

4. PARTICULARS OF OUR IPO

4.1 DETAILS OF OUR IPO

4.1.1 Listing Scheme

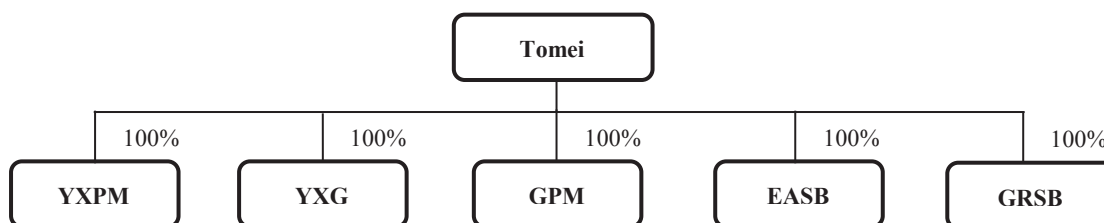
Our Listing Scheme in conjunction with and as an integral part of the listing of and quotation for our entire enlarged issued share capital on the ACE Market involves the Acquisitions, Public Issue and Listing.

(a) Acquisitions

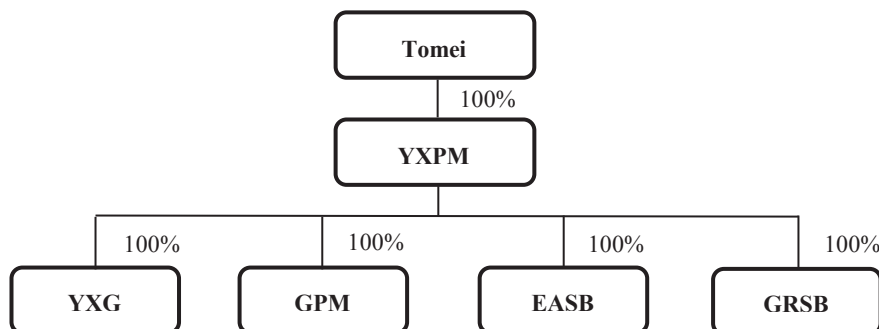
On 18 August 2021, our Company entered into a share sale and purchase agreement to acquire the entire issued share capital of EASB, GPM, GRSB and YXG, respectively from Tomei for a total purchase consideration of RM52,100,398, to be satisfied via the issuance of 260,501,990 new Shares to Tomei at RM0.20 per Share.

Our Group structure before and after the Acquisitions is illustrated below:

Before the Acquisitions



After the Acquisitions



(i) Acquisition of EASB

The Acquisition of EASB entails the acquisition by our Company of the entire issued share capital of EASB from Tomei for a purchase consideration of RM475,204. The said purchase consideration was entirely satisfied by the issuance of 2,376,020 new Shares to Tomei at an issue price of RM0.20 per Share, as follows:

Vendor of EASB	No. of EASB Shares to be acquired	Shareholdings held in EASB (%)	Purchase consideration (RM)	No. of Shares issued
Tomei	500,000	100.00	475,204	2,376,020
Total	500,000	100.00	475,204	2,376,020

The purchase consideration of RM475,204 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of EASB as at 31 December 2020 of RM475,213. The Acquisition of EASB was completed on [●] 2021 and EASB became a wholly-owned subsidiary of our Company.

4. PARTICULARS OF OUR IPO (Cont'd)**(ii) Acquisition of GPM**

The Acquisition of GPM entails the acquisition by our Company of the entire issued share capital of GPM from Tomei for a purchase consideration of RM15,847,132. The said purchase consideration was entirely satisfied by the issuance of 79,235,660 new Shares to Tomei at an issue price of RM0.20 per Share, as follows:

Vendor of GPM	No. of GPM Shares to be acquired	Shareholdings held in GPM (%)	Purchase consideration (RM)	No. of Shares issued
Tomei	10,600,000	100.00	15,847,132	79,235,660
Total	10,600,000	100.00	15,847,132	79,235,660

The purchase consideration of RM15,847,132 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of GPM as at 31 December 2020 of RM15,847,132. The Acquisition of GPM was completed on [●] 2021 and GPM became a wholly-owned subsidiary of our Company.

(iii) Acquisition of GRSB

The Acquisition of GRSB entails the acquisition by our Company of the entire issued share capital of GRSB from Tomei for a purchase consideration of RM2. The said purchase consideration was entirely satisfied by the issuance of 10 new Shares to Tomei at an issue price of RM0.20 per Share, as follows:

Vendor of GRSB	No. of GRSB Shares to be acquired	Shareholdings held in GRSB (%)	Purchase consideration (RM)	No. of Shares issued
Tomei	2	100.00	2	10
Total	2	100.00	2	10

The purchase consideration of RM2 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited net liability position of GRSB as at 31 December 2020 of RM4,738. The Acquisition of GRSB was completed on [●] 2021 and GRSB became a wholly-owned subsidiary of our Company.

(iv) Acquisition of YXG

The Acquisition of YXG entails the acquisition by our Company of the entire issued share capital of YXG from Tomei for a purchase consideration of RM35,778,060. The said purchase consideration was entirely satisfied by the issuance of 178,890,300 new Shares to Tomei at an issue price of RM0.20 per Share, as follows:

Vendor of YXG	No. of YXG Shares to be acquired	Shareholdings held in YXG (%)	Purchase consideration (RM)	No. of Shares issued
Tomei	6,500,000	100.00	35,778,060	178,890,300
Total	6,500,000	100.00	35,778,060	178,890,300

The purchase consideration of RM35,778,060 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of YXG as at 31 December 2020 of RM35,778,060. The Acquisition of YXG was completed on [●] 2021 and YXG became a wholly-owned subsidiary of our Company.

4. PARTICULARS OF OUR IPO (Cont'd)**(b) Public Issue**

The Public Issue of 111,648,000 new Shares, representing 30.00% of our enlarged issued share capital upon Listing, at the IPO Price will be allocated and allotted in the following manner:

(i) Malaysian Public

18,608,000 new Shares, representing 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public via balloting, of which 50.00% is to be set aside for Bumiputera public investors.

Any IPO Shares under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

- Firstly, by the Eligible Persons under the Pink Form Allocation as described in Section 4.1.1(b)(ii) of this Prospectus;
- Secondly, by our selected investors as described in Section 4.1.1(b)(iv) of this Prospectus; and
- Lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

(ii) Eligible Person(s)

11,162,000 new Shares, representing 3.00% of our enlarged issued share capital, will be made available for application by our eligible Directors and employees, directors and employees of Tomei Group as well as any other persons who have contributed to our success in the following manner:

Eligibility	No. of persons	Aggregate no. of IPO Shares allocated
Directors YXPM ^(a)	3	1,500,000
Employees (including director of our Subsidiaries) ^(b)	84	1,031,000
Directors of Tomei Group ^(c)	4	1,600,000
Employees of Tomei Group ^(d)	640	3,220,000
Persons who have contributed to our success	50	3,811,000
Total	781	11,162,000

Notes:

- (a) The criteria of allocation to our eligible Directors are based on, among others, their respective roles and responsibilities in our Group.
- (b) The criteria of allocation to the eligible employees of our Group (as approved by our Board) are based on, among others, the following factors:
- The employee must be a full time employee and on the payroll of our Group;
 - The number of IPO Shares allocated to the eligible employees is based on their position, their length of service and their past performance/contribution as well as other factors deemed relevant by our Board;

4. PARTICULARS OF OUR IPO (Cont'd)

- (c) The criteria of allocation to Tomei Group's eligible Directors are based on, among others, their respective roles and responsibilities in Tomei Group; and
- (d) The criteria of allocation to the eligible employees of Tomei Group are based on, among others, the following factors:
- The employee must be a full time employee and on the payroll of Tomei Group; and
 - The number of IPO Shares allocated to the eligible employees is based on their position as well as other factors deemed relevant by the board of directors of Tomei.

The number of IPO Shares to be allocated to our Directors is as follows:

Name	Designation	No. of IPO Shares allocated
Tan Sri Azlan Bin Mohd Zainol	Independent Non-Executive Chairman	500,000
Tang Yow Sai	Independent Non-Executive Director	500,000
Aw Ee Leng	Independent Non-Executive Director	500,000
Total		1,500,000

The number of IPO Shares to be allocated to the directors of Tomei Group is as follows:

Name	Designation	No. of IPO Shares allocated
Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad	Independent Non-Executive Chairman	400,000
Datin Nonadiah Binti Abdullah	Independent Non-Executive Director	400,000
Datuk M Chareon Sae Tang @ Tan Whye Aun	Independent Non-Executive Director	400,000
Lau Tiang Hua	Independent Non-Executive Director	400,000
Total		1,600,000

4. PARTICULARS OF OUR IPO (Cont'd)

Any IPO Shares reserved under the Pink Form Allocation which are not taken up will be made available for subscription as follows:

- Firstly, by the Eligible Persons;
- Secondly, by the Malaysian Public and our selected investors as described in Sections 4.1.1(b)(i) and 4.1.1(b)(iv) of this Prospectus, respectively; and
- Lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

As at the LPD, save as disclosed in Section 4.3 of this Prospectus, to the extent known to our Company:

- (a) there are no substantial shareholders, Directors or Key Senior Management of our Company who have indicated to us that they intend to subscribe for the IPO Shares; and
- (b) there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of the IPO Shares.

(iii) Entitled Shareholders of Tomei

18,608,000 new Shares, representing 5.00% of our enlarged issued share capital, will be made available to the Entitled Shareholders of Tomei under the Restricted Offering as follows:

- (a) each Entitled Shareholder of Tomei who applies for at least 100 IPO Shares is guaranteed an allocation of 100 IPO Shares. This is to minimise the incidence of odd lots;
- (b) any IPO Shares applied for after the allocation under item (a) above shall be allocated to the Entitled Shareholders of Tomei who apply in excess of 100 IPO Shares on a pro-rata basis and in board lot, computed based on their respective shareholdings in Tomei as at the Entitlement Date; and
- (c) any IPO Shares applied for after the allocation under items (a) and (b) above shall be allocated to the Entitled Shareholders of Tomei on a pro-rata basis and in board lot, computed based on the quantum of their respective IPO Shares under application.

In the event there are any balance IPO Shares under the Restricted Offering after the above sequence of allocations are completed, such balance will be allocated in the processes set out in (b) and (c) above repeatedly until all IPO Shares are allocated.

Any fractional entitlements and odd lots arising from the Restricted Offering shall be disregarded and rounded down to the nearest board lot, and the aggregate of such fractions and such odd lots will be dealt with in such manner or on such terms as our Board may deem fit and expedient in the best interest of our Company.

Nevertheless, our Board reserves the right to allot any balance IPO Shares applied for in such manner as our Board deems fit and expedient as well as 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 above is achieved. Our Board also reserves the right to reject or accept any Application, in whole and in part, on a non-discriminatory basis without the need to give any reason.

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

The entitlement of the Entitled Shareholders of Tomei to participate in the Restricted Offering is non-renounceable and non-tradable. Entitled Shareholders of Tomei are not allowed to submit multiple applications for the IPO Shares made available under the Restricted Offering and our Board has the absolute discretion to reject multiple applications. However, the Restricted Offering does not preclude the Entitled Shareholders of Tomei from making additional applications for the IPO Shares made available under the Malaysian Public category using the WHITE Application Forms. The last date of acceptance and payment in relation to the Restricted Offering by the Entitled Shareholders of Tomei is [●].

The notice of allotment of the IPO Shares to the Entitled Shareholders of Tomei under the Restricted Offering will be sent by ordinary mail prior to our Listing. The balance of the application monies, if any, will be refunded to the Entitled Shareholders of Tomei without interest by ordinary post to the last address maintained with Bursa Depository within 10 Market Days from the date of the final ballot of the Application.

The shareholders of Tomei had approved the Listing Scheme, which includes the Restricted Offering at the extraordinary general meeting of Tomei held on [●]. The Entitlement Date is [●], being the date as at the close of business on which the names of the Entitled Shareholders of Tomei (save for the Excluded Shareholders) must appear on the Record of Depositors of Tomei to be eligible to apply for the IPO Shares under the Restricted Offering.

(iv) Private placement to selected investors

16,751,200 new Shares, representing 4.50% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

The IPO Shares reserved under the private placement to selected investors are not underwritten as written irrevocable undertakings to subscribe for these IPO Shares have been/will be obtained from the respective selected investors.

(v) Private placement to selected Bumiputera Investors approved by MITI

46,518,800 new Shares, representing 12.50% of our enlarged issued share capital, will be allocated by way of private placement to selected Bumiputera Investors approved by MITI (“MITI Tranche”).

Any IPO Shares allocated to, but unsubscribed by the selected Bumiputera Investors approved by the MITI will be made available for application by Bumiputera public investors as part of the balloting process under Section 4.1.1(b)(i) of this Prospectus on a fair and equitable manner. Subsequently, any such IPO Shares unsubscribed by Bumiputera public investors will be made available for application by the Malaysian Public as part of the balloting process on a fair and equitable manner, by the Eligible Persons under Section 4.1.1(b)(ii) of this Prospectus and/or by way of placement to selected investors under Section 4.1.1(b)(iv) of this Prospectus.

The IPO Shares under the MITI Tranche will not be underwritten by the Sole Underwriter.

The basis of allocation of our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base of our Company to meet the public spread requirements and to establish a liquid and adequate market for our Shares. Applicants will be selected on a fair and equitable manner.

There is no over-allotment or “greenshoe” option that will result in an increase in the amount of IPO Shares.

The salient terms of the Underwriting Agreement are set out in Section 4.6 of this Prospectus.

4. PARTICULARS OF OUR IPO (Cont'd)

(c) Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM[●] comprising 372,150,000 Shares will be listed on the ACE Market.

4.1.2 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to the ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.00% of our enlarged issued share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4.1.3 Share Capital

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

	No. of Shares	Share capital (RM)
Issued share capital as at the date of this Prospectus	260,502,000	52,100,400
New Shares to be issued pursuant to the Public Issue	111,648,000	[●]
Enlarged issued share capital upon Listing	372,150,000	[●]
IPO Price		RM[●]
- Pro forma consolidated NA per Share (based on our enlarged issued share capital after the IPO and after the use of proceeds raised from our Public Issue)		RM[●]
- Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after the IPO)		RM[●]

We have only 1 class of shares, being ordinary shares, all of which rank equally with each other. Our IPO Shares will, upon allotment and issue, rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our IPO Shares.

Subject to special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed among the shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

4. PARTICULARS OF OUR IPO (Cont'd)

At any general meeting of our Company, each shareholder shall be entitled to vote in person, or by proxy, or by his/its representative under the instrument of proxy or certificate of appointment of corporate or power of attorney (“**Representative**”). On a vote by a show of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote for each Share held. A proxy may but need not be a shareholder of our Company.

4.2 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and PIVB, as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon the IPO Price after taking into consideration the following factors:

(i) Financial and operating history

Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 2020, we recorded a PAT attributable to owners of the Company of RM9.37 million, representing an EPS of 2.52 sen (based on the enlarged issued share capital of 372,150,000 Shares upon Listing). The EPS translates into PE Multiple of [●] times based on the IPO Price. Our detailed operating and financial history are set out in Sections 6 and 11 of this Prospectus, respectively.

(ii) Business strategies

Our business strategies, which are as set out in Section 6.14 of this Prospectus.

(iii) Competitive advantages and key strengths, and industry overview

Our competitive advantages and key strengths, and the industry overview, which are as set out in Sections 6.1.3 and 7 of this Prospectus, respectively.

(iv) Pro forma consolidated NA

Our pro forma consolidated NA per Share as at 31 December 2020 of RM[●] based on our enlarged issued share capital of 372,150,000 Shares in our Company upon Listing and after use of proceeds raised from our Public Issue.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 8 of this Prospectus before deciding to invest in our Shares.

4.3 DILUTION

Dilution is the amount by which the IPO Price to be paid by investors for our IPO Shares exceeds our pro forma consolidated NA per Share after our IPO and it is illustrated as follows:

	(RM)
IPO Price	[●]
Pro forma consolidated NA per Share as at 31 December 2020 after the Acquisitions but before Public Issue	0.20
Pro forma consolidated NA per Share after the Acquisitions, Public Issue and use of proceeds	[●]
Increase in NA per Share attributable to existing shareholders	[●]
Dilution to our new investors	([●])
Dilution to our new investors as a percentage of the IPO Price	[●]%

4. PARTICULARS OF OUR IPO (Cont'd)

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoter, substantial shareholder, Directors and/or Key Senior Management or persons connected with them, or any transaction entered into by them, which grants them the right to acquire any of our Shares from the date of our incorporation up to the date of this Prospectus:

Promoter, substantial shareholder, Directors and/or Key Senior Management or persons connected with them	No. of Shares held before IPO	No. of Shares held from IPO	Total consideration (RM)	Effective cash cost per Share (RM)
<u>Promoter and substantial shareholder</u> Tomei	^(a) 260,502,000	-	52,100,400	0.20

Note:

(a) 260,501,990 Shares issued to Tomei pursuant to the Acquisitions.

4.4 USE OF PROCEEDS FROM OUR IPO

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

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

There is no minimum subscription level in terms of proceeds to be raised from the IPO.

4. PARTICULARS OF OUR IPO (Cont'd)

4.4.1 Purchase of new machinery and equipment

Part of our Group's business strategies and plans is to expand our range of in-house manufactured hollow gold jewellery. To facilitate the manufacturing of our new range of hollow gold jewellery, we intend to allocate RM[●] million of our gross proceeds from the Public Issue to purchase the following new machinery and equipment:

Item	Description/Function	No. of units/sets	Total estimated cost (RM'000)
• Hollow rope chain machine	To manufacture hollow rope chain by using fully automatic 'wire to chain' machine that can produce up to 100 links per minute. It can accommodate the input of hollow gold wire with diameter size ranging from 0.25mm to 1.20mm with wall thickness ranging from 0.10mm to 0.40mm	5 units	[●]
• Electroforming equipment	To manufacture hollow gold jewellery such as hollow gold pendants, charms and earrings using the electroforming process	5 sets	[●]
• Metal dissolving machine	To dissolve the mandrel after the electroforming process	1 unit	[●]
			[●]

The estimated cost for the purchase of machinery and equipment is inclusive of the installation cost and was derived based on suppliers' quotations. If the actual cost exceeds the amount budgeted above, the deficit will be funded out of the portion allocated for our general working capital requirements and/or our internally generated funds.

We believe that the addition of new range of hollow gold jewellery in our product offerings would enable us to target a wider mass of end consumers as they are more affordable compared to similar designed solid gold jewellery. We plan to utilise the new machinery and equipment to commence production of the new range of hollow gold jewellery by 4th quarter of year 2022.

Kindly refer to Section 6.14.1 for further details.

4.4.2 Expansion and upgrading of operational facilities

We intend to utilise RM[●] million of our gross proceeds from the Public Issue to expand and upgrade our current operational facilities, comprising the following:

Items	Total estimated cost (RM'000)
• Purchase and installation of 2 units of robotic arms ^(a)	[●]
• Purchase of 2 units of industrial wax 3D printer ^(b)	[●]
• Purchase of 1 unit of chain cutting machine ^(c)	[●]
• Purchase of 1 unit of CNC cutting machine ^(d)	[●]
• Purchase and installation of ERP system and MES ^(e)	[●]
• Upgrading of security and surveillance facilities ^(f)	[●]
	[●]

4. PARTICULARS OF OUR IPO (Cont'd)

Notes:

- (a) We intend to utilise RM[●] million of our gross proceeds from the Public Issue to purchase 2 units of robotic arms to automate our chain linking and welding process. Generally, our chain machines can only accommodate the input of wire with size up to 2.5mm thickness. Any wire that is thicker than 2.5mm is linked up into chains using manual labour. We usually carry out manual chain linking in-house for small orders. However, it is a labour intensive and time-consuming process and as such, we would generally subcontract this work out to external manufacturers if we have a large order for this type of jewellery. Part of our future plan is to automate and bring this process in-house by using robotic arms to scale up this chain linking process.

The estimated cost for the acquisition of robotic arms is inclusive of the installation and integration cost. We plan to commence the installation of the robotic arms by 4th quarter of year 2022.

- (b) We intend to utilise RM[●] million of our gross proceeds from the Public Issue to purchase 2 units of industrial wax 3D printers. These 3D printers will enable us to print multiple wax models at the same time including intricate designs. These wax models are then used in the lost wax casting process to manufacture gold jewellery. These industrial wax 3D printers will replace our manual method of making wax models using vulcanised rubber mould. Kindly refer to Section 6.3.6.2 (iii) of this Prospectus for details on our existing lost wax casting method. We plan to commence the industrial wax 3D printing by 4th quarter of 2022.
- (c) We intend to utilise RM[●] million of our gross proceeds from the Public Issue to purchase 1 unit of chain cutting machine. This chain cutting machine will enable us to perform diamond cutting, surfacing and beveling on chains to produce jewellery products such as necklaces, bracelets, anklets as well as basic chains. Currently, we own 2 chain cutting machine with similar function, however these machines are currently running full time during operational hours. We intend to purchase the cutting machine by 4th quarter of 2023.
- (d) We intend to utilise RM[●] million of our gross proceeds from the Public Issue to purchase 1 unit of CNC cutting machine. The said CNC cutting machine is intended to automate the cutting and finishing works on round type of jewellery such as rings and bangles, of which this process is currently being undertaken manually by our craftsman. We intend to purchase the CNC cutting machine by 4th quarter of 2022.
- (e) We intend to utilise RM[●] million of our gross proceeds from the Public Issue to set up a new ERP system and MES to replace our existing system. The migration to the new ERP system and MES will enable us to streamline and integrate our wholesaling and manufacturing business segments as well as backroom operations such as customer database, inventory control, material management, production costing and accounting functions. The new systems are aimed at facilitating a timely flow of data and information for decision making and reporting purposes. We plan to commence the installation of the new ERP system and MES by 4th quarter of 2022.
- (f) We intend to utilise RM[●] million of our gross proceeds from the Public Issue to upgrade our security and surveillance facilities by upgrading the CCTV camera system at our operating premises located at Project Jaya Industrial Estate, Jalan Kelang Lama, Kuala Lumpur. We intend to upgrade all our camera system from analogue cameras to digital high-definition cameras. We plan to purchase and commence the installation of the said CCTV camera system by 4th quarter of 2022.

In the event that the actual cost of the above is higher than the budget allocated from the gross proceeds of the Public Issue, we will fund the deficit out of the portion allocated for working capital. Conversely, any excess funds not utilised for this purpose will be utilised for our Group's working capital requirements.

4. PARTICULARS OF OUR IPO (Cont'd)

4.4.3 Working capital

We intend to set aside RM[●] million of our gross proceeds from the Public Issue to purchase raw materials, i.e., gold materials in the form of pure and scrap gold bars for our Group's business operations.

Raw materials are the largest component of our cost of sales, consistently constituting more than 90% of our total cost of sales for the Financial Years Under Review. The purchase of raw materials for the Financial Years Under Review were made via bank borrowings (i.e., bankers' acceptances and revolving credit) and internally generated funds as follows:

Gold materials purchase made via:	FYE 2018		FYE 2019		FYE 2020	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Bank borrowings	35,330	29.37	35,096	26.33	28,467	18.36
Internal funds	84,947	70.63	98,207	73.67	126,614	81.64
Total	120,277	100.00	133,303	100.00	155,081	100.00

With the additional working capital of RM[●] million, it would reduce our usage of bankers' acceptances and revolving credit to finance our purchase of raw materials, which in turn would reduce our interest expenses and improve our profitability.

4.4.4 Estimated listing expenses

Our listing expenses are estimated to be RM[●] million, details of which are as follows:

	(RM'000)
Professional fees ^(a)	[●]
Fees to authorities	[●]
Estimated underwriting, placement and brokerage fees	[●]
Printing and advertising	[●]
Contingencies ^(b)	[●]
	<u>[●]</u>

Notes:

- Includes professional and advisory fees for, among others, Principal Adviser, Solicitors, Reporting Accountants and IMR.
- Other incidental or related expenses in connection with the IPO, which include translators, media related expenses and IPO event expenses.

If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

Pending the eventual utilisation of proceeds from the Public Issue for the abovementioned purposes, the funds will be placed in short term deposits with licensed financial institutions or short term money market instruments.

4. PARTICULARS OF OUR IPO (Cont'd)

4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.5.1 Brokerage fee

We will bear the brokerage fees in respect of the IPO Shares under the Public Issue at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of PIVB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4.5.2 Underwriting commission

PIVB, as our Sole Underwriter, has agreed to underwrite 48,378,000 IPO Shares as set out in Sections 4.1.1(b)(i), 4.1.1(b)(ii) and 4.1.1(b)(iii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of [●]% of the total value of the IPO Shares underwritten at the IPO Price.

Any IPO Shares which are not subscribed for by the Malaysian Public, Eligible Persons and Entitled Shareholders of Tomei, will be made available to selected investors via private placement. Thereafter, any remaining IPO Shares which are not subscribed for, will be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement. However, in the event that all of our IPO Shares offered to the Malaysian Public are oversubscribed, any IPO Shares not subscribed for by the Eligible Persons and Entitled Shareholders of Tomei, will be made available for the Malaysian Public.

4.5.3 Placement fee

PIVB, as our Placement Agent, has agreed to place out 63,270,000 IPO Shares available under the placement to selected investors as well as selected Bumiputera Investors approved by MITI as set out in Section 4.1.1(b)(iv) and 4.1.1(b)(v) of this Prospectus respectively, at the rate of up to [●]% of the IPO Price for each IPO Share to be placed out by the Placement Agent.

4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

[The salient terms will be inserted after the Underwriting Agreement has been entered into and is available.]