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CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

(Incorporated in Malaysia under the Companies Act, 1965)

SHARE BUY-BACK STATEMENT

IN RELATION TO

**THE PROPOSED RENEWAL OF AUTHORITY FOR
PURCHASE OF OWN SHARES BY THE COMPANY**

The above proposal will be tabled as Special Business at the Company’s Seventeenth Annual General Meeting (“17th AGM”), which is to be held at the Grand Ballroom I, Level 1, Sabah Hotel, KM1, Jalan Utara, Sandakan, Sabah on Saturday, 20 June 2015 at 10.00 a.m. The Notice of the 17th AGM together with the Form of Proxy are enclosed together with the Annual Report for the financial year ended 31 December 2014.

The Form of Proxy should be lodged at the Registered Office of the Company at MPT 4604, 3rd Floor, Lot 15-16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah, Malaysia, not less than forty-eight (48) hours before the time stipulated for holding the meeting or at any adjournment thereof. The lodging of Form of Proxy 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 of the Form of Proxy : Thursday, 18 June 2015 at 10.00 a.m.
Date and time of AGM : Saturday, 20 June 2015 at 10.00 a.m.

This Statement is dated 29 May 2015

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PROPOSED RENEWAL OF AUTHORITY FOR CYMAO HOLDINGS BERHAD (“CYMAO” or “THE COMPANY”) TO PURCHASE UP TO 10% OF ITS TOTAL ISSUED AND PAID-UP SHARE CAPITAL PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965 (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)

1. INTRODUCTION

On 6 May 2015, the Company announced and proposed to seek the shareholders’ approval for the Proposed Renewal of Share Buy-Back Authority at the Seventeenth Annual General Meeting (“17th AGM”) to be convened.

The purpose of this Statement is to provide you with the relevant details of the proposal to be tabled at the forthcoming 17th AGM, which will be held at the Grand Ballroom1, Level 1, Sabah Hotel, KM1, Jalan Utara, Sandakan, Sabah on Saturday, 20 June 2015 at 10.00 a.m. Notice of which is set out on pages 82 to 85 of the Annual Report 2014 of the Company.

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

At the last AGM held on 21 June 2014, the Company had obtained its shareholders’ approval to purchase up to 10% of the total issued and paid-up share capital of the Company as quoted on the Bursa Securities and the aforesaid approval will expire at the conclusion of the forthcoming 17th AGM of the Company unless the approval is renewed.

In this regard, the Board of Directors (“Board”) proposed to seek approval from the shareholders at the forthcoming AGM for the renewal of authority for the proposed purchase of the Company’s own shares of up to 10% of the issued and paid-up share capital of the Company (“Proposed Share Buy-Back”).

The present total issued and paid-up share capital of the Company is RM75,000,000 comprising 75,000,000 shares of par value RM1.00 each, inclusive of the 1,464,500 shares which are kept as treasury shares (“Purchased Shares”).

During the financial year ended 31 December 2014, 1,100,000 shares were purchased and there was resale of treasury shares at the open market. Details of shares purchased by the Company during the financial year ended 31 December 2014 is disclosed in the Additional Compliance Information, pages 17 and 18 of the Annual Report of the Company.

The Proposed Renewal of Share Buy-Back Authority shall be effective upon the passing of the resolution in the forthcoming AGM of Cymao until:

- i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever is earlier.

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

The procurement of the shareholders’ approval for Proposed Renewal of Share Buy-Back Authority will provide Cymao and its shareholders with the following benefits:

- (i) it poses an opportunity to the Company for the purpose of stabilising the supply and demand of the Company’s shares and its share price in the open market and thereby preserving the fundamental value;

- (ii) it will give the Board an option to resell the treasury shares at a higher price and therefore realising a potential gain for the Company;
- (iii) the Company may be able to utilize its financial resources not immediately required for use, to purchase its own shares;
- (iv) the earnings per share of the Company may be improved, all else being equal, as the earnings of the Company would be divided by a reduced number of shares in consequence of the shares so purchased are kept as treasury shares.
- (v) the shares bought back may be distributed to shareholders as share dividend which served to reward the shareholders of the Company;

However, the Proposed Share Buy-Back, if implemented, will reduce the financial resources for working capital of the Group by having to forego future investment opportunities and/or any interest income that may derive from the deposit of such funds in interest bearing instruments. The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders of the Company.

Nevertheless, the Board will be mindful of the best interests of the Group and shareholders of Cymao in implementing the Proposed Share Buy-Back.

4. FUNDING

The Board proposes to allocate a maximum fund not exceeding the Company's retained earnings, where available and/or the share premium to be utilised for the Proposed Share Buy-Back. The funding for the Proposed Share Buy-Back is expected to be financed through Cymao internally generated funds.

Based on the audited financial statements of Cymao for the financial year ended 31 December 2014, the Company recorded the accumulated losses of RM12,487,605 and its share premium stood at RM17,374,387. The latest management accounts of the Company made up to 31 March 2015 showed the accumulated losses of the Company amounted to RM12,548,157.

5. TREATMENT OF PURCHASED SHARES

The Purchased Shares may be dealt with by the Board in the following manner which is permitted under Section 67A of the Companies Act, 1965:

- (a) retain the Purchased Shares as treasury shares; or
- (b) distribute the treasury shares as dividends to the shareholders and/or resell on Bursa Securities.

The actual treatment of the Purchased Shares, would depend on, *inter-alia*, the prevailing equity market conditions and the financial position of Cymao at the time of the purchase(s).

An immediate announcement will be released to Bursa Securities in respect of the Board's decision on the treatment of the Purchased Shares upon completion of each purchase of Shares,

6. RANKING

While the Purchased Shares are held as treasury shares, Section 67A (3C) of the Companies Act, 1965 states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of the Cymao's shares or of a class of Cymao's shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

7. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1 The table below illustrates the direct and indirect interests of the Directors and Substantial Shareholders of Cymao on 30 April 2015, being the most practicable date prior to the printing of this Statement.

Directors	Existing as at 30 April 2015				After Proposed Share Buy-Back [^]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% [@]	No. of Shares	%	No. of Shares	% [#]	No. of Shares	% [#]
Dato' Seri Mohd Shariff Bin Omar	-	-	-	-	-	-	-	-
Lin, Tsai-Rong	21,100,000	28.69	650,000*	0.88	21,100,000	31.26	650,000*	0.96
Lin, Kai-Min	7,976,750	10.84	-	-	7,976,750	11.82	-	-
Lin, Kai-Hsuan	4,330,500	5.89	-	-	4,330,500	6.41	-	-
Lin Hsu, Li-Chu	222,500	0.30	650,000*	0.88	222,500	0.33	650,000*	0.96
Hiew Seng	62,500	0.08	-	-	62,500	0.09	-	-
Substantial Shareholders								
Lin, Tsai-Rong	21,100,000	28.69	650,000*	0.88	21,100,000	31.26	650,000*	0.96
Lin, Kai-Min	7,976,750	10.84	-	-	7,976,750	11.82	-	-
Lin, Kai-Hsuan	4,330,500	5.89	-	-	4,330,500	6.41	-	-

Notes: -

[^] Based on the assumptions that Cymao implements the Proposed Share Buy-Back in full and that the shares are purchased from open market.

[@] Based on the issued and paid up share capital of 73,535,500 shares as at 30 April 2015.

[#] Based on the issued and paid up share capital of 67,500,000 shares, on the assumption that Cymao's has purchased its own shares to the maximum 10% of the issued and paid-up share capital.

* Indirect interest by virtue of the shares held by his/her daughter.

(1) She is connected by virtue of being a daughter of Lin, Tsai-Rong and Lin Hsu, Li-Chu.

(2) He is connected by virtue of being a brother of Lin Hsu, Li-Chu and a brother-in-law of Lin, Tsai-Rong.

(3) He is connected by virtue of being a brother of Lin Hsu, Li-Chu and a brother-in-law of Lin, Tsai-Rong.

Save as disclosed above, none of the other Directors, substantial shareholders of Cymao nor any persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or resale of treasury shares.

7.2 Public Shareholding Spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd and based on the Register of Substantial Shareholders as at 30 April 2015, the public shareholding spread of the Company is 49.92%. The public shareholding spread of the Company would be reduced to approximately 45.45% on the assumptions that the Company implements the Proposed Share Buy-Back in full and the Shares so purchased are retained as treasury shares on the basis that the shareholdings of Directors and substantial shareholders of the Company remained constant.

In this regard, the Board undertakes to purchase and hold the treasury shares only to the extent that the public shareholding spread of the Company shall not fall below 25% of the total issued and paid up share capital of the Company at all times pursuant to the Proposed Share Buy-Back, in accordance with Paragraph 12.14 of the Listing Requirements.

8. FINANCIAL EFFECTS

The financial effects of the Proposed Share Buy-Back are presented below based on the following assumptions:

- (i) The purchase of own shares of up to 10% of the issued and paid-up share capital of Cymao is carried out in full; and
- (ii) The shares so purchased are retained as treasury shares.

8.1 Share Capital

There is no effect on the issued and paid-up share capital as the Board intends to retain all the shares so purchased as treasury shares and not to be cancelled.

8.2 Net Assets

The effect on net assets per share of the Company and of the Group would depend on the purchase price and number of shares so purchased. The Proposed Share Buy-Back will increase or reduce the net assets per share of the Company depending on the purchase price in comparison to the net assets per share of the Company at the time that the purchase is made.

8.3 Earnings and Earnings per Share

The effects on earnings of the Cymao Group would depend on the number of shares so purchased and the purchase prices. The reduction in the number of shares applied in computing the earnings per share pursuant to the Proposed Share Buy-Back if implemented may generally, all else being equal, have a positive impact on the earnings per share for the financial year.

Should the treasury shares later be resold, the extent of the effect on earnings of the Cymao Group will depend on the actual selling prices, the number of treasury shares resold and the gain or loss arising from the disposal.

8.4 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital of the Cymao Group, the quantum of which depends on the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

8.5 Dividends

The Proposed Share Buy-Back may have an impact on the dividends to be declared, if any, for the financial year ending 31 December 2014 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

9. IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010

As at 30 April 2015, based on the existing shareholders of Cymao as outline below, the following Directors, substantial shareholders and persons acting in concert with them own 49.98% of the issued and paid-up share capital of the Company:-

Directors/Substantial Shareholders/Persons acting in concert	Existing as at 30 April 2015				After Proposed Share Buy-Back [^]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% [@]	No. of Shares	% [@]	No. of Shares	% [#]	No. of Shares	% [#]
Lin, Tsai-Rong	21,100,000	28.69	650,000*	0.88	21,100,000	31.26	650,000*	0.96
Lin, Kai-Min	7,976,750	10.84	-	-	7,976,750	11.82	-	-
Lin, Kai-Hsuan	4,330,500	5.89	-	-	4,330,500	6.41	-	-
Lin Hsu, Li-Chu	222,500	0.30	650,000*	0.88	222,500	0.33	650,000*	0.96
Lin, Kai-Wen	650,000	0.88	-	-	650,000	0.96	-	-
Hsu, How-Tong	1,854,000	2.52	-	-	1,854,000	2.75	-	-
Hsu, Hao-Huang	630,000	0.86	-	-	630,000	0.93	-	-

Notes: -

[^] Based on the assumptions that Cymao implements the Proposed Share Buy-Back in full and that the shares are purchased from open market.

[@] Based on the issued and paid up share capital of 73,535,500 shares as at 30 April 2015.

[#] Based on the issued and paid up share capital of 67,500,000 shares, on the assumption that Cymao's has purchased its own shares to the maximum 10% of the issued and paid-up share capital.

^{*} Indirect interest by virtue of the shares held by his/her daughter.

The directors together with persons acting in concert with them will be required to make a mandatory offer for the remaining shares of the Company not already owned by them if their shareholding in the Company is increased to more than 33% or, if their existing shareholding is more than 33% but less than 50% and exceeds by more than 2% in any six (6) months' period as provided under the Code.

However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under Practise Note 2.9.10 of the Code, subject to the Directors together with the persons acting in concert complying with conditions stipulated in the said practice note, if the obligation is triggered as a result of the Proposed Share Buy Back that is outside their direct participation.

Should such circumstances arise and if required, the above Directors, substantial shareholders and the persons acting in concert are expected to make an application to the SC for the waiver from implementing a mandatory general offer under the Code ("Proposed Waiver"), before implementing the Proposed Share Buy-Back.

In the event the Proposed Waiver is not granted by the SC, the Company will only proceed with the Proposed Share Buy-Back to the extent that it will not contravene the limit as provided under the Code.

10. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Save for the inadvertent increase in the percentage of the shareholding and/or voting rights of the shareholders as a consequence of the Proposed Share Buy-Back, none of the Directors and substantial shareholders of the Company or persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back or resale of treasury shares, if any.

11. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority are of the opinion that it is in the best interest of the Company. Accordingly, your Directors recommend that you vote in favour of the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been reviewed and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, omissions of which would make any information, data or statement herein misleading.

13. FURTHER INFORMATION

Shareholders are advised to refer to Note 22 – Treasury Shares of the audited financial statements for the year ended 31 December 2014 in the Annual Report which is despatched together with this Statement.