



Tel: +603 2616 2888
Fax: +603 2616 3190, 2616 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
YX Precious Metals Bhd
No. 23, Jalan 2/131A,
Project Jaya Industrial Estate,
Batu 6, Jalan Kelang Lama,
58200 Kuala Lumpur,
Malaysia.

Date: 13 August 2021

Our ref: BDO/LKH/TKY2

Dear Sirs

YX Precious Metals Bhd (“YXPM” or “the Company”) and its proposed subsidiaries (“YXPM Group” or “the Group”)
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 December 2020 (“This Report”)

CERTIFIED TRUE COPY

.....
Law Kian Huat
02855/06/2022 J
Chartered Accountant

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2020 (“Pro Forma Consolidated Statements of Financial Position”). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company (“Board of Directors”) for inclusion in the prospectus of the Company (the “Prospectus”) in connection with the listing of and quotation for the entire enlarged issued share capital of YXPM on the ACE Market of Bursa Malaysia Securities Berhad (the “Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors, to illustrate the impact of the events or transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Group’s financial position as at 31 December 2020 as if the events have occurred or the transactions have been undertaken on 31 December 2020. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the financial statements of Yi Xing Goldsmith Sdn. Bhd. (“YXG”), Gemas Precious Metals Industries Sdn. Bhd. (“GPM”), Emas Assayer Sdn. Bhd. (“EASB”) and GPM Refinery Sdn. Bhd. (“GRSB”) for the financial year ended 31 December 2020, which have been audited.

Directors’ Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

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.



Our Independence and Quality Control (continued)

The firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 December 2020 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.



Reporting Accountants' Responsibility (continued)

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 Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This Report has been prepared solely for the purpose stated above, in connection with the Listing. 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,

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

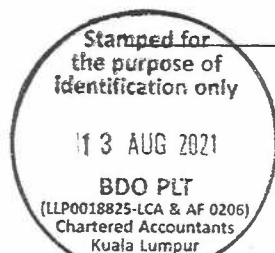
Law Kian Huat
02855/06/2022 J
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2020 based on the assumptions that the transactions set out in Note 1.3 had been effected on that date, and should be read in conjunction with the notes thereon.

	Note	Upon Incorporation of YX Precious Metals Bhd RM'000	Adjustments for the Acquisition RM'000	Pro Forma I After Acquisition RM'000	Adjustments for Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
ASSETS								
Non-current asset								
Property, plant and equipment	3	-	1,060	1,060	-	1,060	[•]	[•]
Right-of-use assets		-	461	461	-	461	-	461
Deferred tax assets		-	58	58	-	58	-	58
		-	1,579	1,579	-	1,579	[•]	[•]
Current assets								
Inventories	4	-	53,044	53,044	-	53,044	[•]	[•]
Trade and other receivables		-	11,377	11,377	-	11,377	-	11,377
Current tax assets		-	*	*	-	*	-	*
Cash and bank balances	5	*	8,385	8,385	[•]	[•]	[•]	[•]
		*	72,806	72,806	[•]	[•]	[•]	[•]
TOTAL ASSETS		*	74,385	74,385	[•]	[•]	[•]	[•]
EQUITY AND LIABILITIES								
Equity attributable to owners of the parent								
Share capital	6	*	52,100	52,100	[•]	[•]	[•]	[•]
Merger reserve	6	-	(34,500)	(34,500)	-	(34,500)	-	(34,500)
Retained earnings	6	-	34,496	34,496	-	34,496	[•]	[•]
TOTAL EQUITY		*	52,096	52,096	[•]	[•]	[•]	[•]

* Amount is less than RM1,000.



PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (continued)

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2020 based on the assumptions that the transactions set out in Note 1.3 had been effected on that date, and should be read in conjunction with the notes thereon. (continued)

	Note	Upon Incorporation of YX Precious Metals Bhd RM'000	Adjustments for the Acquisition RM'000	<u>Pro Forma I</u> After Acquisition RM'000	Adjustments for Public Issue RM'000	<u>Pro Forma II</u> After Pro Forma I and Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	<u>Pro Forma III</u> After Pro Forma II and Utilisation of Proceeds RM'000
LIABILITIES								
Non-current liabilities								
Lease liabilities		-	210	210	-	210	-	210
Deferred tax liabilities		-	73	73	-	73	-	73
		-	283	283	-	283	-	283
Current liabilities								
Trade and other payables		-	1,323	1,323	-	1,323	-	1,323
Lease liabilities		-	179	179	-	179	-	179
Borrowings		-	19,884	19,884	-	19,884	-	19,884
Current tax liabilities		-	620	620	-	620	-	620
		-	22,006	22,006	-	22,006	-	22,006
TOTAL LIABILITIES		-	22,289	22,289	-	22,289	-	22,289
TOTAL EQUITY AND LIABILITIES		*	74,385	74,385	[•]	[•]	[•]	[•]
Net assets (RM'000)		*		52,096		[•]		[•]
Number of ordinary shares in issue ('000)		*		260,502		372,150		372,150
Net assets attributable to equity holders per ordinary share (RM)		0.20		0.20		[•]		[•]

* Amount is less than RM1,000.



NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Introduction

The Pro Forma Consolidated Statements of Financial Position of YX Precious Metals Bhd (“YXPM” or “the Company”) and its subsidiaries, namely Emas Assayer Sdn. Bhd. (“EASB”), Gemas Precious Metals Industries Sdn. Bhd. (“GPM”), GPM Refinery Sdn. Bhd. (“GRSB”) and Yi Xing Goldsmith Sdn. Bhd. (“YXG”) (collectively referred to as “YXPM Group”, “Pro Forma Group” or “the Group”) as at 31 December 2020 (“Pro Forma Consolidated SOFP”) together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of YXPM on the ACE Market of Bursa Malaysia Securities Berhad (“Listing”).

1.2 Basis of preparation

The Pro Forma Consolidated SOFP of the Group have been prepared on the basis consistent with the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”) and with the requirements of the Prospectus Guidelines.

The audited financial statements of EASB, GPM, GRSB and YXG for the financial year/period ended 31 December 2020 were not subject to any audit qualification.

For the purpose of preparation of the Pro Forma Consolidated SOFP, YXPM is assumed to have existed as at 31 December 2020.

The Pro Forma Consolidated SOFP together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 1.3 had the events occurred or the transactions been undertaken on 31 December 2020. The Pro Forma Consolidated SOFP are not necessarily indicative of the financial position of the Group that would have been attained had the effects of the events or transactions as set out in Note 1.3 actually occurred at the respective dates. Accordingly, such information, because of its nature, may not be reflective of the actual financial position of the Group and does not purport to predict the future financial position of the Group.

The Group has applied the merger method of accounting as all the entities within the Group are under common control before and after the acquisition of EASB, GPM, GRSB and YXG.

Under the merger method of accounting, the retained earnings and other equity balances of the Group immediately before the combination and the results from the beginning of the accounting period to the date of the combination are those of EASB, GPM, GRSB and YXG. The equity structure, however, reflects the equity structure of YXPM, including the equity instruments issued to effect the combination which resulted in a merger reserve as disclosed below:

	RM’000
New ordinary share in YXPM (“Share(s)”) issued by the Company as consideration for the acquisition of EASB, GPM, GRSB and YXG	52,100
Reversal of issued share capital of EASB, GPM, GRSB and YXG pursuant to the merger	(17,600)
Merger reserve	34,500



NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Exercise

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:

1.3.1 Acquisition

On 18 August 2021, the Company entered into a conditional share sale and purchase agreement with its holding company, Tomei Consolidated Berhad ("Tomei") for the acquisitions of:

- (i) Acquisition of the entire issued share capital of EASB from Tomei, comprising 500,000 ordinary shares in EASB for a purchase consideration of RM475,204, satisfied via the issuance of 2,376,020 YXPM Shares at an issue price of RM0.20 each;
- (ii) Acquisition of the entire issued share capital of GPM from Tomei, comprising 10,600,000 ordinary shares in GPM for a purchase consideration of RM15,847,132, satisfied via the issuance of 79,235,660 YXPM Shares at an issue price of RM0.20 each;
- (iii) Acquisition of the entire issued share capital of GRSB from Tomei, comprising 2 ordinary shares in GRSB for a purchase consideration of RM2, satisfied via the issuance of 10 YXPM Shares at an issue price of RM0.20 each; and
- (iv) Acquisition of the entire issued share capital of YXG from Tomei, comprising 6,500,000 ordinary shares in YXG for a purchase consideration of RM35,778,060, satisfied via the issuance of 178,890,300 YXPM Shares at an issue price of RM0.20 each.

The aggregate purchase consideration of RM52,100,398, to be satisfied via the issuance of 260,501,990 new YXPM Shares to Tomei at RM0.20 per Share was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited net assets of EASB, GPM and YXG as well as the audited net liability position of GRSB as at 31 December 2020.

1.3.2 Public Issue

The Public Issue of 111,648,000 new Shares, representing 30.00% of the enlarged issued share capital of YXPM at an issue price of RM[•] per Share to be allocated and allotted in the following manner:

- (i) 18,608,000 new Shares made available for application by Malaysian public;
- (ii) 11,162,000 new Shares made available for application by the eligible directors and employees of YXPM Group, directors and employees of Tomei and its subsidiaries as well as any other persons who have contributed to the success of the Group;
- (iii) 18,608,000 new Shares made available for application by all entitled shareholders of Tomei;
- (iv) 16,751,200 new Shares made available by way of private placement to selected investors; and
- (v) 46,518,800 new Shares made available by way of private placement to selected Bumiputera investors approved by the Ministry of International Trade and Industry, Malaysia.

1.3.3 Listing and Quotation on the ACE Market of Bursa Malaysia Securities Berhad

Upon completion of the Public Issue, YXPM would seek the listing of and quotation for its entire enlarged issued share capital of RM[•] comprising 372,150,000 Shares on the ACE Market of Bursa Malaysia Securities Malaysia.



NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3.4 Utilisation of Proceeds from Public Issue

The gross proceeds from the Public Issue of RM[•] are expected to be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM'000
Capital expenditure:		
- Purchase of new machinery and equipment	24 months	[•]
- Expansion and upgrading of operational facilities	24 months	[•]
Total capital expenditure		[•]
Working capital		
- Purchase of raw materials	12 months	[•]
Estimated listing expenses	3 months	[•]
		[•]

The estimated listing expenses totalling RM[•] comprise underwriting fees, placement fees, brokerage fees, regulatory fees, professional fees and miscellaneous expenses relating to the Public Issue and the Listing. The estimated listing expenses of RM[•] directly attributable to the Public Issue will be offset against the share capital of the Company and the remaining estimated listing expenses of RM[•] will be expensed off to the profit or loss.

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

2.1 PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

2.1.1 PRO FORMA I

Pro Forma I incorporates the effects of the acquisitions of subsidiaries as disclosed in Note 1.3.1.

2.1.2 PRO FORMA II

Pro forma II incorporates the effects of Pro Forma I and Public Issue as disclosed in Note 1.3.2.

2.1.3 PRO FORMA III

Pro forma III incorporates the effects of Pro Forma II and the utilisation of proceeds as disclosed in Note 1.3.4.



NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment are as follows:

	RM'000
Upon incorporation of YXPM	-
Adjustments for the Acquisition	<u>1,060</u>
Pro Forma I / Pro Forma II	1,060
Adjustments for utilisation of proceeds	
- Capital expenditure	<u>[•]</u>
Pro Forma III	<u>[•]</u>

4. INVENTORIES

The movements of inventories are as follows:

	RM'000
Upon incorporation of YXPM	-
Adjustments for the Acquisition	<u>53,044</u>
Pro Forma I / Pro Forma II	53,044
Adjustments for utilisation of proceeds	
- Purchase of raw materials	<u>[•]</u>
Pro Forma III	<u>[•]</u>



NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

5. CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	RM'000
Upon incorporation of YXPM	*
Adjustments for the Acquisition	8,385
Pro Forma I	8,385
Adjustments for public issue	[•]
Pro Forma II	[•]
Adjustments for utilisation of proceeds	
- Capital expenditure	[•]
- Purchase of raw materials	[•]
- Estimated listing expenses	[•]
Pro Forma III	[•]

* Amount is less than RM1,000.

6. SHARE CAPITAL AND RETAINED EARNINGS/ACCUMULATED LOSSES

The movements in the share capital and retained earnings/accumulated losses are as follows:

	Share capital RM'000	Retained earnings RM'000	Merger reserve RM'000	Total RM'000
Upon incorporation of YXPM	*	-	-	*
Acquisition	52,100	34,496	(34,500)	52,096
Pro Forma I	52,100	34,496	(34,500)	52,096
Public issue	[•]	-	-	[•]
Pro forma II	[•]	34,496	(34,500)	[•]
Estimated listing expenses attributable to Public Issue	[•]	-	-	[•]
Estimated other listing expenses	-	[•]	-	[•]
Pro forma III	[•]	[•]	(34,500)	[•]

* Amount is less than RM1,000.


Stamped for
the purpose of
identification only

13 AUG 2021

BDO PLT
(LLP0018825-LCA & AF 0206)
Chartered Accountants
Kuala Lumpur

APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position have been approved and adopted by the Board of Directors of YXPM in accordance with a resolution dated 13 August 2021.


.....
Ng Sheau Chyn
Director

13 August 2021