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TOMEI CONSOLIDATED BERHAD

(200501015912)(692959-W)

(Incorporated in Malaysia under the Companies Act, 2016)

PART (A)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED
RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR
TRADING NATURE**

AND

PART (B)

**STATEMENT TO SHAREHOLDERS IN RELATION TO PROPOSED
RENEWAL OF AUTHORITY TO BUY-BACK OF UP TO TEN PER
CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES**

The resolutions in respect of the above proposals will be tabled at the Sixteenth Annual General Meeting (“AGM”) of the Company. Notice of the AGM of Tomei Consolidated Berhad, which will be held at the Dewan Berjaya, Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 4 May 2021 at 10.00 a.m. together with the Proxy Form are available on the Company’s website at www.tomei.com.my or on Bursa Securities’ website.

You are requested to complete the enclosed Proxy Form and deposit it at the Registered Office of the Company at SO-26-02, Menara 1, No 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, on or before the time and date indicated below if you are unable to attend the AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Friday, 30 April 2021 at 10.00 a.m.

Date and time of AGM : Tuesday, 4 May 2021 at 10.00 a.m.

This Circular is dated 6 April 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“Act”	:	Companies Act, 2016 as may be amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors of Tomei
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (200501015912)(635998-W)
“Circular”	:	This circular to the shareholders of Tomei dated 6 April 2021
“Code”	:	The Malaysian Code on Take-over and Mergers, 2016
“DCCM”	:	Datin Choong Chow Mooi
“DNYP”	:	Datuk Ng Yih Pyng
“EPS”	:	Earnings per share
“Interested Parties” or “Ng Family”	:	The late TSDNTF, DNYP, DCCM, NYC, NSC and NSY collectively
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof
“LPD”	:	31 March 2021
“Major Shareholder”	:	Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, who has an interest or interests in one or more voting shares in the Company or any other corporation which is its subsidiary or holding company and the number or aggregate number of those share, is: - (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the corporation. For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act
“NA”	:	Net assets
“NSC”	:	Ng Sheau Chyn
“NSY”	:	Ng Sheau Yuen
“NYC”	:	Ng Yih Chen
“Proposed Renewal of Shareholders’ Mandate”	:	Proposed Renewal of Shareholders’ Mandate pursuant to Paragraph 10.09, Chapter 10 and Practice Note 12 of the Listing Requirements, for the Tomei Group to enter into RRPTs with Interested Parties
“Proposed Renewal of Authority for Share Buy-Back”	:	Proposed renewal of the authority for our Company to purchase up to ten per centum (10%) of total number of issued shares
“Purchased Share(s)”	:	Shares purchased by our Company pursuant to the Proposed Renewal of Authority for Share Buy-Back
“Related Parties”	:	Directors, Major Shareholders and/or persons connected with such Directors or Major Shareholders of Tomei, who are interested in the Proposed renewal of shareholders’ mandate
“RM” and “sen”	:	Ringgit Malaysia and sen respectively

DEFINITIONS (Cont'd)

“RRPT(s)”	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and in the ordinary course of business
“Tomei” or the “Company”	:	Tomei Consolidated Berhad (200501015912)(692959-W)
“Tomei Group” or “Group”	:	Tomei and its subsidiary companies, collectively
“The late TSDNTF”	:	The late Tan Sri Datuk Dr Ng Teck Fong

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this circular shall be reference to Malaysian time, unless specified.

CONTENTS

	Page
PART A	
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE:-	
1. INTRODUCTION	2
2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	3
3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	14
4. FINANCIAL EFFECTS	14
5. APPROVALS REQUIRED	14
6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM	15
7. DIRECTORS' RECOMMENDATION	16
8. AGM	16
9. FURTHER INFORMATION	16
PART B	
PROPOSED RENEWAL OF AUTHORITY TO BUY-BACK UP TO TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES:-	
1. INTRODUCTION	18
2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK	19
3. RATIONALE AND BENEFIT OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK	21
4. POTENTIAL DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK	22
5. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK	22
6. APPROVALS REQUIRED	25
7. SHARE PRICE PERFORMANCE	26
8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	26
9. DIRECTORS' RECOMMENDATION	26
10. AGM	26
11. FURTHER INFORMATION	27

PART (A)
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE



TOMEI CONSOLIDATED BERHAD
(200501015912)(692959-W)
(Incorporated in Malaysia under the Companies Act, 2016)

Registered Office:

SO-26-02, Menara 1,
No 3, Jalan Bangsar,
KL Eco City,
59200 Kuala Lumpur

6 April 2021

Directors:

Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad
(Independent Non-Executive Chairman/Senior Independent Non-Executive Director)
Datuk Ng Yih Pyng *(Group Managing Director)*
Datin Nonadiah Binti Abdullah *(Independent Non-Executive Director)*
Datuk M Chareon Sae Tang @ Tan Whye Aun *(Independent Non-Executive Director)*
Lau Tiang Hua *(Independent Non-Executive Director)*
Datin Choong Chow Mooi *(Group Executive Director)*
Ng Yih Chen *(Group Executive Director)*
Ng Sheau Chyn *(Group Executive Director)*
Ng Sheau Yuen *(Group Executive Director)*

To: The Shareholders of Tomei

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 8 February 2021 the Board of Directors of Tomei, announced that the Company proposes to seek from the shareholders the approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM of the Company.

The purpose of this Circular is to provide the shareholders with the information of the Proposed Renewal of Shareholders' Mandate, to set out the Board's recommendation thereon and to seek shareholders' approval for the ordinary resolutions to be tabled at the forthcoming AGM. The Notice of the AGM together with the Proxy Form are available on the Company's website at www.tomei.com.my or on Bursa Malaysia Securities Berhad's website.

SHAREHOLDERS ARE REQUIRED TO READ THIS CIRCULAR TOGETHER WITH THE APPENDIX OF THIS CIRCULAR AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

At the Fifteenth AGM held on 24 August 2020, we have obtained a shareholders' mandate to allow the Group to enter into RRPTs on terms that are not more favourable to the Related Party than those generally available to the public. The approval shall in accordance with the Listing Requirements lapse at the conclusion of our forthcoming AGM scheduled on 4 May 2021 unless approval for its renewal is obtained from the shareholders of the Company at the forthcoming AGM.

Under Part E, Paragraph 10.09, Chapter 10 and Practice Note 12 of the Listing Requirements, Tomei may seek a shareholders' mandate, with regard to RRPTs which are made at arm's length subject to, inter alia, the followings:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:-
 - (a) the consideration, value of the assets, capital outlay or cost of the RRPT is RM1 million or more; or
 - (b) the percentage ratio of such RRPT is 1% or more,whichever is higher;
- (iii) the Company's circular to shareholders for the shareholders' mandate shall include the information as set out in Annexure PN12-A of the Listing Requirement;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder, and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

It is envisaged that in the normal course of the Group's business, transaction of revenue or trading nature between companies in the Group and the Related Parties are likely to occur, and which are necessary for its day-to-day operations.

In this respect, the Board is seeking approval from shareholders for the Proposed Renewal of Shareholders' Mandate which will allow the Group, in their normal course of business, to enter into the category of RRPTs referred to in Section 2.1 of this Circular with the Related Parties, provided such transaction are made at arms' length, on the Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The aforementioned shareholders' mandate for RRPTs, if approved at the forthcoming AGM, will continue to be in force until:-

- (i) the conclusion of the next AGM of Tomei at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

Thereafter, approval from shareholders for a renewal of the mandate in relation to RRPTs will be sought at each subsequent AGM of the Company.

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2.1 Classes of Related Parties and nature of transactions

The Proposed Renewal of Shareholders' Mandate shall apply to the transactions with the following Related Parties:-

Companies within the Tomei Group	Transacting parties	Interested parties	Nature of relationship#	Nature of transaction	Last year Mandate (Note 1) (RM'000)	Actual value transacted (Note 2) (RM'000)	Proposed mandate (Note 3) (RM'000)
Yi Xing Goldsmith Sdn. Bhd.	Ong Tiong Yee & Sons Sdn. Bhd.	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	The spouse of NSC, Ong Kee Liang, is a director and hold 20% shareholding interest in Ong Tiong Yee & Sons Sdn Bhd..	Sales and purchase of jewellery to Ong Tiong Yee & Sons Sdn. Bhd..	1,500	617	1,500
Gemas Precious Metals Industries Sdn. Bhd.	Gexcel Asia Sdn. Bhd.	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM • Ng Teck Fong Holdings Sdn. Bhd. 	<p>DNYP and NSC are directors of Gexcel Asia Sdn. Bhd..</p> <p>Ng Teck Fong Holdings Sdn. Bhd. is the major shareholder of Gexcel Asia Sdn. Bhd. The late TSDNTF and NSC collectively control 100% shareholding interest in Ng Teck Fong Holdings Sdn. Bhd. and NSC is a director of Ng Teck Fong Holdings Sdn. Bhd..</p>	Purchase of manufacturing tools from Gexcel Asia Sdn. Bhd..	500	43	500
Tomei Signature Sdn. Bhd., Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	Best Arcade Sdn. Bhd.**	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	The late TSDNTF, DNYP, NSC and NSY collectively control 73% shareholding interest in Best Arcade Sdn. Bhd. DNYP, NSC and NSY are directors of Best Arcade Sdn. Bhd..	Rental of premises from Best Arcade Sdn. Bhd.. ⁽¹⁾	363	174	64

			<p>NYC Resources Sdn. Bhd. is a shareholder in Best Arcade Sdn. Bhd. with 15% shareholding interest. Wee Ching Yun and Ng Yi Li the directors and major shareholders of NYC Resources Sdn. Bhd., are the spouse and child of NYC.</p>				
Gemas Precious Metals Industries Sdn. Bhd.	Unique Avenue Sdn. Bhd.**	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	<p>The late TSDNTF, DNYP, NSC and NSY collectively control 73% shareholding interest in Unique Avenue Sdn. Bhd. DNYP, NSC and NSY are directors and shareholders of Unique Avenue Sdn. Bhd..</p> <p>NYC Resources Sdn. Bhd. is a shareholder in Unique Avenue Sdn. Bhd. with 15% shareholding interest. Wee Ching Yun and Ng Yi Li the directors and major shareholders of NYC Resources Sdn. Bhd., are the spouse and child of NYC.</p>	Rental of premises from Unique Avenue Sdn. Bhd.. ⁽²⁾	37	21	40

Tomei Signature Sdn. Bhd.	Teck Fong Property Sdn. Bhd.	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM • Best Arcade Sdn. Bhd. 	<p>DNYP, NSC and NSY are directors of Teck Fong Property Sdn. Bhd..</p> <p>Best Arcade Sdn. Bhd. is the sole shareholder of Teck Fong Property Sdn. Bhd.. The late TSDNTF, DNYP, NSC and NSY collectively control 73% shareholding interest in Best Arcade Sdn. Bhd.. DNYP, NSC and NSY are directors of Best Arcade Sdn. Bhd..</p> <p>NYC Resources Sdn. Bhd. is a shareholder of Best Arcade Sdn. Bhd. with 15% shareholding interest. Wee Ching Yun and Ng Yi Li the directors and major shareholders of NYC Resources Sdn. Bhd., are the spouse and child of NYC.</p>	Rental premises of Teck Fong Property Sdn. Bhd.. ⁽³⁾	149	87	78
Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	Oasis College Sdn. Bhd.	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	NYC is the director and hold 70% shareholding interest in Oasis College Sdn. Bhd..	Oasis College Sdn. Bhd. provides staff training.^	200	-	200

<p>Tomei Signature Sdn. Bhd., Tomei Gold & Jewellery Holdings (M) Sdn. Bhd., Yi Xing Goldsmith Sdn. Bhd., Gemas Precious Metals Industries Sdn. Bhd., O M Design Sdn. Bhd., Tomei Gold & Jewellery Manufacturing Sdn. Bhd., Tomei Retail Sdn. Bhd.; MyTomei Sdn. Bhd.; Tomei Marketing Sdn. Bhd.</p>	<p>Oasis Properties Sdn. Bhd.**</p>	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	<p>The late TSDNTF, DNYP, NSC and NSY collectively control 73% shareholding interest in Oasis Properties Sdn. Bhd.. DNYP, NSC and NSY are directors of Oasis Properties Sdn. Bhd..</p> <p>NYC Resources Sdn. Bhd. is a shareholder of Oasis Properties Sdn. Bhd. with 15% shareholding interest. Wee Ching Yun and Ng Yi Li the directors and major shareholders of NYC Resources Sdn. Bhd., are the spouse and child of NYC.</p>	<p>Rental of premises from Oasis Properties Sdn. Bhd..⁽⁴⁾</p>	<p>1,265</p>	<p>806</p>	<p>1,555</p>
<p>Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.</p>	<p>DCCM**</p>	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	<p>DCCM is the owner of the premises.</p>	<p>Rental of premises from DCCM⁽⁵⁾</p>	<p>87</p>	<p>61</p>	<p>116</p>
<p>Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.</p>	<p>Pajak Gadai JP Sdn. Bhd.</p>	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	<p>DNYP and DCCM are directors and collectively control 100% shareholding interest in Pajak Gadai JP Sdn. Bhd..</p>	<p>Rental of premises from Pajak Gadai JP Sdn. Bhd..⁽⁶⁾</p> <p>Purchase of gold @</p>	<p>30</p> <p>1,000</p>	<p>21</p> <p>266</p>	<p>39</p> <p>1,000</p>

Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	DNYP	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	DNYP is the owner of the premises.	Rental of premises from DNYP ⁽⁷⁾	55	39	72
Tomei Signature Sdn. Bhd.	NTF Jewellery Museum Sdn. Bhd.*	<ul style="list-style-type: none"> • The late TSDNTF • DNYP • NYC • NSC • NSY • DCCM 	DNYP, NSC and NSY are directors and collectively control 75% shareholding interest in NTF Jewellery Museum Sdn. Bhd.. NYC is a shareholder for NTF Jewellery Museum Sdn. Bhd. with 25% shareholding interest.	Rental of advertisement space	100	19	100

Notes:-

1. *Estimated value as per the Circular to Shareholders for the Proposed Renewal of Shareholders' Mandate dated 23 July 2020.*
 2. *Actual value of transactions from 25 August 2020 to 31 March 2021, the latest practicable date before the printing of this Circular.*
 3. *The proposed mandate for estimated value of transactions is based on information available at the point of estimation. The actual value of transactions may vary from the estimated values disclosed above. Disclosure will be made in the next Annual Report of the Company of the actual aggregate value of transactions contemplated under the Proposed Renewal of Shareholders' Mandate during the financial year. The estimated value of transactions are based on past historical transactions as well as tenancy agreements entered and expected to be entered with the Related Parties. The estimated value of transactions are calculated based on a 13 months period as the Management of Tomei has factor in the possibility of having the next AGM in June 2022.*
 4. *As at 31 December 2020, there were no amounts owing from any of the related parties to the Company and/or its subsidiary companies which have exceeded the normal credit term of the Company and/or its subsidiary companies.*
- # *DNYP, NYC, NSC and NSY are the children of the late TSDNTF, a major shareholder of the Tomei. DCCM is the spouse of DNYP. DNYP, NYC, NSC and NSY are directors and major shareholders of Tomei. DCCM is a director and shareholder of Tomei.*
- ^ *Oasis College Sdn. Bhd. provides training such as product and jewellery training, sales and customer service training and language courses to employees of Tomei Group.*
- @ *Pajak Gadai JP Sdn. Bhd. sells scrap gold to Tomei Group.*
- * *NTF Jewellery Museum Sdn. Bhd. provides the service of LED advertisement space to Tomei Group.*
- ** *These tenancies shall come to expiry on 31 December 2021. We have factored in the possibility of 5% increase of rental upon the renewal of the tenancies.*

	<u>Lessor</u>	<u>Lessee</u>	<u>Premises type</u>	<u>Address</u>	<u>Area (square feet)</u>	<u>Monthly Rental</u>
(1)	Best Arcade Sdn. Bhd.	Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	Office and factory space	No. 30-3, 32-3 Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	3,744	RM4,800
(2)	Unique Avenue Sdn. Bhd.	Gemas Precious Metals Industries Sdn. Bhd.	Office and factory space	No. 11-G Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	1,647	RM2,996
(3)	Teck Fong Property Sdn. Bhd.	Tomei Signature Sdn. Bhd.	Staff hostel	No. 30B and No. 30C, Jalan Walter Grenier, Off Jalan Imbi, 55100 Kuala Lumpur.	2,884	RM6,000
(4)	Oasis Properties Sdn. Bhd.	Tomei Marketing Sdn. Bhd.	Office and factory space	Lower Ground floor of No. 12, 14, 16 and Ground Floor of No 18,, Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	52,416	RM10,848
(4)	Oasis Properties Sdn. Bhd.	Tomei Signature Sdn. Bhd.	Office and factory space	Ground floor of No. 2, 4, 6, 8, 10, 12 and Fourth Floor of, No 2, 4, 6, 8, 10, Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	22,464	RM38,700
(4)	Oasis Properties Sdn. Bhd.	Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	Office and factory space	First Floor of No. 2, 4, 6, 8, 10, 12, 14 16, 18, Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	17,784	RM23,401
(4)	Oasis Properties Sdn. Bhd	Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	Office and factory space	Second Floor of No. 2, 4, 6, 8, 10, 12, 14- 16, 18, Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	17,784	RM18,297
(4)	Oasis Properties Sdn. Bhd.	Tomei Retail Sdn. Bhd.	Office and factory space	Third Floor of No. 2, 4, 6, 8, 10, 12, 14- 16, 18, Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	17,784	RM13,247
(4)	Oasis Properties Sdn. Bhd.	Yi Xing Goldsmith Sdn Bhd	Office and factory space	No. 23-G, 23-1 Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	3,294	RM4,032
(4)	Oasis Properties Sdn. Bhd.	Gemas Precious Metals Industries Sdn. Bhd.	Office and factory space	No. 15-G, 23-1, 23-2, 23-3, 27-LG, 27-G, 27-1, 27-2, 27-3 Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	13,176	RM14,028
(5)	DCCM	Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	Office and factory space	No. 22-LG, 22-G, 22-1 and 22-2, Jalan 2/131A, Project Jaya Industrial Estate, Jalan Kelang Lama, 58200 Kuala Lumpur.	7,488	RM8,693
(6)	Pajak Gadai JP Sdn. Bhd.	Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	Warehouse	No. 32-2 and 32-3, Jalan 2/32A, Taman Danau Kota, Setapak, 53300 Kuala Lumpur.	3,531	RM3,000
(7)	DNYP	Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	Warehouse	No. 14 , Blok A2, Jalan Setia Perdana BB U13/BB, Bandar Setia Alam, Shah Alam, Selangor.	5,884	RM5,500

There is no threshold for the approval of RRPT within the Group. However, RRPT (save for tenancy agreements), are subject to the approval of the Group Financial Controller and the Assistant General Manager, Learning & Development respectively. All tenancy agreements entered into by Tomei are subject to the approval of the Board of Directors based on the recommendation by the Audit Committee. All RRPT contemplated under the Proposed Renewal of Shareholders' Mandate will be carried out at arm's length basis, on transaction prices and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

2.2 Principal activities of Tomei Group

The principal activity of Tomei is investment holding. The Company, through its subsidiaries designs, manufactures, wholesales and retails of gold and jewellery and other related products and services. The particulars of its subsidiaries and their principal activities as at LPD are as follows:-

Subsidiaries	Country of incorporation	Effective equity interest held (%)	Principal activities
<u>Direct Subsidiaries</u>			
Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.	Malaysia	100	Investment holding and distribution of jewellery
Tomei Gold & Jewellery Manufacturing Sdn. Bhd.	Malaysia	100	Design and manufacturing of gemstone jewellery
Yi Xing Goldsmith Sdn. Bhd.	Malaysia	100	Wholesales of gold jewellery and other related products and services
Gemas Precious Metals Industries Sdn. Bhd.	Malaysia	100	Design and manufacture of gold jewellery and other related products and services
Tomei Retail Sdn. Bhd.	Malaysia	100	Investment holding and retailing of jewellery
YX Bullion Sdn Bhd	Malaysia	100	Trading of bullion and rental of motor vehicles to companies of the Group
Tomei Marketing Sdn. Bhd.	Malaysia	100	Ceased operation
OM Design Sdn Bhd	Malaysia	55	Ceased operation
Tomei Services Sdn Bhd	Malaysia	100	Dormant
Flawless Skin Care Sdn. Bhd.	Malaysia	100	Dormant
Emas Assayer Sdn. Bhd.	Malaysia	100	Dormant
GPM Refinery Sdn. Bhd.	Malaysia	100	Dormant
YX Precious Metals Bhd (fka YX Precious Metals Sdn Bhd)	Malaysia	100	Dormant

Subsidiaries	Country of incorporation	Effective equity interest held (%)	Principal activities
<u>Subsidiary of Tomei Gold & Jewellery Holdings (M) Sdn. Bhd.</u>			
Tomei (Vietnam) Company Limited	Socialist Republic of Vietnam	100	Manufacturing of semi-finished jewellery
<u>Subsidiary of Tomei Gold & Jewellery Manufacturing Sdn. Bhd.</u>			
Lumiere 2006 Limited <i>(under members' voluntary liquidation)</i>	Hong Kong	100	Dormant
<u>Subsidiaries of Tomei Retail Sdn. Bhd.</u>			
Tomei Signature Sdn. Bhd.	Malaysia	100	Retailing of jewellery
Tomei Diamond Sdn. Bhd.	Malaysia	100	Retailing of jewellery
Tomei Collections Sdn. Bhd.	Malaysia	100	Retailing of jewellery
Le Lumiere Sdn. Bhd.	Malaysia	100	Retailing of jewellery
De Beers Diamond Jewellers Sdn. Bhd.	Malaysia	100	Retailing of jewellery
MyTomei Sdn. Bhd.	Malaysia	100	Retailing of jewellery
Go Gold Shop Sdn Bhd	Malaysia	100	Dormant
Gemological Laboratory Malaysia Sdn Bhd <i>(fka Gemological Laboratory (Malaysia) Sdn. Bhd). (fka Tomei Worldwide Franchise Sdn. Bhd).</i>	Malaysia	70	Training and laboratory services

2.3 Review procedures for the RRPT

The Tomei Group has established the following procedures to ensure that the RRPTs are undertaken at arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Related Parties than those generally available to the public and are not detrimental to Tomei's independent shareholders:-

- (i) a list of Related Parties has been circulated within the Tomei Group. All subsidiaries have been notified that all RRPTs are required to be undertaken at arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public;

- (ii) where applicable, the terms of the pricing of the RRPTs will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability;
- (iii) all RRPTs will be reviewed by the Audit Committee of the Company on a quarterly basis. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to RRPTs from independent sources or advisers;
- (iv) the Audit Committee will report its findings to the Board for further action if during the quarterly review, the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure that the RRPTs are carried on normal commercial terms and/or the RRPTs are deemed detrimental to the minority shareholders of Tomei;
- (v) the Audit Committee shall review procedures, and shall continue to review the procedures, as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate; and
- (vi) if a member of the Board or the Audit Committee has an interest in the transaction, he will abstain from any decision making by the Board or the Audit Committee in respect of the transaction.

At least two (2) other contemporaneous transactions with unrelated parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to the Related Parties are fair and reasonable and comparable to those offered to other unrelated third parties for the same or substantially similar type of products and/or quantities. In the event that comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by market force, in accordance with applicable industry norms, similar commercial terms, prevailing commercial rates and at rates not more favourable to the related parties than those generally available to the public.

2.4 Disclosure in Annual Report

Disclosure will be made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the Related Parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year.

2.5 Audit Committee's Statement

The Audit Committee has reviewed the procedures mentioned in Section 2.3 of this Circular and is satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner and to ensure that the RRPTs are carried out:-

- (i) on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) at arm's length basis and on the Tomei Group's normal commercial terms; and
- (iii) not to the detrimental of the minority shareholders of the Company.

The Audit Committee shall review the RRPTs on a quarterly basis and also review the established guidelines and procedures to ascertain their compliance on an annual basis.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The RRPTs to be entered into by the Group will be in the ordinary course of business. They are recurring transactions of revenue or trading nature, which are likely to occur with some degree of frequency and arise at any time and from time to time. As these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPTs. As such, the Company is seeking shareholders' mandate pursuant to Paragraph 10.09 of Chapter 10 and Practice Note 12 of the Listing Requirements to allow the Group to enter into such RRPTs made on an arm's length basis and on normal commercial terms and which are not to the detriment of the Company's shareholders.

The RRPTs are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders, will eliminate the need to make announcement to Bursa Securities or to convene separate general meetings from time to time to seek shareholder's approval as and when the RRPT(s) with specified classes of Related Parties arise. This will substantially reduce administrative time, inconvenience and avoid expenses associated with the convening of such general meetings on an ad hoc basis without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

4. FINANCIAL EFFECTS

The Proposed Renewal of Shareholder' Mandate will not have any material effect on the share capital, NA, EPS, gearing, substantial shareholders' shareholdings and dividends of Tomei.

5. APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to and conditional upon approvals being obtained from the followings:-

- (i) the shareholders of Tomei at an AGM to be convened; and
- (ii) any other relevant authorities/parties.

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6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors and/or Major Shareholders of Tomei and/or persons connected to the Directors and/or Major Shareholders of Tomei has any interest, directly or indirectly, in the Proposed renewal of shareholders' mandate:-

Interested Directors/Major Shareholders/ person connected to Interested Directors and Major Shareholders	Existing as at LPD			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
Interested Directors				
DNYP	581,239	0.42	82,702,399 ⁽²⁾	59.67
DCCM	1,180,000	0.85	-	-
NYC	-	-	82,777,399 ⁽³⁾	59.72
NSC	468,700	0.34	19,570,222 ⁽⁴⁾	14.12
NSY	100,000	0.07	19,570,222 ⁽⁴⁾	14.12
Interested Major Shareholders				
Teck Fong Corporation Sdn. Bhd.	63,132,177	45.55	-	-
Tropical Bliss Sdn. Bhd.	19,550,222	14.11	-	-
The estate of the late TSDNTF	-	-	83,693,299 ⁽¹⁾	60.38
DNYP	581,239	0.42	82,702,399 ⁽²⁾	59.67
NYC	-	-	82,777,399 ⁽³⁾	59.72
NSC	468,700	0.34	19,570,222 ⁽⁴⁾	14.12
NSY	100,000	0.07	19,570,222 ⁽⁴⁾	14.12
Persons connected to Director				
Puan Sri Datin Gan Sao Wah	990,900	0.71	-	-
Choong Siew Mooi	412,007	0.30	-	-
Choong Yee Vooi	312,006	0.23	-	-
Choong Yee Kong	80,000	0.06	-	-
Ng Yi Min	25,000	0.02	-	-
Ng Yi Jie	25,000	0.02	-	-
Ng Yi Li	25,000	0.02	-	-
Ng Teck Fong Foundation	20,000	0.01	-	-

Notes:-

- (1) Deemed interested by virtue of his shareholdings in Teck Fong Corporation Sdn. Bhd., Tropical Bliss Sdn. Bhd. and his wife Puan Sri Datin Gan Sao Wah's shareholding and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.
- (2) Deemed interested by virtue of their shareholdings in Teck Fong Corporation Sdn Bhd, Tropical Bliss Sdn Bhd and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.
- (3) Deemed interested by virtue of their shareholdings in Teck Fong Corporation Sdn Bhd, Tropical Bliss Sdn Bhd and his children's shareholdings and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.
- (4) Deemed interested by virtue of their shareholdings in Tropical Bliss Sdn Bhd and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.

The Interested Directors, namely, DNYP, DCCM, NYC, NSC and NSY have and will continue to abstain from all Board deliberations and voting in respect of the RRPTs in which they have an interest as detailed in Section 2.1 of this Circular. The Interested Directors, namely DNYP, DCCM, NYC, NSC and NSY will also abstain from voting in respect of their direct and/or indirect shareholdings in Tomei at the forthcoming AGM to be convened by Tomei on the resolution approving the Proposed Renewal of Shareholders' Mandate.

Ng Teck Fong Foundation and Puan Sri Datin Gan Sao Wah are the shareholder of Tomei and are person connected to the Ng Family. Teck Fong Corporation Sdn Bhd and Tropical Bliss Sdn Bhd are major shareholders of Tomei and a person connected to the Ng Family. Therefore, the abovementioned persons will abstain from voting in respect to their direct and/or indirect shareholdings in Tomei at the forthcoming AGM to be convened by Tomei on the resolution approving the Proposed renewal of shareholders' mandate.

Choong Siew Mooi, Choong Yee Vooi and Choong Yee Kong are shareholders of Tomei and are also siblings to DCCM, who is an Interested Director. Ng Yi Min, Ng Yi Jie and Ng Yi Li are shareholders of Tomei and are also children to NYC. Therefore, they are persons connected to an interested Director and hence will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

The abovementioned interested Directors and interested Major Shareholders have also undertaken to ensure that the person(s) connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

7. DIRECTORS' RECOMMENDATION

The Board (save for DNYP, DCCM, NYC, NSC and NSY who are interested in the Proposed Renewal of Shareholders' Mandate) after having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is fair and reasonable and is in the best interest of the Company. Accordingly, the Board (save for DNYP, DCCM, NYC, NSC and NSY) recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

8. AGM

The AGM of the Company, the notice of which is made available on the Company's website at www.tomei.com.my and on Bursa Securities' website, will be held at the Dewan Berjaya, Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 4 May 2021 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed Proxy Form in accordance with the instructions therein as soon as possible, and in any event so as to arrive at the Registered Office of the Company at SO-26-02, Menara 1, No 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for the AGM or any adjournment thereof. The lodgment of the Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders of Tomei are requested to refer to the attached Appendix I for additional information.

Yours faithfully
For and on behalf of the Board of Directors
TOMEI CONSOLIDATED BERHAD

LAU TIANG HUA
Independent Non-Executive Director

PART (B)
PROPOSED RENEWAL OF AUTHORITY TO BUY-BACK UP TO
TEN PER CENTUM (10%) OF ITS TOTAL NUMBER OF ISSUED
SHARES



TOMEI CONSOLIDATED BERHAD
(200501015912)(692959-W)
(Incorporated in Malaysia under the Companies Act, 2016)

Registered Office:

SO-26-02, Menara 1,
No 3, Jalan Bangsar,
KL Eco City,
59200 Kuala Lumpur

6 April 2021

Directors:

Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad
(Independent Non-Executive Chairman/Senior Independent Non-Executive Director)
Datuk Ng Yih Pyng *(Group Managing Director)*
Datin Nonadiah Binti Abdullah *(Independent Non-Executive Director)*
Datuk M Chareon Sae Tang @ Tan Whye Aun *(Independent Non-Executive Director)*
Lau Tiang Hua *(Independent Non-Executive Director)*
Datin Choong Chow Mooi *(Group Executive Director)*
Ng Yih Chen *(Group Executive Director)*
Ng Sheau Chyn *(Group Executive Director)*
Ng Sheau Yuen *(Group Executive Director)*

To: The Shareholders of Tomei

Dear Sir/Madam,

PROPOSED RENEWAL OF AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY

1. INTRODUCTION

On 8 February 2021, the Board of Directors of Tomei, announced that the Company proposes to seek from the shareholders the approval for the renewal of authority to buy-back its own share at the forthcoming AGM of the Company.

The purpose of this Statement is to provide the shareholders with the information of the Proposed Renewal of Authority for Share Buy-Back, to set out the Board's recommendation thereon and to seek shareholders' approval for the ordinary resolutions to be tabled at the forthcoming AGM. The Notice of the AGM together with the Proxy Form are available on the Company's website at www.tomei.com.my or on Bursa Malaysia Securities Berhad's website.

SHAREHOLDERS ARE REQUIRED TO READ THIS STATEMENT TOGETHER WITH THE APPENDIX OF THIS CIRCULAR/STATEMENT AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK AT THE FORTHCOMING AGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Company had, at its last AGM held on 24 August 2020, obtained its shareholders' mandate for the Company to purchase its own shares and the aforesaid mandate will continue to be in force until the conclusion of the forthcoming AGM which will be held on 4 May 2021.

A new mandate is required from the shareholders of the Company to renew the authority to purchase up to ten percent (10%) of its total number of issued shares.

The Proposed Renewal of Authority for Share Buy-Back is subject to Section 127 of the Act, the Listing Requirements and any prevailing laws, guidelines, orders, rules and regulations issued by the relevant authority at the time of purchase.

The Proposed Renewal of Authority for Share Buy-Back would be effective immediately upon the passing of the ordinary resolution relating to the Proposed Renewal of Authority for Share Buy-Back at our forthcoming AGM and shall be valid until:-

- (i) the conclusion of the next AGM of Tomei at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

Thereafter, approval from shareholders for a renewal of the mandate in relation to the Share Buy-Back will be sought at each subsequent AGM of the Company.

2.1 Quantum

The maximum aggregate number of Shares, which may be purchased by the Company, shall not exceed ten per centum (10%) representing 13,860,000 of the total number of issued shares of the Company at any point of time.

The actual number of Shares to be purchased will depend on, among others, market conditions and sentiments of Bursa Securities as well as the retained earnings and financial resources available to the Company as at the point of purchase.

Paragraph 12.10(1) of the Listing Requirements provides that the proposed purchase of its own shares by a listed issuer must be made wholly out of its retained earnings. Based on the latest audited account of the Company as at 31 December 2020, its retained earnings stood at approximately RM30.230 million.

If the Board decided to cancel the Purchased Shares, our Company's total number of issued shares shall be diminished by the said cancellation, and the amount diminished shall be transferred to the capital redemption reserve.

2.2 Funding

The Proposed Renewal of Authority for Share Buy-Back will be funded from internally generated funds and/or external bank borrowings and the amount allocated for the Purchased Shares will not exceed the aggregate amount of the Company's retained earnings. All Purchased Shares may be cancelled or retained as treasury shares or a combination of both. Treasury shares may be distributed as share dividends, resold on Bursa Securities and/or subsequently cancelled.

The actual amount of funds to be utilized for the Proposed Renewal of Authority for Share Buy-Back will only be determined later depending on the actual number of Shares to be purchased, the availability of funds as at the point of purchase and other relevant cost factors.

The Proposed Renewal of Authority for Share Buy-Back, if funded via internally generated funds, is not expected to have a material impact on the Company's financial position. In the event the Proposed Renewal of Authority for Share Buy-Back is funded through external bank borrowings, the Board will ensure that our Company will have sufficient funds to repay such borrowings and that the repayment thereof would not have any material effect on the Company's cash flow position.

2.3 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own shares on Bursa Securities at a price which is not more than 15% above the weighted average market price ("WAMP") of Tomei Shares for the five (5) Market Days immediately before the date of any purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell treasury share on Bursa Securities at:-

- (a) a price which is not less than the WAMP of Tomei Shares for the five (5) Market Days immediately before the resale; or
- (b) a discounted price of not more than five per cent (5%) to the WAMP of Tomei Shares for the five (5) Market Days immediately before the resale provided that:-
 - (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Tomei Shares being resold.

2.4 Treatment of purchased shares

Pursuant to Section 127 of the Act, the Board may deal with the Purchased Shares in the following manner:-

- (a) cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares for distribution as share dividends to shareholders and/or be resold in future through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder; or
- (d) such other manner as may be prescribed by the prevailing laws, guidelines, orders, rules and regulations issued by the relevant authorities at that time.

To date, the Company has yet to decide the manner of which the Purchased Shares are to be dealt with.

In the event the Purchased Shares are held as treasury shares, the Act provides that the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise, would be suspended and the treasury shares would not be taken into account in calculating the number of percentage of shares, or of a class of shares in the Company for any purposes including the determination of substantial shareholders, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the results of a vote on resolution(s) at meetings.

An immediate announcement will be made to Bursa Securities in respect of the intention of the Board to either retain the Purchased Shares as treasury shares or cancel them or a combination of both following any transaction(s) executed pursuant to the authority granted under the Proposed Renewal of Authority for Share Buy-Back.

2.5 Public shareholding spread

The Proposed Renewal of Authority for Share Buy-Back will be carried out in accordance with the prevailing laws at the point of purchase including compliance with the 25% shareholding spread in the hands of public shareholders as required under Paragraph 8.02(1) of the Listing Requirements.

As at the LPD, the Record of Depositors of our Company showed 49,427,507 shares, representing 35.66% of our issued and paid-up share capital were held in the hands of public shareholders. The Board will endeavor to ensure that the Proposed Renewal of Authority for Share Buy-Back will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares on Bursa Securities if the purchase(s) will result in the listed company being in breach of the public shareholding spread requirements as set out under Paragraph 8.02(1) of the Listing Requirements.

2.6 Implication of the Code

As it is not intended for the Proposed Renewal of Authority for Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Code by any of the Company's substantial shareholders and/or persons acting in concert with them, the Board will ensure that such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Proposed Renewal of Authority for Share Buy-Back would not result in the triggering of any mandatory offer obligation on the part of the Company's substantial shareholders and/or persons acting in concert with them. In this connection, the Board is mindful of the requirements when making any purchase of our Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back.

2.7 Previous purchases, resale and/or cancellation of treasury shares

There have not been any previous purchases, resale and/or cancellation of treasury shares of the Company in the previous twelve (12) months preceding the date of this Circular. As at the date of this Circular, the Company does not hold any treasury shares.

3. RATIONALE AND BENEFIT OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Proposed Renewal of Authority for Share Buy-Back, if implemented, will enable the Group to utilize its surplus financial resources, which are not immediately required for other uses, to purchase its own shares from the Main Market of Bursa Securities. The Proposed Renewal of Authority for Share Buy-Back is expected to stabilize the supply and demand of Tomei Shares traded on the Main Market of the Bursa Securities.

Other things being equal, the Proposed Renewal of Authority for Share Buy-Back, regardless of whether the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purposes of computing the EPS. Therefore, the Proposed Renewal of Authority for Share Buy-Back will improve the EPS of the Company, which in turn is expected to have a positive impact on the market price of the Company.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realizing a potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The potential disadvantages of the Proposed Renewal of Authority for Share Buy-Back, if implemented, are as follows:-

- (a) The Proposed Renewal of Authority for Share Buy-Back will reduce the available financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in the future or, at least, deprive the Group of interest income that can be derived from the funds utilized for the Proposed Renewal of Authority for Share Buy-Back.
- (b) The Proposed Renewal of Authority for Share Buy-Back will reduce the available financial resources of the Group for distribution to shareholders in the immediate future.
- (c) In the event that the Proposed Renewal of Authority for Share Buy-Back is funded by bank borrowings, the Company would have to service the interest costs associated with bank borrowings, thereby reducing the available cash of the Company to the extent of such interest costs.

5. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

5.1 Share capital

The proforma effects of the Proposed Renewal of Authority for Share Buy-Back on the issued shares of the Company are as follows:-

	<u>No. of Tomei Shares</u>	<u>Share Capital</u> (RM)
Issued shares as at the LPD	138,600,000	73,336,000
Assuming the Purchased Shares are cancelled ⁽¹⁾	<u>(13,860,000)</u>	<u>(7,333,600)</u>
Resultant issued shares	<u>124,740,000</u>	<u>66,002,400</u>

Note:

- (1) Assuming up to ten per cent (10%) of the issued shares is purchased under the Proposed Renewal of Authority for Share Buy-Back and subsequently cancelled.

The proforma effects of the Proposed Renewal of Authority for Share Buy-Back on the issued shares of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares. The above illustration assumes that the Purchased Shares are cancelled. Nevertheless, if the Purchased Shares are retained as treasury shares, resold or distributed to shareholders in full, the Proposed Renewal of Authority for Share Buy-Back will have no effect on the existing issued shares of the Company.

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5.2 Directors' and major shareholders' shareholdings

The proforma effects of the Proposed Renewal of Authority for Share Buy-Back on the Directors' and major shareholders' shareholdings are as follows:-

Name	As at the LPD				After the Proposed Renewal of Authority for Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Directors</i>								
Yang Mulia Raja Tan Sri Dato' Seri Aman Bin Raja Haji Ahmad DNYP	581,239	0.42%	82,702,399 ⁽²⁾	59.67%	581,239	0.47%	82,702,399 ⁽²⁾	66.30%
Datin Nonadiah Binti Abdullah	2,000,000	1.44%	-	-	2,000,000	1.60%	-	-
Datuk M Chareon Sae Tang @ Tan Whye Aun	-	-	-	-	-	-	-	-
Lau Tiang Hua	-	-	269,000 ⁽⁵⁾	0.19%	-	-	269,000 ⁽⁵⁾	0.22%
DCCM	1,180,000	0.85%	-	-	1,180,000	0.95%	-	-
NYC	-	-	82,777,399 ⁽³⁾	59.72%	-	-	82,777,399 ⁽³⁾	66.36%
NSC	468,700	0.34%	19,570,222 ⁽⁴⁾	14.12%	468,700	0.38%	19,570,222 ⁽⁴⁾	15.69%
NSY	100,000	0.07%	19,570,222 ⁽⁴⁾	14.12%	100,000	0.08%	19,570,222 ⁽⁴⁾	15.69%
<i>Person connected to directors</i>								
Puan Sri Datin Gan Sao Wah	990,900	0.71%	-	-	990,900	0.79%	-	-
Choong Siew Mooi	412,007	0.30%	-	-	412,007	0.33%	-	-
Choong Yee Vooi	312,006	0.23%	-	-	312,006	0.25%	-	-
Choong Yee Kong	80,000	0.06%	-	-	80,000	0.06%	-	-
Gwendolyn Lau Ee Lin	269,000	0.19%	-	-	269,000	0.22%	-	-
Ng Yi Min	25,000	0.02%	-	-	25,000	0.02%	-	-
Ng Yi Jie	25,000	0.02%	-	-	25,000	0.02%	-	-
Ng Yi Li	25,000	0.02%	-	-	25,000	0.02%	-	-
Ng Teck Fong Foundation	20,000	0.01%	-	-	20,000	0.02%	-	-

Name	As at the LPD				After the Proposal Renewal of Authority for Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Major shareholders</i>								
Teck Fong Corporation Sdn. Bhd.	63,132,177	45.55%	-	-	63,132,177	50.61%	-	-
Tropical Bliss Sdn. Bhd.	19,550,222	14.11%	-	-	19,550,222	15.67%	-	-
The estate of the late TSDNTF	-	-	83,693,299 ⁽¹⁾	60.38%	-	-	83,693,299 ⁽¹⁾	67.09%
DNYP	581,239	0.42%	82,702,399 ⁽²⁾	59.67%	581,239	0.47%	82,702,399 ⁽²⁾	66.30%
NYC	-	-	82,777,399 ⁽³⁾	59.72%	-	-	82,777,399 ⁽³⁾	66.36%
NSC	468,700	0.34%	19,570,222 ⁽⁴⁾	14.12%	468,700	0.38%	19,570,222 ⁽⁴⁾	15.69%
NSY	100,000	0.07%	19,570,222 ⁽⁴⁾	14.12%	100,000	0.08%	19,570,222 ⁽⁴⁾	15.69%

Note:-

- (1) Deemed interested by virtue of his shareholdings in Teck Fong Corporation Sdn Bhd, Tropical Bliss Sdn Bhd and his wife Puan Sri Datin Gan Sao Wah's shareholding and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.
- (2) Deemed interested by virtue of his shareholdings in Teck Fong Corporation Sdn Bhd, Tropical Bliss Sdn Bhd and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.
- (3) Deemed interested by virtue of his shareholdings in Teck Fong Corporation Sdn Bhd, Tropical Bliss Sdn Bhd and his children's shareholdings and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.
- (4) Deemed interested by virtue of their shareholdings in Tropical Bliss Sdn Bhd and being a trustee of Ng Teck Fong Foundation pursuant to Section 59 of the Act.
- (5) Deemed interested by virtue of his child's shareholding in the Company.

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5.3 NA and working capital

The effect of the Proposed Renewal of Authority for Share Buy-Back on the NA of the Group will depend on the actual number of and prices paid for the Purchased Shares, the effective funding cost to the Group to finance the purchase of such shares, or any loss in interest income to the Group, and whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to shareholders.

If all Purchased Shares are cancelled, the NA of the Group would decrease if the purchase price per Purchased Share exceeds the NA per Share at the relevant point in time, and vice versa.

If Purchase Shares are retained as treasury shares and subsequently resold on Bursa Securities, the NA of the Group would increase if the Company realizes a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of the Group would decrease by the cost of the treasury shares.

The Proposed Renewal of Authority for Share Buy-Back, as and when implemented, will reduce the working capital and available cash of the Group, the quantum of which will depend on, among others, the number of Purchased Shares and the purchase price(s) of the Purchased Shares.

For Purchased Shares which are kept as treasury shares, upon their resale, the working capital and available cash of the Group will increase upon the receipt of the proceeds from the resale. The quantum of the increase in the working capital and available cash will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

5.4 Gearing

The effect of the Proposed Renewal of Authority for Share Buy-Back on the gearing of the Group will depend on the proportion of borrowing utilized to fund any purchase of the Purchased Shares. At this juncture, we have not determined whether to use any form of borrowings for purpose of the Proposed Renewal of Authority for Share Buy-Back.

Nevertheless, all else being equal, assuming that the treasury shares are retained by the Company and no borrowing is being utilized to fund any purchase of the Purchased Shares, the Proposed Renewal of Authority for Share Buy-Back may increase the gearing of the Group as the equity will be reduced by the cost of shares acquired and held as treasury shares.

5.5 EPS

The Proposed Renewal of Authority for Share Buy-Back may increase or reduce the EPS of the Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to the Company to finance the purchase of such shares, or any loss in interest income to the Company or opportunity cost in relation to other investment opportunities.

Nevertheless, all else being equal, assuming that the treasury shares are retained by the Company, the Proposed Renewal of Authority for Share Buy-Back is expected to increase the EPS of the Group as the treasury shares held by the Company will not be taken into account in calculating the total number of Tomei's Shares in issue.

Assuming that the Purchased Shares are retained as treasury shares and subsequently resold, the extent of the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or the interest cost savings arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Renewal of Authority for Share Buy-Back will increase the EPS of the Group provided that the net effect of income forgone and interest expense incurred on the Purchased Shares are favourable to the Company.

6. APPROVALS REQUIRED

The Proposed Renewal of Authority for Share Buy-Back is subject to and conditional upon the approval of shareholders at our forthcoming AGM.

7. SHARE PRICE PERFORMANCE

The monthly highest and lowest prices of Tomei's Shares as traded on Bursa Securities for the past twelve (12) months are as follows:-

	High RM	Low RM
2020		
April	0.465	0.450
May	0.440	0.430
June	0.435	0.430
July	0.935	0.845
August	1.200	1.110
September	0.845	0.810
October	0.810	0.775
November	0.845	0.830
December	0.875	0.850
2021		
January	1.020	0.840
February	0.845	0.895
March	0.855	0.825

Last traded market price of Tomei Shares as at LPD RM 0.825

(Source:www.bursamalaysia.com)

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed in Section 5.2, none of the Directors, major shareholders and/or Persons Connected to them has any interest, direct or indirect in the Proposed Renewal of Authority for Share Buy-Back.

9. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is in the Company's best and long term interests.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Authority for Share Buy-Back to be tabled at our forthcoming AGM.

10. AGM

The AGM of the Company, the notice of which is made available on the Company's website at www.tomei.com.my and on Bursa Securities' website, will be held at Dewan Berjaya, Bukit Kiara Resort Berhad, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 4 May 2021 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Renewal of Authority for Share Buy-Back.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed the Proxy Form in accordance to the instructions therein as soon as possible, and in any event so as to arrive at the Registered office of the Company at SO-26-02, Menara 1, No 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for the AGM or any adjournment thereof. The lodgment of the Proxy Form does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders of Tomei are requested to refer to the attached Appendix I for additional information.

Yours faithfully
For and on behalf of the Board of Directors
TOMEI CONSOLIDATED BERHAD

LAU TIANG HUA
Independent Non-Executive Director

APPENDIX I

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and its members individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no facts, the omission of which would make any information herein false and misleading.

2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Tomei and its subsidiaries are not engaged in any material litigation, claims and arbitration either as plaintiff or defendant, or are there any material claim against the Company and/or its subsidiaries, or material arbitration proceedings, which have a material effect on the business or financial position of the Company and/or its subsidiaries, and the Board is not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Company and/or its subsidiaries.

3. MATERIAL CONTRACTS

Tomei and its subsidiaries have not entered into any other material contract (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Circular:-

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours from Mondays to Fridays (except public holidays) at the Registered Office of the Company at SO-26-02, Menara 1, No 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur from the date of this Circular/Statement up to and including the date of the forthcoming AGM:-

- (i) Constitution of Tomei;
- (ii) audited consolidated financial statements of Tomei for the past two (2) years ended 31 December 2019 and 31 December 2020;