

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Share Buy-Back Statement prior to its issuance as it is an Exempt Document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Share Buy-Back Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Share Buy-Back Statement.



BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

(Incorporated in Malaysia)

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

The Ordinary Resolution in respect of the above proposal will be tabled at the 2nd Annual General Meeting (“2nd AGM”) of Beshom Holdings Berhad (“BESHOM” or “the Company”) to be held at Ballroom I, Level 2, The Federal Hotel Kuala Lumpur, No. 35, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Tuesday, 27 September 2022 at 11:30 a.m..

The Notice of the 2nd AGM and the Form of Proxy is enclosed together with the Annual Report 2022 of the Company and can be downloaded at www.beshom.com under the Investor Relations > 2nd AGM.

The Form of Proxy must be deposited at the office of KPMG Management & Risk Consulting Sdn. Bhd. at the Concourse, KPMG Tower, No.8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia or by electronically through email to support_convneagm@kpmg.com.my or at <https://convneagm.my/beshomagm2022> not less than forty-eight (48) hours before the time set for the 2nd AGM. If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the 2nd AGM in person, please write in to support_convneagm@kpmg.com.my to revoke the earlier appointed proxy forty-eight (48) hours before the 2nd AGM.

Last date and time for lodging the Form of Proxy : Sunday, 25 September 2022 at 11.30 a.m.

Date and time of the 2nd AGM : Tuesday, 27 September 2022 at 11.30 a.m.

This Statement is dated 29 August 2022

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BESHOM HOLDINGS BERHAD

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(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHARE BUY-BACK AUTHORITY (“Proposed Share Buy-Back”)

1. INTRODUCTION

On 29 July 2022, the Company announced that it proposes to seek shareholders’ approval at the forthcoming 2nd AGM for the mandate to purchase its own shares up to ten percent (10%) of the total number of shares issued of the Company.

The purpose of this Statement is to provide you with details of the Proposed Share Buy-Back and to seek your approval for the ordinary resolution to be tabled at the forthcoming 2nd AGM. The Notice of the 2nd AGM and the Form of Proxy are enclosed together with the Annual Report 2022.

2. PROPOSED SHARE BUY-BACK

Subject to your approval, the Directors propose to seek a general mandate for the Proposed Share Buy-Back. This mandate, if obtained, would give authority to the Directors to exercise the power of the Company to purchase its own shares in circumstances which the Directors consider would be in the best interest of the Company.

It is a requirement that a Company that wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval will be sought from you at the forthcoming 2nd AGM for a general mandate to purchase its own shares of up to ten percent (10%) of the total number of shares issued subject to compliance of the Companies Act 2016 (“the Act”), the Company’s Constitution, the Listing Requirements and any prevailing law, rules and regulation, guidelines and other requirement issued by the relevant authorities. The general mandate will be effective upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the Company’s forthcoming 2nd AGM until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held, unless earlier revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting, whichever occurs first.

2.1 Maximum Number of Shares for the Proposed Share Buy-Back

The maximum aggregate number of Shares which may be purchased by the Company, shall not exceed ten percent (10%) of the total number of shares issued of the Company at any point of time. As at 2 August 2022, the issued share capital of the Company is RM312,977,661 comprising 300,103,232 Ordinary Shares (“BESHOM Shares”). The Proposed Share Buy-Back will enable the Company to purchase up to maximum of 30,010,323 BESHOM Shares, representing approximately 10% of the Company’s total number of shares issued. The purchase of such BESHOM Shares will be carried out through Bursa Securities via stockbrokers appointed by the Company.

2.2 Source of Funds

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Act stipulates that the proposed purchase by a listed company of its own shares must be made wholly out of retained earnings of the listed company. BESHOM therefore proposes to allocate an amount not exceeding the audited retained earnings of the Company for the purpose of the Proposed Share Buy-Back. The retained earnings of the Company based on the latest audited financial statements for the year ended 30 April 2022 was RM4,941,609.

The funding for the Proposed Share Buy-Back will be sourced from internally generated funds and/or external borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase(s). In the event the Proposed Share Buy-Back is to be partly financed by external borrowings, the Company expects that it will be capable of repaying such borrowings and that such funding is not expected to have any material effect on the cash flow of BESHOM Group.

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

Pursuant to the provisions of Section 127(7) of the Act, the Directors may deal with the shares in the following manner:-

- (i) cancel the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury, which may be distributed as share dividends to the shareholders and/or resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or transferred for the purposes of or under an employees’ share scheme and/or transferred as purchase consideration and/or cancelled subsequently and/or sold, transferred or otherwise be used for such purposes as the Minister may by order prescribe; and/or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; and/or
- (iv) such other manner as may be permitted by the Act.

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

The Proposed Share Buy-Back, if exercised, is expected to potentially benefit the Company and its shareholders as follows:-

- The Company may be able to stabilise the supply and demand of the ordinary shares of BESHOM (“BESHOM Shares”) in the open market of Bursa Securities thereby supporting its fundamental value.
- The earnings per share of the Group will be strengthened if the shares purchased are cancelled which in turn will have a positive impact on the Company’s share price.
- If the BESHOM Shares so purchased by the Company are held as treasury shares, the Company may have the opportunity to distribute those shares as share dividends, thus benefiting the shareholders. The treasury shares may also be re-sold in the open market of Bursa Securities at a price higher than the purchase price, thereby realising a potential gain for BESHOM without affecting the Company’s issued share capital.
- BESHOM may be able to use its financial resources where there is no immediate use for them.

However, the Proposed Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forego better investment opportunities in the future or, at the least, deprive the Company and the Group of any income that may be derived from the deposit of such funds in interest bearing instruments. The Proposed Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to the shareholders of BESHOM.

The actual treatment of the shares purchased pursuant to the Proposed Share Buy-Back would depend on, inter-alia, the prevailing equity market conditions and the financial position of BESHOM.

Your Board will be mindful of the interest of BESHOM and its shareholders in implementing the Proposed Share Buy-Back and its subsequent resale.

4. EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the Share Capital, Net Assets and Working Capital, Earnings, Dividends, and Directors' and Substantial Shareholders' Shareholdings are set out below.

4.1 Share Capital

As at 2 August 2022, the total issued share capital of the Company was RM312,977,661 comprising 300,103,232 ordinary shares.

In the event the Company acquires the full amount of BESHOM Shares authorised under the Proposed Share Buy-Back and all the purchased BESHOM Shares are cancelled, the total number of shares issued of BESHOM, for illustration purposes, will be as follows:-

	No. of BESHOM Shares
Total number of shares issued as at 2 August 2022	300,103,232
Less: To be purchased pursuant to the Proposed Share Buy-Back and assuming fully cancelled	(30,010,323)
Total number of shares issued after the Proposed Share Buy-Back	270,092,909

In the event that the BESHOM Shares purchased are retained as treasury shares, the total number of shares issued of BESHOM will not be reduced but the rights attaching to the treasury shares as to voting, dividends and participating in other distributions or otherwise will be suspended. While these BESHOM Shares remain as treasury shares, the Act prohibits the taking into account such shares in calculating the number or percentage of shares in BESHOM for any purposes whatsoever including substantial shareholders' shareholdings, takeovers, notices, the requisitioning and quorum of general meetings and the result of votes on resolutions at general meetings.

4.2 Net Assets and Working Capital

The effects of the Proposed Share Buy-Back is likely to reduce or increase the Net Assets per share of the BESHOM Group and will reduce the funds available for working capital of the BESHOM Group, the quantum of which depends on the number of BESHOM Shares purchased, the purchase price and the effective funding costs of the BESHOM Group. The Proposed Share Buy-Back will reduce the Net Assets per share of the BESHOM Group if the purchase price exceeds the Net Assets per share of the Group at the time of the purchase. Conversely, the Net Assets per share of BESHOM Group will increase if the purchase price is less than the Net Assets per share of the BESHOM Group at the time of the purchase.

Should the Company choose to resell the treasury shares on Bursa Securities, depending on the price at which the said shares are re-sold, the Proposed Share Buy-Back may have a positive effect on the Net Assets of the Group if a gain on disposal is achieved.

The audited Net Assets per share of the BESHOM Group as at 30 April 2022 is RM1.06.

4.3 Earnings

Assuming the purchased BESHOM Shares under the Proposed Share Buy-Back are cancelled, the Proposed Share Buy-Back may increase the earnings per share (“EPS”) of BESHOM Group. In addition, on the assumption that the purchased Shares are treated as treasury shares and subsequently resold, the earnings of BESHOM Group may be affected depending on the actual selling price and number of treasury shares resold. In the event the purchased shares are held as treasury shares, the effective reduction in the issued share capital of the Company pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Group.

4.4 Dividends

For the financial year ended 30 April 2022, your Board has declared an interim single tier dividend of 3 sen per ordinary share, amounting to RM9,003,097 which was paid on 25 January 2022.

Subject to the approval of the shareholders at the forthcoming 2nd AGM, your Board has recommended a final single tier dividend of 5 sen per ordinary share in respect of the financial year ended 30 April 2022.

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the number of shares issued as described under Section 4.1 above if the BESHOM Shares purchased are cancelled.

If the BESHOM Shares purchased are treated as treasury shares and assuming the dividend quantum of the Company is maintained at the historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of the Company as a result of the suspension of rights attaching to the treasury shares as to dividend entitlement. Nonetheless, the treasury shares may be distributed as share dividends to shareholders of the Company if the Company so decides.

4.5 Directors' and Substantial Shareholders' Shareholdings

(i) Directors

The proforma effects of the Proposed Share Buy-Back on the shareholdings of the Directors of BESHOM based on the Register of Directors' Shareholdings as at 2 August 2022 and assuming that BESHOM purchases the maximum ten percent (10%) of its total number of shares issued are set out as follows:

	<-----As at 2 August 2022----->				<-----After the Proposed Share Buy-Back----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Tan Keng Kang	12,864,793	4.29	66,057,211(a)	22.01	12,864,793	4.76	66,057,211(a)	24.46
Hew Von Kin	416,580	0.14	-	-	416,580	0.15	-	-
Chia Kuo Wui	1,434,427	0.48	-	-	1,434,427	0.53	-	-
Tan Kim Siong	66,000	0.02	7,788(b)	0.003	66,000	0.02	7,788(b)	0.003
Soon Eng Sing	51,923	0.02	-	-	51,923	0.02	-	-
Tan Beng Ling	-	-	-	-	-	-	-	-
Hajjah Ruhanas Binti Harun	-	-	-	-	-	-	-	-
Ng Chek Yong	-	-	-	-	-	-	-	-

Notes:

- a) Deemed interested by virtue of his substantial interest in Akintan Sdn Bhd and Daritan Sdn Bhd and through the direct and indirect interest of his family members in BESHOM respectively.
- b) Deemed interested through the direct and indirect interest of his spouse.

(ii) **Substantial Shareholders**

The proforma effects of the Proposed Share Buy-Back on the shareholdings of the Substantial Shareholders of BESHOM based on the Register of Substantial Shareholders as at 2 August 2022 and assuming that BESHOM purchases the maximum ten percent (10%) of its total number of shares issued are set out as follows:

	<-----As at 2 August 2022----->				<-----After the Proposed Share Buy-Back----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders								
The Estate of the late Tan Kai Hee	32,363,629	10.78		-	32,363,629	11.98	-	-
Akintan Sdn Bhd	25,481,475	8.49	-	-	25,481,475	9.43	-	-
Excellant Communication Sdn Bhd	16,146,705	5.38	-	-	16,146,705	5.98	-	-
Tan Keng Kang	12,864,793	4.29	66,057,211(i)	22.01	12,864,793	4.76	66,057,211(i)	24.46
Tan Keng Song	1,931,538	0.64	77,473,427(ii)	25.82	1,931,538	0.72	77,473,427(ii)	26.68
Phan Van Denh	878,271	0.29	78,043,733(iii)	26.01	878,271	0.33	78,043,733(iii)	28.89

Notes:

- i. Deemed interested by virtue of his substantial interest in Akintan Sdn Bhd and Daritan Sdn Bhd and through the direct and indirect interest of his family members in BESHOM respectively.
- ii. Deemed interested through the direct and indirect interest of her family members in BESHOM.
- iii. Deemed interested through the direct and indirect interest of her spouse.

5. PURCHASE, RESALE, TRANSFER OR CANCELLATION OF SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS

This is the first Proposed Share Buy-Back mandate of the Company to be sought from shareholders at the forthcoming AGM following the completion of the internal reorganisation exercise for the transfer listing of Hai-O Enterprise Berhad (“HAI-O”) to the Company on 29 November 2021. The Company has not purchased or resold any of its shares in the last twelve (12) months up to the latest practical date (“LPD”) on 2 August 2022.

Please refer to item 12 below for details of the Shares Buy-Back by HAI-O prior to completion of the internal reorganisation exercise.

6. PUBLIC SHAREHOLDING SPREAD

Based on our Register of Substantial Shareholders and the Record of Depositors as at 2 August 2022, the public shareholding spread of BESHOM is 67.27% of the total number of shares issued of the Company. Assuming that the Proposed Share Buy-Back is carried out in full and BESHOM Shares so purchased were all cancelled, our public shareholding would be 63.64% (assuming the BESHOM Shares are purchased from public shareholders other than our existing Directors and substantial shareholders pursuant to the Proposed Share Buy-Back and the number of BESHOM Shares held by the Directors of the BESHOM Group, the substantial shareholders of BESHOM and persons connected to them remain unchanged).

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of BESHOM Shares as traded on the Main Market of Bursa Securities for the preceding 12 months are as follows:

Month and Year	Highest (RM)	Lowest (RM)
2021		
August [#]	2.06	1.95
September [#]	2.05	1.94
October [#]	2.00	1.93
November ^{#*}	2.03	1.80
December	1.85	1.65
2022		
January	1.85	1.65
February	1.80	1.68
March	1.73	1.50
April	1.63	1.52
May	1.63	1.53
June	1.60	1.43
July	1.53	1.48

(Source: www.investing.com)

[#] share prices of Hai-O Enterprise Berhad, prior to the transfer of listing status to BESHOM on 29 November 2021.

* BESHOM was listed on the Main Market of Bursa Securities on 29 November 2021 upon completion of the internal reorganisation.

The last transacted price of BESHOM Shares on the LPD, 2 August 2022 was RM1.49.

8. IMPLICATION RELATING TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 (“CODE”)

The Proposed Share Buy-Back is not expected to trigger any obligation to undertake a mandatory general offer pursuant to the Code as a result of the Proposed Share Buy-Back.

It is the intention of BESHOM to implement the Proposed Share Buy-Back in a manner that will not result in any of the shareholders of BESHOM having to undertake a mandatory take-over offer pursuant to the Code.

9. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

Save for the proportionate increase in the percentage of shareholdings and/or voting rights in their capacity as the shareholders of the Company as a consequence of the share movement pursuant to the Proposed Share Buy-Back, none of the directors and/or major shareholders of the Company and any person connected with the directors and/or major shareholders of the Company, have any interest, direct or indirect, in the Proposed Share Buy-Back, and in the resale of the treasury shares, if any.

10. APPROVAL REQUIRED

The Proposed Share Buy-Back is conditional upon the approval of the shareholders of the Company at the forthcoming 2nd AGM.

11. DIRECTORS’ RECOMMENDATION

Your 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 and its shareholders. Accordingly, your Board recommends that you vote in favour of the ordinary resolution in respect of the Proposed Share Buy-Back to be tabled at the forthcoming 2nd AGM.

12. FURTHER INFORMATION

- i) Details of Shares Buy-Back by Hai-O Enterprise Berhad prior to completion of internal reorganisation exercise.

HAI-O had on 4 June 2021, declared a distribution of one (1) treasury share for every twenty-six (26) existing ordinary shares. (“Share Dividend”). The entitlement date for Share Dividend was fixed on 22 June 2021. The Share Dividend, totaling 11,109,328 HAI-O shares was credited into the entitled Depositors’ Securities Account respectively on 6 July 2021. The balance of 194,660 treasury shares was cancelled on 29 October 2021 in line with the internal reorganisation exercise.

- ii) Shareholders are advised to refer to the attached Appendix I for further information.

APPENDIX I

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. They 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 FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours (except for Saturday, Sunday and public holidays) from the date of this Statement up to and including the date of the 2nd AGM, at the registered office of our Company at Unit 621, 6th Floor, Block A, Kelana Centre Point, No. 3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia:

- a) The Constitution of BESHOM; and
- b) Audited Financial Statements of BESHOM for the past two (2) financial years ended 30 April 2021 and 30 April 2022.