

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 RELATING TO OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Number of Shares to be issued under the Public Issue	111,648,000
- Malaysian Public	18,608,000
- Eligible Directors and employees of our Group, directors and employees of Tomei Group as well as any other persons who have contributed to our success	11,162,000
- Entitled Shareholders of Tomei	18,608,000
- Private placement to selected investors	16,751,200
- Private placement to selected Bumiputera Investors approved by MITI	46,518,800
Enlarged issued share capital upon Listing	RM[●] comprising 372,150,000 Shares
IPO Price	RM[●]
Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after the IPO)	RM[●]

Further details on our IPO are set out in Section 4.1 of this Prospectus.

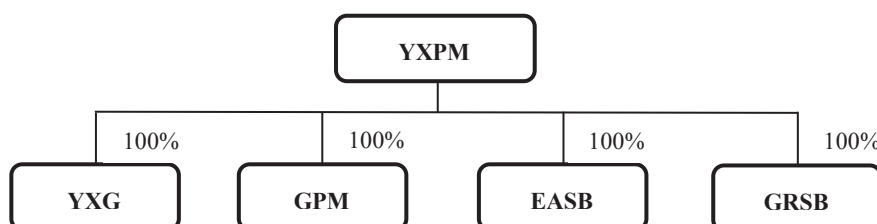
Our Promoter's entire shareholdings after IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, our Promoter's shareholdings amounting to 45% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) will remain under moratorium for another 6 months. Our Promoter may sell, transfer or assign up to a maximum of one third (1/3) per year (on a straight-line basis) of its Shares held under moratorium upon expiry of the second 6-month period.

3.2 BACKGROUND AND OVERVIEW

Our Company (Registration No. 202101001245 (1401543-M)) was incorporated in Malaysia under the Act on 11 January 2021 as a private limited company under the name of YX Precious Metals Sdn Bhd and was subsequently converted to a public limited company on 11 March 2021. YXPM is an investment holding company.

We are principally involved in wholesaling, design and manufacturing of gold jewellery. Our other related products and services include sales of scrap and pure gold bars, manufacture of silver chains, and provision of refining services for precious metals.

Our corporate Group structure is as follows:

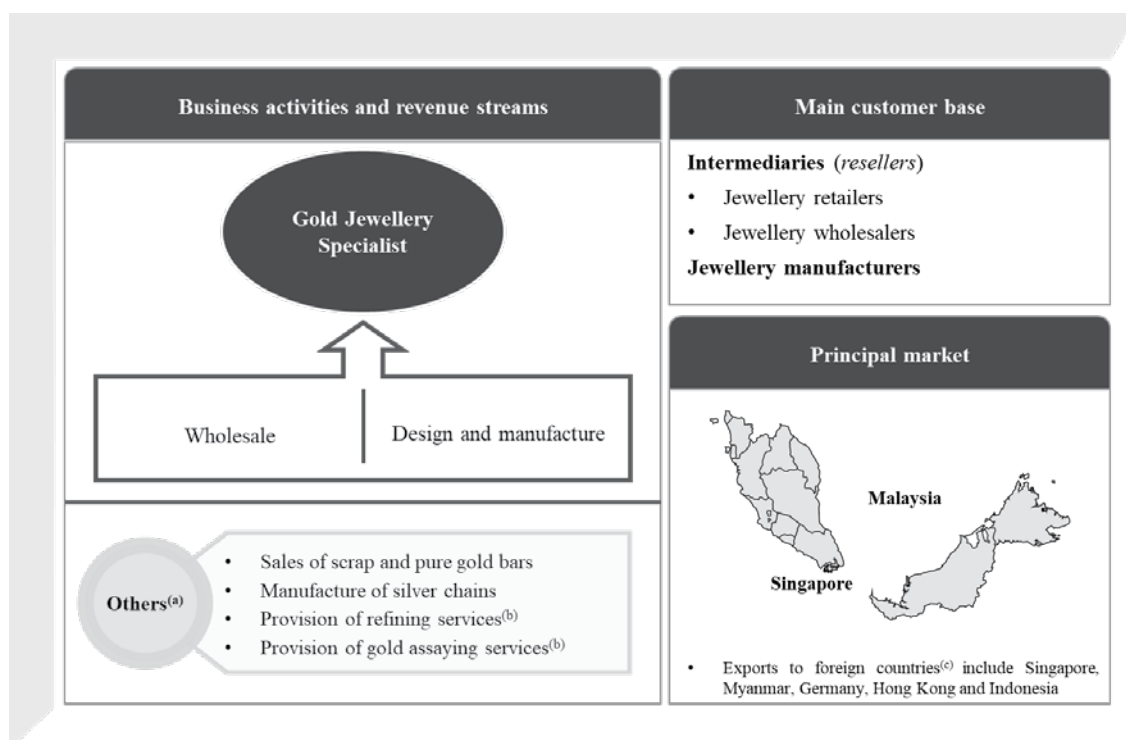


3. PROSPECTUS SUMMARY (Cont'd)

The principal activities of our Subsidiaries are as follows:

Subsidiaries	Principal activities
YXG	Wholesale of gold jewellery and other related products and services.
GPM	Design and manufacture of gold jewellery and other related products and services.
EASB	Currently inactive. EASB intends to provide assaying services for precious metals. As at the LPD, EASB has not commenced operations.
GRSB	Currently inactive. GRSB intends to provide refining services of precious metals. As at the LPD, GRSB has not commenced operations.

The following is an overview of our Group's business model:



Notes:

- Other related products and services accounted for 0.60%, 0.59% and 3.11% of our total revenue for FYE 2018, FYE 2019 and FYE 2020 respectively.
- The provision of refining and gold assaying services are mainly internal supporting activities which form part of our manufacturing and quality control processes. The provision of refining services accounted for 0.08%, 0.09% and 0.06% of our total revenue for the FYE 2018, FYE 2019 and FYE 2020 respectively. There was no external revenue generated from gold assaying services. As part of our future plans, we intend to provide gold assaying services to external customers.
- Exports to foreign countries accounted for 7.27%, 9.55% and 3.77% of our total revenue for FYE 2018, FYE 2019 and FYE 2020 respectively. Exports to Hong Kong and Indonesia were applicable for FYE 2018 and FYE 2019. There were no export sales to Hong Kong and Indonesia for the FYE 2020.

We are a gold jewellery specialist involved in wholesaling, design and manufacturing activities. As a gold jewellery specialist, we focus on 916-gold jewellery which contains 91.67% pure gold content alloyed with other metals. We offer a wide range of gold jewellery including gold chain products such as necklaces, bracelets, anklets and basic chains, as well as bangles, rings, pendants, charms and earrings. Our range of products consist of gold jewellery that are sourced from external manufacturers as well as internally sourced from our manufacturing operations.

3. PROSPECTUS SUMMARY (Cont'd)

Our business model is based on sales of gold jewellery to trade customers for resale and this includes jewellery retailers, wholesalers and manufacturers. We mainly serve the Malaysian market covering both Peninsular Malaysia and East Malaysia. We also export to foreign countries including Singapore, Germany, Myanmar, Indonesia and Hong Kong.

Our wholesale operations are undertaken by YXG at our sales offices located at Project Jaya Industrial Estate, Jalan Kelang Lama, Kuala Lumpur and previously at Menara MAA, Kota Kinabalu, Sabah. Meanwhile, our in-house design and manufacturing operations are undertaken by GPM at our manufacturing facilities located at Project Jaya Industrial Estate, Jalan Kelang Lama, Kuala Lumpur.

Our main revenue stream is derived from our Gold Jewellery Segment which accounted for more than 96.00% of our total revenue for the Financial Years Under Review. Our revenue from this segment is contributed by the following:

- Wholesale Segment: Revenue is mainly derived from sales of gold jewellery as well as provision of gold jewellery manufacturing services that are sourced from external manufacturers. It also includes the sales of gold jewellery internally sourced from our design and manufacturing arm, namely GPM.
- Design and Manufacture Segment: Revenue is derived from sales of our own designed and manufactured gold jewellery as well as provision of gold jewellery manufacturing services.

Our other revenue streams are from Other Related Products and Services including the sales of scrap and pure gold bars, manufacture of silver chains and provision of refining services for precious metals.

Our revenue segmented by business activities for the Financial Years Under Review are set out below:

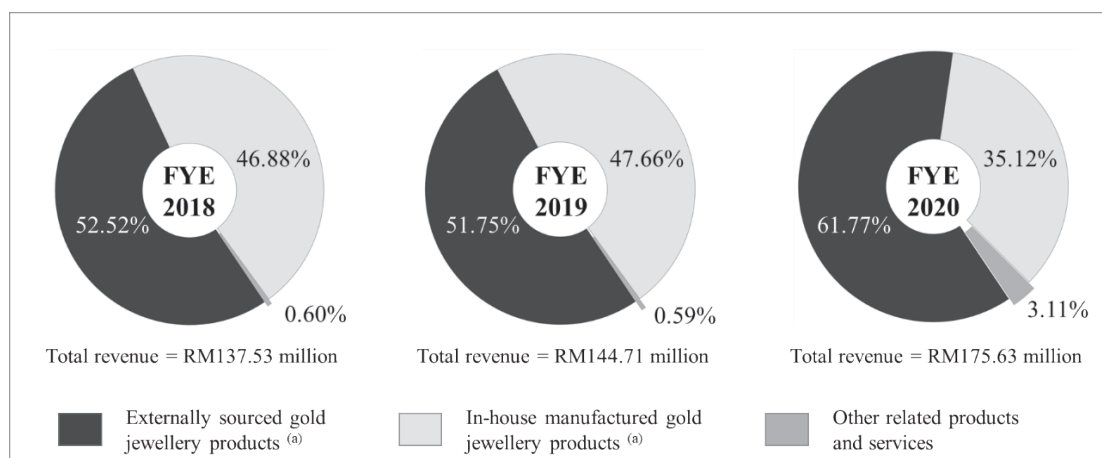
	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Gold Jewellery Segment	136,708	99.40	143,863	99.41	170,171	96.89
Wholesale Segment	112,055	81.47	114,377	79.04	155,133	88.33
- Externally sourced ^(a)	72,234	52.52	74,882	51.75	108,486	61.77
- Internally sourced	39,821	28.95	39,495	27.29	46,647	26.56
Design and Manufacture Segment^(a)	24,653	17.93	29,486	20.37	15,038	8.56
Other Related Products and Services^(b)	826	0.60	848	0.59	5,463	3.11
Total revenue	137,534	100.00	144,711	100.00	175,634	100.00

Notes:

- (a) Includes the provision of gold jewellery manufacturing services where the gold raw material is supplied by the customer. For the Financial Years Under Review, revenue from provision of gold jewellery manufacturing services collectively accounted for 2.86%, 2.56% and 1.60% of our total revenue for the FYE 2018, FYE 2019 and FYE 2020 respectively.
- (b) Include sales of scrap and pure gold bars, manufacture of silver chains and provision of refining services for precious metals.

3. PROSPECTUS SUMMARY (Cont'd)

Our range of products consist of gold jewellery that are sourced from external manufacturers as well as internally sourced from our manufacturing operations. Our Group's revenue segmented by sources of gold jewellery products and services are as follows:



Note:

- (a) Includes the provision of gold jewellery manufacturing services where the gold raw material is supplied by the customer. For the Financial Years Under Review, revenue from provision of gold jewellery manufacturing services collectively accounted for 2.86%, 2.56% and 1.60% of our total revenue for the FYE 2018, FYE 2019 and FYE 2020 respectively.

Further details of our Group and business model are set out in Section 6 of this Prospectus.

3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our Group's competitive advantages and key strengths are set out below:

- (i) We are a gold jewellery specialist where our wholesale operations are supported by our own in-house design team and manufacturing operations. With our in-house design team, we are able to offer our customers exclusivity in our gold jewellery designs, as well as to assist our customers who are jewellery retailers and wholesalers to promptly address opportunities created by new jewellery design trends and buyer preferences.
- (ii) We provide a one-stop supply centre for gold jewellery to meet the needs of our customers by leveraging from our capabilities and strengths as a gold jewellery specialist. Our sources of supply of gold jewellery comprised a combination of our established network of suppliers for gold materials, external manufacturing services, as well as our range of in-house manufactured products.
- (iii) We have a wide customer base and market reach which will help to grow our business. As we mainly utilise indirect distribution channels where we market and sell our products to resellers including jewellery retailers and wholesalers, this enables us to use their sales and retail network to cover a wider cross section of end-consumers.
- (iv) We have an established track record of 29 years to serve as a platform for business sustainability and growth. Our established track record has enabled us to garner the trust among our customers and this is substantiated by the revenue growth from our Gold Jewellery Segment between FYE 2018 and FYE 2020.
- (v) We have an experienced Managing Director who has approximately 29 years of experience in the jewellery industry, as well as the Key Senior Management team to grow our business.

Further details on our competitive advantages and key strengths are set out in Section 6.1.3 of this Prospectus.

3. PROSPECTUS SUMMARY *(Cont'd)*

3.4 BUSINESS STRATEGIES

Our Group's business strategies are summarised below:

(i) Expand the range of hollow gold jewellery

Hollow gold jewellery refers to a range of gold jewellery where some part of it is hollow in the inside and thus uses a lower quantity of gold. Therefore, it is generally lighter in weight and less expensive compared to solid gold jewellery. We plan to expand on the range of in-house design and manufacturing of hollow gold jewellery through the manufacturing of hollow gold rope chain, hollow gold pendants, charms and earrings using electroforming, as well as pairing of hollow gold chain with other jewellery items.

We intend to purchase new machinery and equipment to facilitate the manufacturing of new range of hollow gold jewellery which includes 5 units of hollow rope chain machines, 5 sets of electroforming equipment and 1 unit of metal dissolving machine.

(ii) Expansion and upgrading of operational facilities

(a) We plan to automate some of our existing processes which are done manually to improve production efficiency, reduce wastage of materials, cut down production time, produce consistent quality products due to precision, as well as reduce the reliance of manual labour. We intend to purchase the following new machinery, equipment and software as part of our expansion and upgrading of operational facilities:

- purchase 2 units of robotic arms to automate our chain linking and welding process;
- purchase 2 units of industrial wax 3D printers which will enable us to print multiple wax models at the same time including intricate designs;
- purchase 1 unit of chain cutting machine to perform diamond cutting, surfacing and beveling on chains to produce chain jewellery products such as necklaces, bracelets, anklets as well as basic chains; and
- purchase 1 unit of CNC cutting machine to automate the cutting and finishing works on round type of jewellery such as rings and bangles.

(b) We plan to invest in a new ERP system and MES to replace our existing system. The new systems are aimed at facilitating a timely flow of data and information for decision making and reporting purposes.

(c) We plan to integrate our new online order system to the abovementioned new ERP system and MES. This is to facilitate a seamless flow of sales data transaction, from the input of customers' orders to our inventory management and manufacturing process, and finally coordinating the delivery of gold jewellery to customers.

(d) We intend to upgrade our security and surveillance facilities by upgrading the CCTV camera system at our operating premises located at Project Jaya Industrial Estate, Jalan Kelang Lama, Kuala Lumpur.

(iii) Provision of refining and assaying services to external customers

Part of our future plans is to provide refining and assaying services of precious metals to external customers through our subsidiaries, GRSB and EASB respectively. Currently, refining and assaying services are undertaken by GPM as part of our internal manufacturing process.

Further details of our Group's business strategies are set out in Section 6.14 of this Prospectus.

3. PROSPECTUS SUMMARY *(Cont'd)*

3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations (which may occur either individually or in combination, at the same time or around the same time) that may have a significant impact on our future financial performance, such as the following:

- (i) Our financial performance is subject to the fluctuations in global gold prices as gold is a globally traded commodity. The purchase price of gold materials and selling price of gold jewellery are largely based on the prevailing price of gold at the point of the transaction. In the event that our selling price of gold jewellery is lower than our purchase price of gold materials, it would adversely affect our margins and profitability.
- (ii) We are dependent on our supply chain including our gold material supplier and network of external manufacturers for our gold jewellery products. In the event there is any disruption in the supply of gold materials, our manufacturing operations would be adversely affected. Similarly, if there is any delay and/or disruption in the supply of manufacturing services from our external manufacturers, there is a risk that we would not be able to meet scheduled delivery as well as quality expectations of our customers.
- (iii) Our business was and will continue to be susceptible to the outbreak of the COVID-19 pandemic and any further lockdowns would adversely affect our financial performance. As evidenced by the COVID-19 pandemic, measures such as lockdowns or movement restrictions have impacted the retail business including those relating to gold jewellery. We are dependent on the demand from the gold jewellery retailing industry and any reduction in demand from this sector would adversely affect our financial performance. In the event of any adversities arising from regulatory, economic, social and political events that would negatively impact the gold jewellery retail sector and/or consumer demand for gold jewellery, our financial performance would be adversely affected.
- (iv) We are subject to regulatory requirements for our business operations. Please refer to Section 6.3.10 of this Prospectus for the list of our major approvals, licenses and permits obtained. Our major approvals, licenses and permits are subject to compliance with relevant conditions (if any), laws and regulations under which they were issued. In the event of non-compliance, these licenses, permits and approvals may be revoked or may not be renewed upon expiry. Any revocation or failure to obtain, maintain or renew any of the licenses or permits may materially and adversely affect our business operations and financial performance.
- (v) We may not be able to effectively execute some of our business strategies and plans nor that we will be able to anticipate all the business and operational risks associated with our strategies. Any postponement, delays due to the impact of the COVID-19 pandemic or failure in executing our business strategy effectively may adversely affect our expected financial performance.
- (vi) We are dependent on the demand from the gold jewellery retailing industry and are subject to the risk of changing market trends and consumer preferences. As a wholesaler and manufacturer of gold jewellery serving mainly jewellery retailers, our business success is dependent on our ability to identify market trends, consumer behaviour and preferences, and to bring the gold jewellery to the retail market promptly. If we are unable to react to such market conditions promptly, the demand for our range of jewellery products and our financial performance would be adversely affected.
- (vii) The high and sustained price of gold may create affordability issues and dampen the demand for gold jewellery. There is a risk that the strong price performance of gold may dampen the demand or purchases of gold jewellery due to issues relating to affordability. The high price of gold may adversely impact the purchasing patterns of gold jewellery, where consumers may either deter, reduce or defer their purchases until such a time when the gold prices stabilise or decline to an acceptable level.

Please refer to Section 8 of this Prospectus for further details and the full list of risk factors which should be considered before investing in our Shares.

3. PROSPECTUS SUMMARY (Cont'd)

3.6 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoter and substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Country of incorporation / Nationality	Before the IPO/As at the LPD		After the IPO	
		Direct		Direct	
		No. of Shares	(a)%	No. of Shares	(b)%
<u>Promoter and substantial shareholder</u>					
Tomei	Malaysia	260,502,000	100.00	-	-
<u>Substantial shareholders</u>					
TFC	Malaysia	-	-	(c)260,502,000	70.00
TBSB	Malaysia	-	-	(c)260,502,000	70.00
Tan Sri Datuk Dr. Ng Teck Fong (Deceased)	Malaysian	-	-	(d)260,502,000	72.98
Datuk Ng Yih Pyng	Malaysian	-	-	(d)260,502,000	72.98
Ng Yih Chen	Malaysian	-	-	(d)260,502,000	72.99
Ng Sheau Chyn	Malaysian	-	-	(d)260,502,000	72.98
Ng Sheau Yuen	Malaysian	-	-	(d)260,502,000	72.98
				(e)260,502,000	72.98
				(e)8,475,900	2.28
				(e)2,624,700	0.71
				-	-
				(e)78,000	0.02
				-	-
				(e)62,900	0.02
				(e)13,400	(f)

Notes:

- Based on our issued share capital of 260,502,000 Shares after the Acquisitions but before our IPO.
- Based on enlarged issued share capital of 372,150,000 Shares after the Public Issue.
- Deemed interested by virtue of its shareholdings in Tomei pursuant to Section 8 of the Act.
- Deemed interested by virtue of his/her shareholdings in TFC and TBSB pursuant to Section 8 of the Act.
- Assuming the subscription of IPO Shares under the Restricted Offering, which is allocated based on a pro-rata basis according to their respective shareholdings in Tomei as at the LPD. However, the final shareholdings will depend on the actual number of IPO Shares subscribed and allocated to them in accordance with the basis set out in Section 4.1.1(b)(iii) of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

- (f) Less than 0.01%.
- (g) Deemed interested by virtue of his/her shareholdings in TFC, TBSB and being a trustee for Ng Teck Fong Foundation pursuant to Section 8 of the Act.
- (h) Deemed interested by virtue of his shareholdings in TFC, TBSB and his children's shareholdings as well as being a trustee for Ng Teck Fong Foundation pursuant to Section 8 of the Act.

Further details on our Promoter and substantial shareholders are disclosed in Section 5 of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

Our Directors and Key Senior Management are as follows:

Name	Designation	Nationality
Directors		
Tan Sri Azlan Bin Mohd Zainol	Independent Non-Executive Chairman	Malaysian
Ng Sheau Chyn	Managing Director	Malaysian
Tang Yow Sai	Independent Non-Executive Director	Malaysian
Aw Ee Leng	Independent Non-Executive Director	Malaysian
Datuk Ng Yih Pyng	Non-Independent Non-Executive Director	Malaysian
Key Senior Management		
Samuel Sia Hsiao Guong	Group Financial Controller	Malaysian
Lim Wai Chee	Head of Design and Development	Malaysian
Ong Hui Eng	Head of Resource Planning	Malaysian
Whelly @ James Bin Gonsorob @ Roseday	Head of Production	Malaysian

Further details on our Directors and Key Senior Management are disclosed in Section 5 of this Prospectus.

3.8 USE OF PROCEEDS FROM OUR IPO

The total gross proceeds from our Public Issue amounting to RM[●] million are intended to be used in the following manner:

Purposes	(RM'000)	(%)	Estimated time frame for use (from the Listing Date)
Purchase of new machinery and equipment	[●]	[●]	Within 24 months
Expansion and upgrading of operational facilities	[●]	[●]	Within 24 months
Working capital			
- Purchase of raw materials	[●]	[●]	Within 12 months
Estimated listing expenses	[●]	[●]	Within 3 months
Total	[●]	100.00	

There is no minimum subscription level in terms of proceeds to be raised from our IPO. Further details on the use of proceeds are set out in Section 4.4 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)**3.9 FINANCIAL HIGHLIGHTS**

The following table sets out the key financial highlights based on our historical audited combined financial statements for the Financial Years Under Review:

	Audited		
	FYE 2018 (RM'000)	FYE 2019 (RM'000)	FYE 2020 (RM'000)
Revenue	137,534	144,711	175,634
Cost of sales	(133,111)	(132,388)	(158,267)
GP	4,423	12,323	17,367
Other income	397	279	414
(LBT)/PBT	(1,396)	6,281	12,395
(LAT)/PAT	(1,375)	4,862	9,370
GP margin (%) ^(a)	3.22	8.52	9.89
(LBT)/PBT margin (%) ^(b)	(1.02)	4.34	7.06
(LAT)/PAT margin (%) ^(c)	(1.00)	3.36	5.33

Notes:

- (a) GP margin is calculated based on GP divided by revenue.
- (b) (LBT)/PBT margin is calculated based on (LBT)/PBT divided by revenue.
- (c) (LAT)/PAT margin is calculated based on (LAT)/PAT divided by revenue.

Please refer to Section 11.1 of this Prospectus for further discussion on our historical audited combined financial information.

3.10 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. Nonetheless, our Company does not have any formal dividend policy. Save for the FYE 2020, our Group did not declare any dividends during the Financial Years Under Review.

Further details on our dividend policy are set out in Section 11.4 of this Prospectus.

3.11 OUTBREAK OF COVID-19 PANDEMIC

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. As part of the efforts to reduce and control the spread of COVID-19 in the country, the Government implemented the MCO as one of the preventive measures. The MCO involves restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities.

Impact of the COVID-19 pandemic on our business and financial performance are as follows:

Events	Impact on our Group
2020	
MCO 1.0	<ul style="list-style-type: none"> Our wholesale and manufacturing operations were suspended for 33 working days from 18 March 2020 to 3 May 2020 as our business operations were not deemed as "essential services" during this period.

3. PROSPECTUS SUMMARY (Cont'd)

Events	Impact on our Group
MCO 1.0 (Cont'd)	<ul style="list-style-type: none"> As a result of the closure of our business operations during MCO 1.0, our revenue declined from RM13.19 million in February 2020 to RM8.13 million in March 2020 and we did not record any revenue in April 2020.
CMCO	<ul style="list-style-type: none"> We resumed our wholesale and manufacturing operations on 4 May 2020, where we split our workforce into 2 groups and 2 shifts with each group operated 6.5 hours per shift.
RMCO	<ul style="list-style-type: none"> Our workforce resumed to operating in a single shift in October 2020. <p><u>Other impact arising from MCO 1.0, CMCO and RMCO</u></p> <ul style="list-style-type: none"> Our sales personnel were unable to conduct sales meetings and deliver our gold jewellery directly to our customers due to restrictions on interstate travel. As such, customer's dealings were conducted through phone calls and the delivery of goods were arranged with courier companies. This has resulted in a decrease in our petrol and travelling expenses from RM0.23 million in FYE 2019 to RM0.13 million in FYE 2020. However, our freight, insurance and handling charges increased from RM0.02 million in FYE 2019 to RM0.04 million in FYE 2020. Due to the closure of the Malaysia and Singapore borders, we encountered issues in coordinating the delivery to Singapore from March 2020 to August 2020, and only resumed delivery to Singapore from September 2020 onwards. As such, sales to Singapore customers were affected, where sales volume of gold jewellery decreased by 40,391g, from 63,195g in FYE 2019 to 22,804g in FYE 2020 and corresponding revenue decreased by RM6.25 million in FYE 2020. We did not experience any shortages in the supply of gold as raw materials during these periods.
<u>2021</u>	
MCO 2.0	<ul style="list-style-type: none"> Our business operations were not affected by MCO 2.0 as our wholesale and manufacturing operations were allowed to operate. In addition, there was no disruption in our customers' orders as jewellery retailers were also allowed to operate during MCO 2.0.
MCO 3.0	<ul style="list-style-type: none"> Our business operations were allowed to operate. However, in view of the rising COVID-19 cases, we split our manufacturing workforce into 2 groups and 2 shifts from 7 May 2021 onwards as a precautionary measure.
NRP	<ul style="list-style-type: none"> With the commencement of Phase 1 of the NRP from 1 June 2021 onwards, our wholesale and manufacturing operations were suspended for 42 working days from 1 June 2021 to the LPD as our business operations are not within the essential economic and service sectors. During this period, all employees from our head office started to work from home since 1 June 2021. This includes some of our craftsmen, where they carried out minimal final assembly works of jewellery products at home to meet our export sales orders as well as to fulfil some of our local customers' orders, who has an online and e-commerce presence. As at the LPD, Kuala Lumpur is still in Phase 1 of the NRP and hence our office and manufacturing facilities in Kuala Lumpur remains closed. Notwithstanding that Sabah has transitioned to Phase 2 of the NRP as at the LPD, sales of jewellery is still not allowed to operate. As such, our sales office in Kota Kinabalu, Sabah also remains closed. The closure of our business operations during Phase 1 of the NRP has affected our revenue performance for June 2021 and July 2021.

Further details of the impact of the COVID-19 pandemic and MCO on our business operations are set out in Section 6.3.14 of this Prospectus.