

CAHYA MATA SARAWAK BERHAD
Registration No. 197401003655 (21076-T)
(Incorporated in Malaysia)

STATEMENT ACCOMPANYING NOTICE OF 46TH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

SHARE BUY-BACK STATEMENT

1. IMPORTANCE

If you are in any doubt as to the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other Professional Adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt Statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

2.1 Introduction

At the Forty-Fifth Annual General Meeting ("AGM") held on 18 June 2020, Cahya Mata Sarawak Berhad ("CMS" or "the Company") obtained shareholders' approval for the purchase of up to a maximum of ten percent (10%) of the total number of issued shares of the Company on Bursa Securities.

This authority conferred by the shareholders will expire at the conclusion of the forthcoming Forty-Sixth AGM of the Company.

On 7 April 2021, the Board of Directors of CMS ("Board") announced to Bursa Securities that CMS proposed to seek shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming Forty-Sixth AGM to allow the Directors to exercise the power of the Company to purchase its own Shares (referred to the Ordinary Shares of CMS "Share(s)" or "CMS Shares") of up to a maximum of ten percent (10%) of the total number of issued shares of CMS at any point of time through Bursa Securities ("Proposed Shareholders' Mandate for Share Buy-Back" or "Proposed Share Buy-Back").

The purpose of this statement is to provide you with information on the Proposed Share Buy-Back, and to seek your approval for the ordinary resolution to be tabled under special businesses at the forthcoming Forty-Sixth AGM of the Company.

The Proposed Shareholders' Mandate for Share Buy-Back will take effect immediately after the passing of the ordinary resolution at the forthcoming Forty-Sixth AGM and will continue in force until:

- (a) the conclusion of the next AGM of the Company;
 - (b) the expiration of the period within the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Malaysian Companies Act 2016 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
 - (c) revoked or varied by a resolution passed by the shareholders in general meeting,
- whichever occurs first.

[The rest of this page is intentionally left blank]

The Shareholders' Mandate for Share Buy-Back, if obtained, would give authority to the Directors to exercise the power of the Company to purchase its own Shares in circumstances which the Directors consider would be in the interest of the Company.

2.2 The maximum number or percentage of share to be acquired

The Board proposes to seek a mandate from the shareholders of CMS to purchase and/or hold in aggregate up to ten percent (10%) of the total number of issued shares of the Company at any point of time through Bursa Securities.

2.3 Funding

The Board proposes to allocate a maximum amount not exceeding the audited retained profits of CMS for the purchase of its own Shares. As at 31 December 2020, the audited retained profits of the Company amounted to RM79,509,598. As at 28 February 2021, the unaudited retained profits of the Company amounted to RM114,733,399.

The funding of the Proposed Share Buy-Back will be sourced from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase. In the event that the Proposed Share Buy-Back is to be partly financed by bank borrowings, the Board will ensure that the Company will have sufficient funds to repay such borrowing and that the repayment would not have any material effect on the cash flow of CMS and its subsidiaries companies, collectively ("CMS Group" or "the Group").

3. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

3.1 Potential Advantages

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources not immediately required for use, to purchase its own Shares. The Proposed Share Buy-Back may enhance the Earning Per Share and reduce the liquidity level of the Shares of the Company in Bursa Securities, which generally shall have a positive impact on the market price of the Shares of the Company. Other potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) to allow the Company to take preventive measures against speculation particularly when its Share are undervalued which would in turn stabilize the market price of the Shares and hence, enhance investors' confidence;
- (b) when the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net EPS of the Company and the Group will increase proportionately; and
- (c) the Purchased Shares may be held as Treasury Shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain in the Purchased Shares are resold at price(s) higher than their purchase price(s).

3.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) the Proposed Share Buy-Back will reduce the immediate financial resources of the Group;
- (b) the Proposed Share Buy-Back will reduce the amount of financial resources available for distribution to shareholders of the Company in the form of cash dividends;
- (c) CMS Group foregoing other better investment opportunities which may emerge in the future and/or any income that may be derived from other alternatives uses of such funds as deposit in interest bearing instruments; and

- (d) The cash flow of the Company may be affected if the Company decides to utilise bank borrowing to finance the Proposed Share Buy Back.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

4. FINANCIAL EFFECTS

The financial effects of the Proposed Share Buy-Back shown below are based on two (2) scenarios:

- Minimum Scenario : Assuming none of the 62,081,000 outstanding shares under the Company's Employees' Share Option Scheme ("ESOS") are exercised into new CMS shares
- Maximum Scenario : Assuming all 62,081,000 outstanding shares under ESOS as at 1 April 2021 being the latest practicable date prior to printing of this Statement ("LPD") are exercised into new CMS shares

The proforma effects of the Proposed Share Buy-Back (assuming no resale, cancellation or distribution of Treasury Shares and CMS purchased up to ten percent (10%) of the total number of its issued shares) are set out below.

(a) Share capital

Assuming the Proposed Shareholders' Mandate for Share Buy-Back is implemented in full and all the purchased CMS Shares are cancelled, the effect of the minimum and maximum number of CMS Shares to be bought back as permitted under the Proposed Share Buy-Back on the issued share capital of the Company are illustrated below.

	Minimum Scenario	Maximum Scenario
Total number of issued shares of CMS (including Treasury Shares)	1,074,375,720	1,074,375,720
Assuming full exercise of the outstanding ESOS via issuance of new shares	-	62,081,000
Enlarged total number of issued shares of CMS after the exercise of the outstanding ESOS	1,074,375,720	1,136,456,720
(Less): Maximum number of CMS shares and purchased pursuant to the Proposed Share Buy-Back	(107,437,572)	(113,645,672)
Total number of issued shares after the Proposed Share Buy-Back	966,938,148	1,022,811,048

The actual quantum of Shares purchased under the Proposed Share Buy-Back is limited to the availability of the retained earnings of CMS.

(b) Dividends

Assuming the Proposed Shareholders' Mandate for Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of CMS as a result of the reduction in the issued and paid-up share capital of CMS as described under Section 4 (a) above.

[The rest of this page is intentionally left blank]

(c) Net Assets (“NA”) Per Share and Earning Per Share (“EPS”)

The NA per share of the Company may be increased or decreased, depending on the purchase prices of the Shares to be bought back by the Company. Should the purchase prices exceed the existing NA per share, the NA of the remaining Shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NA per share unit, the resultant NA per share should increase accordingly. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company for the financial year ending 31 December 2021.

(d) Working Capital

The Proposed Share Buy-Back, as and when implemented will reduce the working capital and cash flow of the Group, the quantum being dependent on the number of Purchased Shares, the purchase price of CMS Ordinary Shares and the amount of financial resources to be utilized for the purchase of CMS Ordinary Shares. However, it is not expected to have a material effect on the working capital and cash flow of the Group.

For Purchased Shares which are retained as treasury shares or transfer, upon its resale or transfer, the working capital and cash flow of the Company will increase. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold or transferred.

5. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS AND PERSON CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS

Based on the Record of Depositors as at LPD and assuming that CMS purchases shares of up to ten percent (10%) of its total number of issued shares and that the Purchased Shares are from public shareholders, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Major/Substantial Shareholders and persons connected with the Directors and/or Major Shareholders are as follows:

Minimum Scenario

	No. of CMS Shares held							
	As at LPD				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled			
	Minimum Scenario							
Directors	Direct	% ⁽ⁱ⁾	Indirect	% ⁽ⁱ⁾	Direct	% ⁽ⁱⁱ⁾	Indirect	% ⁽ⁱⁱ⁾
Dato Sri Mahmud Abu Bekir Taib	1,000,000	0.09	4,407,100	0.41	1,000,000	0.10	4,407,100	0.46
Dato Isaac Lugun	250,000	0.02	-	-	250,000	0.03	-	-
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz Bin Dato Haji Husain	60,000	0.01	-	-	60,000	0.01	-	-
Datuk Seri Dr. Yam Kong Choy	60,000	0.01	-	-	60,000	0.01	-	-
Datuk Ir. Kamarudin bin Zakaria	15,900	0.00 [#]	-	-	15,900	0.00 [#]	-	-
Umang Nangku Jabu	200,000	0.02	-	-	200,000	0.02	-	-

[The rest of this page is intentionally left blank]

No. of CMS Shares held								
Major/Substantial Shareholders	As at LPD				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled Minimum Scenario			
	Direct	% ⁽ⁱ⁾	Indirect	% ⁽ⁱ⁾	Direct	% ⁽ⁱⁱ⁾	Indirect	% ⁽ⁱⁱ⁾
YB Dato Hajjah Hanifah Hajar Taib-Alsree	2,780,500	0.26	135,775,306 ⁽¹⁾	12.76	2,780,500	0.29	135,775,306 ⁽¹⁾	14.04
Datuk Syed Ahmad Alwee Alsree	1,000,000	0.09	137,555,806 ⁽²⁾	12.93	1,000,000	0.10	137,555,806 ⁽²⁾	14.23
Majaharta Sdn Bhd	134,775,306	12.67	-	-	134,775,306	13.94	-	-
Jamilah Hamidah Taib	-	-	134,775,306 ⁽¹⁾	12.67	-	-	134,775,306 ⁽¹⁾	13.94
Lejla Taib @ Datuk Patinggi Dr. Hajjah Lejla Taib (deceased)	111,000,000	10.43	-	-	111,000,000	11.48	-	-
Sarawak Economic Development Corporation	60,896,080	5.72	-	-	60,896,080	6.30	-	-
Citigroup Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board	93,464,482	8.78	-	-	93,464,482	9.67	-	-
Lembaga Tabung Haji	85,364,600	8.02	-	-	85,364,600	8.83	-	-
Person Connected with Directors and/or Major Shareholders								
Dato Sri Sulaiman Abdul Rahman Taib	6,853,400	0.64	-	-	6,853,400	0.71	-	-
Datin Sri Elena Vasilenko	707,100	0.07	-	-	707,100	0.07	-	-
Raden Murya Abdul Taib Mahmud	3,700,000	0.35	-	-	3,700,000	0.38	-	-

Notes:

- (1) Deemed interested pursuant to Section 8(4) of the Act.
(2) Deemed interested pursuant to Section 59(11)(c) of the Act.
(#) negligible.
(i) Based on the existing number of issued shares of 1,064,017,820 shares (excluding 10,357,900 Treasury Shares held by the Company as at LPD).
(ii) Based on the number of issued shares of 966,938,148 Shares, assuming the Company purchases the maximum 107,437,572 Shares, representing ten per centum (10%) of its total number of issued shares of 1,074,375,720 Shares.

[The rest of this page is intentionally left blank]

Maximum Scenario

No. of CMS Shares held								
	As at LPD				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled Maximum Scenario			
Directors	Direct	% ⁽ⁱ⁾	Indirect	% ⁽ⁱ⁾	Direct	% ⁽ⁱⁱ⁾	Indirect	% ⁽ⁱⁱ⁾
Dato Sri Mahmud Abu Bekir Taib	1,000,000	0.09	4,407,100	0.41	1,000,000	0.10	4,407,100	0.43
Dato Isaac Lugun	250,000	0.02	-	-	250,000	0.02	-	-
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz Bin Dato Haji Husain	60,000	0.01	-	-	60,000	0.01	-	-
Datuk Seri Dr. Yam Kong Choy	60,000	0.01	-	-	60,000	0.01	-	-
Datuk Ir. Kamarudin bin Zakaria	15,900	0.00 [#]	-	-	15,900	0.00 [#]	-	-
Umang Nangku Jabu	200,000	0.02	-	-	200,000	0.02	-	-
Major/Substantial Shareholders	Direct	% ⁽ⁱ⁾	Indirect	% ⁽ⁱ⁾	Direct	% ⁽ⁱⁱ⁾	Indirect	% ⁽ⁱⁱ⁾
YB Dato Hajjah Hanifah Hajar Taib-Alsree	2,780,500	0.26	135,775,306 ⁽¹⁾	12.76	2,780,500	0.27	135,775,306 ⁽¹⁾	13.27
Majaharta Sdn Bhd	134,775,306	12.67	-	-	134,775,306	13.18	-	-
Jamilah Hamidah Taib	-	-	134,775,306 ⁽¹⁾	12.67	-	-	134,775,306 ⁽¹⁾	13.18
Lejla Taib @ Datuk Patinggi Dr. Hajjah Lejla Taib (deceased)	111,000,000	10.43	-	-	111,000,000	10.85	-	-
Sarawak Economic Development Corporation	60,896,080	5.72	-	-	60,896,080	5.95	-	-
Citigroup Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board	93,464,482	8.78	-	-	93,464,482	9.14	-	-
Lembaga Tabung Haji	85,364,600	8.02	-	-	85,364,600	8.35	-	-
Person Connected with Directors and/or Major Shareholders								
Dato Sri Sulaiman Abdul Rahman Taib	6,853,400	0.64	-	-	6,853,400	0.67	-	-
Datin Sri Elena Vasilenko	707,100	0.07	-	-	707,100	0.07	-	-
Raden Murya Abdul Taib Mahmud	3,700,000	0.35	-	-	3,700,000	0.36	-	-

Notes:

- (1) Deemed interested pursuant to Section 8(4) of the Act.
- (2) Deemed interested pursuant to Section 59(11)(c) of the Act.
- (#) negligible.
- (i) Based on the existing number of issued shares of 1,064,017,820 shares (excluding 10,357,900 Treasury Shares held by the Company as at LPD).
- (ii) Based on 1,022,811,048 CMS shares (which excludes 113,645,672 CMS Shares, being (10%) of the enlarged total number of issued shares of CMS after exercise of the outstanding ESOS).

[The rest of this page is intentionally left blank]

6. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010, AS AMENDED FROM TIME TO TIME AND ANY RE-ENACTMENT THEREOF (“CODE”)

Based on the Company’s issued and paid-up share capital and the shareholdings of the substantial shareholders of the Company as at LPD, the Proposed Share Buy-Back is not expected to trigger any obligation by the substantial shareholders of the Company and/or parties acting in concert with them to undertake a mandatory offer under the Code. The effect on the shareholdings of the substantial shareholders of the Company after the implementation of the Proposed Share Buy-Back is shown in Section 5 of this Statement.

7. PURCHASE AND RESALE OF ITS OWN SHARES IN THE PRECEDING TWELVE (12) MONTHS

The following are details of the purchases by CMS of its own Shares in the preceding twelve (12) months prior to the LPD:

Date of Purchase	No of Shares Purchased	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	* Purchase Consideration (RM)
17.11.2020	1,030,900	1.420	1.490	1.455	1,504,934.53
18.11.2020	350,000	1.430	1.470	1.450	512,212.63
19.11.2020	625,000	1.440	1.480	1.460	917,060.86
20.11.2020	1,119,000	1.440	1.480	1.460	1,649,765.15
23.11.2020	1,650,900	1.440	1.480	1.460	2,432,453.26
24.11.2020	1,150,000	1.420	1.510	1.465	1,693,824.88
25.11.2020	1,429,100	1.390	1.450	1.420	2,038,046.80
26.11.2020	700,000	1.420	1.680	1.550	1,176,955.92
27.11.2020	625,000	1.620	1.710	1.665	1,048,836.60
30.11.2020	680,000	1.650	1.760	1.705	1,161,628.56
01.12.2020	80,000	1.690	1.750	1.720	136,633.56
02.12.2020	55,000	1.740	1.750	1.745	96,685.28
16.02.2021	146,800	2.180	2.200	2.190	323,043.54
18.02.2021	165,800	2.200	2.350	2.275	375,762.77
23.02.2021	236,400	2.350	2.390	2.370	563,549.29
24.02.2021	110,000	2.380	2.400	2.390	264,014.89
25.02.2021	227,000	2.380	2.470	2.425	550,649.89
26.02.2021	75,000	2.270	2.310	2.290	172,017.71
01.03.2021	80,000	2.260	2.300	2.280	183,368.68
02.03.2021	25,000	2.280	2.300	2.290	57,631.91
03.03.2021	10,000	2.290	2.300	2.295	23,125.85
05.03.2021	101,000	2.250	2.280	2.265	228,993.88
08.03.2021	284,000	2.160	2.290	2.225	628,547.96
Total	10,955,900				17,739,744.40

* Note : The Purchase Consideration is including transaction costs.

The following Treasury Shares were resold in the preceding twelve (12) months prior to the LPD:

Date of Resale	No. of Shares sold	Lowest selling price (RM)	Highest selling price (RM)	Average selling price (RM)	Total consideration received (RM)
30.03.2021	2,349,100	2.240	2.250	2.245	5,244,729.96
31.03.2021	1,163,400	2.240	2.240	2.240	2,596,747.06
01.04.2021	4,191,900	2.240	2.240	2.240	9,358,796.26
Total	7,704,400				17,200,273.28

The cumulative number of Shares held as Treasury Shares as at 1 April 2021, being the LPD prior to the printing of this Statement was 5,002,600 Shares.

[The rest of this page is intentionally left blank]

8. PRICING

- (a) CMS shall purchase its own Shares or resell its Treasury shares (if applicable) only on the market of Bursa Securities. The price for the purchase shall not be more than fifteen percent (15%) above the weighted average market price of CMS Shares for the five (5) market days immediately preceding the date of purchase.
- (b) If the Purchased Shares are subsequently resold on Bursa Securities, the price for the resale or transfer of Treasury Shares shall:
 - (i) not be less than the weighted average market price for CMS Shares for five (5) market days immediately prior to the resale or transfer; or
 - (ii) not be more than 5% to the weighted average market price for CMS Shares for five (5) market days immediately prior to the resale or transfer provided that:
 - (aa) the resale or transfer takes place no earlier than thirty (30) days from the date of the purchase; and
 - (bb) the resale or transfer price is not less than the cost of purchase of the Purchased Shares being resold or transferred.

9. SHARE PRICES

The following table sets out the monthly highest and lowest transacted prices of the Company's Shares on Bursa Securities for the last twelve (12) months from April 2020 to March 2021:

Year		Highest (RM)	Lowest (RM)
2020 -	April	1.390	1.180
	May	1.700	1.320
	June	1.720	1.520
	July	1.820	1.630
	August	1.680	1.500
	September	1.500	1.190
	October	1.250	1.120
	November	1.690	1.080
	December	2.200	1.800
2021 -	January	2.060	1.850
	February	2.520	1.870
	March	2.380	2.150

(Source: Investing.com)

The last transacted price per share unit of the Company on 1 April 2021 being the LPD prior to the printing of this Statement, was RM2.240.

10. TREATMENT OF SHARES PURCHASED

In accordance with Section 127 of the Act, the Company would be able to deal with any CMS Ordinary Shares so purchased by the Company in the following manner:

- (i) to cancel the Purchased Shares so purchased; or
- (ii) to retain the Purchased Shares so purchased as Treasury Shares for distribution as dividend to the shareholders, resell in accordance with the relevant rules of the Bursa Securities, transfer for the purposes of or under an employees' share scheme, transfer as purchase consideration, cancel the shares and/or sell, transfer or otherwise use the shares for such other purposes as the Minister may be order prescribe; or
- (iii) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
- (iv) to deal in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

The decision whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

11. PUBLIC SHAREHOLDING SPREAD

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

As at LPD the public shareholding spread of the Company was 69.60%. The Board will ensure that the Company complies with the minimum public spread of 25% in implementing the Proposed Share Buy-Back.

12. DIRECTORS' RECOMMENDATION

The Board of Directors, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and therefore recommends for the shareholders to vote in favour of the Ordinary Resolution 10 on the Proposed Shareholders' Mandate for Share Buy-Back at the forthcoming Forty-Sixth AGM of the Company.

13. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy and correctness of the information contained 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 the omission of which would make this Statement misleading.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak, during the normal office hours from Mondays to Fridays (except public holidays) from the date of this Statement to the time set for the convening of the Forty-Sixth AGM:

- (i) Constitution of the Company; and
- (ii) Statutory financial statements of the Company for the past two (2) financial years ended 31 December 2019 and 31 December 2020.

This Statement is dated 30 April 2021.