

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 advisers immediately.

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NWP HOLDINGS BERHAD
(Registration No. 199901020576 (495476-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF NWP HOLDINGS BERHAD PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“PROPOSED SHARE CAPITAL REDUCTION”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser
 TA SECURITIES
A MEMBER OF THE TA GROUP
TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“EGM”) of NWP Holdings Berhad will be held and conducted by way of virtual meeting entirely through live streaming via a remote participation and voting facilities from the broadcast venue at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50205 Kuala Lumpur on Thursday, 17 December 2020 at 11.00 a.m. or any adjournment thereof.

The Notice of EGM together with the Proxy Form and Administrative Guide for the EGM are available at the Company’s website at <http://www.nwp.com.my> and Bursa Malaysia Berhad’s website at <https://www.bursamalaysia.com>.

A member entitled to attend and vote at the virtual EGM is entitled to appoint a proxy/proxies to attend and vote on his/her behalf. The Form of Proxy must be deposited with the Poll Administrator at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or by email to EGM-support.NWP@megacorp.com.my on or before the date and time indicated below or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM if you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 16 December 2020 at 11.00 a.m.
Date and time of the EGM : Thursday, 17 December 2020 at 11.00 a.m.

This Circular is dated 24 November 2020

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

COMPANIES:

“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“BR”	:	Borneo Resources
“NWP” or the “Company”	:	NWP Holdings Berhad
“NWP Group” or the “Group”	:	Our Company and its subsidiaries, collectively
“TA Securities”	:	TA Securities Holdings Berhad

GENERAL:

“12M-FPE”	:	12-month financial periods ended
“Announcement”	:	Announcement dated 13 October 2020 in relation to the Private Placement and Proposed Share Capital Reduction
“Board”	:	Board of Directors of our Company
“CA 2016”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“Circular”	:	This circular to our shareholders dated 24 November 2020
“Court”	:	High Court of Malaya
“EGM”	:	Extraordinary General Meeting
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended/ending
“LAT”	:	Loss after tax attributable to the owners of our Company
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	5 November 2020, being the latest practicable date prior to the printing of this Circular
“NA”	:	Net assets attributable to the owners of our Company
“NWP Shares” or “Shares”	:	Ordinary shares in our Company
“Placement Shares”	:	Up to 43,147,800 new Shares to be issued pursuant to the Private Placement
“Private Placement”	:	Private placement of up to 43,147,800 Placement Shares, representing up to 10% of the total number of issued Shares in NWP (excluding treasury shares, if any) pursuant to the general mandate obtained from our Company’s shareholders as announced by our Board on 13 October 2020 and approved by Bursa Securities on 19 October 2020
“Proposed Share Capital Reduction”	:	Proposed reduction of the issued share capital of NWP pursuant to Section 116 of the CA 2016
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively

All references to “our Company” in this Circular are to NWP, references to “our Group” are to the Company and its subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to the Company, or where the context requires, our Group. All references to “you” in this Circular are references of the shareholder of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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NWP HOLDINGS BERHAD
(Registration No. 199901020576 (495476-M))
(Incorporated in Malaysia)

Registered Office:

22-09, Menara 1MK
No. 1 Jalan Kiara
Mont Kiara
50480 Kuala Lumpur

24 November 2020

Board of Directors

Datuk Chu Boon Tiong (*Executive Director*)
Hong Chia Seong (*Independent Non-Executive Director*)
Huang Kun-Fang (*Independent Non-Executive Director*)
Matthew Chan Cheng Han (*Independent Non-Executive Director*)
Tan Shiah Huei (*Independent Non-Executive Director*)
Yew Onn Chong (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED SHARE CAPITAL REDUCTION

1. INTRODUCTION

On 13 October 2020, TA Securities announced on behalf of our Board that our Company proposes to undertake the Proposed Share Capital Reduction.

Further details of the Proposed Share Capital Reduction are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SHARE CAPITAL REDUCTION, TO SET OUT OUR BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SHARE CAPITAL REDUCTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHARE CAPITAL REDUCTION

Our Company proposes to reduce RM92,000,000 of the issued share capital of our Company pursuant to Section 116 of the CA 2016. As at the LPD, the issued share capital of our Company is RM112,443,588 comprising 431,478,300 Shares. The corresponding credit of RM92,000,000 arising from such cancellation will be used to reduce/eliminate the accumulated losses of our Company, with the following illustrative effects:

	(Audited)		(Unaudited)	
	As at 31 August 2019		As at 31 August 2020	
	Company level RM	Group level RM	Company level RM	Group level RM
Accumulated losses	(91,299,895)	(76,713,067)	(92,006,628)	(81,683,874)
Add: Credit arising from the Proposed Share Capital Reduction	92,000,000	92,000,000	92,000,000	92,000,000
Less: Estimated expenses for the Private Placement and Proposed Share Capital Reduction	(280,000)	(280,000)	(280,000)	(280,000)
Resultant retained profits / (accumulated losses)	420,105	15,006,933	(286,628)	10,036,126

An order by the Court will be sought to confirm the Proposed Share Capital Reduction pursuant to Section 116 of the CA 2016 after receipt of approval from the shareholders of our Company at the forthcoming EGM.

The effective date of the Proposed Share Capital Reduction will be the date of the lodgment of a sealed copy of the order of the Court with the Companies Commission of Malaysia confirming the cancellation of the share capital of our Company. Our Company will make an immediate announcement on the effective date as well as the resultant share capital of our Company upon completion of the Proposed Share Capital Reduction.

For the avoidance of doubt, the Proposed Share Capital Reduction will not result in any adjustment to the market price and the number of Shares held by our Company's shareholders.

3. RATIONALE FOR THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction will enable our Company to reduce/eliminate our accumulated losses via cancellation of the paid-up share capital which may enhance our credibility with customers, suppliers and investors.

4. EFFECTS OF THE PROPOSED SHARE CAPITAL REDUCTION

4.1 Share capital

The proforma effects of the Proposed Share Capital Reduction on the share capital of NWP are as follows:

	No. of Shares	RM
As at the LPD	431,478,300	112,443,588
To be issued pursuant to the Private Placement*	43,147,800	6,256,431
	474,626,100	118,700,019
Reduction of issued share capital pursuant to the Proposed Share Capital Reduction	-	(92,000,000)
Enlarged share capital	474,626,100	26,700,019

Note:

- * Based on the indicative issue price of RM0.145 per Placement Share as illustrated in the announcement for the Private Placement on 13 October 2020. As at the date of this Circular, our Company has not placed out any Placement Share in relation to the Private Placement.

4.2 NA and gearing

The pro forma effects of the Proposed Share Capital Reduction on the NA and gearing of our Group (assuming the Proposed Share Capital Reduction is effective on 31 August 2019) are illustrated below:

	(Audited)		(I)	(II)
	As at 31 August 2019 RM	Subsequent events up to the LPD ⁽¹⁾ RM	After the Private Placement RM	After (I) and Proposed Share Capital Reduction RM
Share capital	112,063,311	112,443,588	118,700,019	26,700,019
Share option reserve	53,649	⁽²⁾	-	-
(Accumulated losses)/ Retained profits	(76,713,067)	(76,659,418)	(76,939,418) ⁽³⁾	15,060,582
Shareholders' funds/ NA	35,403,893	35,784,170	41,760,601	41,760,601
No. of Shares	427,253,000	431,478,300	474,626,100	474,626,100
NA per Share (sen)	8.29	8.29	8.80	8.80
Total borrowings (RM)	135,674	135,674	135,674	135,674
Gearing (times)	Negligible	Negligible	Negligible	Negligible

Notes:

- (1) Issuance of 4,225,300 NWP Shares pursuant to a private placement exercise at RM0.09 each which were listed on 13 November 2019.
- (2) On 19 September 2019, our Company announced that our Board has accepted the offer by Mak Hon Leong (a former Non-Independent Non-Executive Director of our Company) to surrender his 1,987,000 unexercised share issuance scheme options of our Company. In view of such, the amount of RM53,649 in the share option reserve account is reclassified into the accumulated losses account of our Company.
- (3) After deducting estimated expenses of RM280,000 in relation to the Private Placement and Proposed Share Capital Reduction.

4.3 Substantial shareholders' shareholdings

The Proposed Share Capital Reduction will not have any effect on our substantial shareholders' shareholdings in our Company.

4.4 Earnings and EPS

The Proposed Share Capital Reduction will not have any effect on the earnings and EPS of our Group for the FYE 28 February 2021.

4.5 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities or options.

5. APPROVALS REQUIRED

The Proposed Share Capital Reduction requires the following:

- (i) approval from our shareholders at the forthcoming EGM; and
- (ii) an order of the Court pursuant to Section 116 of the CA 2016.

6. HISTORICAL PRICES OF OUR SHARES

The monthly highest and lowest transacted prices of our Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
<u>2019</u>		
November	0.100	0.085
December	0.115	0.095
<u>2020</u>		
January	0.135	0.100
February	0.230	0.125
March	0.210	0.095
April	0.175	0.125
May	0.155	0.125
June	0.135	0.030
July	0.200	0.110
August	0.205	0.125
September	0.225	0.135
October	0.180	0.135

(Source: Bloomberg)

The last transacted market price of NWP Shares on 12 October 2020 (being the date before the Announcement) was RM0.150 each.

The last transacted market price of NWP Shares on 5 November 2020 (being the LPD) was RM0.14 each.

7. CONDITIONALITY OF THE PROPOSED SHARE CAPITAL REDUCTION

The Proposed Share Capital Reduction is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by our Company.

Save for the Private Placement, there is no other corporate exercise which has been announced but is pending implementation or completion by our Group prior to the issuance of this Circular.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Share Capital Reduction.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Share Capital Reduction including but not limited to its rationale and effects, is of the opinion that the Proposed Share Capital Reduction is in the best interest of our Company and accordingly, our Board recommends that you vote **IN FAVOUR** of the resolution in respect of the Proposed Share Capital Reduction to be tabled at the forthcoming EGM.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, our Board expects the Proposed Share Capital Reduction to be completed in the 1st half of 2021.

The tentative timetable of events in relation to the Proposed Share Capital Reduction is set out as follows:

Expected dates	Event
17 December 2020	EGM
End December 2020	Submission of documents to the Court for the Proposed Share Capital Reduction
Mid-February 2021	Order by the Court for the Proposed Share Capital Reduction
End February 2021	Effective date of the Proposed Share Capital Reduction

11. EGM

The EGM, the notice of which is available at the Company's website at <http://www.nwp.com.my> and Bursa Malaysia Berhad's website at <https://www.bursamalaysia.com>, will be held and conducted by virtual meeting entirely through live streaming via a remote participation and voting facilities from the Broadcast Venue at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50205 Kuala Lumpur on Thursday, 17 December 2020 at 11.00 a.m. for the purpose of considering and if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Share Capital Reduction.

If you are unable to attend and vote at our virtual EGM, you should complete, sign and return the enclosed Form of Proxy in accordance with the instructions provided thereon so as to arrive at our Poll Administrator at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or by email to EGM-support.NWP@megacorp.com.my not less than 48 hours before the date and time for the EGM or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll as indicated above or at any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting remotely at the EGM should you subsequently wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. Please refer to the Administrative Guide on the conduct of a fully virtual EGM for further details.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
NWP HOLDINGS BERHAD

DATUK CHU BOON TIONG
Executive Director

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP AND OTHER INFORMATION

On 21 August 2020, our Company announced the change of our financial year end from 31 August 2020 to 28 February 2021.

Historical financial information

The summary of the financial information of our Group for the audited FYE 31 August 2017 to 31 August 2019 and unaudited 12M-FPE 31 August 2020 is as follows:

	(Audited)			(Unaudited)
	FYE 31 August			12M-FPE 31 August
	2017 (RM)	(Restated)⁽²⁾ 2018 (RM)	2019 (RM)	2020 (RM)
Revenue	16,117,258	8,328,718	6,901,207	5,887,573
Loss before tax	(12,116,730)	(17,616,455)	(6,336,799)	(5,024,461)
LAT	(11,971,197)	(17,626,087)	(6,336,799)	(5,024,461)
Share capital	103,272,060	107,863,311	112,063,311	112,443,588
Shareholders' funds / NA	46,422,020	37,540,692	35,403,893	30,759,710
No. of Shares in issue	361,020,000	392,253,000	427,253,000	431,478,300
Weighted average number of Shares in issue	348,665,753	385,065,132	403,376,288	430,644,816
NA per Share (sen)	12.86	9.57	8.29	7.13
Basic loss per Share (sen) ⁽¹⁾	(3.43)	(4.58)	(1.57)	(1.17)
Current assets	24,191,608	10,432,103	10,065,079	6,850,513
Current liabilities	11,435,013	4,900,621	4,368,195	5,589,983
Current ratio (times)	2.12	2.13	2.30	1.23
Borrowings	-	166,501	135,674	103,291
Gearing ratio	-	Negligible	Negligible	Negligible

Notes:

- (1) Based on the weighted average number of NWP Shares in issue.
- (2) Our Group applied all relevant standards, amendments and/or Interpretations Committee interpretations that are effective mandatorily on 1 September 2018. Accordingly, comparative figures in the financial statements (i.e. FYE 31 August 2018) have been restated to give effect to these changes.

Commentaries:**(i) 12M-FPE 31 August 2020 vs FYE 31 August 2019**

Our Group recorded a lower revenue of RM5.9 million in 12M-FPE 31 August 2020 (FYE 31 August 2019: RM6.9 million), representing a decrease of RM1.0 million or 14.49%. The lower revenue for the 12M-FPE 31 August 2020 was mainly due to decrease in revenue from our Group's moulding and timber business segment as a result from the decrease in rubberwood exports to China attributable to global supply-chain disruptions caused by the COVID-19 pandemic.

Our Group recorded a lower LAT of RM5.0 million in 12M-FPE 31 August 2020 (FYE 31 August 2019: LAT of RM6.3 million). The lower LAT recorded in 12M-FPE 31 August 2020 was mainly due to lower administrative expenses of RM1.3 million (FYE 31 August 2019: RM2.5 million) due to ongoing cost-cutting measures by our Group through readjustment in staff costs, business expense and office related expenses.

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP AND OTHER INFORMATION
(CONT'D)

(ii) FYE 31 August 2019 vs FYE 31 August 2018

Our Group recorded a lower revenue of RM6.9 million in FYE 31 August 2019 (FYE 31 August 2018: RM8.3 million), representing a decrease of RM1.4 million or 16.9%. The decrease in revenue for the FYE 31 August 2019 was mainly due to lower revenue in the moulding and timber business segment of RM6.9 million (FYE 31 August 2018: RM8.0 million) due to shortage of timber logs supply attributable to competitive business environment as well as unfavourable weather conditions which had caused disruption in the delivery of timber logs.

Our Group recorded a lower LAT of RM6.3 million in FYE 31 August 2019 (FYE 31 August 2018: LAT of RM17.6 million). The lower LAT recorded in FYE 31 August 2019 was mainly due to:

- (a) lower administrative expenses of RM2.5 million (FYE 31 August 2018: RM3.6 million) due to lower professional fees as well as cost-cutting measures by our Group through readjustment in staff costs, business expense and office related expenses;
- (b) lower net impairment losses on financial assets of RM0.5 million (FYE 31 August 2018: RM11.5 million) due to the absence of impairment loss on other receivables for outstanding debts of more than one year in the FYE 31 August 2019 (FYE 31 August 2018: RM10.9 million as detailed in Item (iii)(b), Appendix I of this Circular); and
- (c) absence of share of losses in an associate in the FYE 31 August 2019 (FYE 31 August 2018: RM0.2 million) due to the disposal of NWP LAO Industries Co., Ltd (“NWP LAO”) which was completed on 30 August 2018.

(iii) FYE 31 August 2018 vs FYE 31 August 2017

Our Group recorded a lower revenue of RM8.3 million in FYE 31 August 2018 (FYE 31 August 2017: RM16.1 million), representing a decrease of RM7.8 million or 48.4%. The decrease in revenue for the FYE 31 August 2018 was mainly due to lower revenue in the moulding and timber business segment of RM8.3 million (FYE 31 August 2017: RM16.0 million) as a result of shortage of raw materials supply from Sabah as well as the discontinuation of moulded timber products supply to Foshan Shunde Leliu Yi Cai Sheng, in October 2017.

Our Group recorded a higher LAT of RM17.6 million in FYE 31 August 2018 (FYE 31 August 2017: LAT of RM12.0 million). The higher LAT recorded in FYE 31 August 2018 was mainly due to:

- (a) lower other income of RM0.30 million (FYE 31 August 2017: RM0.75 million) due to the recovery of impairment losses on other receivables of RM0.60 million in FYE 31 August 2017;
- (b) impairment loss on other receivables of RM6.9 million in FYE 31 August 2018 (FYE 31 August 2017: RM Nil) as a result of outstanding debts of more than a year from other debtors, namely Listari Marina (MM2H) Sdn Bhd (“LMSB”). NWPB had filed a suit for the sum owing of RM6.5 million against LMSB on 5 November 2018. On 7 August 2020, LMSB had served the notice of arbitration proceeding against NWP at the Asian International Arbitration Centre (“AIAC”). As at the LPD, the suit is pending response from the AIAC;
- (c) loss on disposal of NWP LAO (a 25.66%-owned associate company incorporated in Lao People’s Democratic Republic) of RM0.71 million in FYE 31 August 2018 (FYE 31 August 2017: RM Nil) for our Group to focus its resources and capital allocation in Malaysia; and
- (d) impairment loss on property, plant and equipment of RM0.48 million in FYE 31 August 2018 (FYE 31 August 2017: RM Nil) for an idle machine (i.e. veneer slicer) due to our Group’s inactive production of moulded veneer products since our Group’s core production is on moulded timber products.

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP AND OTHER INFORMATION
(CONT'D)

(iv) FYE 31 August 2017 vs FYE 31 August 2016

Our Group recorded a higher revenue of RM16.1 million in FYE 31 August 2017 (FYE 31 August 2016: RM12.7 million), representing an increase of RM3.4 million or 26.8%. The increase in revenue for the FYE 31 August 2017 was mainly due to the increase in rubberwood exports to China in the 2nd half of 2017.

Despite the increase in revenue, our Group recorded a higher LAT of RM12.0 million in FYE 31 August 2017 (FYE 31 August 2016: RM2.9 million), mainly due to:

- (a) equity settled share based payment expenses (i.e. cost of share issuance scheme options upon granting) of RM8.0 million in relation to the share issuance scheme options granted to directors in FYE 31 August 2017 (FYE 31 August 2016: RM Nil);
- (b) share of losses of RM0.53 million from an associate (i.e., NWP LAO) (FYE 31 August 2016: RM0.19 million);
- (c) impairment loss on investment in an associate (i.e., NWP LAO) of RM0.24 million in FYE 31 August 2017 (FYE 31 August 2016: RM Nil); and
- (d) inventories written off of RM0.2 million (FYE 31 August 2016: RM Nil) in relation to non-viable trees which perished during the nurturing process in relation to our Group's agriculture business in the nurturing of biological assets.

However, the losses were partially offset by the higher other income of RM0.75 million in the FYE 31 August 2017 (FYE 31 August 2016: RM0.02 million) due to the recovery of impairment losses on other receivables of RM0.60 million.

Other information

The outbreak of COVID-19 pandemic has spread to various countries around the world and the World Health Organisation had on 11 March 2020 declared that the COVID-19 pandemic outbreak as a global pandemic which has caused a negative impact globally. The Malaysian economy has also been affected since March 2020 following the various stages of Movement Control Order ("MCO") implemented by the Malaysian Government to control the spread of the COVID-19 virus.

Our Group's business operations have been negatively affected due to the MCO and COVID-19 pandemic as our operations were temporarily halted as well as lower demand for our timber products. As such, our Group's financial performance for the current financial year has been affected as there was lower revenue generated during the MCO period. Our Group further anticipates a weaker demand for timber products internationally as customers remain cautious on orders and purchases amidst weaker demand in their respective markets.

Our Board is unable to determine the full impact of the COVID-19 pandemic on our Group's financial performance at this juncture. The overall impact of the COVID-19 pandemic would depend on the duration and spread of the outbreak as well as the policy responses by authorities.

Nevertheless, our Group shall closely monitor our operations and take the necessary steps to navigate its post-pandemic recovery to improve the performance of its operations.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

TA Securities, being the Adviser for the Proposed Share Capital Reduction, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

TA Securities has confirmed it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser for the Proposed Share Capital Reduction.

4. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Group has not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this Circular:

- (i) On 7 September 2020, NWP entered into an assignment and novation agreement with NWP Industries Sdn Bhd ("NWPI"), our wholly-owned subsidiary and Wong See Ming ("WSM") in relation to the assignment and novation of NWPI's debt of RM2,989,000 with an interest rate of 3.5% per annum to NWP and as at 31 August 2020, the advances due and payable from NWPI to WSM accrued to a sum of RM3,668,249.88.
- (ii) On 7 September 2020, NWP entered into an assignment and novation agreement with NWP Builder Sdn Bhd ("NWPB"), our wholly-owned subsidiary and Wisahasil Sdn Bhd ("Wisahasil") in relation to the assignment and novation of NWPB's debt of RM451,562.50 for performance and/or work done by Wisahasil to NWP.
- (iii) On 1 August 2019, NWPI entered into a sale and purchase agreement with Tong Seng Electrical for the disposal of used machineries and/or equipment on an 'as is where is with all faults basis' at NWPI's premises in Papar, Sabah, Malaysia for the total purchase consideration of RM180,000. The disposal was completed on 1 August 2019.

5. MATERIAL COMMITMENT

Save as disclosed below, as at the LPD, our Board confirms that there is no material commitment incurred or known to be incurred by our Group, which upon becoming enforceable, may have material impact on the financial position of our Group:

	Amount (RM)
Operating lease commitment	29,100
Total	<u>29,100</u>

FURTHER INFORMATION (CONT'D)

6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, as at the LPD, there are no material litigation, claims and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group:

(i) NWP Builders Sdn Bhd (“NWPB”) vs Dato’ Ismail bin Hassan (“Dato’ Ismail”)

On 14 October 2016, NWPB, our wholly-owned subsidiary, entered into a conditional Shares Sale Agreement (“SSA”) with Dato’ Ismail to acquire 300 common shares representing 30% equity interest in Aviation A.I. Inc. for a total cash consideration of USD1.50 million. NWPB had made partial payments of RM4.10 million (the “Sum Paid”) to Dato’ Ismail. With reference to the announcements made on 13 January 2017, 27 November 2017 and 26 January 2018 in relation to the above transaction, NWPB and Dato’ Ismail had mutually agreed to extend the conditional period for the SSA to 13 April 2017, 31 December 2017 and 31 March 2018 respectively. On 2 April 2018, NWPB had via a letter informed Dato’ Ismail that the Company will terminate the SSA due to non-fulfilment of condition precedents by Dato’ Ismail.

Due to Dato’ Ismail’s failure to return and refund the Sum Paid made under the SSA to NWPB, NWPB has commenced arbitration proceeding against Dato’ Ismail at Asian International Arbitration Centre (“AIAC”) to recover the Sum Paid. NWPB had served the notice of arbitration.

The total sum claimed by NWPB is approximately RM4.10 million together with general and exemplary charges.

As at the LPD, the matter is pending the appointment of an arbitrator by the Director of the AIAC.

The solicitors acting for this case are of the view that NWPB has a reasonably good chance of succeeding in the appeal.

(ii) NWPB vs Listari Marina (MM2H) Sdn Bhd (“LMSB”)

On 4 November 2016, NWPB and LMSB entered into Turnkey Construction Agreement (“TCA”) for a total contract sum of RM22.0 million, where NWPB shall carry out the construction of OneLe Tower Project (“OneLe”). Prior to the TCA, LMSB had previously engaged Cherish Words Sdn. Bhd. (“CWSB”) as main contractor for the construction of OneLe.

As part of the term of TCA, NWPB agreed to LMSB’s request and made a settlement sum of RM6.5 million on behalf of LMSB to CWSB for work done on OneLe by CWSB (the “Advance”). The Advance is due and refundable by LMSB to NWPB pursuant to the TCA. Despite sufficient time was given to LMSB to hand over the project site to NWPB in order for NWPB to discharge its responsibility under the TCA, LMSB has continuously failed, neglected and/ or unfulfilled its obligation under the TCA.

Due to alleged failure and breach of TCA by LMSB, NWPB is seeking refund of the Advance made under the TCA. NWPB had served a Writ of Summons together with Statement of Claim both dated on 5 November 2018, on LMSB. On 14 December 2018, LMSB filed their defence and Counter-Claim in the sum of RM15,632,785 for non-performance of the TCA.

Based on the case management held on 18 September 2019, the Court made the following orders:

- (a) the TCA is terminated by LMSB;
- (b) LMSB shall pay the sum of RM6.5 million to NWPB within fourteen days from 18 September 2019;

FURTHER INFORMATION (CONT'D)

- (c) LMSB to pay NWPB interest at the rate of 5% per annum on the sum of RM6.5 million calculated from 27 March 2018 until the full settlement;
- (d) cost in the sum of RM5,000 payable by LMSB to NWPB; and
- (e) the LMSB's counter-claim is strike out.

In August 2020, the original judgement entered on 18 September 2019 was amended by the Court as follows:

- (a) LMSB to serve the NWPB with a notice of arbitration relating to the counter-claim on or before 10 August 2020;
- (b) a stay of execution in relation to the original Judgement, inter alia, the sum of RM6.5 million awarded to NWPB and termination of the turnkey construction agreement under the original Judgement including winding-up proceedings until disposal of the arbitration;
- (c) NWPB is given the liberty to apply for security to be provided during the arbitration;
- (d) costs in cause at the arbitration; and
- (e) in the event the LMSB failed to provide the notice as stated under the conditions in paragraph (a) above, then the original Judgement will automatically be reinstated.

On 7 August 2020, LMSB had served a notice of arbitration on NWPB, seeking for damages in the sum of RM15,632,784.88 together with general and exemplary damages for non-performance of building works contracted pursuant to the TCA. As at the LPD, the matter is pending the appointment of an arbitrator by AIAC.

The solicitors acting for this case are of the view that NWPB has a reasonably good chance of succeeding as the LMSB does not have merits in their claim.

(iii) NWP and NWPB (the “Plaintiffs” collectively) vs Dato’ Zhang Li (the “Defendant”)

The Defendant held the position of executive director of NWPB from 6 May 2016 until 22 February 2018 and held the position of executive director of the Company from 6 May 2016 until 12 February 2018, when she was not re-elected as a director of the Company.

The Plaintiffs alleged that the Defendant owed a duty of loyalty and fidelity to the Plaintiffs which duty obliged the Defendant to act in good faith and in the best interest of the Plaintiffs. In the Defendant's capacity as director of the Plaintiffs, the Defendant owed the Plaintiffs fiduciary duties and/or a general duty of care.

Further, the Defendant owed obligations under the Companies Act 1965 and/or 2016 and under common law and equity, including the duty to exercise reasonable care, to act honestly and use reasonable diligence in the discharge of the duties of her office as director. Based on the above matters, the Plaintiffs had on 29 June 2019, served a Writ of Summons together with Statement of Claim dated on 14 June 2019 for the following:

- (a) a declaration that the Defendant has breached her duty of care and/or fiduciary duties and/or statutory duties to the Plaintiffs;
- (b) an order that the Defendant do pay general damages to be assessed by the Kuala Lumpur High Court (“**Assessed Damages**”) to the Plaintiffs in accordance to the respective losses suffered;
- (c) interest at the rate of 5% per annum on the Assessed Damages to be calculated from the date of the Assessed Damages until full payment of the same;

FURTHER INFORMATION (CONT'D)

- (d) costs; and
- (e) such further or other relief as the Kuala Lumpur High Court deems fit.

Dato Sri' Teh Chee Teong and Dato Sri' Kee Soon Ling was subsequently added as a co-defendant in this matter.

The continued trial is fixed from 1 March 2021 to 4 March 2021.

The solicitors acting for this case are of the view that Plaintiffs has a reasonably good chance of succeeding in the appeal.

(iv) NWP (“Plaintiff”) vs Dato Sri' Kee Soon Ling (the “Defendant”)

The Plaintiff claimed that the Defendant has received a total sum of RM340,000 being his director fees for the period of June 2016 to October 2017, without obtaining members' approval in a general meeting. The Plaintiff filed the Writ of Summons and Statement of Claim on 13 March 2020 against the Defendant for the refund of the said sum.

The Defendant then counter claimed in his Defence and Counterclaim dated 26 May 2020 that the Defendant had made advanced payments amounting to a sum of RM1,369,523.20 to the Plaintiff as at 31 August 2019 and that the Plaintiff has failed to repay the advanced payment to the Defendant.

Subsequently, the Plaintiff filed an application for Summary Judgement on 1 June 2020. On 13 August 2020, the learned Judge has allowed the Plaintiff's Summary Judgement application and has ordered the Defendant to refund RM340,000 and make payment for costs of RM3,000 to the Plaintiff.

Dato Sri' Kee Soon Ling has appealed against the decision of the Judge in allowing the NWP's application for Summary Judgement dated 13 August 2020. Dato Sri' Kee Soon Ling has filed the Records of Appeal.

A pre-trial case management was held on 2 November 2020 for all parties to finalise all Bundle of Pleadings, Common Bundle of Documents, Statement of Agreed Facts, Statement of Issues to be tried and the List of Witnesses.

On 11 November 2020, a hearing was held on the consent judgement entered between the parties on 2 November 2020 with no order as to costs. The terms of the consent judgement dated 2 November 2020 are as follows:

- (a) The Plaintiff will make all necessary arrangement and/or take all necessary action in order to obtain member's approval for the sum of RM340,000 received by the Defendant;
- (b) Subsequently, if the Plaintiff failed to obtain member's approval on the said sum of RM340,000, the said sum will be set off from the Defendant's advanced payment of RM1,369,523.29; and
- (c) Subject to (b) above, the Plaintiff agrees to pay RM1,369,523.29 to the Defendant and the Defendant agrees to withdraw his counterclaim.

Furthermore, during the case management on 17 November 2020 for the counterclaim, Dato Sri' Kee Soon Ling has agreed to the Court's suggestion to withdraw the Notice of Appeal. Consequently, Dato Sri' Kee Soon Long has withdrawn the same with no order as to costs. NWP has no objection to the said withdrawal.

FURTHER INFORMATION (CONT'D)

7. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group and/or our Company, which upon becoming enforceable, may have a material impact on the financial position of our Group and/or our Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at 22-09, Menara 1MK, No. 1 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur during normal office hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of our Company's forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) our Group's audited financial statements for the past 2 FYEs 31 August 2018 and 31 August 2019 as well as our latest unaudited results for the 12M-FPE 31 August 2020;
- (iii) the letters of consent and declaration of conflict of interest as referred to in Sections 2 and 3 of this Appendix respectively;
- (iv) the material contracts referred to in Section 4 of this Appendix; and
- (v) the relevant cause papers in respect of the material litigations referred to in Section 6 of this Appendix.

In adherence to the standard operating procedures imposed by the Government of Malaysia, all inspection of the above-mentioned documents at our registered office could only be conducted by prior appointment only. For appointment request, please contact 03-2856 7333 or email vw.chong@silverocean.com.my.

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RESOLUTION TO APPROVE THE PROPOSED SHARE CAPITAL REDUCTION

The resolution below is for information purposes only. The Notice of EGM together with the proxy form are available at the Company's website at <http://www.nwp.com.my> and Bursa Malaysia Berhad's website at <https://www.bursamalaysia.com>.

SPECIAL RESOLUTION**PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF NWP HOLDINGS BERHAD ("NWP") PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("CA 2016") ("PROPOSED SHARE CAPITAL REDUCTION")**

"THAT subject to and conditional upon the confirmation by the High Court of Malaya pursuant to Section 116 of the CA 2016, the Board of Directors of NWP ("**Board**") be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital of RM92,000,000 and that the credit arising from such share capital reduction to be utilised to reduce/eliminate the accumulated losses of NWP; and

AND THAT the Board be and is hereby authorised to approve, sign and execute all documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Capital Reduction in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board."

