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CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

Incorporated in Malaysia

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 Twentieth Annual General Meeting ("20th AGM") which is to be held at Sabah Hotel, Amadeus I & II, Level 2, KM1, Jalan Utara, Sandakan, Sabah on Saturday, 30 June 2018 at 10.00 a.m. The Notice of the 20th AGM together with the Form of Proxy of Cymao Holdings Berhad are enclosed in the Annual Report 2017.

You are requested to complete the Form of Proxy in accordance with the instructions printed therein and deposit at the Registered Office of the Company at MPT 4604, 3rd Floor, Lot 15-16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah not less than forty-eight hours before the time fixed for the 20th AGM 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, 28 June 2018 at 10.00 a.m.
Date and time of the 20th AGM : Saturday, 30 June 2018 at 10.00 a.m.

This Statement is dated 30 April 2018

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1. INTRODUCTION

On 25 April 2018, Cymao Holdings Berhad ("Cymao" or "the Company") announced that it proposes to seek the shareholders' approval for the proposed renewal of authority for the Company to purchase up to 10% of its total number of issued shares capital ("Proposed Share Buy-Back") at the forthcoming 20th Annual General Meeting ("AGM").

The purpose of this Statement is to provide you with the details of the Proposed Share Buy-Back to be tabled at the forthcoming AGM as Special Business in the Notice of 20th AGM dated 30 April 2018 of the Annual Report 2017.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

At the last AGM held on 17 June 2017, the Company had obtained its shareholders' approval to purchase up to 10% of the total number of issued shares of the Company as quoted on the Bursa Malaysia Securities Berhad ("Bursa Securities"). The aforesaid approval will, in accordance with the Listing Requirements, continue in force until the conclusion of the forthcoming 20th AGM of Cymao which will be held on 30 June 2018 unless renewal is obtained from the shareholders at the AGM.

During the financial year ended 31 December 2017, the Company bought back 100,000 shares at RM0.31 each and a further 100,000 shares at RM0.32 each from open market on 6 September 2017 and 14 September 2017 respectively. The shares bought back were kept as treasury shares.

The present total issued share capital of the Company is 75,000,000 ordinary shares, inclusive of 1,664,600 treasury shares ("Purchased Shares"). None of the treasury shares were resold or cancelled in the previous twelve months preceding the date of this Statement.

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 Share Buy-Back.

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 AGM of the Company at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

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

The procurement of the shareholders' approval for Proposed Renewal of Share Buy-Back Authority will provide the Company 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 utilise 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 Company and its shareholders in implementing the Proposed Share Buy-Back.

4. FUNDING

The Proposed Share Buy-Back will be financed from internally generated funds. The amount of funds used for the Proposed Share Buy-back must be made wholly out of retained profits of the Company. The maximum amount of funds to be utilised must not exceed the retained profits of the Company.

Based on the audited financial statements of the Company for the financial year ended 31 December 2017, the Company recorded the accumulated losses of RM13,760,080.

5. TREATMENT OF PURCHASED SHARES

The Board may, at its discretion, deal with the Purchased Shares in the following manners as permitted under section 127(4) of the Companies Act 2016 ("the Act"):

- (i) to cancel the Purchased Shares; or
- (ii) to retain the Purchased Shares as treasury shares which may be dealt with in accordance with section 127(7) of the Act; or
- (iii) to retain part of the Purchase Shares as treasury shares and cancel the remainder.

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Board.

The actual treatment of the Purchased Shares, would depend on, *inter-alia*, the prevailing equity market conditions and the financial position of the Company 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 bought back.

In the event that the Company ceases to hold all or part of the Purchase Shares as a result of the above, the Company may further purchase such additional number of Cymao Shares provided that the total purchase of Cymao Shares including those held as treasury shares then, does not exceed 10% of its issued shares capital at the time of such purchase.

In accordance with section 127(8) of the Act, if the Company retains the Purchase Shares as treasury shares, the holder of such shares shall not be conferred with the right to:

- (a) attend or vote at meetings and any purported exercise of such rights is void; and
- (b) receive dividends or other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon the winding up of the Company.

6. RANKING

While the Purchased Shares are held as treasury shares, section 127(9) of the Act 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, SUBSTANTIAL SHAREHOLDERS AND PERSONS ACTING IN CONCERT

7.1 Shareholdings of Directors, Substantial Shareholders and Persons acting in concert

The table below illustrates the direct and indirect interests of the Directors and Substantial Shareholders of Cymao on 31 March 2018, being the most practicable date prior to the printing of this Statement.

	Existing as at 31 March 2018				After Proposed Share Buy-Back [^]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% [@]	No. of Shares	%	No. of Shares	% [#]	No. of Shares	% [#]
Directors								
Dato' Seri Mohd Shariff Bin Omar	-	-	-	-	-	-	-	-
Lin, Kai-Min	13,846,250	18.88	-	-	13,846,250	20.51	-	-
Lin, Kai-Hsuan	4,330,500	5.90	-	-	4,330,500	6.41	-	-
Hiew Seng	62,500	0.08	-	-	62,500	0.09	-	-
Syed Ibrahim Bin Syed Abd.Rahman	-	-	-	-	-	-	-	-
Substantial Shareholders								
Lin, Tsai-Rong	16,100,000	21.95	-	-	16,100,000	23.85	-	-
Lin, Kai-Min	13,846,250	18.88	-	-	13,846,250	20.51	-	-
Lin, Kai-Hsuan	4,330,500	5.90	-	-	4,330,500	6.41	-	-
Persons acting in concert								
Hsu, How-Tong	1,854,000	2.53	-	-	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 73,335,400 ordinary shares as at 31 March 2018.

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

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.

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 31 March 2018, the public shareholding spread of the Company is 50.06%. The public shareholding spread of the Company would be reduced to approximately 54.55% on the assumptions that the Company implements the Proposed Share Buy-Back in full and the Purchased Shares 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 is mindful of the Proposed Share Buy-Back must not result in the public shareholding spread of the Company falling below 25% of the total issued shares of the Company at all times, excluding treasury shares 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 total number of issued shares of Cymao is carried out in full; and
- (ii) The Purchased Shares are retained as treasury shares.

8.1 Share Capital

There is no effect on the issued shares of the Company 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 Group may increase or decrease depending on the purchase price of shares bought back in comparison to the net assets per share at the time that the purchase was made.

8.3 Earnings and Earnings per Share

The effects on earnings of the Group would depend on the number of shares so purchased and the purchase price. 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 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 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 2018 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 RULES ON TAKEOVER, MERGERS AND COMPULSORY ACQUISITIONS 2016 ("RULES")

Based on the table as shown in section 7.1 of this Statement, save for Dato' Seri Mohd Shariff Bin Omar, Syed Ibrahim Bin Syed Abd.Rahman and Hiew Seng, the Directors, substantial shareholders and persons acting in concert with them own 50.12% of the issued share capital of the Company.

The Rules provided that the directors together with persons acting in concert with them will be required to make a mandatory general offer for the remaining shares of the Company not already owned by them, if their shareholdings 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 months' period.

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

Should such circumstances arise from the share buy-back, the above Directors, substantial shareholders and the persons acting in concert shall make an application to the Securities Commission for the waiver from undertaking a mandatory general offer under the Rules ("Proposed Waiver") before the mandatory offer is triggered.

In the event the Proposed Waiver is not granted by the Securities Commission, 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 Rules.

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 21– Treasury Shares of the audited financial statements for the year ended 31 December 2017 in the Annual Report which is despatched together with this Statement.