

THIS CIRCULAR AND STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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NI HSIN RESOURCES BERHAD

(Registration No. 200401014850 (653353-W))
(Incorporated in Malaysia)

PART A
**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED CHANGE OF COMPANY’S NAME FROM “NI HSIN RESOURCES
BERHAD” TO “NI HSIN GROUP BERHAD”**

PART B
**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN ORDINARY SHARES**

The above proposals will be tabled as Special Business at Ni Hsin Resources Berhad’s Seventeenth Annual General Meeting (“AGM”) which will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 23 June 2021 at 9.30 a.m.. The Notice of the Seventeenth AGM and the Form of Proxy are set out in the 2020 Annual Report and can be downloaded at the Company’s website at <http://www.insage.com.my/ir/NIHSIN/> or Bursa Securities’ website at www.bursamalaysia.com.

Please complete and return your Form of Proxy in accordance with the instructions therein as soon as possible to the office of the Company’s Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Date and time of the Seventeenth AGM	:	Wednesday, 23 June 2021 at 9.30 a.m.
Last date and time for lodging the Form of Proxy	:	Monday, 21 June 2021 at 9.30 a.m.

THIS CIRCULAR AND STATEMENT IS DATED 23 APRIL 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Circular and Statement:

“Act”	The Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	Annual General Meeting
“Board”	Board of Directors of NHR
“Bursa Securities”	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Circular”	This circular dated 23 April 2021 in relation to the Proposed Change of Company’s Name
“Code”	Malaysian Code on Take-Overs and Mergers 2016, as amended from time to time
“CCM”	Companies Commission of Malaysia
“EPS”	Earnings per share
“Listing Requirements”	Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof
“LPD”	31 March 2021, being the latest practicable date prior to the printing of this Circular and Statement
“Major Shareholder”	<p>A person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:-</p> <p>(a) equal to or more than 10% of the total number of voting shares in the Company; or</p> <p>(b) equal to or more than 5% of the total number of voting shares in the Company where such person is the largest shareholder of the Company.</p> <p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.</p>
“NHR” or “Company”	Ni Hsin Resources Berhad [Registration No. 200401014850 (653353-W)]
“NHR Group” or “Group”	NHR and its subsidiary companies, collectively
“NHR Share(s)” or “Shares”	Ordinary share(s) in NHR
“Person(s) Connected”	As defined in Chapter 1 Paragraph 1.01 of the Listing Requirements
“Proposed Change of Company’s Name”	Proposed Change of Company’s name from “Ni Hsin Resources Berhad” to “Ni Hsin Group Berhad”
“Proposed Share Buy-Back”	Proposed renewal of authority for the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company

DEFINITIONS

“Purchased Shares”	Share(s) purchased pursuant to the Proposed Share Buy-Back
“RCPS”	Redeemable Convertible Preference Shares of NHR which is convertible into new shares within a period of five (5) years commencing from 3 March 2021 and inclusive of the date of issuance, and redeemable during the beginning of the fifth (5 th) year until the maturity of the RCPS
“RM” and “sen”	Ringgit Malaysia and sen, respectively
“Statement”	This statement dated 23 April 2021 in relation to the Proposed Authority to the Company to Purchase its Own Ordinary Shares
“Substantial Shareholder(s)”	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than 5% of the total number of all the voting shares in the Company
“Warrants”	Warrants B of NHR which shall be exercisable into new NHR Shares within a period commencing on 14 May 2019 and expiring on the date immediately preceding the third anniversary of the Warrant issue date (if such date is not a market day, then it shall be the market day immediately preceding the said non-market day)

All references to “we”, “us”, “our”, “ourselves”, “our Company” or “NHR” in this Circular and Statement are to Ni Hsin Resources Berhad and references to “our Group” are to our Company and subsidiaries. All references to “you” or “your” in this Circular and Statement are to the shareholders of NHR who are entitled to attend and vote at the AGM and whose names appear in our Record of Depositors at the time and on the date to be determined by our Board.

Words incorporate the singular shall, where applicable, include the plural and *vice versa*, and words incorporate the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

PART A:
CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED CHANGE OF
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STATEMENT TO SHAREHOLDERS IN RELATION TO PROPOSED SHARE BUY-BACK:

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PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED CHANGE OF COMPANY'S NAME**



NI HSIN RESOURCES BERHAD

(Registration No. 200401014850 (653353-W))
(Incorporated in Malaysia)

Registered Office:

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

23 April 2021

Board of Directors:

Encik Sofiyan Bin Yahya (Independent Non-Executive Chairman)
Encik Rizvi Bin Abdul Halim (Executive Director)
Ms Ng Shwu Ching (Executive Director)
Mr Lai Kian Huat (Executive Director)
Datuk Seri Tan Choon Hwa (Independent Non-Executive Director)
Mr Leow Chan Kiang (Independent Non-Executive Director)

To: **The Shareholders of NHR**

Dear Sir/Madam,

PROPOSED CHANGE OF COMPANY'S NAME

1. INTRODUCTION

On 25 March 2021, the Company announced that the Company proposes to change its name from "Ni Hsin Resources Berhad" to "Ni Hsin Group Berhad".

The purpose of this Circular is to provide you with the details of the Proposed Change of Company's Name together with the recommendation of the Board and to seek your approval on the special resolution pertaining to the Proposed Change of Company's Name to be tabled as special business at the forthcoming Seventeenth AGM. The notice of the AGM and the Form of Proxy are included in the 2020 Annual Report of the Company.

2. DETAILS AND RATIONALE FOR THE PROPOSED CHANGE OF COMPANY'S NAME

The Proposed Change of the Company's Name is to reflect the group status and to imply that the diversified businesses of the Group are under the management of the Company.

In conjunction with the Proposed Change of the Company's Name, the Constitution will be amended accordingly to reflect the Proposed Change of the Company's Name whereby all references in the Constitution to the name of "Ni Hsin Resources Berhad", wherever the same may appear, shall be substituted with the name "Ni Hsin Group Berhad".

3. EFFECTS OF THE PROPOSED CHANGE OF THE COMPANY'S NAME

The Proposed Change of the Company's Name will not have any effect on the share capital, substantial shareholders' shareholdings, net assets per share, gearing or earnings per share of the Group.

4. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Change of the Company's Name.

5. APPROVALS REQUIRED

The use of the proposed name "Ni Hsin Group Berhad" has been approved and reserved by the CCM on 25 March 2021 and the reservation for the use of the proposed name was valid for a period of 30 days from 25 March 2021 ("**Validity Period**"). Subsequently, the Validity Period will be extended by the CCM until the conclusion of the Seventeenth AGM.

The Proposed Change of the Company's Name is subject to the approval of the shareholders of the Company being obtained by way of a special resolution at the Seventeenth AGM.

The Proposed Change of the Company's Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

6. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Change of Company's Name, is of the opinion that the Proposed Change of Company's Name is in the best interest of the Company, and accordingly recommends that the shareholders of NHR to vote in favour of the special resolution pertaining to the Proposed Change of Company's Name to be tabled at the Seventeenth AGM.

7. AGM

The special resolution to approve the Proposed Change of Company's Name is set out as Special Business in the Notice of the Seventeenth AGM contained in NHR's Annual Report for the financial year ended 31 December 2020. The AGM will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 23 June 2021 at 9.30 a.m..

If you are unable to attend and vote at the Seventeenth AGM, you are requested to complete, sign and return your Form of Proxy in accordance with the instructions printed therein as soon as possible and in any event, so as to arrive at the office of the Company's Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Seventeenth AGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the Seventeenth AGM should you subsequently wish to do so.

8. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix for further information.

Yours faithfully,

For and on behalf of the Board of Directors of
NI HSIN RESOURCES BERHAD

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman

PART B

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED SHARE BUY-BACK**



NI HSIN RESOURCES BERHAD

(Registration No. 200401014850 (653353-W))
(Incorporated in Malaysia)

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Date : 23 April 2021

Board of Directors:

Encik Sofiyan Bin Yahya (Independent Non-Executive Chairman)
Encik Rizvi Bin Abdul Halim (Executive Director)
Ms Ng Shwu Ching (Executive Director)
Mr Lai Kian Huat (Executive Director)
Datuk Seri Tan Choon Hwa (Independent Non-Executive Director)
Mr Leow Chan Khiang (Independent Non-Executive Director)

To: **The Shareholders of NHR**

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK

1.0 INTRODUCTION

At the Sixteenth AGM of the Company held on 29 July 2020, the shareholders of NHR approved the grant of authority to the Company to purchase up to ten per centum (10%) of the total number of issued shares of NHR, subject to the prevailing laws and relevant regulations, rules and guidelines as may be issued by the relevant authorities and the availability of retained profits of the Company. The said authorisation shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming Seventeenth AGM of the Company.

On 24 March 2021, the Board announced that the Company proposed to seek its shareholders' approval for the Proposed Share Buy-Back at the forthcoming Seventeenth AGM.

The purpose of this Statement is to provide you with details of the Proposed Share Buy-Back and to seek your approval for the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming Seventeenth AGM of the Company. The Notice of the Seventeenth AGM together with the Form of Proxy are set out in the Annual Report of NHR for the financial year ended 31 December 2020.

2.0 PROPOSED SHARE BUY-BACK

2.1 Details of the Proposed Share Buy-Back

The Board of NHR propose to seek its shareholders' approval to purchase up to ten per centum (10%) of its total number of issued shares, subject to compliance with Sections 112, 113 and 127 of the Act, Chapter 12 of the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and other requirements issued by the relevant authorities.

The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming AGM and shall be valid until:-

- (i) the conclusion of the next AGM of the Company at which time the Proposed Share Buy-Back will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company 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 occurs first.

2.2 Maximum number or percentage of shares to be acquired

As at the LPD, the total number of issued share capital of NHR is 459,314,099 (including treasury shares). A total of up to 45,931,409 NHR Shares may be purchased by the Company under the Proposed Share Buy-Back, including the 18,237,836 NHR Shares already purchased and held as treasury shares as at the LPD.

As at the LPD, the Company has outstanding Warrants of 107,814,599 and outstanding RCPS of 637,809,730. Should the issued share capital of the Company increase due to the exercise of the outstanding Warrants and RCPS, the maximum number of NHR Shares may be purchased and/or held by the Company is limited to 10% of the enlarged total number of issued shares of the Company, including the 18,237,836 NHR Shares already purchased and held as treasury shares as at the LPD.

2.3 Maximum amount of funds to be allocated and the source of funds

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company.

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase. Based on the audited financial statements for the financial year ended 31 December 2020, the retained profits of NHR were RM15.309 million. The retained profits of the Company based on the Management Accounts as at LPD were RM15.824 million.

The Proposed Share Buy-Back will be effected through NHR's appointed stockbrokers. The shareholders' approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, the Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings.

The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, among others, the availability of internally generated funds and bank borrowings at the time of the purchase(s), actual number of NHR Shares to be purchased and other cost factors. Should the Proposed Share Buy-Back be financed through bank borrowings, the Company is expected to have the funds to repay such borrowings and

the Proposed Share Buy-Back is not expected to have material effect on the working capital and cashflow of the Company. The actual number of NHR Shares to be purchased and timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company.

2.4 Treatment of Purchased Shares

In accordance with Sections 127(4) & 127(7) of the Act, the Board is able to deal with any Purchased Shares in the following manner:-

- (i) distribute the shares as dividends to shareholders of the Company, such dividends to be known as “share dividends”;
- (ii) resell the shares, or any of the shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the shares, or any of the shares for the purposes of or under an employees’ share scheme;
- (iv) transfer the shares, or any of the shares as purchase consideration;
- (v) cancel the shares or any of the shares; or
- (vi) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe.

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.

If the Purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distribution are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of this provision, the provisions of any law or requirements of the constitution of the Company or the Listing Requirements of Bursa Securities on substantial shareholdings, takeovers, notices the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of the NHR Shares and whether the Purchased Shares will be cancelled, sold, transferred or retained as Treasury Shares or a combination.

2.5 Share Prices

The following table sets out the monthly highest and lowest transacted prices of the Shares traded on Bursa Securities for the past twelve (12) months from April 2020 to LPD:

Period	High (RM)	Low (RM)
2020		
April	0.115	0.007
May	0.185	0.095
June	0.265	0.105
July	0.260	0.185
August	0.330	0.205
September	0.275	0.185
October	0.250	0.185
November	0.235	0.180
December	0.300	0.215
2021		
January	0.290	0.230
February	0.280	0.170
March	0.190	0.145

Source: Excel Force MSC Berhad

The last transacted price of NHR Shares on the LDP was RM0.145.

2.6 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, NHR shall only purchase its own ordinary shares at a price, which is not more than fifteen per centum (15%) above the weighted average market price of NHR Shares for the five (5) market days immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirement, the Company may only resell or transfer the Purchased Shares held as treasury shares pursuant to Section 127(7) of the Act, at:

- (i) a price which is not less than the weighted average market price of NHR Shares for the five (5) market days immediately before the resale or transfer; or
- (ii) a discounted price of not more than five per centum (5%) to the weighted average market price of NHR Shares for the five (5) market days immediately before the resale or transfer provided that:-
 - (a) the resale or transfer takes place no earlier than 30 days from the date of purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of NHR Shares being resold or transferred.

2.7 Public Shareholding Spread of NHR

As at the LPD, the public shareholding spread of the Company was 77.65% of its total number of issued shares (excluding treasury shares).

The Company will not purchase its own shares or hold any of its own shares if this results in the public shareholding spread of NHR falling below 25% of its issued share capital (excluding treasury shares) as required by the Listing Requirements.

2.8 Rationale for the Proposed Share Buy-Back

The Proposed Share Buy-Back will enable NHR to utilise its surplus financial resources to purchase the NHR Shares as and when the Board deems fit in the interest of its shareholders during the tenure the authority granted is in effect.

In addition, the Purchased Shares may be held as treasury shares and resold on Bursa Securities with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

3.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

Potential Advantages

- (i) The Proposed Share Buy-Back, if implemented, will enable the Company to stabilise the supply and demand of NHR Shares on Bursa Securities and thereby support the Company's fundamental value.
- (ii) The Board would have the opportunity to utilise its financial resources not immediately required for other use to purchase NHR Shares. Shareholders of NHR may enjoy an increase in value of their investments due to an increase in EPS resulting from a reduction in the issued share capital of the Company if the NHR Shares so purchased are cancelled.
- (iii) Shareholders of NHR may receive treasury shares as share dividends if the Board recommends their distribution. NHR may have the opportunities for potential gains if the purchased NHR Shares which are retained as treasury shares are resold at prices higher than their purchase price.

3.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK (CONT'D)

Potential Disadvantages

- (i) The Proposed Share Buy-Back will, however, reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forgo feasible investment opportunities that may emerge in the future.
- (ii) The working capital of the Group will also be affected, as any purchase of NHR Shares will reduce the Group's cashflow depending on the actual number of shares purchased and their purchase price. However, the working capital of the Group may recover and increase upon the reselling of the Purchased Shares held as treasury shares.

4.0 EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the issued share capital, net assets, working capital and cash flow, earnings and dividends are set out below:-

4.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued shares of the Company will depend on the treatment of the Purchased Shares, whether such Purchased Shares are cancelled, retained as treasury shares, resold on the open market or distributed as share dividends.

The Proposed Share Buy-Back will result in the reduction of the issued shares of the Company if all Purchased Shares are cancelled as shown below:-

Minimum Scenario: Assuming that none of the 107,814,599 outstanding Warrants and 637,809,730 outstanding RCPS are exercised

Maximum Scenario: Assuming that 107,814,599 outstanding Warrants and 637,809,730 outstanding RCPS are exercised

	Minimum Scenario No. of Shares	Maximum Scenario No. of Shares
Total number of issued shares as at the LPD	459,314,099	459,314,099
Assuming full exercise of outstanding Warrants	-	107,814,599
Assuming full exercise of outstanding RCPS [^]	-	53,150,810
Enlarged total number of issued shares	459,314,099	620,279,508
Assuming cancellation of the treasury shares held as at the LPD	18,237,836	18,237,836
Assuming cancellation of all NHR Shares purchased*	27,693,573	43,790,114
Resultant share capital	413,382,690	558,251,558

Note:-

* Being 10% of the total number of issued shares less 18,237,836 treasury shares held by the Company as at the LPD

[^] Converted on the basis of 12 RCPS for 1 ordinary share

However, the Proposed Share Buy-Back will have no effect on the issued shares of the Company if all the Purchased Shares are retained as treasury shares, re-sold on the open market or distributed as share dividends.

4.2 Net Assets

The effect of the Proposed Share Buy-Back on the net assets per share of the NHR Group is dependent on the number of NHR Shares which the Company will buy-back, purchase price of the NHR Shares at the time of buy-back, the treatment of the Purchased Shares and the funding cost, if any.

If the maximum number of NHR Shares are purchased and cancelled, the Proposed Share Buy-Back would reduce the net assets per share of the NHR Group if the purchase price exceeds the net assets per share at the relevant point in time. Conversely, the net assets per share of the NHR Group would increase if the purchase price is less than the net assets per share at the relevant point in time.

The net assets per share will decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the net assets by the cost of the treasury shares.

If the treasury shares are resold on Bursa Securities, the net assets per share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the net assets per share will decrease by the cost of the treasury shares.

4.3 Working Capital and Cashflow

The share buy-back will result in an outflow of cash and thereby reduce the cashflow and working capital of the NHR Group, the quantum of which is dependent on the purchase prices of the NHR Shares and the number of NHR Shares repurchased and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of NHR and its shareholders in undertaking the Proposed Share Buy-Back and will assess the cashflow and working capital needs of the NHR Group prior to any repurchase of NHR Shares. In the event the Company purchases its own shares using external borrowings, the Company will ensure that it has sufficient funds to repay the external borrowings. However, the working capital and cash flow of the Company will increase upon reselling the NHR Shares purchased which are retained as treasury shares. 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.

4.4 Earnings

All things being equal, the Proposed Share Buy-Back, whether the NHR Shares to be purchased under the Proposed Share Buy-Back are maintained as treasury shares or cancelled, will result in a lower number of NHR Shares being used for the purpose of computing the EPS of the Company. The extent of the effects of the Proposed Share Buy-Back on the EPS of NHR Group will depend on the relevant purchase prices of NHR Shares purchased under the Proposed Share Buy-Back and the effective funding cost to NHR Group to finance the purchase of NHR Shares or any loss of interest income to the Company.

4.5 Dividends

The Proposed Share Buy-Back, if carried out, may reduce the cash available, which may otherwise be used for the dividend payment. Nonetheless, if the NHR Shares so purchased are retained as treasury shares, the treasury shares may be distributed as dividends to shareholders of the Company if the Company so decides.

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If the Proposed Share Buy-Back is implemented in full, and there is no change in the number of shares held by the substantial shareholders and/or Directors of NHR as at the LPD, the effects of the Proposed Share Buy-Back on the shareholdings of the substantial shareholders and/or Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at the LPD are as follows:-

(i) Substantial Shareholder's Shareholdings

Minimum Scenario: Assuming that no Warrants and RCPS are exercised

Substantial Shareholder	Before the Proposed Share Buy-Back and After Taking into Account the Treasury Shares as at the LPD				After the Proposed Share Buy-Back @			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% of share capital#	No. of Shares	% of share capital#	No. of Shares	% of share capital	No. of Shares	% of share capital
Khoo Chee Kong	94,023,000	21.317%	NIL	NIL	94,023,000	22.745%	NIL	NIL

Maximum Scenario: Assuming that all outstanding Warrants and RCPS are exercised

Substantial Shareholder	Before the Proposed Share Buy-Back and After Taking into Account the Treasury Shares as at the LPD			After Full Exercise of Outstanding Warrants and RCPS and Taking into Account the Treasury Shares as at the LPD			After the Proposed Share Buy-Back *					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of Shares	% of share capital#	No. of Shares	% of share capital#	No. of Shares	% of share capital#	No. of Shares	% of share capital	No. of Shares	% of share capital		
Khoo Chee Kong	94,023,000	21.317%	NIL	NIL	111,361,480	18.497%	NIL	NIL	111,361,480	19.948%	NIL	NIL

(ii) Directors' Shareholdings

Minimum Scenario: Assuming that no Warrants and RCPS are exercised

Directors	Before the Proposed Share Buy-Back and After Taking into Account the Treasury Shares as at the LDP			After the Proposed Share Buy-Back @		
	Direct		Indirect	Direct		Indirect
	No. of Shares	% of share capital#	No. of Shares	% of share capital#	No. of Shares	% of share capital
Sofiyani Bin Yahya	4,366,666	0.990%	NIL	NIL	4,366,666	1.056%
Rizvi Bin Abdul Halim	NIL	NIL	NIL	NIL	NIL	NIL
Ng Shwu Ching	NIL	NIL	NIL	NIL	NIL	NIL
Lai Kian Huat	NIL	NIL	NIL	NIL	NIL	NIL
Leow Chan Khiang	NIL	NIL	NIL	NIL	NIL	NIL
Datuk Seri Tan Choon Hwa	NIL	NIL	NIL	NIL	NIL	NIL

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INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM (CONT'D)

Maximum Scenario: Assuming that all outstanding Warrants and RCPS are exercised

Directors	Before the Proposed Share Buy-Back and After Taking into Account the Treasury Shares as at the LDP				After Full Exercise of Outstanding Warrants and RCPS and Taking into Account the Treasury Shares as at the LPD				After the Proposed Share Buy-Back *			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	% of share capital#	No. of Shares	% of share capital#	No. of Shares	% of share capital#	No. of Shares	% of share capital#	No. of Shares	% of share capital	No. of Shares	% of share capital
Sof'yan Bin Yahya	4,366,666	0.990%	NIL	NIL	6,980,336	1.159%	NIL	NIL	6,980,336	1.250%	NIL	NIL
Rizvi Bin Abdul Halim	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Ng Shwu Ching	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Lai Kian Huat	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Leow Chan Khiang	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Datuk Seri Tan Choon Hwa	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes:

@ On the assumption that the Company repurchases the maximum 45,931,409 NHR Shares, representing ten per centum (10%) of its total number of issued shares of 459,314,099 NHR Shares.

* On the assumption that all outstanding Warrants and RCPS are exercised and the Company repurchases the maximum 62,027,950 NHR Shares, representing ten percent (10%) of its total number of issued shares of 620,279,508 NHR Shares.

Excludes a total of 18,237,836 NHR Shares bought back by the Company and retained as treasury shares.

Save for the inadvertent resulting increase in the percentage shareholdings and/or voting rights of the shareholders as a consequence of the Proposed Share Buy-Back, none of our Directors, substantial shareholders or persons connected to them have any interest, direct or indirect, in the Proposed Share Buy-Back or resale of treasury shares, if any, in the future beyond their respective entitlements as shareholders of our Company.

6.0 PURCHASES, RESALE AND CANCELLATION OF NHR SHARES MADE IN THE PREVIOUS 12 MONTHS

During the previous 12 months up to the LPD, the Company had purchased 19,550,800 of its issued shares from the open market and retained as treasury shares. These shares have no rights to voting, dividends, bonus issue and participation in other distribution. Details of the share buy-back were as follows:

	Average repurchased price RM/share	Highest repurchased price RM/share	Lowest repurchased price RM/share	Number of treasury shares repurchased	Total consideration Paid* RM
April 2020	0.089	0.090	0.085	505,000	44,852.78
November 2020	0.187	0.190	0.185	245,000	45,690.13
January 2021	0.257	0.265	0.240	1,000,000	256,645.14
February 2021	0.197	0.210	0.170	14,749,600	2,912,147.50
March 2021	0.162	0.175	0.145	3,051,200	494,972.81
Total				19,550,800	3,754,308.36

* Inclusive of transaction cost.

During the previous 12 months up to the LPD, the Company had resold 10,242,000 of its issued shares to the open market. Details of the shares resold were as follows:

	Average resold price RM/share	Highest resold price RM/share	Lowest resold price RM/share	Number of treasury shares resold	Total consideration Received* RM
August 2020	0.219	0.220	0.220	1,000,000	219,034.40
February 2021	0.267	0.270	0.265	9,242,000	2,464,076.30
Total				10,242,000	2,683,110.70

* Inclusive of transaction cost.

As at the LPD, a total of 18,237,836 NHR Shares were purchased and held as treasury shares. The Company has not cancelled nor transfer any treasury shares on Bursa Securities during the financial year ended 31 December 2020.

7.0 IMPLICATIONS RELATING TO THE CODE

In the event that the Company acquires the full amount of the NHR Shares authorised under the Proposed Share Buy-Back and all NHR Shares so acquired are held as treasury shares, the equity interest of the substantial shareholders and their respective parties acting in concert triggering the obligation to undertake a mandatory offer under Paragraph 15(2) of the General Principle 12 of the Code and Paragraph 4.01 of Rules on Take-Overs, Mergers and Compulsory Acquisitions, an exemption will be sought from the Securities Commission Malaysia under Paragraph 4.15 of Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, before the purchase is made.

For illustration, if the equity interest of any one of the substantial shareholders and their respective parties acting in concert increases to more than 33% but less than 50% of the voting shares of NHR and such that their shareholdings of NHR increases in a period of six (6) months from the dates of purchase by more than 2%, the affected substantial shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining NHR Shares not held by the said affected substantial shareholder and parties acting in concert.

Securities Commission Malaysia may grant a waiver to undertake a mandatory offer under Practice Note 9 of the Code, subject to the affected substantial shareholder and parties acting in concert complying with certain conditions, if obligation is triggered as a result of any action outside its direct participation. The substantial shareholder of NHR as disclosed in Section 5.0 herein have indicated that they intend to apply for the proposed exemption under Paragraph 4.15 of Rule 4 of the Code, if the obligation is expected to be triggered as a result of the

Proposed Share Buy-Back. The effects of the Proposed Share Buy-Back on their shareholdings are set out in Section 5.0 herein.

As at the LPD and based on our Company's Register of Substantial Shareholders, the provisions on mandatory takeovers under the Code will not be triggered by any shareholder of our Company solely by reason of the Proposed Share Buy-Back being carried out in full.

8.0 APPROVALS REQUIRED FOR PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is subject to the approval of the shareholders of NHR at the forthcoming Seventeenth AGM by way of an Ordinary Resolution.

9.0 DIRECTORS' RECOMMENDATION

The Board, 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. Accordingly, the Board recommends that the shareholders of NHR to vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the Seventeenth AGM.

10.0 AGM

The ordinary resolution to approve the Proposed Share Buy-Back is set out as Special Business in the Notice of the Seventeenth AGM contained in NHR's Annual Report for the financial year ended 31 December 2020. The AGM will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia on Wednesday, 23 June 2021 at 9.30 a.m..

If you are unable to attend and vote at the Seventeenth AGM, you are requested to complete, sign and return your Form of Proxy in accordance with the instructions printed therein as soon as possible and in any event, so as to arrive at the office of the Company's Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Seventeenth AGM or any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the Seventeenth AGM should you subsequently wish to do so.

11.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix for further information.

Yours faithfully,

For and on behalf of the Board of Directors of
NI HSIN RESOURCES BERHAD

SOFIYAN BIN YAHYA
Independent Non-Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of NHR and they collectively and individually accept full responsibility for the accuracy of the information given 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 any statement herein misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Statement to the date of the forthcoming Seventeenth AGM:-

- (a) the Constitution of NHR; and
- (b) the Audited Financial Statements of NHR for the financial years ended 31 December 2019 and 31 December 2020.