | 71 | 90 | 65 | 81 |
| Interest portion of lease liabilities (Note 21) | 38,868 | 41,640 | 39,435 | 29,826 | 29,443 |
| **Investing Activities** | | | | | |
| Acquisition of right-of-use assets | 3,645 | - | 6,620 | 6,620 | 380 |
| **Financing Activities** | | | | | |
| Principal portion of lease liabilities | 92,003 | 106,060 | 122,382 | 90,083 | 103,657 |
| | 134,776 | 147,786 | 168,536 | 126,601 | 133,622 |

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## 26. RELATED PARTY DISCLOSURES

Transactions with related parties during the financial years/periods other than those disclosed elsewhere in the combined financial statements are as follows:-

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Transactions with companies in which certain directors have substantial financial interests: | | | | | |
| - Administrative expenses | 2,876 | 2,494 | 2,856 | 2,336 | 4,010 |
| - Promotion expenses | 310 | 78 | 109 | 109 | 4 |
| - Professional fee | 480 | 1,003 | - | - | - |
| - Purchase of goods | 29,317 | 49,386 | 49,091 | 35,609 | 45,865 |
| - Purchase of property and equipment | 1,191 | 8,903 | 2,500 | 2,037 | 1,165 |
| - Lease expense | 1,159 | 1,327 | 1,076 | 794 | 879 |
| - Maintenance expense | 1,178 | 490 | 186 | 95 | 241 |
| - Merchant fee charges | 1,155 | 1,712 | 2,217 | 1,624 | 1,979 |
| - Advertising income | (1,657) | (890) | (1,460) | (1,081) | (898) |
| - Block display incentive received | (1,085) | (1,551) | (1,283) | (898) | (933) |
| - Delivery point commission | (120) | (46) | (20) | (16) | (12) |
| - Disposal of equipment | - | (37) | - | - | - |
| - Distribution center rebate | (615) | (1,004) | (1,271) | (978) | (1,022) |
| - E-pay commission | (3,692) | (3,449) | (2,828) | (2,109) | (2,380) |
| - Operating lease income | (277) | (278) | (292) | (212) | (240) |
| - Prompt payment charge | (407) | (547) | (565) | (419) | (535) |
| - Sale of goods | (1,060) | (1,515) | (7,470) | (6,339) | (1,834) |
| - Supplier fund | (824) | (1,062) | (701) | (388) | (491) |
| - Sponsorship | (9) | (7) | (124) | (115) | (12) |
| - Target incentive received | (642) | (668) | (622) | (284) | (630) |

## 26. RELATED PARTY DISCLOSURES (CONT'D)

Transactions with related parties during the financial years/periods other than those disclosed elsewhere in the combined financial statements are as follows (Cont;d):-

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | 2022 RM'000 | 2023 RM'000 |
| Transactions with companies in which certain directors' close family members have substantial financial interests: | | | | | |
| - Administrative expenses | - | 45 | 154 | 122 | 113 |
| - Printing and stationery | - | 95 | 496 | 367 | 303 |
| - Purchase of goods | 61,447 | 59,343 | 78,936 | 54,498 | 66,570 |
| - Purchase of equipment | - | 72 | 642 | 299 | 1,034 |
| - Transportation charges | 159 | 227 | 306 | 220 | 189 |
| - Lease expense | 78 | 78 | 80 | 60 | 60 |
| - Maintenance expense | - | - | 2 | - | 1 |
| - Block display incentive received | - | - | - | - | (73) |
| - Supplier fund | - | (45) | (62) | (27) | (321) |
| - Sponsorship | - | (10) | (26) | (15) | (36) |
| Transaction with certain directors: | | | | | |
| - Lease expense | 148 | 148 | 169 | 121 | 203 |

## 27. CAPITAL COMMITMENT

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 30.9.2023 RM'000 |
| Acquisition of property and equipment | - | 6,620 | - | 44,278 |
| Construction of property | 17,021 | 13,881 | 7,889 | 21,833 |

## 28. FINANCIAL GUARANTEE CONTRACTS

99SM has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to 99EM up to a total limit of RM10,350,000 (31.12.2022 - RM10,350,000; 31.12.2021 - RM10,350,000; 31.12.2020 - RM10,350,000). The total utilisation of these credit facilities as at 30 September 2023 amounted to approximately RM4,973,209 (31.12.2022 - RM5,271,529; 31.12.2021 - RM5,697,602; 31.12.2020 - RM6,112,272). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be recalled at any time in the event of default by 99EM.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.10. After considering that the probability of 99EM defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair value on initial recognition are not expected to be material.

| | Audited | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Contractual undiscounted cash flows - on demand or within one year | 6,112 | 5,698 | 5,272 | 4,973 |

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## 29. EARNINGS PER SHARE

| | Audited | | | Unaudited | Audited |
|---|---|---|---|---|---|
| | FYE 31 December | | | FPE 30 September | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the financial years/ periods attributable to the owners of the Company (RM'000) | 274,928 | 419,094 | 326,665 | 198,845 | 293,691 |
| Weighted average number of ordinary shares in issue:- at 1 January ('000) | 4,000 | 4,000 | 17,500 | 17,500 | 17,500 |
| Issuance of shares ('000) | - | 10,689 | - | - | # |
| Weighted average number of ordinary share at 31 December/30 September ('000) | 4,000 | 14,689 | 17,500 | 17,500 | 17,500 |
| Basic earnings per ordinary share (sen) | 6,873 | 2,853 | 1,867 | 1,136 | 1,678 |

*# - denote 100.*

The diluted earnings per ordinary share is not applicable as there are no dilutive potential ordinary shares existing throughout the relevant reporting periods.

## 30. CONTINGENT LIABILITIES

The Group has bank guarantees of RM18,520,400 as at 30 September 2023 (31.12.2022 - RM17,020,400; 31.12.2021 - RM15,000,000; 31.12.2020 - RM13,596,634) as security deposits in favour of utility provider, town council and supplier.

## 31. BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

## 32. SUBSIDIARIES AND COMBINING ENTITIES

Details of the subsidiaries and the combining entities are as follows:-

| Name of subsidiaries/ combining entities | Country of incorporation/ Principal place of business | Effective ownership interest and voting interest 31.12.2020 % | 31.12.2021 % | 31.12.2022 % | 30.9.2023 % | Principal activities |
|---|---|---|---|---|---|---|
| **<u>Subsidiaries</u>** | | | | | | |
| Yiwu J-Jade Trading Co., Ltd. | China | # | # | # | 100 | Investment holding |
| **<u>Subsidiary of Yiwu J-Jade Trading</u>** | | | | | | |
| Yiwu Speed Mart Import And Export Co., Ltd. | China | # | # | # | # | Exporting of consumable merchandise and other household products |
| **<u>Combining entities</u>** | | | | | | |
| 99 Speed Mart Sdn. Bhd. | Malaysia | 100 | 100 | 100 | 100 | Retail of consumable merchandise and other household products via its network of "mini mart" outlets |
| 99 Speed Mart (East Malaysia) Sdn. Bhd. | Malaysia | 100 | 100 | 100 | 100 | Retail of consumable merchandise and other household products via its network of "mini mart" outlets |

\# *Not applicable since Yiwu J-Jade Trading and Yiwu SM Import & Export were incorporated on 28 September 2023 and 19 October 2023 respectively.*

## 33. FINANCIAL RISK MANAGEMENT

The activities of the Group are exposed to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged throughout the respective financial years/periods.

**Credit Risk**

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the combined statements of financial position.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties financial standings on an on-going basis, setting and monitoring counterparties limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 9.

**Liquidity Risk**

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

**Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currency other than its functional currency, i.e. Ringgit Malaysia ("RM"). The currency giving rise to this risk is primarily Chinese Yuan ("RMB"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Any reasonably possible change in the foreign currency exchange rates at the end of the financial years/period against its functional currency does not have a material impact on the profit after taxation and equity of the Company and hence, no sensitivity analysis is presented.

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## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

**Interest Rate Risk**

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely fixed deposits, loans and borrowing and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

| | **Audited as at** | | | |
|---|---|---|---|---|
| | 31.12.2020<br>RM'000 | 31.12.2021<br>RM'000 | 31.12.2022<br>RM'000 | 30.9.2023<br>RM'000 |
| **Fixed rate instruments** | | | | |
| Financial assets | 100,723 | 321,318 | - | - |
| Financial liabilities | 821,063 | 785,743 | 739,689 | 756,233 |
| **Floating rate instrument** | | | | |
| Financial liabilities | 64,297 | 55,763 | 56,531 | 53,091 |

For floating rate financial instrument measured at amortised cost, the following table demonstrates the sensitivity of profit or loss and equity to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

| | (Decrease)/ Increase in Profit After Taxation | (Decrease)/ Increase in Profit After Taxation | (Decrease)/ Increase in Profit After Taxation | (Decrease)/ Increase in Profit After Taxation |
|---|---|---|---|---|
| | **Audited as at** | | | |
| | 31.12.2020<br>RM'000 | 31.12.2021<br>RM'000 | 31.12.2022<br>RM'000 | 30.9.2023<br>RM'000 |
| Increase in interest rates by 100 basis points | (489) | (424) | (430) | (403) |
| Decrease in interest rates by 100 basis points | 489 | 424 | 430 | 403 |

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## 34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

## 35. FINANCIAL INSTRUMENTS

### 35.1 Classification of Financial Instruments

| | Audited as at | | | |
|---|---|---|---|---|
| | 31.12.2020 | 31.12.2021 | 31.12.2022 | 30.9.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Financial Assets** | | | | |
| Amortised Cost | | | | |
| Trade receivables | 18,742 | 17,287 | 27,778 | 23,664 |
| Other receivables | 1,934 | 1,046 | 1,097 | 1,291 |
| Cash and cash equivalents | 130,143 | 350,163 | 85,056 | 72,740 |
| | 150,819 | 368,496 | 113,931 | 97,695 |
| **Financial Liabilities** | | | | |
| Amortised Cost | | | | |
| Trade payables | 575,957 | 640,159 | 805,175 | 988,999 |
| Other payables and accruals | 56,132 | 62,193 | 67,112 | 57,890 |
| Loans and borrowing | 64,297 | 55,763 | 56,531 | 53,091 |
| Lease liabilities | 821,063 | 785,743 | 739,689 | 756,233 |
| | 1,517,449 | 1,543,858 | 1,668,507 | 1,856,213 |

### 35.2 Fair Value Information

At the end of each reporting period, there were no financial instruments carried at fair values in the combined statements of financial position.

The fair values of the financial assets and financial liabilities of the Group are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

## 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD

(a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and is of the opinion that there were no material financial impacts arising from the pandemic for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022;

(b) On 2 July 2021, 99SM entered into a Sale and Purchase Agreement with a third party to acquire a piece of leasehold land for a total purchase consideration of RM16,332,431. The acquisition was completed on 6 January 2022;

(c) On 16 July 2021, 99SM entered into a Sale and Purchase Agreement with a third party to acquire a piece of freehold land for a total purchase consideration of RM4,466,588. The acquisition was completed on 30 December 2021;

(d) On 8 December 2021, 99SM entered into a Sale and Purchase Agreement with a related party to acquire a piece of freehold land with a single storey warehouse and an annexed four storey office for a total purchase consideration of RM7,270,000. The acquisition was completed on 7 March 2022;

(e) On 14 September 2023, 99SM entered into a Sale and Purchase Agreement with a third party to acquire a freehold land cum warehouse for a total purchase consideration of RM43,000,000. The acquisition was completed on 6 November 2023; and

(f) On 28 September 2023, Yiwu J-Jade Trading was incorporated in China as a subsidiary of 99 Holdings. Yiwu J-Jade Trading is principally an investment holding company.

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## 37. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

(a) On 19 October 2023, Yiwu SM Import & Export was incorporated in China and wholly-own by Yiwu J-Jade Trading. The principal activity of Yiwu SM Import & Export is exporting of consumable merchandise and other household products;

(b) On 9 November 2023, the Company entered into a Conditional Share Sales Agreement with the existing shareholders of 99SM and 99EM for the acquisition of the entire equity interest in 99SM and 99EM comprising 15,000,000 and 2,500,000 ordinary shares respectively for a total purchase consideration of RM474,506,302 which will be satisfied by way of issuance of 474,506,302 new ordinary shares in the Company at an issue price of RM1.00 each to the existing shareholders of 99SM and 99EM. The acquisition of 99SM and 99EM was completed on 14 December 2023;

(c) On 30 November 2023, 99SM had declared the third interim dividend amounting to RM150,000,000 in respect of the financial year ending 31 December 2023. The dividend was fully paid in cash to its existing shareholders on 13 February 2024; and

(d) On 14 December 2023, 99SM entered into a Sale and Purchase Agreement with a third party to acquire a piece of freehold land for a total purchase consideration of RM3,715,530. The acquisition was completed on 15 February 2024.

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## STATEMENTS BY DIRECTORS

We, Lee Thiam Wah and Ng Lee Tieng, being two of the directors of 99 Speed Mart Retail Holdings Berhad (formerly known as 99 Speed Mart Holdings Sdn. Bhd.), state that, in the opinion of the directors, the combined financial statements set out on pages 4 to 76 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 September 2023 and of their financial performance and cash flows for the relevant reporting periods ended on those dates.

Signed in accordance with a resolution of the directors dated 22 FEB 2024

For and on behalf of the Board of Directors of 99 Speed Mart Retail Holdings Berhad.

**Lee Thiam Wah**

**Ng Lee Tieng**

## 14. ADDITIONAL INFORMATION

### 14.1 SHARE CAPITAL

(i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.

(ii) As at the LPD, we have only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(iii) Save as disclosed in Section 6.1.3 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the Periods Under Review and up to the LPD.

(iv) As at the date of this Prospectus, save for our Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.2.2 of this Prospectus, there is currently no other scheme involving our employees and Directors in the share capital of our Company or any of our subsidiaries.

(v) We have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.

(vi) As at the date of this Prospectus, neither we nor our subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.

(vii) Save as disclosed in Sections 2.2 and 12.4 of this Prospectus and save as provided for under our Constitution as reproduced in Section 14.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in our Company or any of our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

### 14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

| Words | | Meaning |
|---|---|---|
| Act | : | The Companies Act 2016 and any statutory modification, amendment or re-enactment thereof for the time being in force |
| Applicable Laws | : | All laws, bye-laws, regulations, rules, orders and/or official directions for the time being in force affecting the Company and its subsidiaries, including but not limited to the Act, the Central Depositories Act, the Securities Laws, the Listing Requirements, Rules of the Depository and every other law for the time being in force concerning companies and affecting the Company and any other directives or requirements imposed on the Company by the relevant regulatory bodies and/or authorities |
| Bursa Depository | : | Bursa Malaysia Depository Sdn. Bhd. including any further change of name, or its successor in title or any entity that owns or operates the central depository system of the Exchange |

| Words | | Meaning |
|---|---|---|
| Central Depositories Act | : | Securities Industry (Central Depositories) Act 1991, and any statutory modification, amendment or re-enactment thereof for the time being in force |
| Company | : | 99 SPEED MART RETAIL HOLDINGS BERHAD (Formerly known as "99 SPEED MART HOLDINGS SDN. BHD.") (Registration No. 202301017784 (1511706-T), or such other name which may be adopted from time to time |
| Constitution | : | This Constitution as originally framed or as altered from time to time by Special Resolution and this "Constitution" means any 1 of them |
| Deposited Security | : | A security in the Company standing to the credit of a Securities Account of a Depositor and includes securities in the Securities Account that is in suspense subject to the provisions of the Central Depositories Act and the Rules |
| Directors | : | The Directors for the time being of the Company (inclusive of alternate or nominee directors) and as defined in Section 2(1) of the CMSA |
| Exchange | : | Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)) or such other name as it may assume from time to time and its successors-in-title and permitted assigns and/or any other Exchange on which the Securities of the Company are listed |
| General Meeting | : | means a general meeting and/or an extraordinary general meeting, as the context shall require |
| Listing Requirements | : | Main Market Listing Requirements of the Exchange including the guidance notes, directives, circulars, and appendices that may be issued thereunder and any modifications or amendments thereto that may be made from time to time |
| Market Day | : | A day on which the stock market of the Exchange is open for trading in securities, which may include a Surprise Holiday |
| Month | : | Calendar month |
| Record of Depositors | : | A record provided by the Bursa Depository to the Company or its Registrar(s) pursuant to an application under the Rules |
| Register | : | The Register of Members to be kept pursuant to the Act, and unless otherwise expressed to the contrary, includes the Record of Depositors |
| Rules | : | The Rules of the Bursa Depository as defined under the Central Depositories Act and any appendices thereto, as amended, modified and supplemented from time to time |
| Security(ies) | : | Security(ies) as defined in Section 2(1) of the CMSA |

| Words | | Meaning |
|---|---|---|
| Share(s) | : | Issued shares in the capital of a corporation and includes stock except where a distinction between stock and shares is expressed or implied |
| Special Resolution | : | has the meaning assigned thereto by Section 292 of the Act |

### 14.2.1 Remuneration of Directors

**Annual shareholder approval for directors' fees and benefits**

**Clause 109**

"The fees and any benefits payable to the Directors of the Company and its subsidiaries including any compensation for loss of employment of Director or former Director shall from time to time be determined by the Company in General Meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, provided always that:

(a) fee payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by shareholders in General Meeting;

(b) remuneration and other emoluments (including salary, bonus, benefits or any other elements) payable to executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in General Meeting but such salaries and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;

(c) fees of Directors and any benefits payable to Directors shall be subject to annual approval at a General Meeting;

(d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and

(e) the monetary fees and/or benefits payable to non-executive Directors of the Company, including those who are also Director of the subsidiaries includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiaries, but does not include insurance premium or any issue of securities."

**Clause 110**

(a) "The Directors shall be paid or reimbursed for all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or General Meetings or otherwise in the course of the performance of their duties as Directors.

(b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors."

**Alternate Director**

**Clause 142**

"A Director may from time to time nominate any person to act as his alternate Director and at his discretion remove such alternate Director, provided that:

(a) any fee paid by the Company to the alternate Director shall be deducted from that the appointing Director's remuneration.

An alternate Director shall not be entitled to receive remuneration otherwise than out of the remuneration of the Director who appoint him."

**Managing and/or executive directors**

**Clause 144**

"The remuneration of the Directors appointed to an executive position pursuant to this Constitution shall and subject to the terms of any agreement entered into in any particular case shall be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. The remuneration of the Director(s) appointed to an executive position shall, subject to under clause 109, be determined by the Board or any committee authorised by the Board and can either be in addition to or in lieu of his/their fees as a Director."

### 14.2.2 Voting and borrowing powers of Directors

**Voting powers**

**Clause 134**

"Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. The Chairman of the meeting shall however not have a second or casting vote where 2 Directors form a quorum and only such a quorum is present at the meeting or only 2 Directors are competent to vote on the question at issue. A Director present at a meeting of the Directors is presumed to have agreed to, and to have voted in favour of, a resolution of the Directors unless he expressly dissents from or votes to object against the resolution at the meeting."

**Clause 138**

"A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted)."

**Clause 140**

"A Director may vote in respect of:-

(a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security".

**Clause 142(2)**

"An alternate Director shall (except as regards the power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors, and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointor is not present."

**Borrowing powers**

**Clause 114**

"The Directors may exercise all the powers of the Company to borrow money, raised funds, accept credit facilities and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit."

**Clause 115**

"The Director shall cause a proper register to be kept in accordance with Section 362 of the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirement of Section 352 of the Act in regard to the registration of mortgages and charges therein specified and otherwise."

**Clause 116**

"The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party."

### 14.2.3 Alteration of capital

**Clause 62**

"The Company may by ordinary resolution:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived; or

(b) subject to the provisions of this Constitution and the Act, convert and/or reclassify any class of Shares into another class of Shares; or

(c) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived; or

(d) cancel any Shares which at the date of the passing of the resolution which resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its Share capital by the amount of the Shares so cancelled."

**Clause 63**

"The Company may reduce its share capital by:

(a) a Special Resolution and confirmation by the Court in accordance with Section 116 of the Act; or

(b) a Special Resolution supported by a solvency statement in accordance with Section 117 of the Act."

**Clause 64**

"Subject to any direction by the Company in General Meeting, if any consolidation and/or subdivision of Shares results in members being entitled to any issued Shares of the Company in fractions, the Directors may deal with such fractions as they may determine including (without limitation), selling the Shares to which members are so entitled for such price as the Directors may determine and paying and distributing to the members entitled to such Shares in due proportions the net proceeds of such sale."

### 14.2.4 Transfer of securities

**Clause 35**

"The instrument of transfer of any Securities lodged with the Company shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed securities or class of listed securities of the Company, shall be made by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities."

**Clause 36**

"Subject to the Applicable Laws, the registration of transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. At least 10 Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least 3 Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors."

**Clause 37**

"The Bursa Depository may, in its absolute discretion, refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No Securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind."

**Clause 38**

"Subject to the provisions of this Constitution, the Directors may at any time after the allotment of any Share but before any person has been entered in the Register as the holder recognise a renunciation of such Share by the allottee thereof in favour of some other person and may accord to any allottee of a Share a right to effect such renunciation on such terms and conditions as the Directors may determine."

**Clause 39**

"Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities although the same may, by reason of any fraud or other causes not known to the Company or the Directors or other of its officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside and notwithstanding that the Company may have noticed that such instrument or transfer was signed or executed and delivered by the transferor in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto."

### 14.2.5 Changes in capital and variation of class rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any rights

**Clause 13**

"Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to Shares in any class of Shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:

(a) a Special Resolution passed at a separate meeting of the shareholders of that class; or

(b) where necessary majority of such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than seventy-five per centum (75%) of the total voting rights of the shareholders of that class within 2 Months of the meeting,

shall be as valid and effectual as a Special Resolution carried at the meeting. To every such separate General Meeting, the provisions of this Constitution relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least 2 persons who are shareholders present in person or represented by proxy holding at least one-third (1/3) of the number of issued Shares of the class, excluding any Shares of that class held as treasury Shares and that any holder of Shares of the class present in person or by proxy may demand a poll.

If that class of Shares only has 1 holder, a quorum is constituted by 1 person present holding Shares of such class. For adjourned meeting, quorum is 1 person present holding Shares of such class. To every such Special Resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply."

## 14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

## 14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

## 14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

As at the LPD, save as disclosed below, there are no governmental decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits by us or our material foreign subsidiaries to Malaysia:

### (i) Malaysia

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

**(ii) The PRC**

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations of the PRC, which was promulgated by the State Council on 29 January 1996 and was most recently amended on 5 August 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, RMB is freely convertible into other currencies for payments of current account items, such as trade-related and service-related foreign exchange transactions and dividend payments, but not freely convertible into other currencies for capital account items, such as direct investment, repatriation or remittance of capital invested in the PRC, loan or investment in securities outside the PRC unless prior approval of the State Administration of Foreign Exchange, or the SAFE, or its local counterpart is obtained.

The Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment, or SAFE Circular 13, which became effective on 1 June 2015 and was amended on 30 December 2019, cancels the administrative approvals of foreign exchange registration of foreign direct investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, local banks, under the supervision and guidance of SAFE or its local counterparts, shall review and handle foreign exchange registration for foreign direct investment.

**Regulation related to dividend distribution**

The principal laws governing dividend distributions by our PRC subsidiaries include the Company Law of the PRC which was promulgated on 29 December 1993 and latest amended on 29 December 2023, the Foreign Investment Law of the PRC which was promulgated on 15 March 2019 and became effective on 1 January 2020, and its implementation regulations were promulgated on 26 December 2019 and became effective on 1 January 2020.

PRC companies may pay dividends only out of their accumulated profits, if any, which are determined in accordance with the PRC accounting standards. In addition, PRC companies are required to set aside each year at least 10% of their after-tax profit based on the PRC accounting standards to their statutory general reserve fund until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves are not distributable as cash dividends. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset.

Under The Enterprise Income Tax Law of the PRC which was enacted on 16 March 2007 and amended on 24 February 2017 and 29 December 2018, and its Implementing Rules, an enterprise established outside China with a "de facto management body" within China is considered a "resident enterprise", which means it can be treated as domestic enterprise for enterprise income tax purposes. A non-resident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in China but the income of which has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside China at the reduced rate of 10%. Dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

## 14.6 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts that are not in the ordinary course of our Group's business during the Periods Under Review and up to the date of this Prospectus:

### 14.6.1 Sale and purchase agreement dated 2 July 2021 in respect of the acquisition of property under Pajakan Negeri 117751, Lot 115195, Mukim Dengkil, Daerah Sepang, Negeri Selangor

On 2 July 2021, 99SM entered into a sale and purchase agreement with Dynasynergy Technology Sdn Bhd to acquire a piece of vacant land known as Pajakan Negeri 117751, Lot 115195, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 15,483.0 square metres for a total cash consideration of RM16.3 million. The sale and purchase agreement was completed on 6 January 2022. The property has been earmarked for the development of a new 120,000 sq. ft. DC located in Selangor. For further details on the development of this new DC and the property, see Section 7.9.4 and Annexure A of this Prospectus.

### 14.6.2 Sale and purchase agreement dated 14 September 2023 in respect of the acquisition of property under Geran 53981, No. Lot 40374, Pekan Hicom, Daerah Petaling, Negeri Selangor

On 14 September 2023, 99SM entered into a sale and purchase agreement with Eight Development (M) Sdn Bhd to acquire a piece of land with a warehouse erected thereon known as Geran 53981, No. Lot 40374, Pekan Hicom, Daerah Petaling, Negeri Selangor measuring approximately 13,062.0 square metres for a total cash consideration of RM43.0 million. The sale and purchase agreement was completed on 6 November 2023. For more details of the property, see Annexure A of this Prospectus.

### 14.6.3 Deeds of Assignment for the assignments of the Trademarks by Lee Intellectual Properties to 99SM

On 11 September 2023, Lee Intellectual Properties has assigned to 99SM the benefits, rights, title and interests in the trademarks that we use in our Group's business in Malaysia and Singapore under the Deeds of Assignment for a nominal consideration of RM10.00 and SGD10.00 respectively.

Thereafter, Lee Intellectual Properties also executed Deeds of Assignment to assign the benefits, rights, title and interests in the trademarks registered in Thailand, the Philippines, Indonesia and China, to 99SM on 20 September 2023, 2 October 2023, 6 January 2023 and 12 September 2023, respectively.

For more details of the trademarks which are subject to the Deeds of Assignment described above, see Annexure B of this Prospectus.

### 14.6.4 99SM and 99EM Share Sale Agreement

To establish our Group, on 9 November 2023, our Company entered into the 99SM and 99EM Share Sale Agreement to acquire from Lee Thiam Wah and Ng Lee Tieng:

(i) the 99SM Sale Shares, representing 100.0% equity interest in 99SM for a total consideration of RM435,146,830; and

(ii) the 99EM Sale Shares, representing 100.0% equity interest in 99EM for a total consideration of RM39,359,472.

The consideration for the 99SM Sale Shares and the 99EM Sale Shares was to be fully settled via the issuance and allotment of 455,526,050 new Shares to Lee Thiam Wah and 18,980,252 new Shares to Ng Lee Tieng at an issue price of RM1.00 each. On 14 December 2023, Lee Thiam Wah nominated Lee LYG Holdings to receive 256,589,283 new Shares from the 455,526,050 new Shares to be allotted to him. The 99SM and 99EM Share Sale Agreement was completed on 14 December 2023.

### 14.6.5 Master Cornerstone Placement Agreement dated [●]

[●]

### 14.6.6 Retail Underwriting Agreement dated [●]

[●]

### 14.6.7 Lock-up letter dated [●] in relation to our IPO and Listing

[●]

## 14.7 MATERIAL LITIGATIONS

As at the LPD, our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

## 14.8 CONSENTS

The written consents of the Principal Adviser, Sole Managing Underwriter, Sole Bookrunner and Underwriter, Placement Manager, Stabilising Manager, Legal Advisers, Underwriter, Share Registrar, Issuing House and company secretaries as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Letter on the Pro Forma Combined Statement of Financial Position and all references thereto in the form and context in which they are included in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Frost & Sullivan for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are included in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

## 14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

(i) our Constitution;

(ii) our material contracts as referred to in Section 14.6 of this Prospectus;

(iii) our Company's audited consolidated financial statements for the FPE 30 September 2023;

(iv) the audited financial statements for 99SM and 99EM for the FYE 2022 and FPE 30 September 2023;

(v) the Reporting Accountants' Letter on the Pro Forma Combined Statements of Financial Position as included in Section 12.5 of this Prospectus;

(vi) the Accountants' Report as included in Section 13 of this Prospectus;

(vii) the IMR Report as included in Section 8 of this Prospectus; and

(viii) the letters of consent referred to in Section 14.8 of this Prospectus.

## 14.10 RESPONSIBILITY STATEMENTS

Our Directors, our Promoters and the Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

CIMB, being our Principal Adviser, Sole Bookrunner for the Institutional Offering, and the Sole Managing Underwriter, Underwriter, Placement Manager and Stabilising Manager for the Retail Offering in relation to our IPO, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

**THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.**

**Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.**

**Unless the context otherwise requires, words used in the singular include the plural, and vice versa.**

## 15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD : 10:00 A.M., [●]

CLOSING OF THE APPLICATION PERIOD : 5:00 P.M., [●]

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and make an announcement on the website of Bursa Securities.

**Late Applications will not be accepted.**

## 15.2 METHODS OF APPLICATION

### 15.2.1 Application of our Issue Shares under the Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

| Types of Application and category of investors | Application method |
|---|---|
| Applications by the Eligible Persons | Pink Application Form only |
| Applications by the Malaysian Public: | |
| (i) Individuals | White Application Form or Electronic Share Application or Internet Share Application |
| (ii) Non-individuals | White Application Form only |

### 15.2.2 Application of our IPO Shares under the Institutional Offering

Institutional and selected investors (other than Bumiputera investors approved by the MITI) who have been allocated our IPO Shares under the Institutional Offering will be contacted directly by the Sole Bookrunner and should follow the instructions as communicated by the Sole Bookrunner.

Bumiputera investors approved by the MITI who have been allocated our IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated by the MITI.

## 15.3 ELIGIBILITY

### 15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **1** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

**AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUNG HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMISE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.**

### 15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:

(i) you must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the Application; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

(ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) you must submit the Application by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

### 15.3.3 Application by the Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

## 15.4 PROCEDURES FOR APPLICATION BY WAY OF AN APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[●] for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO [●]**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided to the following address:-

**MALAYSIAN ISSUING HOUSE SDN BHD**
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

OR

**P.O. Box 00010**
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on [●] or such other time and date as our Directors and the Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

## 15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Applications.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

## 15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Internet Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

## 15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

(i) reject the Applications which:

- (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

- (b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

## 15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis and results of the allocation of IPO shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within one (1) Market Day after the balloting date.

[As approved by Bursa Securities via its letter dated [●], we are required to have a minimum of 15.0% of our Company's enlarged issued Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon our Listing.] We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in Section 4.2.3 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Retail Underwriting Agreement.

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund will be credited into your bank account for purposes of cash dividend/ distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Directory if you have not provided such bank account information to Bursa Depository, or by crediting into your account with the Electronic Participating Financial Institutions for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institutions for applications made via the Internet Share Application, within 10 Market Days from the date of final ballot of application, at your own risk.

## 15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

### 15.9.1 For applications by way of Application Form

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash divided/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

### 15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5$^{th}$ Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date.

The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

## 15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

## 15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

| Mode of application | Parties to direct the queries |
|---|---|
| Application Form | Issuing House Enquiry Services Telephone at +603-7890 4700 |
| Electronic Share Application | Participating Financial Institutions |
| Internet Share Application | Internet Participating Financial Institutions or Authorised Financial Institutions |

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my, **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

## ANNEXURE A: OUR MATERIAL PROPERTIES

### A.1 MATERIAL PROPERTIES OWNED BY OUR GROUP

As at the LPD, details of the material properties owned by our Group are as follows:

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 1. | 99SM /<br><br>H.S.(D) 110331 PT 2811 Seksyen 24, Bandar Klang, Daerah Klang, Negeri Selangor /<br><br>Lot PT 2811, Jalan Angsa, Taman Berkeley, 41150 Klang, Selangor /<br><br>Leasehold for the period of 99 years expiring on 17 August 2104 | 12-storey office building consisting of 1 storey semi-basement, 1 storey business space, 4 storeys car park and 7 storeys office space /<br><br>Headquarters of the Company known as "Wisma 99 Speedmart" | 11 February 2016 | 4,316 / 1,439 | **<u>Category of land use</u>**<br>Building ("*Bangunan*")<br><br>**<u>Express condition</u>**<br>Business building ("*Bangunan Perniagaan*")<br><br>**<u>Restriction in interest</u>**<br>The land held under this title shall not be transferred, leased or charged without prior consent from the State Authority. | This land was charged to CIMB Bank Berhad vide No. Perserahan 47797/2020 on 14 August 2020 and is still subsisting | 16,189 |
| 2. | 99SM /<br><br>Geran Mukim 22377, Lot 103609, Mukim Kapar, Daerah Klang, Negeri Selangor /<br><br>PT 33198, Batu 4, Jalan Kapar, 42100 Klang, Selangor /<br><br>Freehold | Single storey detached warehouse with an annexed 4 storey office building/<br><br>DC known as "Jalan Kapar DC" | 30 April 2004 | 3,650 / 5,326 | **<u>Category of land use</u>**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**<u>Express condition</u>**<br>Industrial ("*Perusahaan*")<br><br>**<u>Restriction in interest</u>**<br>Nil | Nil | 7,472 |

## ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 3. | 99SM /<br><br>H.S.(D) 136784 PT 129950, Mukim Klang, Daerah Klang, Negeri Selangor /<br><br>Lot 201, 202, 203, Jalan Seri Gambut 3, Kawasan 7 Bandar Putra Klang, 41100 Klang, Selangor /<br><br>Freehold | Single storey detached warehouse with a double storey office, guardhouse, waste chamber and electrical substation /<br><br>DC known as "Jalan Kebun DC" | 6 March 2009 | 4,510 / 9,776 | **<u>Category of land use</u>**<br>Industrial ("*Perusahaan*")<br><br>**<u>Express condition</u>**<br>Industrial ("*Perusahaan*")<br><br>**<u>Restriction in interest</u>**<br>Nil | Nil | 7,679 |
| 4. | 99SM /<br><br>Geran Mukim 916 Lot 5203, Mukim Kajang, Daerah Hulu Langat, Negeri Selangor /<br><br>Lot 5203, Jalan Perindustrian Balakong Jaya 1/3, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor /<br><br>Freehold | Single storey detached warehouse with a double storey office, electrical substation and guardhouse /<br><br>DC known as "Balakong DC" | 12 April 2012 | 6,037 / 9,991 | **<u>Category of land use</u>**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**<u>Express condition</u>**<br>Light Industrial ("*Industri Ringan*")<br><br>**<u>Restriction in interest</u>**<br>The land shall only be transferred to a Chinese. | Nil | 10,308 |

**ANNEXURE A: OUR MATERIAL PROPERTIES** *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 5. | 99SM /<br><br>Geran 40102 Lot 4326, Mukim Serendah, Daerah Ulu Selangor, Negeri Selangor /<br><br>Lot 4326, Jalan Kampung Mohd Taib, Kawasan Industri Sungai Choh, 48000 Sungai Choh, Selangor /<br><br>Freehold | Single storey detached warehouse with mezzanine storage space /<br><br>DC known as "Sungai Choh DC" | 30 September 2014 | 6,111 / 9,066 | **Category of land use**<br>Industrial ("*Perusahaan*")<br><br>**Express condition**<br>Industrial ("*Perusahaan*")<br><br>**Restriction in interest**<br>Nil | This land was charged to Hong Leong Bank Berhad vide No. Perserahan 37792/2014 on 10 April 2014 and is still subsisting | 12,691 |
| 6. | 99SM /<br><br>Pajakan Negeri 713 Lot 1616, Pekan Chembong, Daerah Rembau, Negeri Sembilan /<br><br>Lot 1616 PN 713, Jalan Perusahaan 1, Kawasan Perindustrian Chembong, Pekan Chembong, Daerah Rembau, Negeri Sembilan /<br><br>Leasehold for the period of 99 years expiring on 4 February 2084 | Single storey detached warehouse with a double storey office, guardhouse, waste chamber, electrical substation and other support facilities buildings/<br><br>DC known as "Chembong DC" | 10 June 2016 | 9,323 / 67,938 | **Category of land use**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**Express condition**<br>The land to be used for industrial purposes only<br><br>**Restriction in interest**<br>The land held under this title shall not be transferred, leased or charged without prior consent from the State Authority. | This land was charged to Hong Leong Bank Berhad vide No. Perserahan 22177/2015 on 4 August 2015 and is still subsisting | 14,428 |

## ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 7. | 99SM /<br><br>Pajakan Negeri 214561 Lot 213095, Mukim Sungai Raya, Daerah Kinta, Negeri Perak /<br><br>Lot 213095, Jalan Industri 1/1, Kawasan Perindustrian Gopeng, 31600 Gopeng, Perak /<br><br>Leasehold for the period of 60 years expiring on 28 September 2055 | Single storey detached warehouse with a double storey office, guardhouse, waste chamber, electrical substation and other support facilities buildings /<br><br>DC known as "Gopeng DC" | 30 November 2016 | 4,243 / 7,215 | **Category of land use**<br>Industrial ("*Perusahaan*")<br><br>**Express condition**<br>Industrial ("*Perusahaan*")<br><br>**Restriction in interest**<br>The land held under this title shall not be transferred or leased without prior consent from the Chief Minister of Perak. The land shall not be subdivided in accordance with Section 135 of the National Land Code without prior consent from the Chief Minister of Perak. | This land was charged to RHB Bank Berhad vide No. Perserahan 55666/2015 on 21 December 2015 and is still subsisting | 8,276 |

## ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 8. | 99SM /<br><br>Geran 560954, Lot 31723, Mukim Tanjung Sembrong, Daerah Batu Pahat, Negeri Johor /<br><br>Lot 31723, Mukim Tanjung Sembrong, 83700 Daerah Batu Pahat, Johor /<br><br>Freehold | Single storey detached warehouse with a double storey office, guardhouse, waste chamber and other support facilities buildings /<br><br>DC known as "Yong Peng DC" | 8 March 2018 | 6,228 / 9,885 | **Category of land use**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**Express condition**<br>(i) The land to be used as factory for the purpose of medium industry and other related usage, shall be built according to the plan approved by the relevant Local Authority<br>(ii) All dirt and pollutants resulting from these activities to be channelled or disposed to areas designated by the Local Authority<br>(iii) All terms and conditions determined and enforced from time to time by the relevant authority shall be complied with<br><br>**Restriction in interest**<br>The land held under the title provisioned for Bumiputera once transferred to a Bumiputera individual or company, the land cannot later be sold, leased, or transferred in any manner to a non-Bumiputera individual or company without prior consent from the State Authority. | This land was charged to CIMB Bank Berhad vide No. Perserahan 28521/2015 on 15 April 2015 and is still subsisting | 9,376 |

**ANNEXURE A: OUR MATERIAL PROPERTIES** *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 9. | 99SM /<br><br>Geran Mukim 433 Lot 46222, Mukim Batu, Daerah Gombak, Negeri Selangor /<br><br>Lot 46222, Batu 9, Jalan Sungai Tua, Kg. Sungai Tua, 68100 Batu Caves, Selangor /<br><br>Freehold | Single storey detached warehouse with 3 storey office, guardhouse, waste chamber, electrical substation and pumphouse /<br><br>DC known as "Sungai Tua DC" | Nil[(1)] | 3,930 / 6,437 | **Category of land use**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**Express condition**<br>Industrial ("*Perusahaan*")<br><br>**Restriction in interest**<br>Nil | This land was charged to RHB Bank Berhad vide No. Perserahan 3523/2018 on 18 July 2018 and is still subsisting | 20,238 |

## ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 10. | 99SM /<br><br>Pajakan Negeri 11945, Lot 20969, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang /<br><br>Plot 22A, Taman Industri Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang /<br><br>Leasehold for the period of 60 years expiring on 12 June 2079 | Single storey detached warehouse with a double storey office, guardhouse, waste chamber and electrical substation /<br><br>DC known as "Batu Kawan DC" | 9 December 2019 | 5,177 / 10,129 | **Category of land use**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**Express condition**<br>(i) The land comprised in this title to be used for the purpose of distribution centre (logistic) and warehouse for all sundries goods / household items, including repacking of all sundries goods only<br>(ii) The first proprietor after the Penang Development Corporation shall, within 2 years from the date of registration of transfer or within a timeframe approved by the State Authority, erect a factory building or buildings on the land in accordance with the plan approved by the Local Authority<br><br>**Restriction in interest**<br>The land held under this title shall not be transferred, charged, leased or sub-leased, tenanted or involved in any transaction without prior written consent from the State Authority. | Nil | 11,177 |

## ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 11. | 99SM /<br><br>Geran Mukim 1184 Lot 6942, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor /<br><br>Lot 6942, Jalan Seelong Jaya 6, Kampung Seelong Jaya, 81400 Seelong, Johor/<br><br>Freehold | Single storey detached warehouse, double storey office, guardhouse, waste chamber and other support facilities buildings /<br><br>DC known as "Senai DC" | 20 April 2021 | 8,285 / 12,350 | **Category of land use**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**Express condition**<br>(i) The land to be used as medium industrial area for the purposes of metal engineering industry and other related usage, shall be built according to the plan approved by the relevant Local Authority. On 16 May 2022, Johor Bahru Land Office approved the inclusion of usage of the land for storage warehouse ("*Gudang Simpanan Barang-Barang*") in the express condition of the land title.<br>(ii) All dirt and pollutants resulting from these activities to be channelled or disposed to areas designated by the Local Authority<br>(iii) All terms and conditions determined and enforced from time to time by the relevant authority shall be complied with<br><br>**Restriction in interest**<br>Nil | This land was charged to CIMB Bank Berhad vide No. Perserahan 1619/2015 on 20 December 2015 and is still subsisting | 14,080 |

## ANNEXURE A: OUR MATERIAL PROPERTIES *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 12. | 99SM /<br><br>(3 Lots)<br>Geran No. 97909 Lot 12408, Geran No. 97910 Lot 12409 and Geran Mukim 97911 Lot 12410, all in Mukim Hutan Melintang, Daerah Bagan Datuk, Negeri Perak /<br><br>Lot 12408, 12409 & 12410, Jalan Hutan Melintang Batu 9, 36400 Hutan Melintang, Perak /<br><br>Freehold | Single storey detached warehouse with a double storey office, guardhouse, waste chamber, electrical substation, pumphouse and sprinkler tank /<br><br>DC known as "Hutan Melintang DC" | 23 December 2022 | 3,306 / 5,700 | **<u>Category of land use</u>**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**<u>Express condition</u>**<br>Light Industrial ("*Industri Ringan*")<br><br>**<u>Restriction in interest</u>**<br>Nil | Nil | 8,258 |
| 13. | 99SM /<br><br>Pajakan Negeri 5500 Lot 74384, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang /<br><br>Lot 74384, Jalan Bandar Gambang Perdana 3, Gambang, 26300 Kuantan, Pahang /<br><br>Leasehold for the period of 99 years expiring on 19 August 2101 | Single storey detached warehouse with a double storey office, guardhouse, waste chamber and pumphouse /<br><br>DC known as "Gambang DC" | 22 December 2022 | 9,111 / 26,500 | **<u>Category of land use</u>**<br>Industrial ("*Perusahaan/ Perindustrian*")<br><br>**<u>Express condition</u>**<br>The land to be used as industrial site only<br><br>**<u>Restriction in interest</u>**<br>The land held under this title shall not be transferred, leased or charged without prior written consent from the State Authority. | Nil | 15,515 |

**ANNEXURE A: OUR MATERIAL PROPERTIES** *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 14. | 99SM /<br><br>Pajakan Mukim 1934 Lot 21111, Mukim Merlimau, Daerah Jasin, Negeri Melaka /<br><br>Lot 5399 & 5400, Jalan Usaha 1, Fasa 3, Kawasan Perindustrian Merlimau, 77300 Merlimau, Melaka /<br><br>Leasehold for the period of 99 years expiring on 20 July 2096 | Single storey detached warehouse, single storey office, single storey store and waste chamber /<br><br>DC known as "Merlimau DC" | 12 October 2022 | 5,496 / 9,587 | **Category of land use**<br>Industrial ("*Perusahaan*")<br><br>**Express condition**<br>The land to be used for industrial purpose only<br><br>**Restriction in interest**<br>The land held under this title shall not be transferred or leased without prior consent from the State Authority. This restriction in interest is exempted for first-time purchaser. | Nil | 9,948 |
| 15. | 99SM /<br><br>Geran 95705 Lot 26267, Bandar Sungai Petani, Daerah Kuala Muda, Negeri Kedah /<br><br>Plot 27, Kawasan Perindustrian Bukit Makmur, Sungai Lalang, 08000 Sungai Petani, Kedah /<br><br>Freehold | Single storey detached warehouse, single storey office and other support facilities buildings /<br><br>DC known as "Sungai Petani DC" | 25 September 2023 | 6,780 / 10,920 | **Category of land use**<br>Light Industrial ("*Perusahaan Ringan*")<br><br>**Express condition**<br>The land held under this title to be used as building site for purposes of industry and other industry related usage. Prohibited from erecting building for residential purpose on the land<br><br>**Restriction in interest**<br>Nil | This land was charged to CIMB Bank Berhad vide No. Perserahan 21822/2021 on 21 December 2021 and is still subsisting | 16,907 |

**ANNEXURE A: OUR MATERIAL PROPERTIES** *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 16. | 99SM /<br><br>Geran 53981 Lot 40374, Pekan Hicom, Daerah Petaling, Negeri Selangor /<br><br>No. 12(34), Persiaran Sabak Bernam, Seksyen 26, 40400 Shah Alam, Selangor /<br><br>Freehold | Single storey detached warehouse with single storey office space, guardhouse, electric substation, pumphouse and waste chamber /<br><br>DC known as "Shah Alam DC" | 5 March 2009 | 7,137 / 13,062 | **Category of land use**<br>Industrial ("*Perusahaan*")<br><br>**Express condition**<br>Industrial ("*Perusahaan*")<br><br>**Restriction in interest**<br>Nil | Nil | Nil[(2)] |

**ANNEXURE A: OUR MATERIAL PROPERTIES** *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 17. | K.K.I.P. Sdn Bhd[(3)] /<br><br>99EM[(3)] /<br><br>Master Title Country Lease 015582153, Locality of Telipok, District of Kota Kinabalu, Sabah /<br><br>Lot No. 12, KKIP Industrial Zone 7 (IZ 7), Off Jalan 1 KKIP Timur, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah /<br><br>Leasehold for the period of 99 years expiring on 31 December 2096 | Single storey detached warehouse with annexed 3-storey office /<br><br>Headquarters of 99EM and DC known as "Kota Kinabalu Industrial Park DC" | 19 November 2018 | 4,800 / 8,130 | **<u>Category of land use</u>**<br>Nil<br><br>**<u>Special Terms</u>**<br>(i) The said land is demised herein expressly and only for the purpose of erecting thereon for use as such industrial and commercial.<br>(ii) Transfer, charge or sublease of this title is prohibited before fulfilment of the covenant therein or without the written permission from the Director of Lands and Surveys who shall charge additional premium and enhanced rent and any other conditions thereof when granting such permission.<br>(iii) Subdivision of this title is prohibited without the written permission from the director of lands and surveys who shall charge additional premium and enhanced rent and any other conditions thereof when granting such permission. | The Kota Kinabalu Industrial Park DC is currently assigned to CIMB Bank Berhad vide a Deed of Assignment dated 8 August 2014 | 9,114 |

**ANNEXURE A: OUR MATERIAL PROPERTIES** *(Cont'd)*

| No. | Registered owner/ Beneficial owner/ Title Lot. no./ Postal address/ Tenure | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area/ Land area (approximate) (sq. metres unless otherwise stated) | Category of land use/ Express condition/ Restriction in interest | Encumbrances on property | NBV as at 30 September 2023 (RM'000) |
|---|---|---|---|---|---|---|---|
| 18. | 99EM /<br><br>Master Title Country Lease 075396048, Locality of Mile 8, Labuk Road, District of Sandakan, Sabah /<br><br>Lot 075396048, batu 8, Kampung Melayu, Jalan Labuk, 90000 Sandakan, Sabah /<br><br>Leasehold for the period of 999 years expiring on 9 July 2887 | Single storey detached warehouse with a 3-storey office /<br><br>DC known as "Sandakan DC" | 30 November 2022 | 2,515 / 5,640 | **Category of land use**<br>Nil<br><br>**Special Terms**<br>Nil | Nil | 11,100 |
| 19. | 99SM /<br><br>Pajakan Negeri 117751 Lot 115195, Mukim Dengkil, Daerah Sepang, Negeri Selangor /<br><br>N/A /<br><br>Leasehold for the period of 99 years expiring on 18 August 2114 | Proposed DC, the construction of which is in progress and expected to commence operation in Q4 2024 | N/A | N/A / 15,483 | **Category of land use**<br>Industrial ("*Perusahaan*")<br><br>**Express condition**<br>Industrial ("*Perusahaan*")<br><br>**Restriction in interest**<br>The land held under this title shall not be transferred, leased or charged without prior consent from the State Authority. | This land was charged to Alliance Bank Malaysia Berhad vide No. Perserahan 3532/2022 on 11 January 2022 and is still subsisting | 16,667 |

***Notes:***

*(1) The CCC or equivalent has yet to be obtained for the Sungai Tua DC. We have appointed a consultant to submit the application for CCC to the local authorities and is currently pending inspection from the local authorities' engineering and building department. We expect to obtain the CCC for the Sungai Tua DC prior to our Listing.*

*(2) The property was acquired by us pursuant to a sale and purchase agreement dated 14 September 2023 for a total purchase price of RM43.0 million. Please see Section 14.6.2 of this Prospectus for further details of the sale and purchase agreement. As at 30 September 2023, the acquisition was not complete yet except for the payment of RM6,044,525 as deposit and as payment of part of the total purchase price. The acquisition of the property was subsequently completed on 6 November 2023.*

*(3) This land is currently held under Master Title where the registered owner is K.K.I.P. Sdn Bhd. However, pursuant to a sale and purchase agreement dated 27 December 2013, 99EM purchased the land from Yong & Sons Enterprise Sdn Bhd, who purchased the land from K.K.I.P. Sdn Bhd pursuant to a sale and purchase agreement dated 30 November 2010. 99EM is the beneficial owner of the property pending the issuance of the individual title.*

Save as disclosed above, none of the properties are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

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## A.2 MATERIAL PROPERTIES LEASED/TENANTED BY OUR GROUP

As at the LPD, details of the material properties leased/tenanted by our Group are as follows:

| No. | Name of lessor/lessee or landlord/tenant or tenant or sub-tenant/ Title Lot No./ Postal address | Description of property/ Existing use | Date of issuance of CCC or equivalent | Built-up area / Land area (approximate) (sq. metres unless otherwise stated) | Period of tenancy or lease | Annual rental (RM unless otherwise stated) |
|---|---|---|---|---|---|---|
| 1. | Sri Sipitang Enterprise (landlord) / 99EM (tenant)<br><br>Lot No. 193074234 (Remr of 193061344(19124982), Locality of Mile 1, Jalan Mesapol, District of Sipitang, Sabah<br><br>NT. 1844, Batu 1 Jalan Mesapol, 89850 Sipitang, Sabah | 2 blocks single storey detached warehouse /<br><br>DC known as "Sipitang DC" | Nil[(1)] | 3,809 / 8,984 | From 1 October 2017 to 30 November 2019 and further renewed to 30 November 2024 | 264,000 |
| 2. | Nelson Chong Huong Chun (landlord) / 99EM (tenant)<br><br>Country Lease 135406138, Locality of Jalan Masak, District of Keningau, Sabah<br><br>Lot 3, Borneo Commercial Centre, 3KM, Jalan Ulu Masak, 89000 Keningau, Sabah | Single storey detached warehouse and office /<br><br>DC known as "Keningau DC" | 16 December 2015 | 1,289 / 1,867 | From 1 September 2023 to 31 August 2028 | 114,000 |

***Note:***

*(1) We have yet to obtain the CCC for the Sipitang DC. See Section 7.12.1(2)(ii) of this Prospectus for further details of this non-compliance.*

Save as disclosed above, none of the properties disclosed are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

## ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save as disclosed below, as at the LPD, we do not have any patents, trademarks, brand names, technical assistance agreements, franchises and other intellectual property rights which our Group's business or profitability is materially dependent on:

**TRADEMARKS**

Please note that the trademarks listed below have been transferred to 99SM pursuant to the Deeds of Assignment pursuant to Section 14.6.3 of this Prospectus. [As at the LPD, with the exception of the trademarks in Thailand, the registration of the assignment of the other trademarks has been completed]. Our Group expects the registration of the assignment of the trademarks in Thailand to be completed by the 3rd quarter of 2024.

We have the following material trademarks in Malaysia, being the principal market that we operate in.

**Malaysia**

| No. | Trademark[(1)] | Registered owner / Applicant | Registration / Application no. | Place of registration | Expiry / Application date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 1. | 99 SPEEDMART | 99SM | 08019035 | Malaysia | 22 September 2028 | 16[(2)] |
| | | | 00011343 | Malaysia | 18 August 2030 | 35[(3)] |
| | | | 2017060273 | Malaysia | 6 June 2027 | 38[(4)] |
| 2. | 99 SPEEDMART | 99SM | 07019326 | Malaysia | 21 September 2027 | 35[(5)] |
| | | | 2017060293 | Malaysia | 7 June 2027 | 38[(4)] |
| 3. | 99 SPEEDMART Near 'n Save | 99SM | 07019325 | Malaysia | 2 October 2027 | 35[(10)] |
| | | | 2017060292 | Malaysia | 7 June 2027 | 38[(4)] |
| 4. | 99 SPEEDMART 又近又便宜 | 99SM | 08019032 | Malaysia | 22 September 2028 | 16[(2)] |
| | | | 07020887 | Malaysia | 25 October 2027 | 35[(10)] |
| | | | 2017060268 | Malaysia | 6 June 2027 | 38[(4)] |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark[1] | Registered owner / Applicant | Registration / Application no. | Place of registration | Expiry / Application date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 5. | 99 SPEEDMART Dekat lagi Murah | 99SM | 08019033 | Malaysia | 22 September 2028 | 16[2] |
| | | | 07019327 | Malaysia | 2 October 2027 | 35[10] |
| | | | 2017060271 | Malaysia | 6 June 2027 | 38[4] |
| 6. | 99 Near 'n Save | 99SM | 08019036 | Malaysia | 22 September 2028 | 16[2] |
| | | | 2017060264 | Malaysia | 6 June 2027 | 38[4] |
| 7. | 99 | 99SM | 08019031 | Malaysia | 22 September 2028 | 16[2] |
| | | | 08019030 | Malaysia | 22 September 2028 | 35[11] |
| | | | 2017060272 | Malaysia | 6 June 2027 | 38[4] |
| 8. | 99MART | 99SM | 2011014687 | Malaysia | 15 August 2031 | 35[6] |
| | | | 2017060261 | Malaysia | 6 June 2027 | 38[4] |
| 9. | 99shop | 99SM | 2011014686 | Malaysia | 15 August 2031 | 35[6] |
| | | | 2017060255 | Malaysia | 6 June 2027 | 38[4] |
| 10. | | 99SM | 08019034 | Malaysia | 22 September 2028 | 16[2] |
| | | | 02009022 | Malaysia | 30 July 2032 | 35[3] |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark[1] | Registered owner / Applicant | Registration / Application no. | Place of registration | Expiry / Application date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| | SPEEDMART | | 2017060270 | Malaysia | 6 June 2027 | 38[4] |
| 11. | SPEEDPOINT | 99SM | 2017067439 | Malaysia | 11 September 2027 | 16[2] |
| | | | 2017067442 | Malaysia | 11 September 2027 | 35[6] |
| | | | 2017067447 | Malaysia | 11 September 2027 | 38[4] |
| 12. | 99 BULK SALES SAVE & MORE ONLINE | 99SM (Applicant)[12] | TM2023035735 | Malaysia | 24 November 2023 | 16[7] |
| | | | TM2023035738 | Malaysia | 24 November 2023 | 35[8] |
| | | | TM2023035739 | Malaysia | 24 November 2023 | 38[9] |

***Notes:***

*(1)* *Trademarks 2 (07019326), 3 (07019325), 5 (07019327) and 7 (08019031) & (08019030) are in colour.*

*(2)* *Logo (company-), paper, cardboards and goods made from these materials, printed matter, photographs, stationery, packaging boxes, labels (not of textile), stickers, signboards of paper or cardboards, placards of paper or cardboard, advertisement boards of paper or cardboards, copying paper, postcard, ledgers (book), memo paper, name cards, index cards, envelopes, voucher slips, pens, pencils, letterheads, brochures, advertising materials, corrugated cardboard boxes, paper boxes, check writers, calendars, printed matters, diaries, invoices, receipt, newsletter, pamphlets, posters, magazines, periodicals, promotional materials (paper-), announcement cards, catalogues, handbooks, manuals, printed publications, plastic materials for packaging; all included in Class 16.*

*(3)* *Mini market (franchise) included in Class 35.*

## ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

(4) *Telecommunication services; electronic message transmission; audio and video broadcasting services over the Internet or other communications network, namely, uploading, posting, showing, displaying, tagging and electronically transmitting information, audio, and video clips; providing access to databases for information, audio, and video via website, online forums, chat rooms, discussion groups and blogs over the Internet; providing on-line chat rooms and electronic bulletin boards for transmission of messages among users in the field of general interest; providing discussion services on-line; transmission of news; rental of telecommunication apparatus namely telephones; providing information about telecommunication; all the aforesaid relating to finance, investments and investment funds and investment portfolios, insurance and insurance policies, pensions and pension funds and pension schemes and wrappers, collective investment schemes, unit trusts, open-ended investment companies, individual savings accounts; all included in Class 38.*

(5) *Supermarket, wholesaler, mini mart; included in Class 35.*

(6) *Business advice relating to franchising; business management and organisation consultancy; the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), including fresh and prepared foodstuffs, milk products, eggs, meat, poultry, game, fish, meat extracts, meat or fish products, live fish, fresh garden herbs, preserved, frozen, dried and cooked fruits and vegetables, fresh fruit and vegetables, fresh mushrooms, natural and dried flowers, hazelnuts, peanuts, almonds, sweetmeats and cake additives, jellies, jams, compotes, honey, treacle, yeast, baking powder, bread, biscuits, desserts, tea, coffee, cocoa, chocolate, sugar, salt, mustard, vinegar, sauces (condiments), tapioca, sago, artificial coffee, spices, flour and preparations made from cereals, pasta, groats, rice, sweets and snacks, ice-cream, ice, fruit drinks and fruit juices, mineral and aerated waters and other non-alcoholic drinks, syrups and other preparations for making beverages, edible fats and oils, canned food, frozen food, dietetic foods, food for babies, alcoholic beverages and beer, stimulants, cigarettes and tobacco, smoking accessories, sanitary products, perfumes and cosmetics, hair tonics, dentifrices, essential oils, toiletries, not for medical purposes, soaps, cleaning, polishing, scouring and abrasive preparations, bleaching preparations and other substances for laundry use, lighters, barbecue lighters, sets and accessories, medicines, parapharmaceuticals and pharmaceuticals, sanitary materials and preparations, disposable table napkins and babies' napkins, knives and forks and cutlery, discs, tapes, computer software, lighting apparatus, clocks and watches, stationery, writing materials, newspapers, magazines, maps and books, bags, kitchen and household appliances, packaging and bags, packaging for food, glass and china, brushes and cleaning equipment and materials, maintenance and preservation products, candles and votive lights, games and playthings, clothing, footwear, headgear, jewellery, textiles, haberdashery, goods of leather, office equipment, decorative goods, sports goods, products for recreation, gardening tools, products for interior and exterior decoration of surfaces, home furnishings, electric household appliances, babies' napkins of paper and cellulose (disposable), goods and food for animals, automotive goods, enabling customers to conveniently view and purchase those goods from retail outlet and from a general merchandise web site in the global communications network; all included in Class 35.*

(7) *Paper and cardboard; printed matter; photographs; stationery; packaging boxes of cardboard; labels, not of textile, for bar codes; stickers; signboards of paper or cardboard; placards of paper or cardboard; advertisement boards of paper or cardboard; copying paper; postcards; ledgers (books); memo pads; index cards; envelopes; voucher books; pens; pencils; letterhead paper; brochures; corrugated cardboard boxes; paper boxes; office check writing and engraving machines; calendars; diaries; receipt books; newsletters; pamphlets; posters; magazines [periodicals]; printed promotional materials; announcement cards; catalogues; handbooks; manuals; printed publications; plastic materials for packaging.*

(8) *Advertising; advertising of business web sites; providing business information via a web site; direct mail advertising; marketing research; marketing; marketing assistance; online advertising on a computer network; provision of information and advisory services relating to e-commerce; consultancy services relating to publicity; online marketing; presentation of goods on communication media, for retail purposes; provision of an online marketplace for buyers and sellers of goods and services; sales promotion for others; retail or wholesale services for pharmaceutical, veterinary and sanitary preparations and medical supplies.*

## ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

*(9)* *Telecommunication services; transmission of electronic messages; providing access to databases and information via global computer networks; audio and video broadcasting services over the internet; video broadcasting via the internet and other communications networks; providing on-line chat rooms and electronic bulletin boards for transmission of messages among users in the field of general interest; providing on-line discussion services; transmission of news; rental of telecommunication apparatus and installations; providing information in the field of telecommunications.*

*(10)* *Supermarket, retail outlets, wholesaler, mini mart; all included in Class 35.*

*(11)* *Supermarket; mini market; sundry shop; wholesaler; grocery shop; all included in Class 35.*

*(12)* *The registration of the said trademark is expected to be completed within 6 to 12 months from the date of application.*

**China**

| No. | Trademark[1] | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 1. | 99 SPEEDMART | 99SM | 32489568 | China | 20 April 2029 | 16: Copy paper (stationery); posters; tapes and cards for recording computer programs; business cards; pamphlets; posters; seals (seals); paper; |
| | | | 32491529 | China | 6 May 2029 | 35: Public relations; advertising; outdoor advertising; drawing bills and account statements; computer document management; import and export agency; invoicing; personnel recruitment; business management assistance; word processing; |
| 2. | 99 SPEEDMART | 99SM | 7023287 | China | 13 June 2030 | 16: copy paper (stationery); paper tape and card for recording computer programs; paper; paper (stationery); business cards; posters; billboards made of paper or cardboard; brochures; posters; seals (seals); |
| | | | 37814499 | China | 27 January 2030 | 35: Public relations; advertising; outdoor advertising; drawing bills and account statements; computer document management; import and export agency; invoicing; personnel recruitment; |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark[(1)] | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| | | | | | | business management assistance; word processing; |
| 3. | 99 | 99SM | 32494821 | China | 20 April 2029 | 16: Copy paper (stationery); posters; tapes and cards for recording computer programs; business cards; brochures; posters; seals (seals); paper; billboards made of paper or cardboard; paper (stationery); |
| | | | 32500393 | China | 27 April 2029 | 35: Public relations; advertising; outdoor advertising; drawing bills and account statements; computer document management; import and export agency; invoicing; personnel recruitment; business management assistance; word processing; |
| 4. | SPEEDMART | 99SM | 32512503 | China | 20 April 2029 | 16: Copy paper (stationery); posters; tapes and cards for recording computer programs; business cards; pamphletsbrochures; posters; seals (seals); paper; billboards made of paper or cardboard; paper (stationery); |
| | | | 32499786 | China | 20 April 2029 | 35: Public relations; advertising; outdoor advertising; drawing bills and account statements; computer document management; import and export agency; invoicing; personnel recruitment; business management assistance; word processing; |
| 5. | SPEEDMART | 99SM | 7023291 | China | 13 June 2030 | 16: Copy paper (stationery); paper tape and cards for recording computer programs; paper; paper (stationery); business cards; posters; billboards |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark(1) | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| | | | | | | made of paper or cardboard; brochures; posters; seals (seals); |
| | | | 7023301 | China | 6 July 2032 | 35: Public relations; advertising; outdoor advertising; drawing of bills andaccount statements; computer document management; import and export agency; invoicing; personnel recruitment; business management assistance; word processing. |
| 6. | Near 'n Save | 99SM | 7023274 | China | 13 June 2030 | 16: Copy paper (stationery); tapespaper tape and cards for recording computer programs; paper; paper (stationery); business cards; posters; billboards made of paper or paperboard; pamphletscardboard; brochures; posters; seals (seals) |
| | | | 7023305 | China | 27 August 2030 | 35: Advertising; business management assistance; public relations; import and export agency; personnel recruitment; invoicing; computer document management; drawing of bills and account statements; outdoor advertising; word processing; |
| 7. | U近又便宜 | 99SM | 7040282 | China | 13 September 2030 | 16: Paper; copy paper (stationery); paper tape and cards for recording computer programs; paper or cardboard billboards; brochures; paper (stationery); business cards; posters; posters; seals (seals); |
| | | | 7040285 | China | 20 August 2030 | 35: Advertising; business management assistance; public relations; import and export agency; personnel recruitment; invoicing; computer document management; drawing of bills and |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark(1) | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| | | | | | | account statements; outdoor advertising; word processing; |

***Note:***

*(1) Trademarks 2 (7023287), 5 and 7 are in colour.*

**Indonesia**

| No. | Trademark(1) | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 1. | 99 SPEEDMART | 99SM | IDM000313998 | Indonesia | 4 February 2030 | 16: printed materials, brochures, bags [covers] of paper or plastic, billboards of paper or cardboard; announcement card (stationery); cardboard items; cards; catalogs (printed materials); flag (from paper); brochure; folders for paper (printed materials); folders/folders (stationery); forms (printed items); fountain pen; newspapers; notebook; paper; taking pictures; Images; paper or cardboard plaques; posters; printed goods; calendar, calendar, publication [printed]. |
| | | | IDM000472820 | Indonesia | 4 February 2030 | 35: Mini market services (franchise). |
| 2. | Dekat lagi Murah | 99SM | IDM000313719 | Indonesia | 4 February 2030 | 16: brochures, paper or plastic bags, catalogues, printed materials, billboards and paper or cardboard, calendars, publications (printed). |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

**Philippines**

| No. | Trademark | Registered owner / Applicant | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 1. | 99 SPEEDMART | 99SM | 4-2022-520528 | Philippines | 19 January 2033 | 16: Letterhead: paper, cardboards and goods made from these materials, printed matter, photographs, stationery, packaging boxes, labels (not of textile), stickers, signboards of paper or cardboards, placards of paper or cardboard, advertisement boards of paper or cardboards, copying paper, postcard, ledgers (book), memo paper, name cards, index cards, envelopes, voucher slips, pens, pencils, letterheads, brochures, advertising materials, corrugated cardboard boxes, paper boxes, check writers, calendars, printed matters, diaries, invoices, receipt, newsletter, pamphlets, posters, magazines, periodicals, promotional materials (paper-), announcement cards, catalouges, handbooks, manuals, printed publications, plastic materials for packaging, as far as included in Class 16 and not in other classes.<br><br>35: Supermarket, retail outlets, wholesaler, mini mart, as far as included in Class 35 and not in other classes. |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark | Registered owner / Applicant | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 2. | Near 'n Save | 99SM | 4-2022-520534 | Philippines | 19 January 2033 | 16: Letterhead: cardboards and goods made from these materials, printed matter, photographs, stationery, packaging boxes, labels (not of textile), stickers, signboards of paper or cardboards, placards of paper or cardboard, advertisement boards of paper or cardboards, copying paper, postcard, ledgers (book), memo paper, name cards, index cards, envelopes, voucher slips, pens, pencils, letterheads, brochures, advertising materials, corrugated cardboard boxes, paper boxes, check writers, calendars, printed matters, diaries, invoices, receipt, newsletter, pamphlets, posters, magazines, periodicals, promotional materials (paper-), announcement cards, catalouges, handbooks, manuals, printed publications, plastic materials for packaging, as far as included in Class 16 and not in other classes. |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark | Registered owner / Applicant | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 3. | Dekat lagi Murah | 99SM | 4-2022-520532 | Philippines | 19 January 2033 | 16: Letterhead: paper, cardboards and goods made from these materials, printed matter, photographs, stationery, packaging boxes, labels (not of textile), stickers, signboards of paper or cardboards, placards of paper or cardboard, advertisement boards of paper or cardboards, copying paper, postcard, ledgers (book), memo paper, name cards, index cards, envelopes, voucher slips, pens, pencils, letterheads, brochures, advertising materials, corrugated cardboard boxes, paper boxes, check writers, calendars, printed matters, diaries, invoices, receipt, newsletter, pamphlets, posters, magazines, periodicals, promotional materials (paper-), announcement cards, catalouges, handbooks, manuals, printed publications, plastic materials for packaging, as far as included in Class 16 and not in other classes. |

## ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

**Singapore**

| No. | Trademark | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 1. | 99 SPEEDMART | 99SM | T1002106D | Singapore | 19 February 2030 | 16: Advertisement boards of paper or cardboard; bags [envelopes, pouches] of paper or of plastics, for packaging; calendar; catalogues; printed matter; publications (printed); brochures; all included in Class 16. |
| | | | T1002107B | Singapore | 19 February 2030 | 35: Business advice relating to franchising in the field of minimarket; all included in Class 35. |
| 2. | 99 SPEEDMART | 99SM | 40201915968T | Singapore | 23 July 2029 | 35: Retail services; hypermarket retailing; retail store services; supermarket retailing; online retail services; online retail store services; retailing of goods by any means; provision of business advice relating to franchising. |
| 3. | 99 SPEEDMART 又近又便宜 | 99SM | 40202108567Y | Singapore | 12 April 2031 | 16: Advertisement boards of paper or cardboard; catalogues; printed matter; brochures; envelope paper; plastic envelopes; paper envelopes for packaging; calendars; printed publications. |
| | | | 40202108568W | Singapore | 12 April 2031 | 35: Retail services; hypermarket retailing; retail store services; supermarket retailing; online retail services; online retail store services; retailing of goods by any means; provision of business advice relating to franchising. |
| 4. | 99 SPEEDMART Dekat lagi Murah | 99SM | 40202108564P | Singapore | 12 April 2031 | 16: Advertisement boards of paper or cardboard; catalogues; printed matter; brochures; envelope paper; plastic envelopes; paper envelopes for packaging; calendars; printed publications. |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| | | | 40202108565T | Singapore | 12 April 2031 | 35: Retail services; hypermarket retailing; retail store services; supermarket retailing; online retail services; online retail store services; retailing of goods by any means; provision of business advice relating to franchising. |
| 5. | 99 | 99SM | 40201915957S | Singapore | 23 July 2029 | 16: Advertisement boards of paper or cardboard; catalogues; printed matter; brochures; envelope paper; plastic envelopes; paper envelopes for packaging; calendars; printed publications. |
| | | | 40201915958U | Singapore | 23 July 2029 | 35: Retail services; hypermarket retailing; retail store services; supermarket retailing; online retail services; online retail store services; retailing of goods by any means; provision of business advice relating to franchising. |
| 6. | SPEEDMART | 99SM | 40201915955W | Singapore | 23 July 2029 | 16: Advertisement boards of paper or cardboard; catalogues; printed matter; brochures; Envelope paper; Plastic envelopes; Paper envelopes for packaging; Calendars; Printed publications. |
| | | | 40201915956Q | Singapore | 23 July 2029 | 35: Retail services; hypermarket retailing; retail store services; supermarket retailing; online retail services; online retail store services; retailing of goods by any means; provision of business advice relating to franchising. |
| 7. | Near 'n Save | 99SM | T1002105F | Singapore | 19 February 2030 | 16: Advertisement boards of paper or cardboard; bags of paper or of plastics; calendar; catalogues; printed matter; publications (printed); brochures; all included in Class 16. |

**ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS** *(Cont'd)*

| No. | Trademark | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| | | | 40201915972Y | Singapore | 23 July 2029 | 35: Retail services; hypermarket retailing; retail store services; supermarket retailing; online retail services; online retail store services; retailing of goods by any means; provision of business advice relating to franchising. |

## ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS *(Cont'd)*

**Thailand**

| No. | Trademark | Registered owner | Registration no. | Place of registration | Expiry date | Class/ Description of trademark |
|---|---|---|---|---|---|---|
| 1. | 99 SPEEDMART | Lee Intellectual Property Sdn Bhd(1) | Kor332855 | Thailand | 5 May 2030 | 16: Advertising board made of paper or cardboard; paper bag or plastic bag; annual calendar; catalog; newspaper; magazine; advertising publication; brochures; stationery set for writing desk. |
| | | | Bor51763 | Thailand | 5 May 2030 | 35: Mini market (franchise). |
| 2. | | Lee Intellectual Property Sdn Bhd(1) | Kor334762 | Thailand | 11 May 2030 | 16: Advertising board made of paper or cardboard; paper bag or plastic bag; annual calendar; catalog; newspaper; magazine; advertising publication; brochures; stationery set for writing desk. |

***Note:***

*(1) The registration of the said trademark is expected to be completed within 4 to 6 months from the LPD.*

## ANNEXURE C: DETAILS OF OUR GOVERNING LAWS AND REGULATIONS

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The relevant laws and regulations governing our Group which do not purport to be an exhaustive description of all laws and regulations of which our business is subject to are summarised below. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made including those that may disrupt the operations of our Group.

**Governing laws and regulations relating to Malaysia**

**(a) Food Act 1983 and its Subsidiary Legislation**

The Food Act 1983 and its subsidiary legislation, particularly the Food Regulations 1985, regulate the quality and integrity of food distributed in Malaysia and prescribes the nature, substance and quality of articles which may be qualified as food. The Food Regulations 1985 also requires that every package containing food for sale shall be appropriately labelled and provides for the general requirement and prohibitions of any such label.

Any person who sells any food which is not of the nature, substance nor quality as specified in the Food Act commits an offence and is liable, on conviction, to imprisonment for a term not exceeding 5 years or to fine or both, whereas any person who sells any food in a manner that is false, misleading or deceptive as regards its character, nature, value, substance, quality, composition, merit or safety, strength, purity, weight, origin, age or proportion or in contravention of any regulation made under the Food Act 1983 commits an offence and is liable, on conviction, to imprisonment for a term not exceeding 3 years or to fine or both.

The Control of Tobacco Product Regulations 2004 ("**Tobacco Regulations**") regulates, amongst others, the sale of tobacco products to minor, minimum price, advertising, packaging, labelling and promotion of tobacco products. Any person who sells tobacco product is required to display at the counter where the tobacco product is displayed or offered for sale, a sign with regards to the prohibition of sale of tobacco products to minors.

Any person who contravenes any regulation under the Tobacco Regulations commits an offence and is liable, on conviction, to imprisonment for a term ranging from 6 months to 2 years, or to a fine ranging from RM1,000 to a maximum of RM10,000 or to both imprisonment and fine.

**(b) Consumer Protection Act 1999**

The Consumer Protection Act 1999 ("**CPA**") governs the protection of consumers. Under the Consumer Protection (Safety Standards for Primary Batteries) Regulations 2013 and Consumer Protection (Safety Standards for Toys) Regulations 2009, which were issued pursuant to the CPA, non-rechargeable batteries and toys must adhere to the prescribed safety standards.

Any supplier or importer of such goods has to ensure that the goods have been tested by an accredited laboratory and is in compliance with the prescribed safety standards and shall affix onto such goods the conformity mark in accordance with the Consumer Protection (Certificate of Conformance and Conformity Mark and Safety Standards) Regulations 2010 issued pursuant to the CPA.

A body corporate, who fails to comply with the safety standard requirements prescribed by the CPA and its regulations, commits an offence, and shall be on conviction, liable to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000. A person, who is not a body corporate, shall be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 3 years or both, and for a second or subsequent offence, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 6 years or both. The person or body corporate, will in addition, be liable to a fine not exceeding RM1,000 for each day or part of a day during which the offence continues after conviction.

The Consumer Protection Regulations (Electronic Trade Transactions) 2012 issued pursuant to the CPA, prescribes that any person operating a business through a website or marketplace must make certain minimum disclosures which include the name of the business operator, registration number of the business or company, email address and telephone number, or the address of the business operator, a description of the main characteristics of the goods or services, the full price of the goods or services including transportation costs, taxes and other costs, the method of payment, the terms and conditions and the estimated time of delivery.

A body corporate, who fails to comply with the Consumer Protection Regulations (Electronic Trade Transactions) 2012, commits an offence, and shall be on conviction, liable to a fine not exceeding RM100,000, and for a second or subsequent offence, to a fine not exceeding RM200,000. A person, who is not a body corporate, shall be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or both, and for a second or subsequent offence, to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 5 years or both. The person or body corporate, will in addition, be liable to a fine not exceeding RM1,000 for each day or part of a day during which the offence continues after conviction.

**(c) Control of Supplies Act 1961**

The Control of Supplies Act 1961 ("**CSA**") is enforced by the MDTCL and it provides for the control and rationing of supplies in Malaysia. Under the CSA, our outlets are required to have licence to sell controlled articles. Under the Control of Supplies Regulations 1974, which was issued pursuant to the CSA, goods such as wheat flour, sugar, cooking oil are classified as controlled articles whereby the dealing in such controlled articles in wholesale or retail is subject to the provisions of the CSA.

Any person, including a director of a body corporate, who fails to comply with the CSA and/or its regulations, shall be guilty of an offence and on conviction, be liable to a fine not exceeding RM1,000,000 or to imprisonment for a term not exceeding 3 years or both, and for a second or subsequent offence, to a fine not exceeding RM3,000,000 or to imprisonment for a term not exceeding 5 years or both. Any body corporate which commits an offence against the CSA shall, on conviction, be liable to a fine not exceeding RM2,000,000 and, for a second or subsequent offence, to a fine not exceeding RM5,000,000.

**(d) Price Control and Anti-Profiteering Act 2011**

The Price Control and Anti-Profiteering Act 2011 ("**PCAPA**") empowers the MDTCL to determine the maximum, minimum or fixed price for the manufacturing, producing, wholesaling or retaining of goods.

Any person who sells or offers to sell any price-controlled goods (such as wheat flour, cooking oil and sugar) not in accordance with the prices determined by the MDTCL commits an offence under the PCAPA.

Any person who, in the course of trade of business who makes an unreasonably high profit in selling or offering to sell or supplying or offering to supply goods also commits an offence under the PCAPA. The mechanism to determine whether profit is unreasonably high is determined by the MDTCL.

A body corporate who fails to comply with the PCAPA commits an offence, and on conviction will be liable to a fine not exceeding RM500,000 and, for a second or subsequent offence, to a fine not exceeding RM1,000,000. A person who is not a body corporate, will be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 3 years or both and, for a second or subsequent offence, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 5 years or both.

**(e) Control of Padi and Rice Act 1994**

The Control of Padi and Rice Act 1994 ("**CPRA**") and its subsidiary legislations regulates the paddy and rice industry. Pursuant to the Control of Padi and Rice (Licensing of Wholesalers and Retailers) Regulations 1996 ("**CPRR**"), any person shall not sell rice by wholesale or retail except with a Rice Licence. The CPRR prohibits the licensee to outlet or permit to outlet any rice except at the business premises specified in the licence. The CPRR also imposed a general obligation of a licensee not to hoard, conceal or destroy rice.

Pursuant to the CPRA, contravention of any conditions and provisions of the CPRR by a company shall, upon conviction, be liable to a fine not exceeding RM25,000 and, for a second or subsequent offence, to a fine not exceeding RM50,000. Any person other than a company but including a director or officer of a company who fails to comply with any conditions and provisions of the CPRR shall, on conviction, be liable to a fine not exceeding RM15,000 or to imprisonment for a term not exceeding 2 years or both and, for a second or subsequent offence, to a fine not exceeding RM25,000 or to imprisonment for a term not exceeding 5 years or both.

**(f) Sale of Drugs Act 1952 and Control of Drugs and Cosmetics Regulations 1984**

Cosmetic products in Malaysia are regulated under the Control of Drugs and Cosmetics Regulation 1984 which was issued pursuant to the Sale of Drugs Act 1952 ("**SDA**"), and stipulates that no person shall manufacture, sell, supply, import, possess or administer any cosmetic unless it has been notified to the Director of Pharmaceutical Services.

Any person who commits an offence against the SDA or any regulation made under the SDA, shall be liable, on conviction, to a fine not exceeding RM25,000 or to imprisonment for a term not exceeding 3 years or both, and for a second or subsequent offence, to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or both. Any body corporate who commits an offence against the SDA or any regulation made under the SDA, shall be liable, on conviction, to a fine not exceeding RM50,000, and for a second or subsequent offence, to a fine not exceeding RM100,000.

**(g) Electricity Supply Act 1990 and the Electricity Regulations 1994**

Importers, manufacturers, exhibitors, sellers and advertisers of electrical equipment (such as adaptor ports, light bulbs and extension cords) are required to apply for a certificate of approval from the Energy Commission of Malaysia pursuant to the Electricity Regulations 1994, which was issued pursuant to the Electricity Supply Act 1990.

All regulated electrical equipment approved by the Energy Commission of Malaysia must be labelled or marked in accordance with the Electricity Regulations 1994.

The potential penalty for not complying with the Energy Commission of Malaysia's requirement to obtain a certificate of approval, in addition to its power to seize, remove, or prohibit the manufacturer, import, display, advertisement or sale of the regulated electrical equipment, is a fine not exceeding RM5,000 and/or imprisonment not exceeding 1 year under the Electricity Regulations Act 1994 and/or in respect of non-compliance with codes, guidelines, or directions of the Energy Commission of Malaysia, a maximum RM200,000 fine and/or imprisonment for a term of not exceeding 2 years pursuant to the Electricity Supply Act 1990, which also provides for stricter penalties of RM1,000,000 million and/or imprisonment for term of not exceeding 10 years, only in the event where the equipment is determined to be likely to cause injury.

**(h) Trade Description Act 2011**

The Trade Description Act 2011 is enforced by the MDTCL and provides protection for traders and consumers from unhealthy trade practices.

The act aims to facilitate good trade practices and protect the interest of consumers by eliminating false trade descriptions and false or misleading statements, conducts and practices in relation to the supply of goods and services.

By providing false trade descriptions, a company commits an offence and shall, on conviction, be liable to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000. A person, not a body corporate, will be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 3 years or both, and for a second or subsequent offence, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 5 years or both.

By providing misleading statements, a company commits an offence and shall, on conviction, be liable to a fine not exceeding RM500,000, and for a second or subsequent offence, to a fine not exceeding RM1,000,000. A person, not a body corporate, will be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or both, and for a second or subsequent offence, to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 5 years or both.

**(i) Occupational Safety and Health Act 1994**

Under the Occupational Safety and Health Act 1994 ("**OSHA**"), we have a general duty to our employees to provide and maintain the plants and systems of work that are, so far as is practicable, safe and without risks to health, provide information, instruction, training and supervision to ensure, in so far as is practicable, the safety and health of our employees at work, and to provide a working environment, which is as far as possible safe, without risks to health, and adequate as regards to facilities for their welfare at work. We also have a duty to ensure, in so far as is practicable, that other persons, not being our employees, who may be affected, are not exposed to risks to their safety or health.

A person, who fails to comply with the general duties, shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or both.

**(j) Personal Data Protection Act 2010**

The PDPA governs the laws on processing personal data in commercial transactions to protect personal data of common interest and to ensure information security, network reliability and integrity. Any person or body corporate involved in the processing of personal data by a data user must comply with the Personal Data Protection Principles set by the PDPA. Our Group is identified as a data user under Section 9(b) of the Personal Data Protection (Class of Data Users) Order 2013 as a company registered under the Act who conducts retail dealing and wholesale dealing as defined under the CSA. Any person who contravenes any of the Personal Data Protection Principles will be subjected to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

**(k) Communications and Multimedia Act 1998**

The Communications and Multimedia Act 1998 ("**CMA**") provides for the powers and functions of the Malaysian Communications and Multimedia Commission ("**MCMC**") to regulate the converging communications and multimedia industries in Malaysia. Under the Communications and Multimedia (Technical Standards) Regulations 2000 ("**CMTS**") which are issued pursuant to the CMA, certification is required where any person who uses, offers for sale, sells or has in his possession with a view to sell, any communications equipment.

All communications equipment that are certified by the MCMC or a registered certifying agency must bear the certification mark or label as prescribed in the CMTS. Unless expressly stated otherwise, the general penalty for an offence committed under the CMTS in respect of failure to certify communications equipment is a fine of not exceeding RM100,000 and/or imprisonment of not exceeding 6 months; and/or the penalty in the event that the communications equipment does not comply with applicable standards under the CMA, is a fine of not exceeding RM300,000 and/or imprisonment not exceeding 3 years.

**(l) Excise Act 1976**

The Excise Act 1976 and its subsidiary legislations regulate and govern the licensing for the manufacture, distribution and sale of excise goods. Pursuant to the Excise Act 1976, any person shall not sell any intoxicating liquor except with a licence issued by the Excise Licensing Board ("**liquor licence**"). However, the sale by retail of beer or toddy in unopened bottles or cans is exempt from this requirement.

The Excise (Sale of Intoxicating Liquors) Regulations 1977 further regulates matters relating to licences for retail shops and wholesale dealers. The Excise (Sale of Intoxicating Liquors) Regulations 1977 prescribes the form of liquor licences and sets out regulations on the sale of liquors which include, amongst others, prohibiting the supply or sale of liquors to persons under the age of 21 years and prohibiting the sale of intoxicating liquors by any retail shop between the hours of 9.00 p.m. to 7.00 a.m.

Any person who sells intoxicating liquors without a licence or fails to comply with the conditions of a liquor licence shall, on conviction, be liable to a fine not exceeding RM50,000.

**(m) SDBA, Building By-laws 1951 and Buildings Ordinance 1994**

<u>SDBA</u>

The SDBA is enforced by the local authorities of Peninsular Malaysia and it provides for the requirement of having a CCC or CF for the occupation of any building or any part thereof.

Under the Uniform Building By-Laws 1984 ("**UBBL**") which was issued pursuant to the SDBA, a CCC will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e., an architect, registered building draughtsman or engineer.

A qualified person must be satisfied that, to their best knowledge: (i) the relevant building has been constructed in accordance with UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services have been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

A person who occupies a premise without a CCC or CF is subject to a fine of up to RM250,000, imprisonment for a term of up to 10 years, or both, under the SDBA.

Uniform Building By-laws 2022

The Uniform Building By-laws 2022, as adopted and issued by the respective local governments in Sabah, governs the issuance of an occupation certificate (the CCC or CF equivalent in Sabah). No person shall occupy or permit to be occupied any building unless an occupation certificate, partial occupation certificate or temporary occupation certificate has been issued under the Uniform Building By-laws 2022 for such building.

Any person who occupies a premise without an occupation certificate, partial occupation certificate or temporary occupation certificate shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence, to a further fine not exceeding RM5,000 for every day during which the offence continues after conviction.

Buildings Ordinance 1994

In Sarawak, the issuance of an occupation permit (the CCC or CF equivalent in Sarawak) is governed under the Buildings Ordinance 1994. No person shall occupy or permit to be occupied any building unless an occupation permit, partial occupation permit or temporary occupation permit has been issued for such building. A person who occupies a building without an occupation permit shall, on conviction, be liable to a fine of up to RM10,000 and in the case of a continuing offence to a further fine of not exceeding RM300 per day during which the offence is continued after notice to cease occupying the building has been issued on such person.

**(n) Employment Act 1955, Labour Ordinance 1958 of Sarawak and Labour Ordinance 1950 of Sabah**

The Employment Act 1955 governs the law on the employment contracts entered into between employer and employee in Peninsular Malaysia and the Federal Territory of Labuan, Malaysia while the Labour Ordinance 1958 and Labour Ordinance 1950 governs the labour laws in Sarawak and Sabah respectively. Our Group employs a large number of workers in management as well as at operational level. Our Group also employs a significant number of foreign nationals to maintain an efficient operation. As such, the Employment Act 1955, Labour Ordinance 1958 of Sarawak and Labour Ordinance 1950 of Sabah are important as they stipulate the laws on foreign nationals.

The Employment Act 1955 requires employers to obtain approval from the Director General of Labour to employ a foreign employee. An employer who contravenes this requirement commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 5 years or both.

Pursuant to the National Wages Consultative Council Act 2011, an employer who fails to pay the basic wages, as specified in the minimum wages order, to his employees commits an offence and shall, on conviction, be liable to a fine of not more than RM10,000 for each employee. In accordance with the Minimum Wages Order 2022, minimum wage, effective from 1 May 2022, is RM1,500 monthly and RM7.21 hourly for employers who employ 5 or more employees.

The Employment (Part-Time Employees) Regulations 2010 governs the overtime pay, holidays, annual leave, sick leave, and rest day for part-time employees. Any employer who contravenes the regulation commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000.

**(o) Sales Tax Act 2018**

Sales tax administered in Malaysia is a single-stage tax charged and levied on taxable goods imported to Malaysia at the point of entry. Taxable goods are goods of a class or kind not for the time being exempted from sales tax. General rule is tax is levied on imported goods (except those exempted by the Ministry of Finance, Malaysia).

As our Group imports goods into Malaysia, our Group is bound by the provisions of the Sales Tax Act 2018.

A person who evades sales tax commits an offence, and shall, on conviction, be liable for the first offence, to a fine of not less than 10 times and not more than 20 times the amount of sales tax or to imprisonment for a term not exceeding 5 years or both, and a second or subsequent offence, to a fine of not less than 20 times and not more than 40 times the amount of sales tax or to imprisonment for a term not exceeding 7 years or both.

**(p) Local Government Act 1976, Local Authorities Ordinance 1996 and Businesses, Professions and Trades Licensing Ordinance 1958 of Sarawak, and Local Government Ordinance 1961 of Sabah and Trades Licensing Ordinance 1949 of Sabah**

Under the Local Government Act 1976, the Local Authorities Ordinance 1996 and Businesses, Professions and Trades Licensing Ordinance 1958 in Sarawak, the Trades Licensing Ordinance 1949 in Sabah, and the by-laws of the respective local councils and authorities, our outlets are required to have business and signboard/advertising licences, display the licences at the outlet premises, and produce the licences upon request.

Pursuant to the Local Government Act 1976, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500 or imprisonment for a term not exceeding 6 months or both. A similar penalty provision can also be found in the Local Authorities Ordinance 1996 of Sarawak save for the exception that in Sarawak, an absolute fine of RM2,000 will be imposed on those who are found guilty of such offence. In Sarawak, the Business Professions & Trade Licensing Ordinance 1958 imposes an absolute fine of RM1,000 on persons who carry on any business without a valid business licence and The Local Authorities (Advertisements) By-Laws 2012 provides for a fine of not more than RM5,000 and imprisonment of not more than 6 months for not having a signboard licence. In Sabah, the Trades Licensing Ordinance 1949 imposes on such persons, a fine of 4 times the amount of the licence fee and a further fine of RM10 for each day or part of a day during the period in which the contravention continues.

**(q) National Land Code 2020**

The National Land Code 2020 governs land matters within Peninsular Malaysia, where our material properties are situated. Pursuant to the National Land Code 2020, the state authority may alienate land subject to such express conditions and restrictions in interest which shall be determined by the state authority at the time when the land is approved for alienation and every condition or restriction in interest imposed under this section shall be endorsed on or referred to in the document of title to the land.

**(r) Fire Services Act 1988**

The Fire Services Act 1988 ("**FSA**") provides for the effective and efficient functioning of the Fire and Rescue Department of Malaysia, for the protection of persons and property from fire risks or emergencies. The FSA provides, amongst other matters, that a fire certificate be issued only after the designated premises have been inspected and the Fire and Rescue Department of Malaysia is satisfied that there are adequate facilities for life safety, fire prevention, fire protection and fire-fighting.

Where there is no fire certificate in force, the owners of such premises may become subject to a fine of up to RM50,000 and/or imprisonment of up to 5 years (or both) and such owners may also be required to cease the use of such premises, including by any tenants of such premises.

**(s) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("Employees' Accommodation Act") and Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 ("Employees' Accommodation Regulations")**

The Employees' Accommodation Act prescribes, among other things, the minimum standards for accommodations for employees and centralised accommodations and requires employers to provide health, hospital, medical and social amenities.

The Employees' Accommodation Act imposes the duty and responsibility on employers or centralised accommodation providers to, amongst others, ensure that: (i) every accommodation provided for employees complies with the minimum standards required under the Employees' Accommodation Act and any regulations made thereunder; (ii) no employee accommodation will be provided to an employee unless certified with a CFA; (iii) any accommodation that is unfit for human habitation in accordance with the relevant written laws are not to be used to accommodate employees; (iv) the employee accommodation has decent and adequate amenities in accordance with the Employees' Accommodation Act and any regulations made thereunder; (v) necessary preventive measures are taken to ensure employees' safety and well-being; (vi) the employees receive the necessary medical assistance; and (vii) preventive measures are taken to contain the spread of infectious diseases as ordered by the Medical Officer of Health in accordance with the relevant laws where the employer will, at his own expense, make arrangements as ordered by the Medical Officer of Health so that all or any of the employees be given immunisation against any infectious disease.

Further, the Employees' Accommodation Regulations, enacted pursuant to the Employees' Accommodation Act, imposes among other things the minimum requirements for employee accommodations including the size of floor area for bedrooms and sleeping areas, the obligation on employers or centralised accommodation providers to ensure the provision of water and electricity supply as well as basic amenities which will not be shared in the employee accommodations. Any employer who contravenes the Employees' Accommodation Regulations commits an offence.

An employer who fails to obtain the CFA or fails to ensure the employee accommodation is fit for human habitation in accordance with the relevant written laws, commits an offence and will on conviction, be liable to a fine not exceeding RM50,000. Any employer who contravenes any other provision of the Employees' Accommodation Act or any regulation made thereunder or fails to carry out any order made by the Director General of Labour, will be guilty of an offence under such provision, and if no penalty is expressly provided for the offence will, on conviction, be liable to a fine not exceeding RM50,000 and to a further fine not exceeding RM1,000 a day for each day during which the offence continues.

**Governing laws and regulations relating to the PRC**

**(a) Laws and Regulations in Relation to Exportation of Goods**

**i. Foreign Trade Law**

According to the Foreign Trade Law of the PRC, or the Foreign Trade Law, promulgated by the Standing Committee of the National People's Congress on 12 May 1994 and amended on 30 December 2022, no registration of foreign trade operators is required since 30 December 2022. As at the LPD, unless otherwise provide by laws and administrative regulations, the PRC government allows the free import and export of goods and technologies. Before 30 December 2022, pursuant to the pre-amendment Foreign Trade Law, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council of PRC, a foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council of PRC or its entrusted agencies. Where a foreign trade operator fails to do so, customs of the PRC ("**PRC Customs**") shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

**ii. Customs Law**

According to the Customs Law of the PRC, adopted by the Standing Committee of the National People's Congress on 22 January 1987, recently amended on 29 April 2021 and effective on the same date, the PRC Customs is the entry and exit customs supervision and administration authority of the PRC. According to the relevant laws and administrative regulations, the PRC Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations.

**iii. Regulations of PRC Customs on Administration of Recordation of Declaration Entities**

According to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities, adopted by the General Administration of Customs on 19 November 2021 and effective on 1 January 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the PRC Customs. If the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities; among them, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators. The recordation of the customs declaration entities is valid for a long period of time, while the temporary recordation is valid for 1 year, after the expiry reapplication of recordation can be made.

Recently, our PRC-incorporated subsidiary, Yiwu SM Import and Export, undertakes export activities as a consignor. It has registered itself with the PRC Customs and has a valid recordation for 45 years.

**(b) The PRC Company Law**

The PRC Company Law was passed by the Standing Committee of the National People's Congress on 29 December 1993 and came into effect on 1 July 1994. It was successively amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023.

Under the PRC Company Law, a limited liability company is a corporate legal person incorporated under the PRC Company Law. The liability of its shareholders is limited to the extent of the registered capital that they subscribe, and the liability of the company is limited to the full amount of all the assets it owns.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested.

The company's articles of association set forth the rights and duties of its shareholders, which are binding on all shareholders. Pursuant to the PRC Company Law, the rights of shareholders include:

- the right to attend shareholders' general meetings in person or by proxy and to vote in respect of the equity interests held;
- the right to transfer their equity interests in accordance with the applicable laws, regulations and the company's articles of association;
- the right to inspect and duplicate the company's articles of association, minutes of shareholders' general meetings, resolutions of board meetings, resolutions of meetings of the board of supervisors and financial and accounting reports;
- where a resolution passed by shareholders' general meetings or the board of directors violates the articles of association or infringe the lawful rights and interests of shareholders, the right to institute an action in a people's court demanding the cessation of such unlawful infringement;
- the right to receive dividends based on the equity interests held; and
- any other rights of shareholders specified in the company's articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the contribution monies in respect of the equity interests subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the equity interests taken up by them and any other shareholder obligation specified in the articles of association.

**(c) Laws and Regulations in Relation to Labour Protection**

Labour contracts must be concluded in writing if labour relationships are to be or have been established between enterprises, individual economic organizations, private non-enterprise entities, etc. and the employees under the Labour Contract Law of the PRC promulgated on June 29, 2007 and last amended on December 28, 2012. Employers are forbidden to force employees to work overtime or to do so in a disguised manner and employers must pay employees overtime wages in accordance with national regulations. In addition, wages may not be lower than local standards on minimum wages and must be paid to the employees timely.

According to the Labour Law of the PRC promulgated on July 5, 1994 and last amended on December 29, 2018, employers shall establish and improve a system of labour safety and sanitation and shall strictly abide by national rules and standards on labour safety and sanitation as well as educate employees on labour safety and sanitation so as to prevent accidents during work and reduce occupational hazards. Labour safety and sanitation facilities shall comply with national standards. The employers must also provide employees with labour safety and sanitation conditions that are in compliance with national standards and necessary articles for labour protection.