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LIEN HOE CORPORATION BERHAD

(Registration No. 196901000161 (8507-X))

(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS
in relation to the
PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL
FOR THE PURCHASE OF UP TO 10% OF THE
TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

The proposal will be tabled as Special Business at the Company's Fifty-Third ("53rd") Annual General Meeting ("AGM") to be convened and held at Lekir Hall, Level G, Hotel Ramada by Wyndham Meridin Johor Bahru, No. 5, Jalan Legoland, Bandar Medini Iskandar Malaysia, 79250 Iskandar Puteri, Johor Bahru, Johor Darul Takzim on Monday, 19 June 2023 at 10.30 a.m. The Notice of 53rd AGM and the Form of Proxy are enclosed in the Annual Report 2022 of the Company.

The Form of Proxy must be completed and deposited at the Registrar's office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 48 hours before the time stipulated for holding of the meeting or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

The last date and time for lodging the Form of Proxy : Saturday, 17 June 2023 at 10.30 a.m.

The date and time of the 53rd AGM : Monday, 19 June 2023 at 10.30 a.m.

This Statement is dated 27 April 2023

DEFINITIONS

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

AGM	:	Annual general meeting
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CMSA	:	Capital Markets and Services Act 2007
Code	:	The Malaysian Code on Take-Overs and Mergers 2016, including any amendments thereto that may be made from time to time
Company	:	Lien Hoe Corporation Berhad (196901000161 (8507-X))
Directors	:	Directors of the Company
Group	:	Lien Hoe Corporation Berhad and its subsidiary companies
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
LPD	:	Latest practicable date on 30 March 2023 prior to printing of this Statement
Proposed Share Buy-Back	:	The proposed renewal of shareholders' approval for the Company to purchase its own shares of an amount, which, when aggregated with the existing treasury shares, does not exceed 10% of the total number of issued shares of the Company
Purchased Shares	:	The share(s) of the Company purchased pursuant to the Proposed Share Buy-Back
RM	:	Ringgit Malaysia
Shares	:	Ordinary shares of the Company
Statement	:	Statement to Shareholders dated 27 April 2023 in relation to the Proposed Share Buy-Back
Treasury Shares	:	The Shares purchased by the Company which are or will be retained in treasury

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LIEN HOE CORPORATION BERHAD

(Registration No. 196901000161 (8507-X))

(Incorporated in Malaysia)

Registered Office:

3rd Floor, Plaza Armada
Lot 6, Lorong Utara C, Section 52
46200 Petaling Jaya
Selangor Darul Ehsan

27 April 2023

Directors:

Mr. Yeoh Chong Keat (Chairman, Independent Non-executive Director)
Ms. Yap Tse Yeeng, Christine (Executive Director and Chief Executive Officer)
Mr. Cheong Marn Seng, Allen (Executive Director)
Dr. Teoh Kim Loon (Independent Non-executive Director)
Mr. Lau Shu Yan Julius (Independent Non-executive Director)

To: The Shareholders of Lien Hoe Corporation Berhad

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR THE PURCHASE OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

1. INTRODUCTION

It was announced on 14 April 2023 that the Company proposes to seek your approval for the Proposed Share Buy-Back at the forthcoming AGM.

The purpose of this Statement is to provide you with the details of the Proposed Share Buy-Back, to set out the Board's recommendation and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM.

YOU ARE ADVISED TO READ THIS STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT OUR FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

2.1 Information on the Proposed Share Buy-Back

The Board had at the previous AGM held on 17 June 2022 obtained its shareholders' approval for the purchase of up to 10% of the total number of issued shares of the Company. In accordance with the Listing Requirements, the aforesaid approval will continue in force until the conclusion of the forthcoming AGM. The Board proposes to seek its shareholders' approval for a renewal of the authority for the Company to purchase its own shares of an amount, which, when aggregated with the existing Treasury Shares, does not exceed 10% of the total number of issued Shares.

The approval from the shareholders of the Company for the Proposed Share Buy-Back shall be effective immediately upon the passing of the ordinary resolution and will continue in force until:-

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions;
 - (b) the expiry of the period within which the next AGM is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,
- whichever occurs first.

The Shares will be purchased from the open market on Bursa Securities via its Automated Trading System and shall exclude any direct business transactions as defined in the Rules of Bursa Securities and shall be transacted through an appointed stockbroker.

Based on the share capital of the Company as at the LPD of RM142,188,000 comprising 361,742,241 Shares, the maximum number of Shares which may be purchased by the Company shall not exceed 36,174,224 Shares. As at the LPD, the number of Shares purchased by the Company and held as Treasury Shares is 29,321,700. As such, the balance of Shares that can be purchased by the Company is 6,852,524 Shares.

2.2 Source of Funds

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the retained earnings account of the Company. Based on the latest audited financial statements for the financial year ended 31 December 2022, the Company has retained earnings of RM19,902,000.

The funding for the Proposed Share Buy-Back will be sourced from internally generated funds and/or external borrowings. In the event the Company purchases its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and the repayment will not have any material effect on the cash flow of the Company.

2.3 Treatment of the Purchased Shares

In accordance with the Companies Act 2016, your Directors may deal with the Purchased Shares in either of the following manner:-

- (a) cancel the Purchased Shares; or
- (b) retain the Purchased Shares as Treasury Shares; or
- (c) retain part of the Purchased Shares as Treasury Shares and cancel the remainder.

In addition, the Companies Act 2016 also states that where such Purchased Shares are retained as Treasury Shares, your Directors may:-

- (i) distribute the shares as share dividends to shareholders;
- (ii) resell the shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the shares for the purposes of or under an employees' share scheme;
- (iv) transfer the shares as purchase consideration; or
- (v) sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

It is the present intention of your Directors to retain the Purchased Shares as Treasury Shares and subsequently resell them on Bursa Securities if the opportunity arises for the Company to realise gains from the resale.

While the Purchased Shares are held as Treasury Shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended. Shares held in treasury 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 substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote at a meeting.

2.4 Public Shareholding Spread

As at the LPD, the public shareholding spread of the Company was 40.54%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

2.5 Regulatory Requirements

Based on the Listing Requirements, the Proposed Share Buy-Back is subject to inter-alia, the following:-

- (a) the Company must ensure that it will not purchase its own shares which will result in its public shareholding spread falling below the minimum required level of 25%;
- (b) the purchase price of the Company's shares is not more than 15% above the weighted average market price of the Company's shares for the five market days immediately prior to the date of the purchase; and

- (c) the Company may only resell the Treasury Shares on Bursa Securities at:-
 - (i) a price which is not less than the weighted average market price for the shares for the past five market days immediately before the resale; or
 - (ii) a discounted price of not more than 5% to the weighted average market price for the shares for the five market days immediately before the resale provided that:-
 - the resale takes place not earlier than thirty days from the date of purchase; and
 - the resale price is not less than the cost of purchase of the shares being resold.

Pursuant to the Companies Act 2016, the Company shall not purchase its own shares unless:-

- (a) the Company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the shares so purchased;
- (b) the purchase is made through the stock exchange on which the shares of the Company are quoted and in accordance with the relevant rules of the stock exchange; and
- (c) the purchase is made in good faith and in the interests of the Company.

The Company satisfies the solvency test if the share buy-back would not result in the Company being insolvent and its capital being impaired at the date of the solvency statement and the Company will remain solvent after each buy-back during the period of six months after the date of the declaration of solvency.

2.6 Implication of the Code

The provisions on mandatory takeovers under the Code may be triggered by the substantial shareholders together with persons acting in concert with them if the Shares purchased exceeds a certain level. In this regard, your Board will ensure that the purchase of the Company's Shares is carried out after taking into consideration the provisions of the Code.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will provide an opportunity to the Company to purchase its own Shares when the market does not fully reflect the value of the Shares.

If the Purchased Shares are subsequently cancelled, the Proposed Share Buy-Back may strengthen the earnings per share of the Company. The Purchased Shares can also be held as Treasury Shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the share capital of the Company. Alternatively, the Treasury Shares may be distributed as share dividends to reward the shareholders of the Company.

4. DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will reduce the financial resources of the Company which may result in the Company foregoing better investment opportunities that may emerge in the future and it may also result in the reduction of financial resources available for distribution to the shareholders of the Company in the immediate future.

5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The financial effects of the Proposed Share Buy-Back on the total number of issued Shares, substantial shareholders' interests, Directors' interests, earnings, net assets and working capital are as follows:-

5.1 Share Capital

The effect of the Proposed Share Buy-Back on the total number of issued shares of the Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares.

Based on the Company's total number of issued Shares as at the LPD, the effect of the Proposed Share Buy-Back, assuming that the Purchased Shares are cancelled, are as follows:-

	No. of Shares
Total number of issued Shares	361,742,241*
Less:	
Maximum number of Shares that may be purchased pursuant to the Proposed Share Buy-Back	(36,174,224)
Resultant total number of issued Shares assuming cancellation of all Shares purchased	325,568,017

* Inclusive of 29,321,700 Shares purchased by the Company and retained as Treasury Shares.

In the event that the Purchased Shares are retained as Treasury Shares, resold or distributed to shareholders, the Proposed Share Buy-Back will have no effect on the total number of issued shares of the Company.

5.2 Substantial Shareholders' Interests

The effects of the Proposed Share Buy-Back on the interests of the substantial shareholders of the Company would depend on the number of Shares purchased. Assuming that the Company purchases 10% of the total number of issued Shares pursuant to the Proposed Share Buy-Back, and the Purchased Shares are subsequently cancelled, the effects of the Proposed Share Buy-Back on the interests of the substantial shareholders are as follows:-

	Shareholdings as at LPD				Shareholdings assuming the Proposed Share Buy-Back is effected in full			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% [#]	No. of Shares	% [#]	No. of Shares	%	No. of Shares	%
Christine Holding Sdn Bhd	196,920,197	59.24	-	-	196,920,197	60.49	-	-
The Estate of Dato' Yap Sing Hock	-	-	196,920,197*	59.24	-	-	196,920,197*	60.49

Notes:

Excluding 29,321,700 Shares purchased by the Company and retained as Treasury Shares.

* Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016.

5.3 Directors' Interests

The effects of the Proposed Share Buy-Back on the interests of your Directors in the Company would depend on the number of Shares purchased. Assuming that the Company purchases 10% of the total number of issued Shares pursuant to the Proposed Share Buy-Back, and the Purchased Shares are subsequently cancelled, the effects of the Proposed Share Buy-Back on the interests of the Directors are as follows:-

	Shareholdings as at LPD				Shareholdings assuming the Proposed Share Buy-Back is effected in full			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% [#]	No. of Shares	% [#]	No. of Shares	%	No. of Shares	%
Mr. Yeoh Chong Keat	-	-	-	-	-	-	-	-
Ms. Yap Tse Yeeng, Christine	-	-	-	-	-	-	-	-
Mr. Cheong Marn Seng	720,500	0.22	-	-	720,500	0.22	-	-
Dr. Teoh Kim Loon	-	-	-	-	-	-	-	-
Mr. Lau Shu Yan Julius	-	-	-	-	-	-	-	-

Note:

Excluding 29,321,700 Shares purchased by the Company and retained as Treasury Shares.

5.4 Earnings

The effects of the Proposed Share Buy-Back on the earnings of the Company would depend on the purchase price, the number of Shares purchased and the effective funding cost of the purchases. All things being equal, where the Purchased Shares are retained as Treasury Shares or cancelled, the earnings per share will increase due to lower number of Shares outstanding.

5.5 Net Assets

The net assets per share of the Company will be reduced if the purchase price exceeds the net assets per share at the time of purchase. Conversely, the net assets per share of the Company will increase if the purchase price is less than the net assets per share at the time of purchase.

5.6 Working Capital

The Proposed Share Buy-Back will reduce the working capital and cash flow of the Group, the quantum of which depends on the purchase price and number of Shares purchased.

6. SHARE PRICE PERFORMANCE

The monthly highest and lowest prices of the Shares as traded on Bursa Securities for the past twelve (12) calendar months preceding the LPD are as follows:-

	High	Low
2022	RM	RM
March	0.390	0.340
April	0.385	0.355
May	0.380	0.300
June	0.385	0.315
July	0.400	0.340
August	0.365	0.325
September	0.360	0.325
October	0.370	0.320
November	0.345	0.320
December	0.350	0.300
2023		
January	0.360	0.300
February	0.345	0.290

The last transacted price of the Shares on 13 April 2023, being the last market day prior to the date of announcement of the Proposed Share Buy-Back was RM0.285.

The last transacted price of the Shares as at the LPD was RM0.300.

(Source: Wall Street Journal)

7. PURCHASE, RESALE AND/OR CANCELLATION OF TREASURY SHARES

There was no purchase of shares made by the Company in the preceding twelve (12) months.

There were no resale, transfer and cancellation of the Treasury Shares made by the Company in the preceding twelve (12) months.

As at the LPD, the number of Shares purchased by the Company and held as Treasury Shares is 29,321,700.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the consequential increase in the percentage of shareholdings and/or voting rights of the substantial shareholders and Directors of the Company as a result of the Proposed Share Buy-Back, none of your Directors and substantial shareholders of the Company and persons connected with them has any interest, direct or indirect, in the Proposed Share Buy-Back.

9. DIRECTORS' RECOMMENDATION

Your Board is unaware of any risks arising from the Proposed Share Buy-Back which could materially or adversely affect the financial and operating conditions of the Company and its subsidiaries. After careful consideration of all aspects of the Proposed Share Buy-Back, your Board is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and recommends that you vote in favour of the resolution to be tabled at the forthcoming AGM to give effect to the Proposed Share Buy-Back.

10. APPROVAL REQUIRED

The Proposed Share Buy-Back is subject to the approval being obtained from the shareholders of the Company at the forthcoming AGM.

11. ANNUAL GENERAL MEETING

The 53rd AGM, the notice of which is enclosed in the Annual Report 2022, will be held at Lekir Hall, Level G, Hotel Ramada by Wyndham Meridin Johor Bahru, No. 5, Jalan Legoland, Bandar Medini Iskandar Malaysia, 79250 Iskandar Puteri, Johor Bahru, Johor Darul Takzim on Monday, 19 June 2023 at 10.30 a.m. for the purpose of considering, among others, the Proposed Share Buy-Back and if thought fit, passing the ordinary resolution so as to give effect to the Proposed Share Buy-Back.

If you are unable to attend and vote at the 53rd AGM, you are requested to complete, sign and lodge the Form of Proxy in accordance with the instructions contained therein with the Registrar of the Company not later than 48 hours before the time fixed for the 53rd AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 53rd AGM should you subsequently wish to do so.

12. FURTHER INFORMATION

You are advised to refer to Appendix I for further information. An extract of the ordinary resolution on the Proposed Share Buy-Back which will be tabled as Special Business at the forthcoming AGM is attached in Appendix II.

Yours faithfully

For and on behalf of the Board of

LIEN HOE CORPORATION BERHAD

YEOH CHONG KEAT

Chairman

APPENDIX I: FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents is available for inspection at our registered office at 3rd Floor, Plaza Armada, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan during normal business 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 Statement up to and including the date of our forthcoming AGM:

- (i) Constitution of the Company; and
- (ii) Audited consolidated financial statements of the Group and the Company for the two (2) financial years ended 31 December 2021 and 31 December 2022.

APPENDIX II: EXTRACT OF ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

“THAT subject to the Companies Act 2016, provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of the Company through Bursa Malaysia Securities Berhad (“Proposed Share Buy-Back”), provided that:-

- (i) the maximum number of ordinary shares purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company;
- (ii) the total maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on its audited financial statements for the financial year ended 31 December 2022; and
- (iii) upon completion of the purchase(s) of its shares by the Company, the shares shall be dealt with in the following manner:-
 - (a) to cancel the shares so purchased; or
 - (b) to retain the shares so purchased as treasury shares; or
 - (c) to retain part of the shares so purchased as treasury shares and cancel the remainder.

AND THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions;
- (b) the expiry of the period within which the next annual general meeting is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever so occurs first, but not to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date, and in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute, sign and deliver all such documents and/or agreements as they may deem necessary or expedient in the best interest of the Company and with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities to give effect to and to complete the aforesaid Proposed Share Buy-Back.”