

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF 99 SPEED MART RETAIL HOLDINGS BERHAD (“99 HOLDINGS” OR THE “COMPANY”) DATED 15 AUGUST 2024 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice)*

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“Bursa Securities”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“Website”).

**Availability and Location of Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, CIMB Investment Bank Berhad, or the Issuing House. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Promoters, the Selling Shareholders, the Principal Adviser, Sole Bookrunner, Sole Managing Underwriter and Joint Underwriters named in the Prospectus have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves, and to observe such restrictions.

**Close of Application**

Applications for the IPO Shares offered under the Retail Offering will open at 10.00 a.m. on 15 August 2024 and will close at 5.00 p.m. on 23 August 2024. Any change to the timetable will be advertised by 99 Holdings in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and will be announced on the Website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

**Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



The real estate property depicted above does not belong to the 99 Speed Mart Retail Holdings Berhad



**99 SPEED MART RETAIL HOLDINGS BERHAD**

(Registration No.: 202301017784 (1511706-T))  
(Incorporated in Malaysia under the Companies Act 2016)

Lot PT 2811, Jalan Angsa,  
Taman Berkeley, 41150 Klang,  
Selangor.

+603 3362 6863  
customer\_service@99speedmart.com.my

[www.99speedmart.com.my](http://www.99speedmart.com.my)

99 SPEEDMART  
Near 'n Save

99 SPEED MART RETAIL HOLDINGS BERHAD PROSPECTUS



**99 SPEED MART RETAIL HOLDINGS BERHAD**  
(Registration No.: 202301017784 (1511706-T))  
(Incorporated in Malaysia under the Companies Act 2016)

**PROSPECTUS**

INITIAL PUBLIC OFFERING (“IPO”) OF UP TO 1,428,000,000 ORDINARY SHARES IN 99 SPEED MART RETAIL HOLDINGS BERHAD (“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 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 RM1.65 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 Joint Underwriter*



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

*Joint Underwriter*



**Affin Hwang Investment Bank Berhad**  
(Registration No.: 197301000792 (14389-U))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Joint Underwriter*



**RHB Investment Bank Berhad**  
(Registration No.: 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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 43.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED 15 AUGUST 2024

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 Joint 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.

In addition, the role of AHIBB and RHB IB in our IPO is limited to being Joint Underwriters for the Retail Offering.

### **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 Joint Underwriters 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 Joint Underwriters 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 Joint Underwriters 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 Joint Underwriters 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](http://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:

| <b>Event</b>   | <b>Time and/or date</b>    |
|--|----------------------------|
| Opening of the Institutional Offering <sup>(1)</sup>                     | 15 August 2024             |
| Issuance of the Prospectus/Opening of the Retail Offering                | 10:00 a.m., 15 August 2024 |
| Closing of the Retail Offering   | 5:00 p.m., 23 August 2024  |
| Closing of the Institutional Offering                                    | 27 August 2024             |
| Price Determination Date   | 27 August 2024             |
| Balloting of applications for our Issue Shares under the Retail Offering | 29 August 2024             |
| Allotment/Transfer of our IPO Shares to successful applicants            | 5 September 2024           |
| Listing  | 9 September 2024           |

**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 26 July 2024.*

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.

(The rest of this page has been intentionally left blank)

**TABLE OF CONTENTS**

|   | <b>PAGE</b> |
|---|-------------|
| <b>PRESENTATION OF FINANCIAL AND OTHER INFORMATION</b>  | <b>viii</b> |
| <b>FORWARD-LOOKING STATEMENTS</b>   | <b>x</b>    |
| <b>DEFINITIONS</b>  | <b>xii</b>  |
| <b>1. CORPORATE DIRECTORY</b>   | <b>1</b>    |
| <b>2. INTRODUCTION</b>  | <b>6</b>    |
| 2.1 Approvals and conditions  | 6           |
| 2.2 Moratorium on our Shares  | 7           |
| <b>3. PROSPECTUS SUMMARY</b>  | <b>9</b>    |
| 3.1 Principal details of our IPO  | 9           |
| 3.2 Our business  | 10          |
| 3.3 Competitive strengths   | 10          |
| 3.4 Future plans and strategies   | 11          |
| 3.5 Risk factors  | 12          |
| 3.6 Directors and Key Senior Management   | 15          |
| 3.7 Dividend policy   | 15          |
| 3.8 Promoters and substantial shareholders  | 16          |
| 3.9 Use of proceeds   | 17          |
| 3.10 Financial and operational highlights   | 17          |
| 3.11 Non-compliances with the relevant laws, regulations, rules and requirements governing the conduct of the operations of our Group | 18          |
| <b>4. DETAILS OF OUR IPO</b>  | <b>19</b>   |
| 4.1 Indicative timetable  | 19          |
| 4.2 Particulars of our IPO and plan of distribution   | 19          |
| 4.3 Selling Shareholders  | 26          |
| 4.4 Basis of arriving at the price of our IPO Shares and refund mechanism   | 27          |
| 4.5 Dilution  | 29          |
| 4.6 Use of proceeds   | 30          |
| 4.7 Brokerage fee, underwriting commission and placement fee  | 35          |
| 4.8 Details of the underwriting, placement and lock-up arrangements   | 35          |
| 4.9 Trading and settlement in secondary market  | 41          |
| <b>5. RISK FACTORS</b>  | <b>43</b>   |
| 5.1 Risks relating to our business and operations   | 43          |
| 5.2 Risks affecting the industry in which we operate  | 52          |
| 5.3 Risks relating to our Shares and our Listing  | 54          |
| <b>6. INFORMATION ON OUR GROUP</b>  | <b>58</b>   |
| 6.1 Our Company   | 58          |
| 6.2 Our Group structure   | 60          |
| 6.3 Our subsidiaries  | 60          |

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

|   | <b>PAGE</b> |
|---|-------------|
| <b>7. BUSINESS OVERVIEW</b>   | <b>63</b>   |
| 7.1 Overview  | 63          |
| 7.2 Competitive strengths, future plans and strategies  | 65          |
| 7.3 History and key milestones  | 72          |
| 7.4 Our business  | 73          |
| 7.5 Pricing   | 82          |
| 7.6 Our top 5 major customers   | 82          |
| 7.7 Our top 5 major suppliers   | 83          |
| 7.8 Marketing and advertising   | 85          |
| 7.9 Procurement, inventory management and DC functions  | 86          |
| 7.10 Awards and key certifications  | 90          |
| 7.11 Properties and equipment   | 90          |
| 7.12 Non-compliances with the relevant laws, regulations, rules and requirements governing the conduct of the operations of our Group   | 91          |
| 7.13 Competition  | 101         |
| 7.14 Seasonality  | 101         |
| 7.15 Employees  | 102         |
| 7.16 Environmental, social and governance practices   | 103         |
| 7.17 Insurance  | 107         |
| 7.18 Research and development   | 107         |
| 7.19 Technology   | 108         |
| 7.20 Cash management policies, internal control and security  | 108         |
| 7.21 Business interruptions   | 109         |
| 7.22 Material dependency on commercial contracts, agreements, other arrangements, licences, patents, trademarks, brand names, franchises and other intellectual property rights | 109         |
| 7.23 Governing laws and regulations   | 109         |
| <b>8. INDUSTRY OVERVIEW</b>   | <b>110</b>  |
| <b>9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT</b>   | <b>122</b>  |
| 9.1 Promoters and substantial shareholders  | 122         |
| 9.2 Board of Directors  | 124         |
| 9.3 Key Senior Management   | 149         |
| 9.4 Associations or family relationship between our Promoters, substantial shareholders, Directors and Key Senior Management  | 157         |
| 9.5 Declaration by our Promoters, Directors and Key Senior Management   | 158         |
| 9.6 Other matters   | 158         |
| <b>10. RELATED PARTY TRANSACTIONS</b>   | <b>159</b>  |
| 10.1 Our Group's related party transactions   | 159         |
| 10.2 Monitoring and oversight of related party transactions   | 167         |
| <b>11. CONFLICT OF INTEREST</b>   | <b>168</b>  |
| 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   | 168         |
| 11.2 Declaration by advisers on conflicts of interest   | 172         |



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

|   | <b>PAGE</b> |
|---|-------------|
| <b>12. FINANCIAL INFORMATION</b>  | <b>175</b>  |
| 12.1 Historical financial information   | 175         |
| 12.2 Management's discussion and analysis of financial condition and results of operations        | 178         |
| 12.3 Capitalisation and indebtedness  | 218         |
| 12.4 Dividend policy  | 219         |
| 12.5 Reporting Accountants' letter on the Pro Forma Consolidated Statements of Financial Position | 221         |
| <b>13. ACCOUNTANTS' REPORT</b>  | <b>233</b>  |
| <b>14. ADDITIONAL INFORMATION</b>   | <b>306</b>  |
| 14.1 Share capital  | 306         |
| 14.2 Extracts of our Constitution   | 306         |
| 14.3 Deposited securities and rights of depositors  | 313         |
| 14.4 Limitation on the right to hold securities and/or exercise voting rights                     | 313         |
| 14.5 Repatriation of capital, remittance of profit and taxation                                   | 313         |
| 14.6 Material contracts   | 315         |
| 14.7 Material litigations   | 316         |
| 14.8 Consents   | 317         |
| 14.9 Documents available for inspection   | 317         |
| 14.10 Responsibility statements   | 318         |
| <b>15. PROCEDURES FOR APPLICATION</b>   | <b>319</b>  |
| 15.1 Opening and closing of Application   | 319         |
| 15.2 Methods of Applications  | 319         |
| 15.3 Eligibility  | 320         |
| 15.4 Procedures for Application by way of an Application Form                                     | 321         |
| 15.5 Procedures for Application by way of Electronic Share Application                            | 322         |
| 15.6 Procedures for Application by way of Internet Share Application                              | 322         |
| 15.7 Authority of our Board and the Issuing House   | 323         |
| 15.8 Over/Under-subscription  | 323         |
| 15.9 Unsuccessful/Partially successful applicants   | 324         |
| 15.10 Successful applicants   | 325         |
| 15.11 Enquiries   | 326         |
| <b>ANNEXURE A: OUR MATERIAL PROPERTIES</b>  | <b>A-1</b>  |
| <b>ANNEXURE B: OUR TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS</b>             | <b>B-1</b>  |
| <b>ANNEXURE C: DETAILS OF OUR GOVERNING LAWS AND REGULATIONS</b>                                  | <b>C-1</b>  |

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

---

All references to “our Company” or “99 Holdings” are to 99 Speed Mart Retail Holdings Berhad. 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 15 July 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.

**PRESENTATION OF FINANCIAL AND OTHER INFORMATION** *(Cont'd)*

---

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.

(The rest of this page has been intentionally left blank)

## 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.

**FORWARD-LOOKING STATEMENTS** *(Cont'd)*

---

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.

(The rest of this page has been intentionally left blank)

**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   |
| AHIBB                              | : | Affin Hwang Investment Bank Berhad   |
| 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  |

**DEFINITIONS** (Cont'd)

|                  |  |
|------------------|--|
| Bumiputera       | : In context of:   |
|                  | (i) individuals - Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;   |
|                  | (ii) companies - companies which fulfil, amongst others, the following criteria or such other criteria as may be imposed by the MITI:  |
|                  | (a) registered under the Act as a private company;   |
|                  | (b) its shareholders are 100% Bumiputera; and  |
|                  | (c) its board of directors (including its staff) are at least 51.0% Bumiputera; and  |
|                  | (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>$\text{CAGR} = (\text{Ending amount} / \text{Beginning amount})^{1/N} - 1$ 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   |

**DEFINITIONS** *(Cont'd)*

|                              |   |
|------------------------------|---|
| Cornerstone Investors        | : Collectively, AHAM Asset Management Berhad, AIA Bhd, Areca Capital Sdn Bhd, abrdn Malaysia Sdn Bhd, abdrn Asia Limited, Eastspring Investments Berhad, Employees Provident Fund Board, Etiqa General Insurance Berhad, Etiqa Life Insurance Berhad, Great Eastern Life Assurance (Malaysia) Berhad, Hong Leong Asset Management Bhd, Kenanga Investors Berhad, Pertubuhan Keselamatan Sosial and UOB Asset Management (Malaysia) Berhad |
| 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  |



**DEFINITIONS** *(Cont'd)*

|   |   |  |
|---|---|--|
| IMR Report                                      | : | Independent market research report dated 26 July 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   |
| Joint Underwriters                              | : | Collectively, CIMB, AHIBB and RHB IB   |
| 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   | : | 15 July 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 26 July 2024 between our Company, the Selling Shareholders, the Sole Bookrunner and the Cornerstone Investors as detailed in Section 4.2.1 of this Prospectus   |

**DEFINITIONS** *(Cont'd)*

|  |   |   |
|--|---|---|
| MCCG                                   | : | Malaysian Code on Corporate Governance issued by the SC   |
| MDTCL                                  | : | Ministry of Domestic Trade and Cost of Living 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  |
| 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, Lee Yan Zhong, Lee Lai Lee, Lee Lay Wan, Lee Leong Tek, Lee Lay Hong, Lee Lay Sin, Tan Suah Teng and Lee Leong Yew 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 that may be granted by the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Sole Bookrunner) 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 2021, FYE 2022 and FYE 2023 and the FPE 31 March 2024, and where applicable, the comparative FPE 31 March 2023   |

**DEFINITIONS** *(Cont'd)*

|  |   |   |
|--|---|---|
| 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   |
| 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, Joint Underwriter and Stabilising Manager | : | CIMB  |
| Promoters  | : | Collectively, Lee Thiam Wah and Lee LYG Holdings  |
| Prospectus   | : | This Prospectus dated 15 August 2024 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: <ul style="list-style-type: none"> <li>(i) 42,000,000 Issue Shares reserved for application by the Eligible Persons; and</li> <li>(ii) 168,000,000 Issue Shares for application by the Malaysian Public, via balloting</li> </ul> |
| Retail Price   | : | Initial price of RM1.65 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 26 July 2024 between our Company and the Sole Managing Underwriter and the Joint Underwriters for the underwriting of our Issue Shares under the Retail Offering  |
| RHB IB   | : | RHB Investment Bank Berhad  |
| ROU  | : | Right-of-use  |
| Rules of Bursa Depository  | : | The rules of Bursa Depository as issued under the SICDA   |
| SC   | : | Securities Commission Malaysia  |

**DEFINITIONS** *(Cont'd)*

|                         |   |   |
|-------------------------|---|---|
| SDBA                    | : | Street, Drainage and Building Act 1974 of Malaysia  |
| Selling Shareholders    | : | Collectively, Lee Thiam Wah and Ng Lee Tieng  |
| 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  |
| Shares                  | : | Ordinary shares in our Company  |
| SICDA                   | : | Securities Industry (Central Depositories) Act 1991 of Malaysia   |
| SKU                     | : | Stock keeping unit  |
| SOCSSO                  | : | 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 |
| Subdivision             | : | Subdivision of our 474,506,402 Shares into 8,000,000,000 Shares, which was completed on 20 May 2024   |

**Companies within our Group**

|                           |   |  |
|---------------------------|---|--|
| 99 Holdings or Company    | : | 99 Speed Mart Retail Holdings Berhad       |
| 99EM                      | : | 99 Speed Mart (East Malaysia) Sdn Bhd      |
| 99SM                      | : | 99 Speed Mart 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   |
| Cleanwave         | : | Cleanwave International Sdn Bhd                                   |
| Cosmo Restaurants | : | Cosmo Restaurants Sdn Bhd   |
| DKSH              | : | DKSH Malaysia Sdn Bhd   |

**DEFINITIONS** (Cont'd)

|                                   |   |   |
|-----------------------------------|---|---|
| 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   |
| L H Uni Distribution              | : | L H Uni Distribution Sdn Bhd  |
| Lee Intellectual Properties       | : | Lee Intellectual Properties Sdn Bhd   |
| Lee International Retail Holdings | : | Lee International Retail Holdings Sdn Bhd ( <i>formerly known as 99 Retail Holdings Sdn Bhd</i> )   |
| Lee YLG Holdings                  | : | Lee YLG Holdings Sdn Bhd ( <i>formerly known as 99 IMall Sdn Bhd</i> )  |
| 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   |

**DEFINITIONS** *(Cont'd)*

---

- 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

(The rest of this page has been intentionally left blank)

**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

| <b>Name</b>                     | <b>Designation</b>                        | <b>Nationality / Gender</b> | <b>Address</b>  |
|---------------------------------|---|-----------------------------|---|
| 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/KU 5<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**

| <b>Name</b>                     | <b>Designation</b> | <b>Directorship</b>                       |
|---------------------------------|--------------------|---|
| 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**

| <b>Name</b>                     | <b>Designation</b> | <b>Directorship</b>                |
|---------------------------------|--------------------|------------------------------------|
| 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**

| <b>Name</b>                    | <b>Designation</b> | <b>Directorship</b>                |
|--------------------------------|--------------------|------------------------------------|
| 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 |

(The rest of this page has been intentionally left blank)



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

|   |   |   |
|---|---|---|
| <b>COMPANY SECRETARIES</b>                | <p><b>Tai Yit Chan</b><br/>12<sup>th</sup> Floor, Menara Symphony<br/>No. 5, Jalan Prof. Khoo Kay Kim,<br/>Seksyen 13<br/>46200 Petaling Jaya<br/>Selangor</p> <p><b>Tia Hwei Ping</b><br/>12<sup>th</sup> Floor, Menara Symphony<br/>No. 5, Jalan Prof. Khoo Kay Kim,<br/>Seksyen 13<br/>46200 Petaling Jaya<br/>Selangor</p>  | <p>Professional qualification: MAICSA<br/>(Membership No.: MAICSA<br/>7009143)<br/>(CCM Practising Certificate No.<br/>202008001023)</p> <p>Professional qualification: MAICSA<br/>(Membership No.: MAICSA<br/>7057636)<br/>(CCM Practising Certificate No.<br/>202008001687)</p> |
| <b>REGISTERED OFFICE</b>                  | <p>12<sup>th</sup> Floor, Menara Symphony<br/>No. 5, Jalan Prof. Khoo Kay Kim,<br/>Seksyen 13<br/>46200 Petaling Jaya<br/>Selangor</p> <p>Tel. No.: +603 7890 4800</p>  |   |
| <b>HEAD/MANAGEMENT OFFICE</b>             | <p>Lot PT 2811, Jalan Angsa<br/>Taman Berkeley<br/>41150 Klang<br/>Selangor</p> <p>Tel. No.: +603 3362 6863<br/>Email: customer_service@99speedmart.com.my<br/>Website: <a href="https://www.99speedmart.com.my">https://www.99speedmart.com.my</a></p>   |   |
| <b>SELLING SHAREHOLDERS</b>               | <p><b>Lee Thiam Wah</b><br/>No. 3, Jalan PJU 3/15C<br/>Tropicana Indah Resort Homes<br/>47410 Petaling Jaya<br/>Selangor</p> <p><b>Ng Lee Tieng</b><br/>No. 3, Jalan PJU 3/15C<br/>Tropicana Indah Resort Homes<br/>47410 Petaling Jaya<br/>Selangor</p>  |   |
| <b>AUDITORS AND REPORTING ACCOUNTANTS</b> | <p><b>Crowe Malaysia PLT</b><br/>201906000005 (LLP0018817-LCA) &amp; 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</p> <p>Tel. No.: +603 3343 0730</p> <p>Partner-in-charge: Ong Beng Chooi<br/>Professional qualification:</p> <ul style="list-style-type: none"> <li>• Member of the MIA (MIA Membership No.: CA 34708)</li> </ul> |   |

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

**PRINCIPAL ADVISER, SOLE BOOKRUNNER, SOLE MANAGING UNDERWRITER, JOINT UNDERWRITER** : **CIMB Investment Bank Berhad**  
 Level 17, Menara CIMB  
 Jalan Stesen Sentral 2  
 Kuala Lumpur Sentral  
 50470 Kuala Lumpur  
 Wilayah Persekutuan Kuala Lumpur  
 Tel. No.: +603 2261 8888

**JOINT UNDERWRITERS** : **Affin Hwang Investment Bank Berhad**  
*(in alphabetical order)*  
 Level 19, Menara AFFIN,  
 Lingkaran TRX,  
 Tun Razak Exchange  
 55188 Kuala Lumpur  
 Tel. No.: +603 2142 3700

**RHB Investment Bank Berhad**  
 Level 10, Tower One, RHB Centre  
 Jalan Tun Razak  
 50400 Kuala Lumpur  
 Tel. No.: +603 9287 3888

**LEGAL ADVISERS** : *To our Company as to Malaysian law*

**Lee Choon Wan & Co.**  
 No. 12, Lorong Dungun  
 Damansara Heights  
 50490 Kuala Lumpur  
 Tel. No.: +603 2093 0078

*To the Sole Bookrunner, Sole Managing Underwriter and Joint Underwriters as to Malaysian law*

**Christopher & Lee Ong**  
 Level 22, Axiata Tower  
 No. 9, Jalan Stesen Sentral 5  
 Kuala Lumpur Sentral  
 50470 Kuala Lumpur  
 Wilayah Persekutuan Kuala Lumpur  
 Tel. No.: +603 2273 1919

**INDEPENDENT MARKET RESEARCHER** : **Frost & Sullivan GIC Malaysia Sdn Bhd**  
 Level 6.06, KPMG Tower  
 8 First Avenue  
 Bandar Utama  
 47800 Petaling Jaya  
 Selangor, Malaysia.  
 Tel. No.: +603 2023 2000

Name of IMR signee: Narciso Podda  
*(See Section 8 of this Prospectus for the profile of the firm and the IMR signee)*

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

---

**SHARE REGISTRAR** : **Boardroom Share Registrars Sdn Bhd**  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor

Tel. No.: +603 7890 4700

**ISSUING HOUSE** : **Malaysian Issuing House Sdn Bhd**  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor

Tel. No.: +603 7890 4700

**LISTING SOUGHT** : Main Market of Bursa Securities

(The rest of this page has been intentionally left blank)

## 2. INTRODUCTION

---

### 2.1 APPROVALS AND CONDITIONS

#### 2.1.1 SC

The SC has, via its letter dated 2 May 2024, approved our IPO and our Listing under Section 214(1) of the CMSA, subject to compliance with the following condition:

| No. | Details of condition imposed   | Status of compliance |
|-----|--|----------------------|
| (i) | CIMB and 99 Holdings to fully comply with the requirements of the Equity Guidelines and the Prospectus Guidelines pertaining to the implementation of our Listing. | To be complied       |

The SC has also via the same letter dated 2 May 2024, approved our application under the Bumiputera equity requirement for public listed companies subject to our Company allocating shares equivalent to 12.5% of our enlarged number of issued Shares to Bumiputera investors to be approved by MITI. In addition, we are required to make available at least 50% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors.

#### 2.1.2 Bursa Securities

Bursa Securities has, via its letter dated 2 May 2024, resolved to accept a lower public shareholding spread of 15.0% upon our Listing, as in compliance with Paragraph 8.02(1) of the Listing Requirements.

We are required to notify Bursa Securities immediately when we become aware of the following:

- (i) any decrease in our issued share capital;
- (ii) any decrease in the percentage of public shareholding spread below 15.0%; and
- (iii) any decrease in our Company's average market capitalisation for the preceding 12 months to below RM3.0 billion at any point in time.

## 2. INTRODUCTION (Cont'd)

Bursa Securities has also, via its letter dated 6 June 2024, approved our Admission and our Listing, subject to compliance with the following conditions:

| No.   | Details of condition imposed  | Status of compliance |
|-------|---|----------------------|
| (i)   | Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements.   | To be complied       |
| (ii)  | Make an immediate announcement upon the closing date that our IPO is subject to stabilisation action.   | To be complied       |
| (iii) | To furnish Bursa Securities with the following:   | To be complied       |
|       | (a) a letter of notification by CIMB for the appointment of a stabilising manager pursuant to item (1)(k), Part B of Annexure PN21-A of the Listing Requirements as soon as the stabilising manager is appointed; and |                      |
|       | (b) a copy of the schedule of distribution showing compliance with the public spread requirements based on the issued share capital of 99 Holdings on the first day of our Listing.                                   |                      |

### 2.1.3 MITI

The MITI has, via its letter dated 3 May 2024, stated that it has agreed to 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 for a period of 6 months from the date of our Listing are set out below:

| Moratorium Providers | Assuming the Over-allotment Option is not exercised |      | Assuming the Over-allotment Option is fully exercised |      |
|----------------------|---|------|---|------|
|                      | 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, Lee Yan Zhong, Lee Lai Lee, Lee Lay Wan, Lee Leong Tek, Lee Lay Hong, Lee Lay Sin, Tan Suah Teng and Lee Leong Yew, being persons connected to Lee Thiam Wah, have each been allocated Issue Shares ranging from 150,000 to 500,000 Issue Shares each under the allocation for Eligible Persons in respect of our Retail Offering. They are not allowed to sell, transfer or assign any Shares that they may subscribe for under the allocation for the Eligible Persons, for a period of 6 months from the date of our Listing.

**2. INTRODUCTION** *(Cont'd)*

---

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 Sole Bookrunner); 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.

(The rest of this page has been intentionally left blank)

### 3. PROSPECTUS SUMMARY

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

#### 3.1 PRINCIPAL DETAILS OF OUR IPO

##### 3.1.1 Institutional Offering

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

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

##### 3.1.2 Retail Offering

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

###### (i) Allocation to the Eligible Persons

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

###### (ii) Allocation via balloting to the Malaysian Public

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

##### 3.1.3 Moratorium on our Shares

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

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

Our Public Issue is expected to raise gross proceeds amounting to RM660.0 million to our Company, whilst the Offer for Sale is expected to raise gross proceeds of up to approximately RM1,696.2 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. PROSPECTUS SUMMARY *(Cont'd)*

#### 3.2 OUR BUSINESS

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

Our Company is principally an investment holding company and we have 4 wholly-owned subsidiaries. Through 2 of our wholly-owned subsidiaries, we operate the well-known “99 Speedmart” chain of mini-market outlets involved in the retailing of FMCG across Malaysia. As at the LPD, we operate 2,651 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 37 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 618 delivery trucks as at the LPD.



### 3. PROSPECTUS SUMMARY (Cont'd)

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

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

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

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

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

We have experienced steady and consistent growth in our revenue from sales and other operating income contributed by our ongoing efforts in maximising incentives such as product display fees. 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 2023 was 21.8%, which represents a CAGR of 5.1% over the same period. Furthermore, we continued to record positive SSSG of 1.8% in the FPE 31 March 2024, mainly attributable to greater demand from our customers for our 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.

### 3. PROSPECTUS SUMMARY (Cont'd)

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

As at the LPD, we operate 19 DCs across Malaysia. We plan to open 2 new DCs in Sarawak and Selangor by the end of 2024 and 2025 respectively. We are also allocating RM100.0 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 RM55.0 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](http://www.99bulksales.my), which is presently available in the Klang Valley and southern region of Peninsular Malaysia. 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.

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

### 3.5 RISK FACTORS

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

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

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

### 3. PROSPECTUS SUMMARY (Cont'd)

---

- (b) **We are subject to inventory risks and face challenges in effectively managing our inventory.** Under-forecasting or over-forecasting sales volumes can compromise our operational efficiency and profitability and may also impact the quality or conditions of products that we sell. If not managed properly, any malfunction in our inventory management systems could impact smooth inventory control, disrupt the supply of inventory to our outlets and consequently impact our ability to meet customer demands.
- (c) **Our continued success depends on our ability to maintain competitive pricing for our products.** We are able to maintain our competitive pricing through rigorous expense control and supply chain management, while delivering products that customers demand. We regularly monitor and adjust the prices of certain products we sell in order to maintain our price competitiveness. If our competitors offer aggressive discounts or substantially lower their prices, we may be required to lower our prices, which could adversely impact our margins and results of operations. 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.

### 3. PROSPECTUS SUMMARY (Cont'd)

---

- (i) **We are susceptible to certain security risks, including pilferage and robbery, particularly at our DCs and outlets.** The majority of our sales are transacted in cash, which exposes us to the risk of theft and robbery. Our outlets are also exposed to acts of pilferage and shoplifting, which can lead to inventory loss, impacting on our sales and overall profitability. Furthermore, as our DCs house large quantities of inventory, any breach in security at our DCs could result in financial losses through pilferage, delays in stock delivery, and possible disruptions in our ability to adequately supply our outlets.
- (j) **Our IT infrastructure may be subject to disruptions or failure, which could result in delays to our operations.** Any material disruptions or malfunctions in the IT systems that we use may result in loss of data and any extended disruption may result in interruptions to our daily operations, such as inventory or overstock problems, which may result in loss of customer confidence. Additionally, our software systems could be a target of cyber-attacks, including potential hacking attempts. Despite implementing anti-virus and anti-hacking measures, we cannot fully guarantee that all such threats will be successfully mitigated.
- (k) **We may not be able to successfully implement our business strategies and future plans.** We intend to open about 250 new outlets annually, reaching a total of about 750 new outlets between 2025 and 2027 with an immediate target to reach a total of about 3,000 outlets operating nationwide by the end of 2025. Furthermore, we also plan to open 2 new DCs in Sarawak and Selangor by the end of 2024 and 2025, respectively, and at least 6 new DCs within 3 years upon our Listing. While we carefully plan and execute our growth strategies, there is no assurance that we are able to achieve this target or that our expanded network of outlets will continue to be profitable or that we can continue to open new outlets at this rate. 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. PROSPECTUS SUMMARY (Cont'd)

#### 3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

| <b>Name</b>                               | <b>Designation</b>                          |
|---|---|
| <b>Directors of our Company</b>           |   |
| 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         |
| <b>Key Senior Management of our Group</b> |   |
| Lee Thiam Wah                             | Executive Director and CEO                  |
| Yong Eng Kwang                            | COO   |
| Ong Yee Peng                              | CFO   |
| Lee Lay Liang                             | Executive Director                          |
| Leong Sau Chan                            | Director of Business Development            |
| Foo Meng Keet                             | General Manager of East Malaysia Operations |
| Yong Kin Onn                              | Director of Management Information System   |
| Mak Pooi Hin                              | General Manager of Account                  |
| Chia Yong Cherng                          | Director of Logistics                       |
| Mohd Mahrus Bin Mohd Faizail              | Senior Manager of Branch Administration     |
| Tee Tian Hock                             | Senior Manager of Project Department        |

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

#### 3.7 DIVIDEND POLICY

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

### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

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

**Notes:**

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

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

### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.9 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM660.0 million<sup>(1)</sup> in the following manner:

| No. | Details of use of proceeds                                   | Estimated timeframe for use from the date of our Listing | RM million   | %            |
|-----|--|--|--------------|--------------|
| 1.  | <b>Outlet and DC expenditure</b>                             |  |              |              |
|     | (i) Expansion of network of outlets                          | Within 36 months   | 389.0        | 58.9         |
|     | (ii) Establishment of new DCs                                | Within 36 months   | 100.0        | 15.2         |
|     | (iii) Purchase of delivery trucks                            | Within 36 months   | 55.0         | 8.3          |
|     | (iv) Upgrading of existing outlets                           | Within 36 months   | 47.6         | 7.2          |
| 2.  | Repayment of existing bank borrowings                        | Within 6 months  | 45.0         | 6.8          |
| 3.  | Defray fees and expenses for the Public Issue <sup>(2)</sup> | Within 6 months  | 23.4         | 3.6          |
|     | <b>Total</b>   |  | <b>660.0</b> | <b>100.0</b> |

**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 31 March |             |
|--|-------------|-------------|-------------|--------------|-------------|
|  | Audited     |             |             | Unaudited    | Audited     |
|  | 2021        | 2022        | 2023        | 2023         | 2024        |
|  | RM'000      | RM'000      | RM'000      | RM'000       | RM'000      |
| Revenue  | 7,836,756   | 8,075,262   | 9,210,505   | 2,223,754    | 2,424,860   |
| Cost of sales  | (7,080,717) | (7,333,951) | (8,369,058) | (2,000,427)  | (2,185,616) |
| GP   | 756,039     | 741,311     | 841,447     | 223,327      | 239,244     |
| PBT  | 561,816     | 484,113     | 538,212     | 143,264      | 178,470     |
| PAT  | 419,094     | 326,665     | 400,227     | 107,150      | 133,154     |
| GP margin (%) <sup>(1)</sup>   | 9.6         | 9.2         | 9.1         | 10.0         | 9.9         |
| PBT margin (%) <sup>(2)</sup>  | 7.2         | 6.0         | 5.8         | 6.4          | 7.4         |
| PAT margin (%) <sup>(3)</sup>  | 5.3         | 4.0         | 4.3         | 4.8          | 5.5         |
| Average number of sales transactions per outlet per day <sup>(4)</sup> | 459         | 440         | 475         | 465          | 477         |
| Average value of each sales transaction (RM) <sup>(5)</sup>            | 24.54       | 23.59       | 22.29       | 23.26        | 21.85       |
| Average sales per outlet per day (RM) <sup>(6)</sup>                   | 11,263.17   | 10,378.85   | 10,593.92   | 10,822.77    | 10,423.16   |
|  | FYE         |             |             | FPE 31 March |             |
|  | Audited     |             |             |              |             |
|  | 2021        | 2022        | 2023        | 2024         |             |
|  | RM'000      | RM'000      | RM'000      | RM'000       |             |
| SSSG <sup>(7)</sup>  | 3.7%        | (4.9%)      | 6.2%        | 1.8%         |             |
| Total equity   | 736,987     | 631,852     | 541,575     | 674,731      |             |
| Total borrowings (excluding lease liabilities)                         | 55,763      | 56,531      | 51,935      | 50,765       |             |
| Gearing ratio (times) <sup>(8)</sup>                                   | 0.08        | 0.09        | 0.10        | 0.08         |             |
| Net gearing ratio (times) <sup>(9)(10)</sup>                           | (0.40)      | (0.05)      | (0.16)      | (0.04)       |             |

### 3. PROSPECTUS SUMMARY (Cont'd)

**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 3-month period can therefore only be calculated for our outlets which have been in operation for the full 3 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 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, 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.

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 <sup>(1)</sup>                     | 15 August 2024             |
| Issuance of the Prospectus/Opening of the Retail Offering                | 10:00 a.m., 15 August 2024 |
| Closing of the Retail Offering   | 5:00 p.m., 23 August 2024  |
| Closing of the Institutional Offering                                    | 27 August 2024             |
| Price Determination Date   | 27 August 2024             |
| Balloting of applications for our Issue Shares under the Retail Offering | 29 August 2024             |
| Allotment/Transfer of our IPO Shares to successful applicants            | 5 September 2024           |
| Listing  | 9 September 2024           |

**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 26 July 2024.*

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).

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

As part of the Institutional Offering, on 26 July 2024, 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 786,000,000 IPO Shares, representing approximately 9.4% of our enlarged issued Shares at RM1.65 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 <sup>(1)</sup>  | 9                       | 3,000,000                               |
| Eligible employees of our Group <sup>(2)</sup>                          | 3,244                   | 7,564,000                               |
| Persons who have contributed to the success of our Group <sup>(3)</sup> | 316                     | 31,436,000                              |
| <b>Total</b>  | <b>3,569</b>            | <b>42,000,000</b>                       |

##### 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.*

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

- (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:

| Category   | Offer for Sale       |                  | Public Issue         |                  | Total                |                  |
|--|----------------------|------------------|----------------------|------------------|----------------------|------------------|
|  | No. of Shares ('000) | % <sup>(1)</sup> | No. of Shares ('000) | % <sup>(1)</sup> | No. of Shares ('000) | % <sup>(1)</sup> |
| <b>Retail Offering:</b>                                    |                      |                  |                      |                  |                      |                  |
| Eligible Persons:  |                      |                  |                      |                  |                      |                  |
| - Our Directors  | -                    | -                | 3,000                | *                | 3,000                | *                |
| - Eligible employees of our Group                          | -                    | -                | 7,564                | *                | 7,564                | *                |
| - Persons who have contributed to the success of our Group | -                    | -                | 31,436               | 0.4              | 31,436               | 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              |
| <b>Sub-total</b>   | <b>-</b>             | <b>-</b>         | <b>210,000</b>       | <b>2.5</b>       | <b>210,000</b>       | <b>2.5</b>       |
| <b>Institutional Offering:</b>                             |                      |                  |                      |                  |                      |                  |
| - 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              |
| <b>Sub-total</b>   | <b>1,028,000</b>     | <b>12.2</b>      | <b>190,000</b>       | <b>2.3</b>       | <b>1,218,000</b>     | <b>14.5</b>      |
| <b>Total</b>   | <b>1,028,000</b>     | <b>12.2</b>      | <b>400,000</b>       | <b>4.8</b>       | <b>1,428,000</b>     | <b>17.0</b>      |

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

##### 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.

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

---

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 Joint Underwriters.

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 Sole Bookrunner) 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 Sole Bookrunner) 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.

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

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. DETAILS OF OUR IPO (Cont'd)

##### 4.2.6 Share capital

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

|  | <b>No. of Shares</b> | <b>RM'000</b>          |
|--|----------------------|------------------------|
| After the Subdivision  | 8,000,000,000        | 474,506                |
| To be issued under our Public Issue                                    | 400,000,000          | <sup>(1)</sup> 645,200 |
| <b>Enlarged number of issued Shares and share capital upon Listing</b> | <b>8,400,000,000</b> | <b>1,119,706</b>       |

Retail Price (RM) 1.65

Market capitalisation upon Listing (based on the Retail Price and the enlarged number of issued Shares after our IPO) (RM'000) 13,860,000

**Note:**

(1) *Calculated based on the Retail Price and after adjusting against our share capital, the estimated listing expenses of approximately RM14.8 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. Bursa Securities has resolved to accept a lower public shareholding spread of 15.0% upon our Listing, as in compliance with Paragraph 8.02(1) of the Listing Requirements. For further details on the conditions of the approval, see Section 2.1 of this Prospectus.

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:

| Selling Shareholders | Material relationship with our Group                   | 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 <sup>(3)</sup> |                  |             |
|----------------------|--|-----------------------|-------------|---|-------------|--|------------------|--|----------------|---|------------------|-------------|
|                      |  | No. of Shares ('000)  | (1)%        | No. of Shares ('000)                          | (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         |
| <b>Total</b>         |  | <b>3,674,001</b>      | <b>45.9</b> | <b>1,028,000</b>                              | <b>12.8</b> | <b>12.2</b>  | <b>2,646,001</b> | <b>31.5</b>                            | <b>214,200</b> | <b>2.6</b>  | <b>2,431,801</b> | <b>28.9</b> |

**Notes:**

- (1) Based on our issued Shares of 8,000,000 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. DETAILS OF OUR IPO (Cont'd)

#### 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. There was a further growth in revenue, PAT and Adjusted EBITDA of 14.1%, 22.5% and 9.2% respectively in FYE 2023 compared to FYE 2022. Additionally, our Adjusted EBITDA margins were at 8.2%, 7.1%, 6.8% and 8.2% in the FYE 2021, FYE 2022 and FYE 2023 as well as the FPE 31 March 2024 respectively;
- (ii) price-to-earnings multiple of approximately 34.7 times based on our EPS of 4.76 sen derived from our PAT of RM400.2 million for the FYE 2023 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.

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

- (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 15 August 2024 and will end on 27 August 2024. 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.

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

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 consolidated 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:

|  | <b>RM</b> |
|--|-----------|
| Final Retail Price/Institutional Price   | 1.65      |
| Pro forma consolidated NA per Share as at 31 March 2024 after the Subdivision and before adjusting for our IPO   | 0.07      |
| Pro forma consolidated NA per Share as at 31 March 2024 after the Subdivision and after adjusting for the use of proceeds from our Public Issue            | 0.14      |
| Increase in pro forma consolidated NA per Share to our existing shareholders   | 0.07      |
| Dilution in pro forma consolidated NA per Share to the retail/institutional and selected investors   | 1.51      |
| Dilution in pro forma consolidated NA per Share to the retail/institutional and selected investors as a percentage of the Retail Price/Institutional Price | 91.5%     |

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:

| <b>Date allotted/<br/>subscribed</b> | <b>Name</b>      | <b>No. of Shares</b> | <b>Allotted/<br/>Subscribed</b> | <b>Total<br/>consideration<br/>(RM)</b> |
|--------------------------------------|------------------|----------------------|---------------------------------|---|
| 15 May 2023                          | Lee Thiam Wah    | 100                  | Allotted for incorporation      | 100                                     |
| 14 December 2023                     | Lee LYG Holdings | 256,589,283          | <sup>(1)</sup> Allotted         | 256,589,283                             |
| 14 December 2023                     | Lee Thiam Wah    | 198,936,767          | <sup>(1)</sup> Allotted         | 198,936,767                             |
| 14 December 2023                     | Ng Lee Tieng     | 18,980,252           | <sup>(1)</sup> Allotted         | 18,980,252                              |
| 20 May 2024                          | Lee Thiam Wah    | 3,155,064,110        | Allotted                        | <sup>(2)</sup> Nil                      |
| 20 May 2024                          | Lee LYG Holdings | 4,069,409,809        | Allotted                        | <sup>(2)</sup> Nil                      |
| 20 May 2024                          | Ng Lee Tieng     | 301,019,679          | Allotted                        | <sup>(2)</sup> 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. DETAILS OF OUR IPO (Cont'd)

##### 4.6 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM660.0 million<sup>(1)</sup> in the following manner:

| No. | Details of use of proceeds                           | Estimated timeframe for use from the date of our Listing | RM (million) | %            |
|-----|--|--|--------------|--------------|
| 1.  | <b>Outlet and DC expenditure</b>                     |  |              |              |
|     | (i) Expansion of network of outlets                  | Within 36 months   | 389.0        | 58.9         |
|     | (ii) Establishment of new DCs                        | Within 36 months   | 100.0        | 15.2         |
|     | (iii) Purchase of delivery trucks                    | Within 36 months   | 55.0         | 8.3          |
|     | (iv) Upgrading of existing outlets                   | Within 36 months   | 47.6         | 7.2          |
| 2.  | <b>Repayment of existing bank borrowings</b>         | Within 6 months  | 45.0         | 6.8          |
| 3.  | <b>Defray fees and expenses for our Public Issue</b> | Within 6 months  | 23.4         | 3.6          |
|     | <b>Total</b>   |  | <b>660.0</b> | <b>100.0</b> |

**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 RM1,696.2 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 RM40.0 million.

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

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 RM389.0 million or about 58.9% 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 RM300,000, whereas the initial inventory stocking cost for each new outlet is approximately RM350,000.

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

Out of the RM389.0 million of our gross proceeds from the Public Issue allocated for the expansion of new outlets, we intend to allocate RM220.0 million (or 56.6%) to fully fund the capital expenditure for all the new outlets. The remaining gross proceeds of approximately RM169.0 million (or 43.4%) will be utilised for the initial inventory stocking cost for approximately 65% of the new outlets, equivalent to about 482 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 RM100.0 million or about 15.2% 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, Sabah and Pahang to establish 3 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 and have since incurred approximately RM60,000 in planning costs through our internally generated funds. In respect of the DC in Pahang, we have in July 2024 entered into an agreement to acquire a piece of freehold land at a cost of RM4.0 million, of which a deposit of RM0.4 million has been paid and the purchase of the property is pending completion. 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 RM11.2 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, Sabah and Pahang, 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.

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

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 RM45.7 million each.

##### (iii) Purchase of delivery trucks

We intend to allocate approximately RM55.0 million or about 8.3% 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 RM137,500 per truck.

As at the LPD, we operate a fleet of 618 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 300 new delivery trucks to replace an equivalent number of our existing delivery trucks. We also plan to acquire 100 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:

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

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 RM47.6 million or about 7.2% 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 RM20,000 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 RM60,000 per outlet; and

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

- (c) the replacement of racks and shelving for wear and tear at our existing outlets, as and when required, at a cost of approximately RM8,000 per outlet.

The upgrading and refurbishing activities for our outlets are scheduled to commence in the 4<sup>th</sup> quarter of 2024.

##### 4.6.2 Repayment of existing bank borrowings

As at the LPD, our Group's existing bank borrowings amounted to approximately RM49.2 million and we intend to use RM45.0 million or about 6.8% 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 31 March 2024. 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 RM2.1 million per annum based on the weighted average effective interest rate of 4.6%.

##### 4.6.3 Estimated listing expenses

We estimate that approximately RM23.4 million or about 3.6% of the total gross proceeds from our Public Issue will be used for our listing expenses comprising the following:

|   |               |
|---|---------------|
|   | <b>RM'000</b> |
| Professional fees   | 7,140         |
| Fees to authorities   | 1,120         |
| Brokerage, underwriting and placement fees  | 14,440        |
| Other fees and expenses such as printing, advertising, travel and roadshow expenses | 720           |
| <b>Total</b>  | <b>23,420</b> |

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, 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 RM660.0 million, the excess amount not utilised due to lower listing expenses will be reallocated for our outlet and DC expenditure.



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

---

#### **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 1.0% (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 Sole Managing Underwriter and the Joint Underwriters have agreed to underwrite our Issue Shares under the Retail Offering for an underwriting commission of up to 1.25% (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 1.20% (exclusive of applicable tax) and may pay the Sole Bookrunner a discretionary fee of up to 0.80% (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 Sole Managing Underwriter and the Joint Underwriters 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 and the Over-allotment Option as set out in Sections 4.2.3 and 4.2.4 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.

Unless waived by the Sole Managing Underwriter and Joint Underwriters who have agreed to underwrite our 210,000,000 Issue Shares under the Retail Offering, the underwriting obligations of the Sole Managing Underwriter and Joint Underwriters are subject to certain conditions precedent which must be fulfilled or waived on or before the closing date of the Retail Offering as stated in this Prospectus or such later date as may be agreed in writing by the Sole Managing Underwriter and Joint Underwriters.

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

---

The Sole Managing Underwriter (for and on behalf of the Joint Underwriters) may by notice to our Company given at any time before the date of our Listing, terminate, cancel and withdraw its underwriting commitment if:

- (a) there is any breach or failure on the part of our Company to perform any obligations contained in the Retail Underwriting Agreement which results in any event, development or occurrence, or series of events, developments or occurrences, which, in the reasonable and sole opinion of the Sole Managing Underwriter, have or could be expected to have a material adverse effect (including any prospective material adverse effect) or change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following: (i) the condition (financial or otherwise), contractual commitments, general affairs, business, assets, liquidity, liabilities, prospects, earnings, undertakings, shareholders' equity, properties or results of operations of our Group, taken as a whole or our Company; (ii) the ability of our Company or any of the Selling Shareholders to perform its or their obligations under or with respect to, or to consummate the transactions contemplated by, this Prospectus or the Retail Underwriting Agreement, the Placement Agreement, each lock-up agreement, the Master Cornerstone Placement Agreement, each Cornerstone Placement Agreement and the Share Lending Agreement (collectively, the "**Transaction Agreements**"); (iii) the ability of our Company or any of the Selling Shareholders to perform its or their obligations under or with respect to, or to consummate the transactions contemplated by, this Prospectus or the Transaction Agreements; (iv) the ability of our Company or any of the company of our Group to conduct its businesses and to own or lease its assets and properties as described in this Prospectus; or (v) our IPO including but not limited to the distribution or the sale of our IPO Shares pursuant to our IPO ("**Material Adverse Effect**");
- (b) there is an occurrence of any event or discovery of any fact or circumstances rendering any of the warranties set out in the Retail Underwriting Agreement untrue, inaccurate, incorrect or misleading or ceases to be true, accurate and correct or becomes misleading, in any respect or any of the undertakings made by the Company under the Retail Underwriting Agreement not complied with, breached and/or failed to be performed in any respect;
- (c) our Company withholds any information from the Sole Managing Underwriter and the Joint Underwriters, which has a Material Adverse Effect;
- (d) in the reasonable and sole opinion of the Sole Managing Underwriter (upon consultation with the Joint Underwriters), there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Sole Managing Underwriter and the Joint Underwriters by reason of causes which are unpredictable and beyond the reasonable control of the parties to the Retail Underwriting Agreement claiming *force majeure* which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to: (i) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of a hostile army, nation or enemy, civil war or commotion, hijacking, terrorism; (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military takeover or usurped power; or (iii) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accidents, or other acts of God; or (iv) any local, national or international occurrence or outbreak of disease, or pandemic (including any material worsening of the existing COVID-19 pandemic or endemic), epidemic, the imposition of lockdowns or similar measures to control the spread of any epidemic, any

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

outbreak or material escalation of hostilities or national emergency, whether war has been declared or not, or insurrection or armed conflict or terrorist event (whether or not involving financial markets), the occurrence of any other calamity or crisis or emergency or any event or series of events in the nature of *force majeure*, or deterioration of any such condition;

- (e) there shall have occurred any government requisition or other events whatsoever which would have a Material Adverse Effect;
- (f) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which would have a Material Adverse Effect, or would have or is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market) on the value on price of our IPO Shares. For the avoidance of doubt and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

- (i) on or after the date of the Retail Underwriting Agreement; and
- (ii) prior to the closing date of the Retail Offering,

lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

- (g) trading in shares or securities on Bursa Securities, Singapore Exchange Securities Trading Limited or the Hong Kong Stock Exchange has been restricted or suspended or minimum prices have been established on Bursa Securities, the Singapore Exchange Securities Trading Limited or the Hong Kong Stock Exchange for three (3) consecutive Market Days or more;
- (h) there shall have been announced or carried into force any new law or change in law in any jurisdiction, interpretation or application by any court or authorities including any administrative, governmental, statutory or regulatory commission, board, body, authority or agency, and any stock exchange, self-regulatory organisation, accreditation organisation or other non-governmental regulatory authority (including but not limited to the SC, Bursa Securities and CCM), and any court, tribunal or arbitrator, in each case in Malaysia or any other jurisdiction, and whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, supranational or otherwise ("**Authority**") which may: (i) has a Material Adverse Effect; or (ii) in the reasonable and sole opinion of the Sole Managing Underwriter (upon consultation with the Joint Underwriters), prejudice the success of our IPO or our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer our IPO Shares or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (i) our IPO is stopped or delayed by us or any relevant Authority for any reason whatsoever (unless such delay has been approved by the Sole Managing Underwriter);

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

---

- (j) the closing date of the Retail Offering does not occur by 10 September 2024 or such other extended date as may be agreed in writing by the Sole Managing Underwriter;
- (k) our Listing does not take place by 23 September 2024 or such other extended date as may be agreed in writing by the Sole Managing Underwriter;
- (l) any commencement of legal proceedings, formal investigations, enquiries or action against any member of our Group or any of their directors or executive officers, which would have a Material Adverse Effect or in the reasonable and sole opinion of the Sole Managing Underwriter (upon consultation with the Joint Underwriters), make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;
- (m) any one of the Transaction Agreements: (i) having been terminated or rescinded in accordance with its terms thereof; (ii) ceases to have any effect whatsoever; or (iii) is varied or supplemented upon its terms and such variation or supplementation would have a Material Adverse Effect;
- (n) any of the resolutions or approvals referred to in Clause 6.1(f) and Clause 6.1(g) of the Retail Underwriting Agreement respectively, is revoked, withdrawn, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms would have a Material Adverse Effect;
- (o) in the event our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Sole Managing Underwriter;
- (p) if the SC or any other relevant Authority issues an order pursuant to Malaysian law such as to make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;
- (q) any material statements contained in this Prospectus have become or been discovered to be untrue, inaccurate or misleading in any respect, or matters have arisen or have been discovered which would, if this Prospectus were to be issued at that time, constitute a material omission therefrom;
- (r) in the sole opinion of the Sole Managing Underwriter (upon consultation with the Joint Underwriters), there is a change or development in taxation in Malaysia or China or an announcement of such change or development which would have a Material Adverse Effect;
- (s) a banking moratorium has been declared by the relevant Authority in Malaysia, Singapore or Hong Kong or the United Kingdom, or a material disruption of commercial banking activities or securities settlement or clearance services has occurred in Malaysia, Singapore, Hong Kong or the United Kingdom; or
- (t) any other event in which a Material Adverse Effect having occurred or which is likely to occur.

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

---

##### 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

- (i) We have agreed that, subject to offerings under our IPO and certain exceptions, we shall not without the prior written consent of the Sole Bookrunner, to the extent applicable to us, for a period beginning on and including the date of the lock-up agreement and ending on, and including, the date that is 6 months from the date of our Listing, directly or indirectly, conditionally or unconditionally:
- (a) issue, allot, offer, pledge, sell, contract to sell, assign, issue or sell or grant or agree to grant any option, right, warrant or contract to purchase, purchase any option or contract to sell, hypothecate or create any encumbrance over or otherwise transfer or dispose of any Shares (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to our Shares) including any Shares held in treasury that are now owned or hereafter acquired by our Company;
  - (b) enter into any swap, hedge or derivative or any other arrangement, agreement or transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequence of ownership of our Shares or any securities convertible into or exercisable or exchangeable for Shares or any securities that represent the right to receive or are substantially similar to our Shares, whether any such swap or transaction described in paragraph (a) above or this paragraph (b) is to be settled by delivery of any Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any Shares being issued, offered and sold by our Company in connection with our IPO;
  - (c) deposit any Shares (or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities;
  - (d) do or announce any intention to do any of the above or an offering or sale of any Shares (or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof));
  - (e) save for such stabilising action permissible under law, take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares; or

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

- (f) enter into or effect any transaction with the same economic effect as any transactions described in paragraphs (a) to (e) above.
- (ii) Lee YG Holdings, Lee Thiam Wah and Ng Lee Tieng have agreed with the Sole Bookrunner that for a period beginning on and including the date of the lock-up agreement and ending on, and including, the date that is 6 months from the date of our Listing, they will not, without the prior written consent of the Sole Bookrunner, directly or indirectly, conditionally or unconditionally:
- (a) offer, pledge, mortgage, charge, sell, contract to sell, assign, sell or grant or agree to grant any option, right, warrant or contract to purchase, purchase any option or contract to sell, hypothecate or create any encumbrance over, lend or otherwise transfer or dispose of any Shares and additionally for Lee Thiam Wah, shares of Lee YG Holdings (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to our Shares and additionally for Lee Thiam Wah, shares of Lee YG Holdings) whether now owned or acquired by Lee YG Holdings, Lee Thiam Wah and Ng Lee Tieng between the date of the lock-up agreement and the date of our Listing ("**Lock-Up Shares**");
- (b) enter into any swap, hedge or derivative or any other arrangement, agreement or transaction that transfers, in whole or in part, any of the economic consequence of ownership of the Lock-Up Shares or any securities convertible into or exercisable or exchangeable for any Lock-Up Shares or any securities that represent the right to receive or are substantially similar to any Lock-Up Shares, whether any such swap or transaction described in paragraph (a) above or this paragraph (b) is to be settled by delivery of any Lock-Up Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any Shares being offered and sold by Lee Thiam Wah and Ng Lee Tieng (as Selling Shareholders) in connection with our IPO;
- (c) deposit any Lock-Up Shares (or any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, any Lock-Up Shares) in any depository receipt facilities;
- (d) do or announce any intention to do any of the above or an offering or sale of any Lock-Up Shares (or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, any Lock-Up Shares (or any interest therein or in respect thereof));
- (e) save for such stabilising action permissible under law, take any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilisation or manipulation of the price of our Shares; or
- (f) enter into or effect any transaction with the same economic effect as any transactions described in paragraphs (a) to (e) above.

Lee Thiam Wah will and shall procure that, without the prior written consent of the Sole Bookrunner, Lee YG Holdings shall not issue new shares or otherwise dilute the shareholding of Lee Thiam Wah in Lee YG Holdings.

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

---

- (iii) Lee Lay Liang, Lee Yan Zhong, Lee Lai Lee, Lee Lay Wan, Lee Leong Tek, Lee Lay Hong, Lee Lay Sin, Tan Suah Teng and Lee Leong Yew, being persons connected to Lee Thiam Wah, have each severally and not jointly agreed with the Sole Bookrunner that they will comply with the restrictions set out in Section 4.8.3(ii) above for a period beginning on and including the date of the lock-up agreement and ending on, and including, the date that is 6 months from the date of our Listing in respect of the IPO Shares allocated to them under the allocation to the Eligible Persons.

The restrictions in Sections 4.8.3(i) and (ii) above do not apply to (1) the issuance, offer and sale of any Shares by our Company pursuant to our IPO, (2) the offer, transfer and sale of any Shares by the Selling Shareholders pursuant to our IPO, including the transfer of any Shares pursuant to the Share Lending Agreement and (3) the offer and sale of any Shares pursuant to the Over-allotment Option.

**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.

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

---

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 9 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.

(The rest of this page has been intentionally left blank)



## 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 700 suppliers as at the LPD, all of whom except for 25 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 39, 47, 49 and 52 in FYE 2021, FYE 2022, FYE 2023 and FPE 31 March 2024, 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.

## 5. RISK FACTORS (Cont'd)

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 2021, 2022 and 2023, we received incentives and fees representing 8.8%, 9.2% and 9.3% of our Group's total revenue and reflected an increase at a CAGR of 14.6% 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. RISK FACTORS (Cont'd)

### 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 2023, these costs accounted for 84.0% of our total operating costs and other expenses and 10.7% of our revenue, as compared to 81.8% and 10.4%, respectively, for FYE 2022. 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.

**5. RISK FACTORS (Cont'd)**

---

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 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. RISK FACTORS (Cont'd)

### 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.

## 5. RISK FACTORS (Cont'd)

---

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 14 cases reported annually at our outlets during the FYE 2021 to the FYE 2023, the aggregate financial impact to our Group has been immaterial, amounting to approximately 0.03% of our PAT for the FYE 2023. For further details on the security control of our Group's DCs and outlets, see Section 7.20 of this Prospectus.

## 5. RISK FACTORS (Cont'd)

### 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 2023, our revenue grew at a CAGR of 16.3% in line with our expansion strategy, where we opened approximately 247 outlets per year on average (net of closures), amounting to a CAGR of 12.8% in number of outlets over this period. The revenue growth was also significantly contributed by the positive SSSG at a CAGR of 5.1%.

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.

## 5. RISK FACTORS (Cont'd)

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 22,585 full-time staff and 36 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 22,000 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 4.0% 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 RM2.6 million since November 2023 up to the LPD, the quantum is expected to increase in the future.



## 5. RISK FACTORS (Cont'd)

---

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 YG Holdings will hold in aggregate up to 79.7% of our enlarged issued Shares, assuming the Over-allotment Option is not exercised, where Lee YG 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. RISK FACTORS *(Cont'd)*

### 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. RISK FACTORS (Cont'd)

### 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. RISK FACTORS *(Cont'd)*

### 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. RISK FACTORS (Cont'd)

### 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 Joint Underwriters' exercise of their rights under the Retail Underwriting Agreement or the Sole Bookrunner 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.

## 5. RISK FACTORS *(Cont'd)*

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. RISK FACTORS (Cont'd)**

---

**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.

(The rest of this page has been intentionally left blank)

## 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 2,651 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.



## 6. INFORMATION ON OUR GROUP (Cont'd)

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:

| Name             | Before the Acquisition |              | After the Acquisition |              |
|------------------|------------------------|--------------|-----------------------|--------------|
|                  | 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          |
| <b>Total</b>     | <b>100</b>             | <b>100.0</b> | <b>474,506,402</b>    | <b>100.0</b> |

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 20 May 2024.

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:

| Name             | Before the Subdivision |              | After the Subdivision |              |
|------------------|------------------------|--------------|-----------------------|--------------|
|                  | 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          |
| <b>Total</b>     | <b>474,506,402</b>     | <b>100.0</b> | <b>8,000,000,000</b>  | <b>100.0</b> |

### 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/<br>Subdivision | No. of Shares<br>allotted    | No. of cumulative<br>Shares  | Cumulative issued<br>share capital (RM) |
|-----------------------------------|------------------------------|------------------------------|---|
| 15 May 2023                       | 100                          | 100                          | 100                                     |
| 14 December 2023                  | <sup>(1)</sup> 474,506,302   | 474,506,402                  | 474,506,402                             |
| 20 May 2024                       | <sup>(2)</sup> 7,525,493,598 | <sup>(2)</sup> 8,000,000,000 | <sup>(2)</sup> 474,506,402              |

#### Notes:

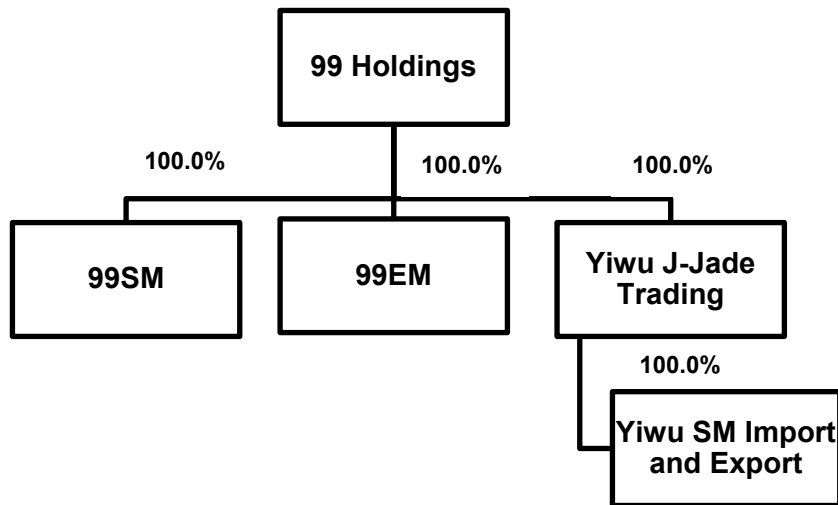
- (1) Shares issued as consideration shares pursuant to the completion of 99SM and 99EM Share Sale Agreement.
- (2) Pursuant to the Subdivision.

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

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 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<br>200001016930<br>(519537-X)                    | 10 July 2000<br>(Malaysia)        | RM15,000,000                      | 100.0                             | Retail of consumable merchandise and other household products via its network of "mini-market" outlets |
| 99EM<br>201301011044<br>(1040881-M)                   | 2 April 2013<br>(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<br>(91330782MAD0P<br>P1D8Q)       | 28 September 2023<br>(PRC)        | RMB500,000                        | 100.0                             | Investment holding   |
| Yiwu SM Import and Export<br>(91330782MAD23X<br>Q98W) | 19 October 2023<br>(PRC)          | RMB500,000                        | 100.0                             | Exporting of consumable merchandise and household products   |

**6. INFORMATION ON OUR GROUP (Cont'd)****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:

| <u>Date of allotment</u> | <u>No. of ordinary shares</u> | <u>Consideration</u> | <u>Cumulative issued share capital (RM)</u> |
|--------------------------|-------------------------------|----------------------|---|
| 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:

| <u>Date of allotment</u> | <u>No. of ordinary shares</u> | <u>Consideration</u> | <u>Cumulative issued share capital (RM)</u> |
|--------------------------|-------------------------------|----------------------|---|
| 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. INFORMATION ON OUR GROUP (Cont'd)

### 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 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 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 Company Law of the PRC and the Articles of Association of Yiwu SM Import and Export. The registered capital is expected to be fully contributed by the 3<sup>rd</sup> 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. BUSINESS OVERVIEW

---

### 7.1 Overview

We operate the well-known “99 Speedmart” chain of mini-market outlets involved in the retailing of daily necessities, with 2,651 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 40.1% and 11.6% in 2023 respectively, based on our Group’s revenue for the FYE 2023.

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 1.1 million customers per day based on the number of sales transactions recorded in the FYE 2023, with an average sales transaction value per outlet per day of RM22.29. From the FYE 2020 to FYE 2023, our Group’s revenue increased by 34.6% or a CAGR of 10.4% whereas during the 3-month FPE 31 March 2024, our revenue increased by 9.0% over the comparative 3-month period of FPE 31 March 2023.

Our growth strategy revolves around implementing our expansion plan. From the FYE 2021 to FYE 2023, we opened an average of 242 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 5.1% between FYE 2019 (being the financial year prior to the COVID-19 pandemic) and FYE 2023, calculated based on 1,272 outlets (net of outlet closures). Coupled with the contribution of our new outlets, our Group’s PAT increased at a CAGR of 13.3% from the FYE 2020 to the FYE 2023, and increased by 24.3% from the FPE 31 March 2023 to FPE 31 March 2024. 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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 31 March |           |
|------------------------|-----------|-----------|-----------|--------------|-----------|
|                        | Audited   |           |           | Unaudited    | Audited   |
|                        | 2021      | 2022      | 2023      | 2023         | 2024      |
|                        | RM'000    | RM'000    | RM'000    | RM'000       | RM'000    |
| Revenue                | 7,836,756 | 8,075,262 | 9,210,505 | 2,223,754    | 2,424,860 |
| Other operating income | 685,239   | 742,858   | 853,862   | 198,646      | 236,387   |
| GP                     | 756,039   | 741,311   | 841,447   | 223,327      | 239,244   |
| PAT                    | 419,094   | 326,665   | 400,227   | 107,150      | 133,154   |

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

|  | FYE       |           |           | FPE           |
|--|-----------|-----------|-----------|---------------|
|  | 2021      | 2022      | 2023      | 31 March 2024 |
| Average number of sales transactions per outlet per day <sup>(1)</sup> | 459       | 440       | 475       | 477           |
| Average value of each sales transaction (RM) <sup>(2)</sup>            | 24.54     | 23.59     | 22.29     | 21.85         |
| Average sales per outlet per day (RM) <sup>(3)</sup>                   | 11,263.17 | 10,378.85 | 10,593.92 | 10,423.16     |
| SSSG <sup>(4)</sup>  | 3.7%      | (4.9%)    | 6.2%      | 1.8           |

### 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 3-month period can therefore only be calculated for our outlets which have been in operation for the full 3 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. BUSINESS OVERVIEW (Cont'd)

### 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 37 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 2,651 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 40.1% by revenue in 2023. Furthermore, based on the IMR Report, we are a leading player in the broader grocery-based retail industry, with a market share of 11.6% by revenue in 2023. 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 7.2% from 2019 and 2023, in contrast to the broader grocery-based retailers segment which recorded a corresponding CAGR of 2.6% 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 12.0%, from 1,799 outlets as at 31 December 2020 to 2,526 outlets as at 31 December 2023, and our increase in revenue at a CAGR of 10.4%, from RM6,841.4 million in the FYE 2020 to RM9,210.5 million in the FYE 2023. 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 5.4% from 2023 to 2028 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, our Group serves approximately 8,600 households per outlet in the east coast of Peninsular Malaysia compared to approximately 2,300 households per outlet in the central region, based on the number of outlets as at the LPD and population density of such regions as at 31 December 2022. 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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 10.4% and 12.0% respectively from FYE 2020 to FYE 2023. In the 3-month FPE 31 March 2024, we recorded further growth in our revenue and number of outlets with a growth of 9.0% and 11.7% respectively on the back of 111.0 million sales transactions which represents a 16.1% growth as compared to 31 March 2023 of 95.6 million sales transactions.



## 7. BUSINESS OVERVIEW (Cont'd)

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 RM100.0 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 618 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.

## 7. BUSINESS OVERVIEW (Cont'd)

**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 10.4%, from RM6,841.4 million in FYE 2020 to RM9,210.5 million in FYE 2023. Our Group's other operating income comprising mainly product display fees and target incentives increased from RM567.0 million in FYE 2020 to RM853.9 million in FYE 2023, representing a higher CAGR of 14.6%. Our Adjusted EBITDA has also increased at a CAGR of 8.2% from FYE 2020 to FYE 2023, from RM491.0 million to RM622.4 million. During this period of growth, our Adjusted EBITDA margins ranged from 6.8% 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 13.3% in our PAT from RM274.9 million in the FYE 2020 to RM400.2 million in the FYE 2023. During this period of growth, our PAT margins were at 4.0%, 5.3%, 4.0% and 4.3% respectively. For the 3-month FPE 31 March 2024, our PAT grew at a stronger rate of 24.3% compared to the same comparative period of the 3-month FPE 31 March 2023. During 3-month financial period, our PAT margins improved from 4.8% to 5.5%.

## 7. BUSINESS OVERVIEW (Cont'd)

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 SSSG increased to 6.2% for the FYE 2023, mainly attributable to an increase in demand for our grocery products. Taking into consideration the pre-COVID-19 pandemic financial period of FYE 2019, our Group's gross SSSG between FYE 2019 and FYE 2023 was 21.8%, representing a CAGR of 5.1% over the same period. Furthermore, we managed to record a rebound in our SSSG of 1.8% in the FPE 31 March 2024, 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. BUSINESS OVERVIEW (Cont'd)

### 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 2,651 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 RM389.0 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 RM100.0 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, Sabah and Pahang as locations to establish 3 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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 618 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 RM55.0 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](http://www.99bulksales.my), which is presently available in the Klang Valley and the southern region of Peninsular Malaysia 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. 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. BUSINESS OVERVIEW (Cont'd)

### 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 2,651 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:

| <b>Year</b> | <b>Event</b>  |
|-------------|---|
| 1987        | Lee Thiam Wah set up his 1 <sup>st</sup> 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 1 <sup>st</sup> 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 100 <sup>th</sup> outlet at Pinggiran Batu Caves, Selangor  |
| 2013        | 99EM was incorporated and its 1 <sup>st</sup> outlet and DC were established in Kota Kinabalu, Sabah  |
| 2014        | Our 5 <sup>th</sup> DC located in Rawang, Selangor started operations   |

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

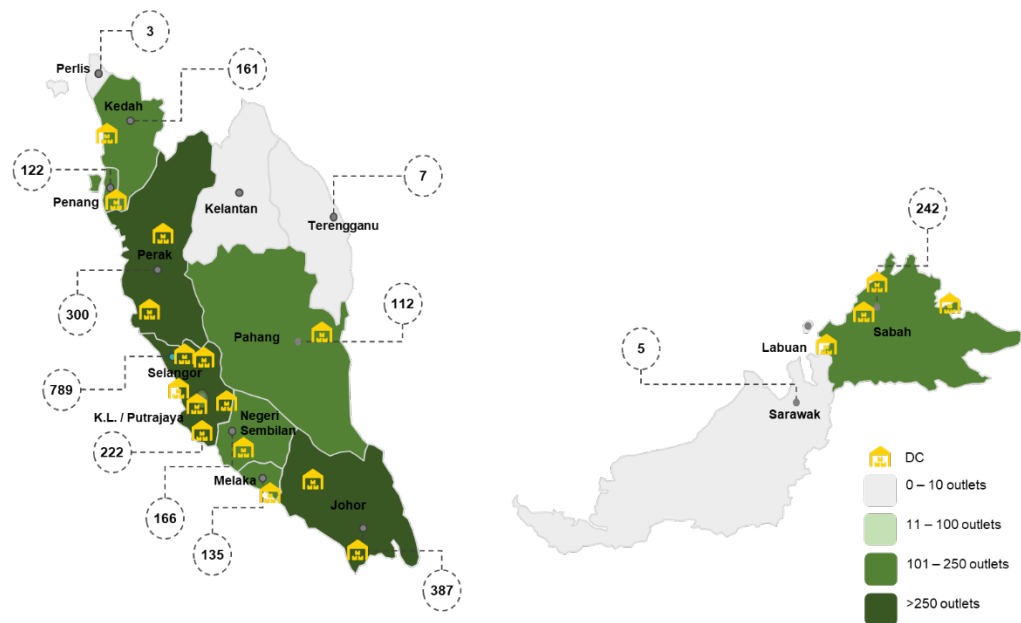
| <b>Year</b> | <b>Event</b>   |
|-------------|--|
| 2015        | We commenced operations of our new headquarters and DC in East Malaysia, located in Kota Kinabalu, Sabah, replacing the one we opened in 2013                        |
| 2016        | Our head office was relocated to a self-owned property known as Wisma 99 in Taman Berkeley, Klang, Selangor  |
| 2017        | We launched our 1,000 <sup>th</sup> outlet at Shah Alam, Selangor  |
| 2020        | Our 10 <sup>th</sup> DC commenced operations at Senai, Johor   |
| 2021        | We launched our 2,000 <sup>th</sup> outlet in Puncak Sentul, Kuala Lumpur  |
| 2023        | We introduced “99 Bulksales” via our online website <a href="http://www.99bulksales.my">www.99bulksales.my</a> , 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 2,651 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:



## 7. BUSINESS OVERVIEW (Cont'd)

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

| Region                             | As at 31 December |              |              | As at 31 March | As at        |
|------------------------------------|-------------------|--------------|--------------|----------------|--------------|
|                                    | 2021              | 2022         | 2023         | 2024           | the LPD      |
| <b>Peninsular Malaysia</b>         |                   |              |              |                |              |
| • Central <sup>(1)</sup>           | 903               | 943          | 991          | 997            | 1,011        |
| • East coast <sup>(2)</sup>        | 55                | 69           | 97           | 106            | 119          |
| • Northern <sup>(3)</sup>          | 382               | 453          | 549          | 566            | 586          |
| • Southern <sup>(4)</sup>          | 510               | 593          | 659          | 681            | 688          |
| <b>East Malaysia<sup>(5)</sup></b> | 174               | 193          | 230          | 237            | 247          |
| <b>Total</b>                       | <b>2,024</b>      | <b>2,251</b> | <b>2,526</b> | <b>2,587</b>   | <b>2,651</b> |

**Notes:**

- (1) Refers to Selangor, Federal Territories of Kuala Lumpur and Putrajaya.
- (2) Refers to Terengganu and Pahang.
- (3) Refers to Kedah, Penang, Perak and Perlis.
- (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<br>(‘000) | Area<br>(km <sup>2</sup> ) | Household Density<br>(household / km <sup>2</sup> ) | Our outlets count<br>(as at the LPD) | Our population coverage<br>(household / outlets) |
|----------------------------|--------------------------------|----------------------------|---|--------------------------------------|--|
| <b>Peninsular Malaysia</b> |                                |                            |   |                                      |  |
| • Central                  | 2,359                          | 8,233                      | 286.5   | 1,011                                | 2,333.0  |
| • East coast               | 1,022                          | 64,124                     | 15.9  | 119                                  | 8,586.6  |
| • Northern                 | 1,738                          | 32,504                     | 53.5  | 586                                  | 2,966.2  |
| • Southern                 | 1,571                          | 27,631                     | 56.8  | 688                                  | 2,283.0  |
| <b>East Malaysia</b>       | 1,220                          | 198,363                    | 6.1   | 247                                  | 4,938.1  |

Source: IMR Report; Frost & Sullivan



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

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

| Region  | FYE              |                  |                  | FPE 31           |
|---|------------------|------------------|------------------|------------------|
|   | Audited          |                  |                  | March            |
|   | 2021             | 2022             | 2023             | Audited          |
|   | RM'000           | RM'000           | RM'000           | 2024             |
|   |                  |                  |                  | RM'000           |
| <b>Peninsular Malaysia</b>                    |                  |                  |                  |                  |
| • Central                                     | 4,382,911        | 4,219,302        | 4,556,768        | 1,167,760        |
| • East coast                                  | 166,494          | 186,603          | 269,983          | 80,399           |
| • Northern                                    | 987,296          | 1,140,910        | 1,404,944        | 388,269          |
| • Southern                                    | 1,716,775        | 1,916,891        | 2,251,520        | 591,360          |
| <b>East Malaysia</b>                          | 583,280          | 611,556          | 727,290          | 197,072          |
| <b>Total revenue generated by our outlets</b> | <b>7,836,756</b> | <b>8,075,262</b> | <b>9,210,505</b> | <b>2,424,860</b> |

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

|                                     | FYE   |       |       | FPE 31 | From 1  |
|-------------------------------------|-------|-------|-------|--------|---------|
|                                     | 2021  | 2022  | 2023  | March  | April   |
|                                     |       |       |       | 2024   | 2024 to |
|                                     |       |       |       |        | the LPD |
| <b>Number of outlets:</b>           |       |       |       |        |         |
| At the beginning of the year/period | 1,799 | 2,024 | 2,251 | 2,526  | 2,587   |
| Newly opened during the year/period | 227   | 234   | 279   | 63     | 66      |
| Closed during the year/period       | (2)   | (7)   | (4)   | (2)    | (2)     |
| Net increase during the year/period | 225   | 227   | 275   | 61     | 64      |
| At the end of the year/period       | 2,024 | 2,251 | 2,526 | 2,587  | 2,651   |

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 shplot, 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.

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

**Example of a corner shophot outlet**



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



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

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

*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. BUSINESS OVERVIEW (Cont'd)

---

### 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 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.

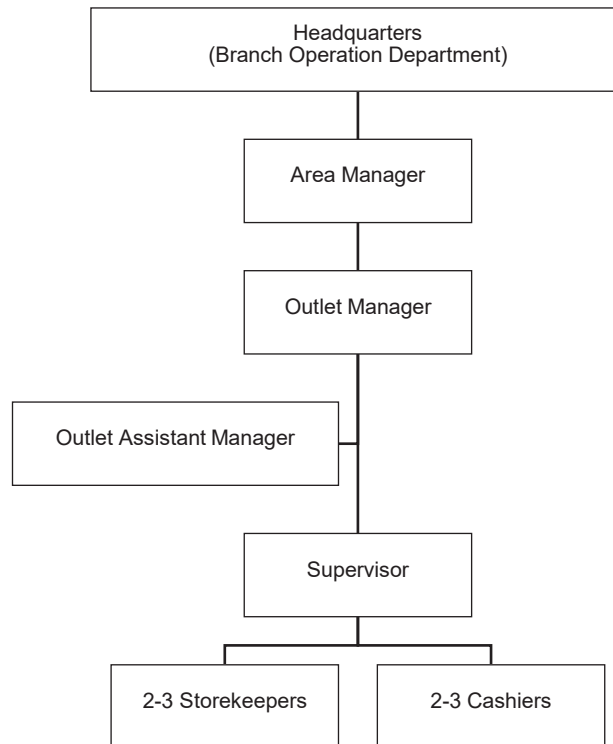
## 7. BUSINESS OVERVIEW (Cont'd)

- **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. BUSINESS OVERVIEW (Cont'd)

### 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.

During the Periods Under Review, the Group closed a total of 15 outlets, due to matters in relation to tenancies including increases in rental rates, compulsory acquisition of land by relevant authorities and underperformance of outlets.

### 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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 2023. 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 25 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 31       |
|---------------------------------|--------------|--------------|--------------|--------------|
|                                 | 2021         | 2022         | 2023         | March        |
|                                 | %            | %            | %            | 2024         |
| Food and beverages              | 73.0         | 72.3         | 72.8         | 73.8         |
| Personal and baby care products | 12.7         | 13.5         | 12.7         | 12.0         |
| Household products              | 6.9          | 7.1          | 7.7          | 7.4          |
| Others                          | 7.4          | 7.1          | 6.8          | 6.8          |
| <b>Total</b>                    | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

### 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](http://www.99bulksales.my), for certain areas in the Klang Valley, which was expanded to the rest of the Klang Valley in December 2023 and the southern region of Peninsular Malaysia in July 2024. 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.

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.

## 7. BUSINESS OVERVIEW (Cont'd)

---

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 6,400 transactions representing an aggregate of approximately RM7.5 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.



## 7. BUSINESS OVERVIEW (Cont'd)

### 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 <sup>(1)</sup> (years) | Amount of purchases (RM million) <sup>(2)</sup> | % of total purchases <sup>(2)</sup> |
|----------|-------------------------------|---|---|---|-------------------------------------|
| FYE 2021 | (i) Nestle                    | Instant drinks, cereals and instant noodles                     | 7 <sup>(3)</sup>  | 530.6   | 7.1                                 |
|          | (ii) TTS <sup>(4)</sup>       | 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 <sup>(4)</sup> | Personal care, home care products and over-the-counter medicine | 24  | 233.3   | 3.1                                 |
|          | <b>Total</b>                  |   |   | <b>2,056.4</b>                                  | <b>27.6</b>                         |
| FYE 2022 | (i) Nestle                    | Instant drinks, cereals and instant noodles                     | 7 <sup>(3)</sup>  | 551.3   | 7.1                                 |
|          | (ii) TTS <sup>(4)</sup>       | 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 <sup>(4)</sup> | Personal care, home care products and over-the-counter medicine | 24  | 261.0   | 3.4                                 |
|          | <b>Total</b>                  |   |   | <b>2,157.5</b>                                  | <b>28.0</b>                         |
| FYE 2023 | (i) Nestle                    | Instant drinks, cereals and instant noodles                     | 7 <sup>(3)</sup>  | 687.0   | 7.8                                 |
|          | (ii) DKSH                     | Confectionery, biscuits and milk powders                        | 18  | 622.7   | 7.1                                 |
|          | (iii) TTS <sup>(4)</sup>      | Chocolates, pet food and beverages                              | 24  | 485.2   | 5.5                                 |
|          | (iv) Dutch Lady               | Milk products including infant formula                          | 8   | 314.2   | 3.6                                 |
|          | (v) Great Plus <sup>(4)</sup> | Personal care, home care products and over-the-counter medicine | 24  | 291.3   | 3.3                                 |
|          | <b>Total</b>                  |   |   | <b>2,400.4</b>                                  | <b>27.3</b>                         |

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

| Period            | Name of supplier          | Main type of products purchased as at the LPD | Length of relationship as at the LPD <sup>(1)</sup> (years) | Amount of purchases (RM million) <sup>(2)</sup> | % of total purchases <sup>(2)</sup> |
|-------------------|---------------------------|---|---|---|-------------------------------------|
| FPE 31 March 2024 | (i) Nestle                | Instant drinks, cereals and instant noodles   | 7 <sup>(3)</sup>  | 186.8   | 8.0                                 |
|                   | (ii) DKSH                 | Confectionery, biscuits and milk powders      | 18  | 156.1   | 6.7                                 |
|                   | (iii) TTS <sup>(4)</sup>  | Chocolates, pet food and beverages            | 24  | 147.0   | 6.3                                 |
|                   | (iv) L H Uni Distribution | Beverages                                     | 21  | 91.3  | 3.9                                 |
|                   | (v) Dutch Lady            | Milk products including infant formula        | 8 <sup>(3)</sup>  | 85.6  | 3.7                                 |
|                   | <b>Total</b>              |   |   | <b>666.8</b>                                    | <b>28.6</b>                         |

**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.*

## 7. BUSINESS OVERVIEW (Cont'd)

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 27.3% to 28.6% 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 700 suppliers as at the LPD. During the Periods Under Review, most 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 less than 0.1% of our Group's total revenue per annum on advertising and promotions.

## 7. BUSINESS OVERVIEW (Cont'd)

---

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 38 types of household products, including amongst others, laundry products, amounting to a total of approximately RM2.6 million. 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. BUSINESS OVERVIEW (Cont'd)

---

### 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 618 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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                       |
|--|--------------------------------------|
| <b>Central</b>   |                                      |
| <ul style="list-style-type: none"> <li>• Jalan Kapar</li> <li>• Jalan Kebun</li> <li>• Balakong</li> <li>• Sungai Choh</li> <li>• Sungai Tua</li> <li>• Shah Alam</li> </ul> | Selangor, Kuala Lumpur and Putrajaya |
| <b>East Coast</b>  |                                      |
| <ul style="list-style-type: none"> <li>• Gambang</li> </ul>  | Terengganu and Pahang                |
| <b>Northern</b>  |                                      |
| <ul style="list-style-type: none"> <li>• Sungai Petani</li> <li>• Batu Kawan</li> <li>• Gopeng</li> <li>• Hutan Melintang</li> </ul>   | Kedah, Penang, Perlis and Perak      |
| <b>Southern</b>  |                                      |
| <ul style="list-style-type: none"> <li>• Yong Peng</li> <li>• Senai</li> <li>• Merlimau</li> <li>• Chembong</li> </ul>   | Johor, Melaka and Negeri Sembilan    |
| <b>East Malaysia</b>   |                                      |
| <ul style="list-style-type: none"> <li>• Kota Kinabalu</li> <li>• Sipitang</li> <li>• Sandakan</li> <li>• Keningau</li> </ul>  | 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, save for the agreement to purchase a leasehold land and building at a cost of RM6.8 million, of which a deposit of RM0.7 million has been paid and the purchase of the property is pending completion. It is estimated to have a built-up size of approximately 21,000 sq. ft.

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 RM27.3 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.

## 7. BUSINESS OVERVIEW (Cont'd)

---

We have also identified Kedah, Sabah and Pahang as locations to establish 3 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, Sabah and Pahang, 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 RM100.0 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. BUSINESS OVERVIEW (Cont'd)

### 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)   | SOCISO  |
| 2023                          | GreenRE Certification (Retail Category) for the below: <ul style="list-style-type: none"> <li>• Platinum – 10 outlets and headquarters in Peninsular Malaysia</li> <li>• Silver – 2 DCs</li> </ul> | GreenRE   |
| 2023                          | Putra Brand Awards (Retail Category) – Silver Award  | Association of Accredited Advertising Agents Malaysia |
| 2024                          | Empowering Purpose with HR Excellence Award  | Jobstreet by SEEK                                     |

### 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. BUSINESS OVERVIEW (Cont'd)

### 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   |
|--|--|---|---|--|--|--|
| <b>Occupation of buildings without CCC</b> |  |   |   |  |  |  |
| 1.   | CCC status of our Group's outlets as at the LPD:             | With the landlords of the 41 operating outlets that our Group has communicated with:  | Majority of the 100 CCCs or confirmation or acknowledgement letters or equivalent from the local authorities, save for the 59 outlets located in standalone structures in Sabah, are expected to be obtained by end of 2024.  | 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. | <b>Peninsular Malaysia</b><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. | 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 2.9% of PBT for the FYE 2023) is unlikely, due to the following: |
|  | <b>Total</b>   | (a) the landlords of 3 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 | We target to obtain CCCs, letters from local authorities or temporary occupation licence / permits for the above 59 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. |  | <b>Sabah</b><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  | (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;   |
|  | - CCC obtained   |   |   |  |  |  |
|  | - Letters obtained from local authorities <sup>(1)</sup>     |   |   |  |  |  |
|  | - Pending receipt of documents from landlords <sup>(2)</sup> |   |   |  |  |  |
|  | - Applications submitted to local authorities <sup>(2)</sup> |   |   |  |  |  |
|  | - Outlets located in standalone structures <sup>(3)</sup>    |   |   |  |  |  |
|  | <b>Total</b>   |   |   |  |  |  |
|  |  |   |   |  |  |  |

**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   |
|-----|--|---|---------------------------------------|---------------------------------|--|--|
|     | <p><b>Notes:</b></p> <p>(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.</p> | <p>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.</p>   | <p>CCCs prior to the end of 2024.</p> |                                 | <p>(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</p>   |  |
|     | <p>(2) These outlets are located within shoplots or part of larger developments such as high-rise buildings and apartment blocks.</p>  | <p>For the 59 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.</p> <p>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.</p> |                                       |                                 | <p>(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.</p>  |  |
|     | <p>(3) Comprising standalone structures which are located in Sabah and are not part of a commercial development.</p>   | <p>It is the intention of our Group to carry on its operation at the affected outlets while working to obtain the respective CCC.</p>   |                                       |                                 | <p>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 part 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.</p> | <p>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.</p> |

**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  |
|-----|--------------------------|--|----------------------------------|---------------------------------|-------------------|---|
|     |                          |  |                                  |                                 |                   | <p>For the 59 operating outlets located in standalone structures in Sabah, 43 outlets are operating with valid business licences, and a further 15 outlets have submitted renewal applications for business licence. The remaining 1 outlet without business licence has since ceased operations on 31 July 2024. For those applications under renewal, we expect the business licences to be renewed.</p> <p>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 2023, and any impact on our sales would only occur during the relocation period of between 1 to 2 months.</p> <p>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.</p> |

**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  |
|-----|---|---|---|--|---|---|
| 2.  | As at the LPD, our Group has yet to obtain CCC for 2 out of 19 DCs. | <p data-bbox="351 1310 462 1657">i. <b>DC owned by our Group, located at Sungai Tua, Gombak, Selangor ("Sungai Tua DC")</b></p> <p data-bbox="486 1310 710 1657">Our Group has submitted the application for CCC to the local authorities and is currently pending approval. We expect to obtain the CCC after all relevant inspections have been completed.</p>  | <p data-bbox="351 1019 462 1288">Our Group is working towards obtaining the CCC for Sungai Tua DC by the end of 2024.</p> <p data-bbox="486 1019 710 1288">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.</p> | <p data-bbox="351 772 375 996"><b>Sungai Tua DC</b></p> <p data-bbox="406 772 686 996">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.</p>   | <p data-bbox="351 459 375 750"><b>Peninsular Malaysia</b></p> <p data-bbox="406 459 742 750">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.</p>  | <p data-bbox="351 89 630 436">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 2023) are not material to our Group.</p> |
|     |   | <p data-bbox="742 1310 766 1657">ii. <b>Sipitang DC</b></p> <p data-bbox="790 1310 1157 1657">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).</p> <p data-bbox="1181 1310 1436 1657">Our Group is planning to set up another DC in Sabah to 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</p> | <p data-bbox="742 1019 766 1288"><b>Sipitang DC</b></p> <p data-bbox="766 1019 909 1288">If CCC is not obtained by the end of 2024, the status of the non-compliance will be disclosed in our Group's annual report.</p>  | <p data-bbox="742 772 766 996"><b>Sipitang DC</b></p> <p data-bbox="766 772 933 996">In the event a new DC is rented by our Group, the rental cost per annum is not expected to be material.</p> <p data-bbox="957 772 1157 996">We intend to replace the Sipitang DC with a new DC in Sabah, which will be funded via the proceeds from our Public Issue.</p> | <p data-bbox="742 459 766 750"><b>Sabah</b></p> <p data-bbox="821 459 933 750">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.</p> | <p data-bbox="742 89 933 436">In the event that we may be required to vacate 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.</p>                             |

**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  |
|--|---|---|--|---|--|---|
|  |   | <p>unforeseen circumstances, the new DC is expected to commence operations by the end of 2025.</p> <p>In any event, 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.</p> |  |   |  |   |
| <b>Operations of buildings without fire certificates</b> |   |   |  |   |  |   |
| 3.   | <p>As at the LPD, our Group has yet to obtain fire certificates for 2 out of the 19 DCs. The fire certificate applications for the DC rented by our Group, located at Keningau, Sabah ("Keningau DC") has been submitted whereas the remaining Sipitang DC will cease operations (as explained in 2(ii) above).</p> | <p>As at the LPD, the Company has submitted the formal application to the Fire and Rescue Department ("Bomba") and is pending inspection.</p> <p>Our Group expects to obtain the fire certificate within 3 months after the inspection.</p>   | <p>The fire certificate for the Keningau DC is expected to be obtained by end of 2024.</p> <p>If the fire certificate for the Keningau DC is not obtained prior to our Listing, the status of non-compliance will be disclosed in our Group's annual report.</p> | <p>Estimated cost of RM50,000, comprising cost of drawing up building plans and submission of application for fire certificate.</p> | <p>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.</p> | <p>No material adverse impact to our Group's business operations and financial condition due to the following:</p> <p>(a) the estimated cost of rectification and the potential maximum penalty (which if imposed and incurred would amount to less than 0.01% of PBT for the FYE 2023) are not material to our Group; and</p> <p>(b) in the event operations of the Keningau DC are suspended for whatever reason, the outlets currently served by the DC can be temporarily served by our other DCs in Sabah.</p> |

7. BUSINESS OVERVIEW (Cont'd)

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.  | <p>As at the LPD, our Group has yet to obtain operational licences for some of our 2,651 operating outlets, as follows:</p> <ul style="list-style-type: none"> <li>124 outlets (4.7%) are operating without business licence (which is a composite licence and includes the signboard licence), including 52 outlets (2.0%) which are pending renewal of business licence; and</li> <li>20 outlets (0.8%) are operating without licence issued by the Ministry of Agriculture and Food Industry of Malaysia for sale of rice ("Rice Licence").</li> </ul> | <p><b>Business licence</b></p> <p>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.</p> <p>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).</p> <p>Our Group has submitted 41 applications for business licences of all its operating</p> | <p>Majority of the outstanding licences are expected to be obtained by end of 2024.</p> <p>If the respective licences for any of the affected outlets are not obtained prior to the end of 2024, the status of non-compliance will be disclosed in our Group's annual report.</p> | <p>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.</p> <p>Estimated cost per outlet for the application of Rice Licence is RM20 being the licence fee.</p> | <p><b>Business licence</b></p> <p>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.</p> <p>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.</p> <p>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</p> | <p>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.</p> |

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

| 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 |
|-----|--------------------------|--|----------------------------------|---------------------------------|---|--|
|     |                          | outlets that have fallen due and have made 33 new applications for business licences.  |                                  |                                 | the contravention continues.  |  |
|     |                          | The applications for the remaining 50 outlets are pending (i) prior approval of building plans; (ii) pre-submission appointment with local council; and (iii) settlement of assessment by landlords. |                                  |                                 | <b>Rice Licence</b>   |  |
|     |                          | Our Group will continue to liaise with the local authorities and other relevant parties to expedite the process of obtaining the necessary business licences.  |                                  |                                 | 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. |  |
|     |                          | <b>Rice Licence</b><br>Our Group has submitted all applications for Rice Licences and the process with the relevant authorities is currently ongoing.  |                                  |                                 |   |  |

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

**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.  | <p>As at the LPD, our Group has yet to obtain the CFA for 28 out of the 54 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.</p> <p>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.</p>   | <p>As at the LPD, there are 10 residential properties and 18 shoplots which are used as employee accommodations that have yet to obtain CFA.</p> <p>We have been advised that applications for CFA to the Labour Department of Malaysia ("JTK") require prior Planning Permission Approval from the local authorities. As at the LPD, we have submitted CFA applications for 10 shoplots to the JTK.</p> | <p>Our Group expects to address this non-compliance by the first quarter of 2025 either by way of obtaining a CFA certification or relocating.</p> <p>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.</p> <p>In respect of relocation, the estimated timeframe is 3 months, upon identifying a suitable location.</p> <p>The status of this non-compliance will be disclosed in our Group's annual report.</p> | <p>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.</p> <p>The incremental costs of relocating the employees into 3<sup>rd</sup> party accommodations which are CFA certified is estimated to be RM230 per employee per month, amounting to approximately RM1.3 million in total per annum.</p> <p>The construction cost of the new employee accommodation at our Batu Kawan DC is estimated to be RM1.5 million.</p> | <p>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.</p> | <p>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 imposed on a maximum basis would amount to 0.5% of PBT for the FYE 2023) are not material to our Group.</p> |
|     | <p>We have assessed the cost benefit of obtaining CFA certification or relocation and have decided to relocate the employees housed in the remaining 10 residential properties and 8 shoplots to:</p> <ol style="list-style-type: none"> <li>i. 3<sup>rd</sup> party accommodations which are CFA certified, to be completed by end of 2024; and</li> <li>ii. new employee accommodation to be constructed at our Batu Kawan DC, which is expected to be completed by the first quarter of 2025.</li> </ol> <p>Our Group will ensure that all employees' accommodations comply with the requirements of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.</p> |  |  |   |  |   |



## 7. BUSINESS OVERVIEW (Cont'd)

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;

## 7. BUSINESS OVERVIEW (Cont'd)

- (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

## 7. BUSINESS OVERVIEW (Cont'd)

---

- (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 40.1% and 11.6% respectively in 2023, based on our Group's revenue for the FYE 2023. 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. BUSINESS OVERVIEW (Cont'd)

### 7.15 Employees

As at the LPD, we employ a total of 22,585 full-time staff and 36 part-time staff. As at the LPD, we have employed 904 foreign workers, representing 4.0% 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:

| <b>Categories</b>                     | <b>As at 31 December 2023</b> | <b>As at the LPD</b> |
|---------------------------------------|-------------------------------|----------------------|
| Management                            | 24                            | 24                   |
| Headquarters and administrative staff | 727                           | 748                  |
| Outlet managers                       | 4,198                         | 4,510                |
| Outlet employees                      | 13,619                        | 14,971               |
| DC managers                           | 33                            | 41                   |
| DC employees                          | 2,118                         | 2,327                |
| <b>Total</b>                          | <b>20,719</b>                 | <b>22,621</b>        |

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. BUSINESS OVERVIEW (Cont'd)

### 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<sub>2</sub>”) levels through the CO<sub>2</sub> 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 15 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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 575 and 608 outlets have been installed with inverter air conditioning and non-heated glass freezers respectively; and (iii) a total of 19 out of the targeted 50 outlets in 2024, have been installed with the solar photovoltaic system.

As highlighted in Section 4.6.1(iv) of this Prospectus, we intend to utilise up to RM47.6 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 2023, our utilities expenses amounted to RM129.3 million, representing about 11.4% 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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 2023 and FPE 31 March 2024, we have successfully recovered approximately 21,500 and 5,300 tonnes respectively for recycling.

Since January 2024, we have engaged a 3<sup>rd</sup> party organic waste management company for the processing of food waste generated at our outlets and DCs, which arise from damaged packaging or non-returnable goods. Our DCs compile this food waste which is then collected by the 3<sup>rd</sup> party organic waste management company for the upcycling process to animal feed and fertiliser. From 1 January 2024 to 31 March 2024, we have delivered approximately 16 tonnes of such food waste for processing.

These initiatives not only contributed to environmental sustainability but has also generated an aggregate of approximately RM42.0 million in proceeds from the sale of packaging waste 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 21,000 Malaysians, which comprises more than 95% of our workforce, of which approximately 49.7% are female and the remaining 50.3% 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 82 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 365 employees to participate in a retail management professional program conducted by Universiti Kebangsaan Malaysia (“UKM”), with the 1<sup>st</sup> 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.

## 7. BUSINESS OVERVIEW (Cont'd)

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 RM10.1 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.



## 7. BUSINESS OVERVIEW (Cont'd)

---

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. BUSINESS OVERVIEW (Cont'd)

### 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 28%, 31%, 36% and 39% of our Group's total revenue, respectively.

## 7. BUSINESS OVERVIEW (Cont'd)

---

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 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.

(The rest of this page has been intentionally left blank)

**8. INDUSTRY OVERVIEW**F R O S T  S U L L I V A N

**Frost & Sullivan GIC Malaysia Sdn. Bhd.**  
 (200701010645) (768648K)  
 Tel: +603 2023 2000 Fax: +603 2023 2100  
[www.frost.com](http://www.frost.com)

Main Office  
 Level 6.06, KPMG Tower,  
 8 First Avenue,  
 Bandar Utama,  
 47800, Petaling Jaya,  
 Selangor, Malaysia.

Iskandar Office  
 A-FF-01-03 & B-FF-01-07,  
 Medini 6, Jalan Medini Sentral 5,  
 Bandar Medini Iskandar,  
 79250 Iskandar Puteri,  
 Johor, Malaysia.

Date: 26 July 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 Holdings” 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 Holdings’ prospectus in conjunction with the listing of and quotation for the entire enlarged issued shares in 99 Holdings 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 Holdings 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 &amp; Sullivan GIC Malaysia Sdn Bhd:



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

**8. INDUSTRY OVERVIEW (Cont'd)**F R O S T  S U L L I V A N**COPYRIGHT NOTICE**

The contents of this IMR Report are copyright © of Frost & Sullivan GIC Malaysia Sdn Bhd.  
All rights reserved.

Except with the prior written permission of Frost & Sullivan GIC Malaysia Sdn Bhd, no part of this IMR Report shall be (whether directly or indirectly) given, lent, resold, or disclosed to any third party, in any format for commercial and non-commercial purposes.

Additionally, except with prior written permission from Frost & Sullivan GIC Malaysia Sdn Bhd, no part of this IMR Report shall be copied or otherwise incorporated into, transmitted to, or stored in any other website, electronic retrieval system, publication, or other work in any form (whether hard copy, electronic, or otherwise) for purposes other than the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad.

Any use of the information in this IMR Report for the purpose of, but not limited to, the production of any third party publications or analysis shall be based on consent of Frost & Sullivan GIC Malaysia Sdn Bhd, and accompanied by an acknowledgement or citation of Frost & Sullivan as the source.

**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<sup>1</sup> 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:

**FROST & SULLIVAN GIC MALAYSIA SDN BHD**

Level 6.06, KPMG Tower,  
8 First Avenue,  
Bandar Utama,  
47800, Petaling Jaya,  
Selangor, Malaysia  
Tel: +603 2023 2000  
Fax: +603 2023 2100  
[www.frost.com](http://www.frost.com)

<sup>1</sup> 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).

8. INDUSTRY OVERVIEW (Cont'd)



1 INTRODUCTION TO THE MINI-MARKETS INDUSTRY IN MALAYSIA

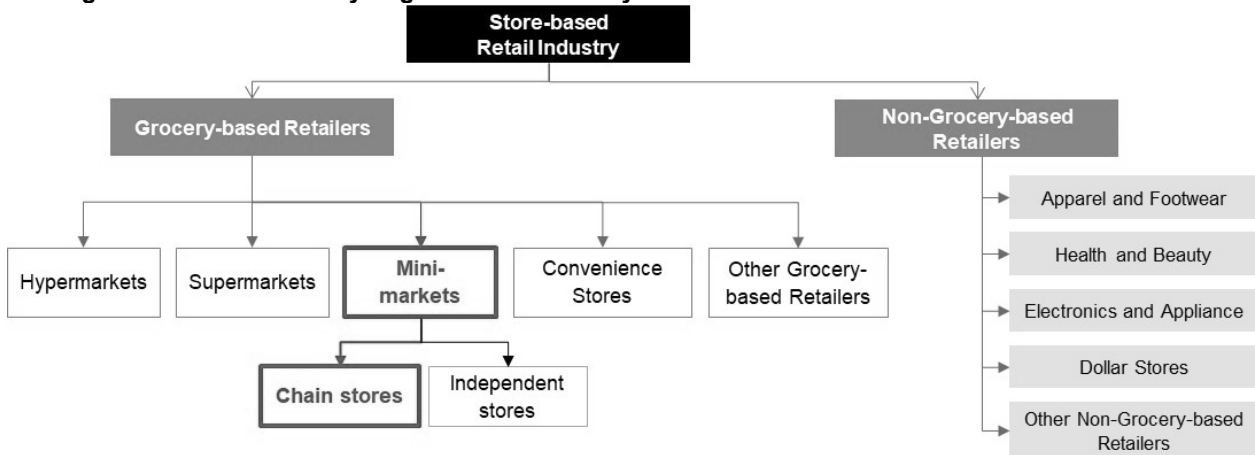
The groceries retail industry in Malaysia is growing and is projected to continue to grow, driven by factors such as population growth, resilient economic outlook, and resilient spending on food and non-alcoholic beverages, among other factors. Within this industry, chain mini-markets are forecasted 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 Holdings is the largest mini-market player and a leading groceries retailer in Malaysia, by revenue in 2023. In 2023, 99 Holdings 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 Holdings 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 Holdings' leading position in the market and make it challenging for other players to compete on pricing. Accordingly, 99 Holdings 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 Holdings 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.

## 8. INDUSTRY OVERVIEW (Cont'd)

## F R O S T &amp; S U L L I V A N

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

|                                    | Hypermarket  | Supermarket   | Mini-market   | Convenience store                           |
|------------------------------------|--|---|---|---|
| <b>Average outlet size (sq ft)</b> | Very large<br>>25,000  | Large<br>~5,000-25,000  | Small<br>~2,000-5,000   | Very small<br><2,000                        |
| <b>Predominant location</b>        | Outskirt of the city or suburban areas   | City center, residential and shopping areas   | Neighbourhood or near public places   | Shopping areas, urban streets and highways  |
| <b>Needs met</b>                   | 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 |
| <b>Products assortment</b>         | Large variety - bulk packs   | Large variety - regular packs   | Moderate variety - value-packs  | Limited variety - small packs and size      |
| <b>Products of focus</b>           | 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                          |
| <b>Operating hours</b>             | 12 hours a day<br>7 days a week  | 12 hours a day<br>7 days a week   | 12 hours a day<br>7 days a week   | 24 hours a day<br>7 days a week             |
| <b>Example of Key players</b>      | Giant, Mydin, Lotus's, AEON BiG, Econsave  | Village Grocer, Jaya Grocer, HeroMarket, Giant, Mydin, Econsave, AEON Store, AEON MaxValu | 99 Holdings, Pasar Ekonomi Econsave, BilaBila Mart, 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 2023 at a compound annual growth rate (“CAGR”) of 2.8%.<sup>2</sup> 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.<sup>3</sup> 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%. The economy continued to grow also in the first quarter of 2024 by 4.2%, compared to the same quarter in 2023. This robust performance can be attributed to the continued strength of the domestic demand, which has played a significant role in driving this growth.<sup>4&5</sup> Advance estimates released in July 2024 indicate that the growth of the Malaysian economy accelerated in the second quarter of 2024, expanding by 5.8% compared to the same quarter in 2023. This growth was underpinned by positive economic activities across major sub-sectors.<sup>6</sup> The Malaysian economy is forecasted to continue its growth momentum and to grow by 4.4% in 2024,<sup>7</sup> 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.<sup>8</sup>

The **Malaysian population** grew from 32.4 million in mid-2018 to 33.1 million in mid-2023, at a CAGR of 0.4%. It is forecasted that the population will further increase to 35.0 million by mid-2028, growing at a CAGR of 1.1% from mid-2023 onwards.<sup>9</sup> With the population of Malaysia set to increase, the mini-market industry will also expand further due to the increased base of potential customers.

<sup>2</sup> International Monetary Fund (“IMF”) World Economic Outlook (“WEO”) April 2024

<sup>3</sup> DOSM, Household Expenditure Survey Report Malaysia 2022

<sup>4</sup> Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, February 2024

<sup>5</sup> Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the First Quarter of 2024, May 2024

<sup>6</sup> DOSM, Advance Gross Domestic Product (GDP) Estimates Second Quarter 2024, July 2024

<sup>7</sup> IMF, WEO April 2024

<sup>8</sup> Ministry of Finance, Economic Outlook 2024

<sup>9</sup> IMF, WEO April 2024

## 8. INDUSTRY OVERVIEW (Cont'd)

## F R O S T &amp; S U L L I V A N

Table 3-1: Population in Malaysia, mid-2018–mid-2028F

|                          | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024F | 2025F | 2026F | 2027F | 2028F |
|--------------------------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|
| Population (in millions) | 32.4 | 32.5 | 32.4 | 32.6 | 32.7 | 33.1  | 33.5  | 33.9  | 34.2  | 34.6  | 35.0  |

Note: Data refer to mid-year population.

Source: IMF (WEO, April 2024); Frost & Sullivan

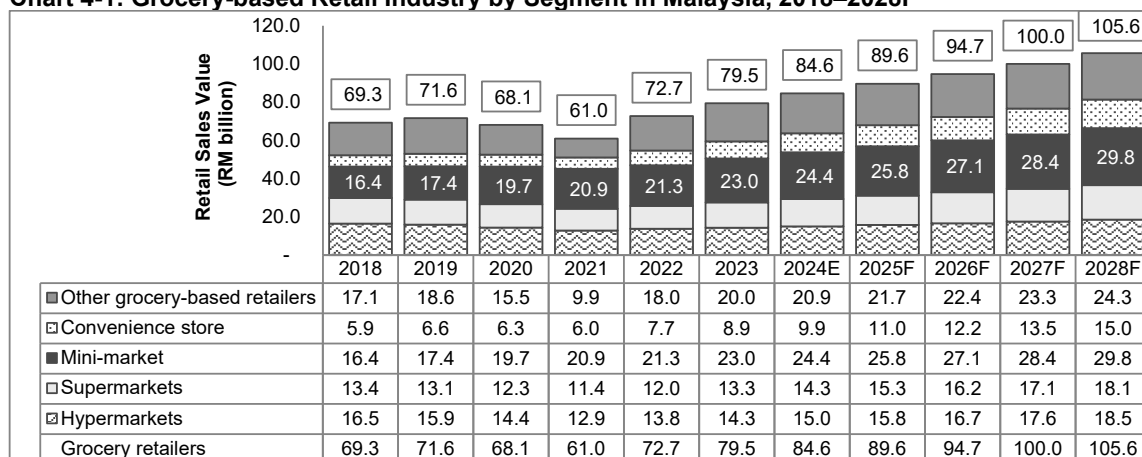
## 4 ANALYSIS OF MINI-MARKETS INDUSTRY IN MALAYSIA

## 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 RM79.5 billion in 2023, at a CAGR of 2.8%. 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. In 2023, the grocery-based retail industry continued to grow by 9.3% driven by the economic growth which stimulated spending on groceries.

Moving forward, the grocery-based retail industry in Malaysia is projected to continue growing from 2024 to 2028. 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, 2018–2028F



Note: Total may not add up due to rounding.

Source: Frost & Sullivan

Table 4-1: CAGR of the Grocery-based Retail Industry in Malaysia, 2018–2028F

|                                      | CAGR 2018-2019 | CAGR 2019-2023 | CAGR 2023-2028F |
|--------------------------------------|----------------|----------------|-----------------|
| Hypermarkets                         | -3.3%          | -2.7%          | 5.3%            |
| Supermarkets                         | -1.8%          | 0.3%           | 6.4%            |
| Mini-markets                         | 5.8%           | 7.2%           | 5.4%            |
| - Chain mini-markets                 | 18.2%          | 16.0%          | 10.1%           |
| - Independent mini-markets           | -0.5%          | -0.1%          | -1.3%           |
| Convenience stores                   | 10.7%          | 8.0%           | 10.9%           |
| Other grocery-based retailers        | 9.0%           | 1.8%           | 4.0%            |
| <b>Total grocery-based retailers</b> | <b>3.4%</b>    | <b>2.6%</b>    | <b>5.9%</b>     |

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 15 July 2024.

Source: Frost & Sullivan

In 2023, grocery-based retailers held a significant share of the total store-based retail sales in Malaysia, accounting for 30.7%. 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 28.9% in 2023, 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



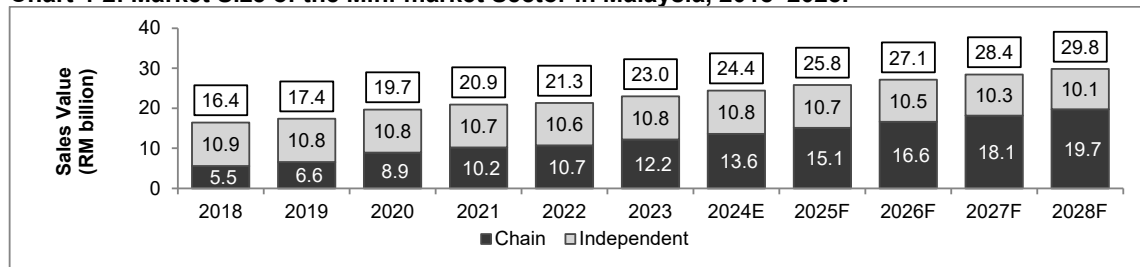
## 8. INDUSTRY OVERVIEW (Cont'd)

F R O S T & S U L L I V A N

mini-market industry in Malaysia is poised for significant growth in the forecasted period up to 2028 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, 2018–2028F**



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 wider aisles. 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,<sup>10</sup> household expenditure on this group of products continued to grow from RM780 in 2019 to RM841 in 2022 at a CAGR of 2.6%.<sup>11</sup> 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.

<sup>10</sup> DOSM, Consumer Price Index 2022

<sup>11</sup> DOSM, Household Expenditure Survey Report Malaysia 2022

## 8. INDUSTRY OVERVIEW (Cont'd)



### 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:** Mini-markets with a robust distribution network are able 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 mini-markets have already created strong distribution networks by investing 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.

**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 central region (Selangor, Kuala Lumpur and Putrajaya) and the southern region (Johor, Melaka and Negeri Sembilan) in Malaysia. 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.

## 8. INDUSTRY OVERVIEW (Cont'd)

## F R O S T &amp; S U L L I V A N

## 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 Holdings' outlets are strategically located in urban, suburban, and rural areas, providing an extensive coverage of the Malaysian population and of Malaysian households. However, 99 Holdings 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<sup>12</sup> as at June 2023 vs 99 Holdings' outlets as at July 2024 in Malaysia**

| Malaysia                   | Population (thousand) (Jun 2023) <sup>(1)</sup> | Area (kilometer ("km") <sup>2</sup> ) | Population Density (people/km <sup>2</sup> ) | 99 Holdings' outlet count (July 2024) <sup>(2)</sup> | 99 Holdings' stores penetration (outlets / million population) <sup>(3)</sup> | 99 Holdings' population coverage (population (thousand) / outlets) <sup>(3)</sup> |
|----------------------------|---|---------------------------------------|--|--|---|---|
| <b>Peninsular Malaysia</b> | <b>26,917</b>                                   | <b>132,492</b>                        | <b>203</b>                                   | <b>2,404</b>   | <b>89.3</b>   | <b>11.2</b>   |
| - Central                  | 9,234   | 8,233                                 | 1,121  | 1,011  | 109.5   | 9.1   |
| - East Coast               | 4,664   | 64,124                                | 73   | 119  | 25.5  | 39.2  |
| - Northern                 | 6,727   | 32,504                                | 207  | 586  | 87.1  | 11.5  |
| - Southern                 | 6,292   | 27,631                                | 228  | 688  | 109.3   | 9.1   |
| <b>East Malaysia</b>       | <b>6,142</b>                                    | <b>198,363</b>                        | <b>31</b>                                    | <b>247</b>   | <b>40.2</b>   | <b>24.9</b>   |

Note: Latest available data as at 15 July 2024. (1) Estimated population data as at 30 June 2023; (2) 99 Holdings' outlets count as at 15 July 2024; (3) Calculated based on the population data as at 30 June 2023 and 99 Holdings' outlets count as at 15 July 2024.

Source: DOSM; IMF; Frost & Sullivan

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

| Malaysia                   | Number of households ('000) (Dec 2022) <sup>(1)</sup> | Area (km <sup>2</sup> ) | Households / area in km <sup>2</sup> | 99 Holdings' outlet count (July 2024) <sup>(2)</sup> | 99 Holdings' stores penetration (households/outlet) <sup>(3)</sup> |
|----------------------------|---|-------------------------|--------------------------------------|--|--|
| <b>Peninsular Malaysia</b> | <b>6,689.4</b>  | <b>132,492</b>          | <b>50.5</b>                          | <b>2,404</b>   | <b>2,782.6</b>   |
| Selangor                   | 1,774.8   | 7,941                   | 223.5                                | 789  | 2,249.4  |
| Kuala Lumpur               | 553.0   | 243                     | 2,275.7                              | 216  | 2,560.2  |
| Putrajaya                  | 30.9  | 49                      | 630.6                                | 6  | 5,150.0  |
| <b>Central</b>             | <b>2,358.7</b>  | <b>8,233</b>            | <b>286.5</b>                         | <b>1,011</b>   | <b>2,333.0</b>   |
| Kelantan                   | 357.8   | 15,032                  | 23.8                                 | 0  | -  |
| Terengganu                 | 281.4   | 12,958                  | 21.7                                 | 7  | 40,200.0   |
| Pahang                     | 382.6   | 36,134                  | 10.6                                 | 112  | 3,416.1  |
| <b>East Coast</b>          | <b>1,021.8</b>  | <b>64,124</b>           | <b>15.9</b>                          | <b>119</b>   | <b>8,586.6</b>   |
| Perlis                     | 75.8  | 816                     | 92.9                                 | 3  | 25,266.7   |
| Kedah                      | 534.2   | 9,510                   | 56.2                                 | 161  | 3,318.0  |
| Penang                     | 478.3   | 1,031                   | 463.9                                | 122  | 3,920.5  |
| Perak                      | 649.9   | 21,146                  | 30.7                                 | 300  | 2,166.3  |
| <b>Northern</b>            | <b>1,738.2</b>  | <b>32,504</b>           | <b>53.5</b>                          | <b>586</b>   | <b>2,966.2</b>   |
| Johor                      | 999.4   | 19,166                  | 52.1                                 | 387  | 2,582.4  |
| Melaka                     | 262.0   | 1,755                   | 149.3                                | 135  | 1,940.7  |
| N. Sembilan                | 309.3   | 6,710                   | 46.1                                 | 166  | 1,863.3  |
| <b>Southern</b>            | <b>1,570.7</b>  | <b>27,631</b>           | <b>56.8</b>                          | <b>688</b>   | <b>2,283.0</b>   |
| Sabah                      | 601.3   | 74,100                  | 8.1                                  | 242  | 2,484.7  |
| Sarawak                    | 596.8   | 124,171                 | 4.8                                  | 5  | 119,360.0  |
| Labuan                     | 21.6  | 92                      | 234.8                                | 0  | -  |
| <b>East Malaysia</b>       | <b>1,219.7</b>  | <b>198,363</b>          | <b>6.1</b>                           | <b>247</b>   | <b>4,938.1</b>   |
| <b>Total Malaysia</b>      | <b>7,909.2</b>  | <b>330,855</b>          | <b>23.9</b>                          | <b>2,651</b>   | <b>2,983.5</b>   |

Note: Latest available data as at 15 July 2024. (1) Number of households as at 31 December 2022; (2) 99 Holdings' outlets count as at 15 July 2024; (3) Calculated based on the number of households as at 31 December 2022 and Holdings' outlets count as at 15 July 2024.

Source: DOSM; Frost & Sullivan

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

<sup>12</sup> 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.

## 8. INDUSTRY OVERVIEW (Cont'd)

## F R O S T &amp; S U L L I V A N

## 4.4.1 Profiles of Key Players

Among the various participants in the mini-markets segment, 99 Holdings stands out as the largest player in Malaysia in terms of geographical coverage and number of outlets, with 2,651 outlets nationwide as at 15 July 2024. 99 Holdings is also one of the selected key players that manages its logistics predominantly in-house, with its own delivery trucks, lorries and/or distribution centres; 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, July 2024

| Brand Name <sup>(1)</sup>             | Percentage of States and Federal Territories in which the Brand has outlets <sup>(2)</sup> | Number of Outlets <sup>(3)</sup> |
|---------------------------------------|--|----------------------------------|
| 99 Holdings                           | 87.5%  | 2,651                            |
| Pasar Ekonomi Eonsave                 | 12.5%  | 79                               |
| BilaBila Mart                         | 12.5%  | 55                               |
| Giant Mini                            | 12.5%  | 39                               |
| myNEWS SUPERVALUE                     | 50.0%  | 34                               |
| TMG Express                           | 37.5%  | 33                               |
| Save                                  | 6.3%   | 31                               |
| Fresh 365                             | 18.8%  | 28                               |
| GT Mart                               | 6.3%   | 22                               |
| Econo Jaya Mini Market <sup>(4)</sup> | 31.3%  | 16                               |

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 15 July 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 15 July 2024; (4) The state presence shown for Econo Jaya Mini Market refers to its mini-markets and other retail formats under the same company.

Source: Respective Company Websites; Frost & Sullivan

The extensive presence in terms of geographical coverage and number of outlets give 99 Holdings a competitive advantage, as it can cater to a larger customer base, especially cost-conscious customers, offering convenience through its extensive outlet network. The strong market position of 99 Holdings creates barriers for new entrants or smaller competitors looking to establish themselves in the same market. With 99 Holdings 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 Holdings' 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, 2022/2023

| Company                           | Type of grocery-based retailers | Financial year ended | Revenue (RM mil) | Latest three years revenue CAGR | Profit before tax ("PBT") margin <sup>(1)</sup> | Inventory turnover <sup>(2)</sup> (days) | Current ratio <sup>(3)</sup> |
|-----------------------------------|---------------------------------|----------------------|------------------|---------------------------------|---|--|------------------------------|
| 99 Holdings                       | Mini-market                     | 31 Dec 23            | 9,210.5          | 10.4%                           | 5.8%  | 49                                       | 1.0                          |
| 7-Eleven Malaysia Holdings Berhad | Convenience store               | 31 Dec 23            | 2,783.6          | 3.1%                            | 0.8%  | 77                                       | 1.2                          |
| KK Supermart & Superstore Sdn Bhd |                                 | 30 Jun 23            | 1,255.2          | 22.8%                           | 10.4%   | 61                                       | 1.6                          |
| Mynews Holdings Berhad            |                                 | 31 Oct 23            | 730.2            | 14.3%                           | -1.0%   | 67                                       | 0.9                          |
| Trendcell Sdn Bhd                 | Supermarket                     | 31 Dec 23            | 1,811.8          | NA <sup>(4)</sup>               | 2.2%  | 48                                       | 1.2                          |
| TFP Retail Sdn Bhd                |                                 | 31 Oct 23            | 1,086.4          | -2.7%                           | 6.0%  | 42                                       | 1.4                          |
| 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 <sup>(4)</sup>               | 2.7%  | 45                                       | 1.0                          |
| AEON Big (M) Sdn Bhd              |                                 | 31 Dec 23            | 1,458.1          | -1.6%                           | -2.2%   | 49                                       | 0.2                          |

Notes: Information based on the latest available financial data reported by selected players as at 15 July 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-based 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 15 July 2024. The revenue and PBT reported may be derived from other non-grocery-based retail activities. NA indicates not available; (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.

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

8. INDUSTRY OVERVIEW (Cont'd)



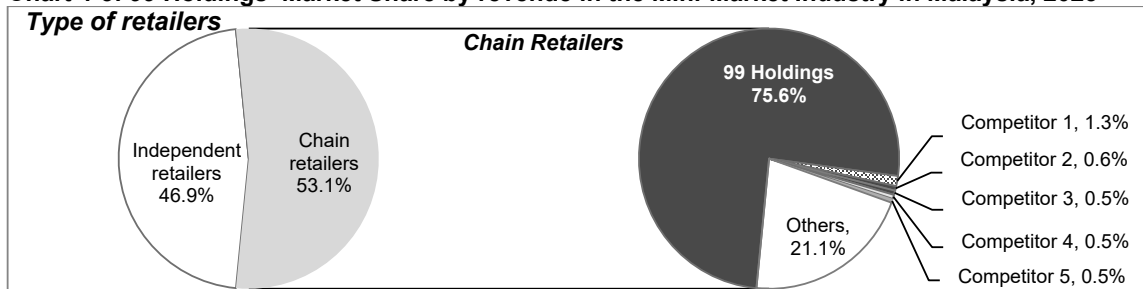
Within the selected grocery-based retailers, 99 Holdings has among the fastest revenue CAGR in the prior three years, which can be attributed to the Company's expanding geographical coverage and consumer preference towards convenience shopping. Its high PBT margin in the latest financial year indicates that the Company operates efficiently. In terms of financial ratios, 99 Holdings has a low inventory turnover period, indicating that goods are sold faster to recover its investment. 99 Holdings' 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 RM23.0 billion in 2023, is composed of a significant number of independent mini-market retailers and chain mini-market retailers. Among the chain mini-market retailers, 99 Holdings stands out as the market leader holding a market share of 75.6% in 2023.<sup>13</sup> In Malaysia, 99 Holdings is also the largest mini-market player and a leading groceries retailer based on revenue holding a market share of 40.1% and 11.6% in 2023 respectively, based on the Company's revenue for the FYE 2023.

99 Holdings 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 Holdings' operations create a barrier to entry and expansion for other mini-market players in Malaysia, hindering their ability to compete effectively. 99 Holdings 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 Holdings is confident in its ability to increase its market share and establish a strong foothold in the market in the foreseeable future.

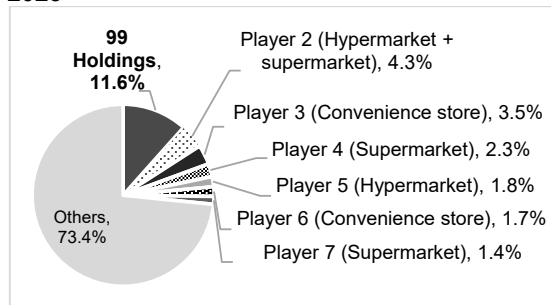
Chart 4-3: 99 Holdings' Market Share by revenue in the Mini-Market Industry in Malaysia, 2023



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 15 July 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 2023, 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 2023 for key industry players that have a different financial reporting period.

Source: Frost & Sullivan

Chart 4-4: 99 Holdings' Market Share by revenue in the Grocery-based Retail Industry in Malaysia, 2023



Notes: Information is based on (1) Market share estimates derived from the latest available financial data reported by selected players as at 15 July 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 2023, 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-based 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 2023 for key industry players that have a different financial reporting period.

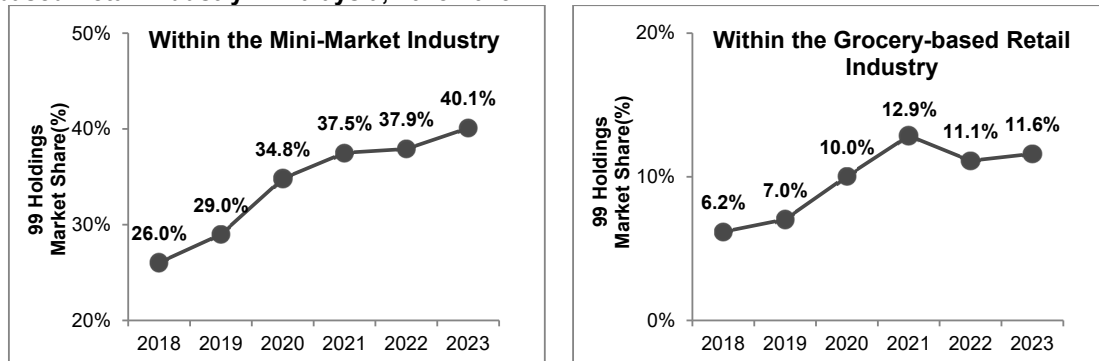
Source: Frost & Sullivan

<sup>13</sup> 99 Holdings' market positioning in 2023 is confirmed by comparing its revenue in 2023 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.

## 8. INDUSTRY OVERVIEW (Cont'd)

F R O S T &amp; S U L L I V A N

Chart 4-5: Market Share of 99 Holdings within the Mini-Market Industry and within the Grocery-based Retail Industry in Malaysia, 2018-2023



Source: Frost &amp; 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-based 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-based 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 may be due to events such as those that unfolded during the outbreak of COVID-19 in March 2020, when 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.

**8. INDUSTRY OVERVIEW (Cont'd)**

F R O S T &amp; S U L L I V A N

**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 2023 to 2028, at a CAGR of 10.1%. 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 Holdings is the largest mini-market player and a leading groceries retailer in Malaysia, by revenue in 2023. In 2023, 99 Holdings 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 Holdings. As the leading homegrown mini-market chain player in Malaysia, 99 Holdings is positioned to capitalise on the growth potential of the industry.

The primary focus of 99 Holdings 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 Holdings 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 Holdings 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 Holdings can maintain competitive pricings and deliver value to its customers. 99 Holdings' 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 Holdings 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 Holdings is poised for continued success and growth in grocery-based retailing to the end consumers. The introduction of bulk sales capabilities to serve business customers in the central region and in the southern region of Malaysia 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 Holdings is well-positioned for future growth.

**[END OF THE REPORT]**