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

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SBC CORPORATION BERHAD

Registration No. 199001007740 (199310-P)
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS

**IN RELATION TO THE PROPOSED RENEWAL OF THE AUTHORITY
FOR THE COMPANY TO UNDERTAKE A SHARE BUY-BACK
OF UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES
("PROPOSED SHARE BUY-BACK RENEWAL")**

The ordinary resolution in respect of the above proposal will be tabled at the Thirty-fourth Annual General Meeting ("**AGM**") of SBC Corporation Berhad ("**SBC**" or "**the Company**") to be held at Unit No. C-01, Concourse Level, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 25 September 2024 at 10.00 a.m.

The Notice of the Thirty-fourth AGM of SBC together with the Proxy Form, the Annual Report 2024 and this Statement are available at the Company's website www.sbcgroup.com.my under the Investor Relations Section.

You are requested to complete the Proxy Form and deposit it at the Registered Office of the Company at Unit No. C-01, Concourse Level, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan on or before the time and date indicated below if you are unable to attend the AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 24 September 2024 at 10.00 a.m.
Date and time of the Thirty-fourth AGM : Wednesday, 25 September 2024 at 10.00 a.m.

This Statement is dated 31 July 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:-

“Act”	- The Malaysian Companies Act, 2016, as amended from time to time and includes any re-enactment thereof
“AGM”	- Annual General Meeting
“Annual Report 2024”	- Annual Report of the Company for the financial year ended 31 March 2024
“Board”	- The Board of Directors of SBC
“Bursa Securities”	- Bursa Malaysia Securities Berhad
“Director”	- Has the meaning given in Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EPS”	- Earnings per share
“DSTH”	- Datuk Sia Teong Heng
“Connected Persons”	- Persons connected to DSTH, namely LOM Holdings Sdn Bhd [Registration No. 198301014957 (110350-D)], Evergreen Legacy Sdn Bhd [Registration No. 199201007722 (239226-H)], the Estate of Sia Kwee Mow @ Sia Hok Chai, Deceased, Mun Oi @ Mun Oi Lin and Sia Teong Leng
“Listing Requirements”	- The Main Market Listing Requirements of Bursa Securities including any amendment thereto that may be made from time to time
“Major Shareholder”	- A person who has an interest or interests in one or more voting shares in a company and the number or the aggregate number of those shares, is - (a) 10% or more of the total number of voting shares in the company; or (b) 5% or more of the total number of voting shares in the company where such person is the largest shareholder of the company This includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major shareholder of the Company or any other company which is its subsidiary or holding company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act
“NA”	- Net assets
“Proposed Share Buy-Back Renewal”	- Proposed renewal of the authority for the Company to undertake a share buy-back of up to 10% of its total number of issued shares

“RM” and “sen”	- Ringgit Malaysia and sen respectively
“Rules”	- Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016
“SBC” or “the Company”	- SBC Corporation Berhad [Registration No. 199001007740 (199310-P)]
“SBC Shares” or “Shares”	- Ordinary shares in SBC
“Substantial Shareholder”	- A person who has an interest or interests in one or more voting Shares in the Company and the number or aggregate number of those shares, is not less than 5% of the total number of all the voting Shares in the Company
“SBC Group” or “the Group”	- SBC and its subsidiary companies collectively

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TABLE OF CONTENTS

	Page
LETTER TO SHAREHOLDERS CONTAINING:-	
1. INTRODUCTION	1
2. INFORMATION ON THE PROPOSED SHARE BUY-BACK RENEWAL	1 to 2
3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK RENEWAL	2
4. SOURCE OF FUNDS	2
5. ADVANTAGES AND DISADVANTAGES	2 to 3
6. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK RENEWAL	3 to 4
7. PUBLIC SHAREHOLDING SPREAD	5
8. IMPLICATION RELATING TO THE RULES	5
9. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL/MAJOR SHAREHOLDERS	6
10. PURCHASE OF SBC SHARES AND RESALE, TRANSFER OR CANCELLATION OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS	7
11. HISTORICAL SHARE PRICES	7
12. DIRECTORS' RECOMMENDATION	7
13. ANNUAL GENERAL MEETING	8
14. FURTHER INFORMATION	8
APPENDIX I FURTHER INFORMATION	9



SBC CORPORATION BERHAD
Registration No. 199001007740 (199310-P)
(Incorporated in Malaysia)

Registered Office:
Unit No. C-01, Concourse Level,
PJX-HM Shah Tower,
No. 16A, Persiaran Barat,
46050 Petaling Jaya,
Selangor Darul Ehsan.

31 July 2024

Directors

YBhg. Datuk Roselan Johar bin Johar Mohamed (Independent Non-Executive Chairman)
YBhg. Datuk Sia Teong Heng (Managing Director cum Chief Executive Officer)
Sia Teong Leng (Executive Director)
YBhg. Dato' Lim Cheang Nyok (Senior Independent Non Executive Director)
Choo Suit Ling (Independent Non-Executive Director)
Mohd Faizal bin Mohd Khasim (Independent Non-Executive Director)

To: The Shareholders of SBC Corporation Berhad

Dear Shareholders,

PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO UNDERTAKE A SHARE BUY-BACK OF UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED SHARE BUY-BACK RENEWAL")

1. INTRODUCTION

On 12 July 2024, the Company announced that it will be seeking its shareholders approval for the Proposed Share Buy-Back Renewal.

The Company proposes to seek approval for the Proposed Share Buy-Back Renewal from the shareholders at the forthcoming Thirty-fourth AGM to be held on 25 September 2024.

2. INFORMATION ON THE PROPOSED SHARE BUY-BACK RENEWAL

SBC had, at the Thirty-third AGM of the Company held on 21 September 2023, obtained a mandate from shareholders to undertake a share buy-back of up to 10% of the total number of issued shares of SBC through Bursa Securities. The said approval from shareholders shall expire at the conclusion of the forthcoming Thirty-fourth AGM of the Company.

The Board is seeking a renewal of the authority from the shareholders of SBC to purchase the Company's Shares at any time up to 10% of the total number of issued shares of the Company.

In accordance with the provisions under Section 127 of Act and other prevailing laws, rules, regulations, orders, guidelines and requirements governing the purchase of a company's own shares, the Company may, subject to its Constitution and the approval of its shareholders, purchase its own Shares listed on Bursa Securities through its appointed stockbroker(s).

The authority from the shareholders, if renewed, shall be effective immediately after obtaining the approval of the shareholders of the Company for the Proposed Share Buy-Back Renewal and will continue to be in force until:

- (a) the conclusion of the next AGM of SBC following the general meeting at which the ordinary resolution for the Proposed Share Buy-Back Renewal is passed, at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders of SBC in a general meeting,

whichever occurs first.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK RENEWAL

The implementation of the Proposed Share Buy-Back Renewal, if and when the Company deems appropriate, would enable the Company to utilise its surplus financial resources to purchase SBC Shares at prices which the Board views as favourable.

Depending on the funding cost for the purchase of the SBC Shares, if the purchased Shares are cancelled, the Proposed Share Buy-Back Renewal may strengthen the EPS of SBC and if so, it is expected to benefit the shareholders of SBC.

If the purchased Shares are held as treasury shares, such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves. The treasury shares may also be distributed to the shareholders as dividends.

Section 127(7) of the Act also permits the treasury shares to be transferred for the purposes of or under an employees' share scheme or as purchase consideration. Presently, the Company does not have any employees' share scheme.

The Board intends to retain the purchased Shares as treasury shares or resell the purchased Shares on Bursa Securities or a combination of both or may use it in the manner allowed in the Act.

4. SOURCE OF FUNDS

The Proposed Share Buy-Back Renewal will be financed through internally generated funds and/or bank borrowings. The maximum amount of funds to be utilised by the Company for the Proposed Share Buy-Back Renewal shall not exceed the latest available audited retained profits of the Company. Based on the last audited financial statements of SBC for the financial year ended 31 March 2024, the audited retained profits of the Company stood at RM12.71 million.

The proportion of the funding will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase. In the event that the Proposed Share Buy-Back Renewal is to be partly or wholly financed by bank borrowings, the Board will ensure that the Company has sufficient funds to repay such borrowings and that the repayment would not have any material effect on the cash flow of SBC.

5. ADVANTAGES AND DISADVANTAGES

The potential advantages of the Proposed Share Buy-Back Renewal to the Company and its shareholders are:

- (a) if the purchased Shares are cancelled, the EPS of the SBC Group will be enhanced and shareholders are likely to enjoy an increase in the value of their investment in the Company;
- (b) the Company's share capital base will be reduced pursuant to the Proposed Share Buy-Back Renewal, which may increase the likelihood of a higher dividend rate being declared in the future; and
- (c) if the purchased Shares are retained as treasury shares, it will provide the Board with an option to sell the purchased Shares at a higher price and therefore make a gain for the Company. Alternatively, the purchased Shares can be distributed as share dividends to shareholders as a reward to the shareholders of the Company.

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

- (a) reduction of the financial reserves of the Company which would otherwise be available for distribution to the shareholders of the Company in the foreseeable future;
- (b) resultant opportunity costs for the Company as better investment opportunities may be foregone in the future with the reduction in financial resources of the SBC Group available upon implementation of the Proposed Share Buy-Back Renewal; and
- (c) deprive the SBC Group of interest income that can be derived from the funds utilised for the Proposed Share Buy-Back Renewal. Further, if the Proposed Share Buy-Back Renewal is financed via bank borrowings, the SBC Group would have to service interest obligations.

The Proposed Share Buy-Back Renewal, however, is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in-depth consideration of the financial resources of SBC and will be balanced against investment opportunities and other proposals that can enhance the value of the Company. The Board, in exercising any decision in implementing the Proposed Share Buy-Back Renewal will be mindful of the interests of the Company and of its shareholders.

6. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK RENEWAL

6.1 Total Number of Issued Shares

In the event the Proposed Share Buy-Back Renewal is exercised in full and the purchased Shares are fully cancelled, the reduction of the total number of issued Shares of SBC will be as follows:

	No. of Shares
Total number of issued Shares as at 24 June 2024	258,129,053
Shares reduced (Assuming the Shares so purchased pursuant to the Proposed Share Buy-Back Renewal, inclusive of the treasury shares held, are fully cancelled)	(25,812,905)
Resultant total number of issued Shares	<u>232,316,148</u>
Treasury shares held as at 24 June 2024	58,900

Section 127(8) and (9) of the Act states, amongst others, that if the purchased Shares are held as treasury shares, the rights attached to them as to voting, dividend and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of SBC Shares or of a class of SBC Shares for any purposes including 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.

6.2 Net Assets and Working Capital

The effect of the Proposed Share Buy-Back Renewal on the NA per share of the Company will depend on the purchase price of the SBC Shares purchased and the effective funding cost or loss in interest income of the Company. If the purchased Shares are cancelled, the Proposed Share Buy-Back Renewal would reduce the NA per share of the Company when the purchase price exceeds the NA per share at the time of purchase. Conversely, the NA per share of the Company would be increased when the purchase price is less than the NA per share at the time of purchase. Should the purchased Shares be resold, the consolidated NA per share will increase if the Company realises a gain from the resale, and vice versa.

The Proposed Share Buy-Back Renewal, as and when implemented, will reduce the working capital and cashflow of the Group, the quantum of which depend on, amongst others, the number of purchased Shares and the purchase price(s) of the Shares. Nevertheless, the Company would be able to restore the working capital and cashflow of the Group by reselling such Shares purchased under the Proposed Share Buy-Back Renewal on the open market, at a profit or loss, depending on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

6.3 Earnings

The effects of the Proposed Share Buy-Back Renewal on the consolidated earnings of SBC would depend on the purchase price and number of SBC Shares purchased as well as the effective funding cost to the Company in implementing the Proposed Share Buy-Back Renewal. The reduction in the number of SBC Shares applied in the computation of the consolidated EPS pursuant to the Proposed Share Buy-Back Renewal may generally, all else being equal, have a positive impact on the consolidated EPS for the financial year when the Proposed Share Buy-Back Renewal is implemented. Should the SBC Shares purchased be resold, the extent of the impact to the earnings of the SBC Group will depend on the actual selling price, the number of treasury shares resold, the effective funding cost and the gain or loss on the disposal, if any.

6.4 Dividends

Barring any unforeseen circumstances, the Board does not expect the Proposed Share Buy-Back Renewal to have any material effect on the dividend policy of the Company. Any future dividend to be declared and paid will depend on, amongst others, the actual results of the SBC Group, its cash reserves, capital commitment and future funding requirements.

6.5 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 SBC Group, the quantum of which is dependent on the purchase prices of the SBC Shares and the number of SBC Shares repurchased and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of SBC and its shareholders in undertaking the Proposed Share Buy-Back and will assess the cashflow and working capital needs of the SBC Group prior to any repurchase of SBC 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 cashflow of the Company will increase upon reselling the SBC Shares purchased which are retained as treasury shares. Again, the quantum of the increase in the working capital and cashflow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

7. PUBLIC SHAREHOLDING SPREAD

In compliance with Paragraph 12.14 of the Listing Requirements, SBC will only undertake the Proposed Share Buy-Back Renewal, to the extent that at least 25% of the total number of issued Shares of SBC is held in the hands of public shareholders at all times. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own Shares if the purchase would result in the public shareholding spread requirements not being met. As at 24 June 2024, the public shareholding spread of the Company was 63.25%.

8. IMPLICATION RELATING TO THE RULES

As at 24 June 2024, the substantial shareholder of SBC, namely DSTH, together with Connected Persons hold 94,822,190 Shares or approximately 36.74% of the voting shares of SBC. In the event that the Proposed Share Buy-Back Renewal is carried out in full in a period of six (6) months, the combined shareholdings of DSTH and the Connected Persons would increase by 4.08% to 40.82%.

Pursuant to Paragraph 4.01 of the Rules, if a person or a group of persons acting in concert holding more than 33% but less than 50% of the voting shares of a company and such person or group of persons acting in concert acquiring in any period of six (6) months more than 2% of the voting shares of the company, there is an obligation to undertake a mandatory general offer for the remaining ordinary shares of the company not already owned by the said person or group of persons acting in concert. However, under Paragraph 4.15 of the Rules, a holder of voting shares who, as a result of a reduction of the voting shares of the company through a share buy-back scheme under the Act, has increased his holding of voting shares by more than 2% in any six (6) months, if his existing holding of voting shares is more than 33% but less than 50%, will be exempted if the increase in his holding is inadvertent as a result of the company purchasing its own shares subject to he and the parties acting in concert complying with the conditions stipulated therein.

To date, the Company has yet to decide on the percentage of its own Shares to be purchased under the Proposed Share Buy-Back Renewal. However, should the Company decide to purchase its own Shares which will result in DSTH and the Connected Persons' combined shareholdings in SBC in any period of six (6) months increasing by more than 2%, DSTH and the Connected Persons will seek a waiver from the Securities Commission under Paragraph 4.15 of the Rules before the Company purchases its own Shares.

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10. PURCHASE OF SBC SHARES AND RESALE, TRANSFER OR CANCELLATION OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS

There was no purchase of Shares and no resale, transfer or cancellation of treasury shares for the past twelve (12) months from July 2023 to June 2024.

As at 18 July 2024, SBC held a total of 58,900 treasury shares.

11. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Shares for the past twelve (12) months from July 2023 to June 2024 are as follows –

	High	Low
	(RM)	(RM)
<u>2023</u>		
July	0.620	0.440
August	0.495	0.400
September	0.425	0.385
October	0.405	0.380
November	0.505	0.370
December	0.415	0.360
<u>2024</u>		
January	0.455	0.365
February	0.410	0.350
March	0.370	0.325
April	0.380	0.340
May	0.405	0.355
June	0.445	0.390

(Source: Bursa Securities)

The last transacted market price of Shares on 18 July 2024, being the latest practicable date prior to the printing of this Statement, was RM0.440.

12. DIRECTORS' RECOMMENDATION

The Board is of the opinion that the Proposed Share Buy-Back Renewal is in the best interest of the Company and accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Share Buy-Back Renewal to be tabled at the forthcoming Thirty-fourth AGM.

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13. ANNUAL GENERAL MEETING

The ordinary resolution to approve the Proposed Share Buy-Back Renewal is set out as Special Business in the Notice of the Thirty-fourth AGM enclosed in the Annual Report 2024. The Thirty-fourth AGM will be held at Unit No. C-01, Concourse Level, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 25 September 2024 at 10.00 a.m.

The Notice of the Thirty-fourth AGM of SBC together with the Proxy Form, the Annual Report 2024 and this Statement are available at the Company's website www.sbcgroup.com.my under the Investor Relations Section.

If you are unable to attend and vote in person at the AGM, you should complete and return the Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Company's Registered Office at Unit No. C-01, Concourse Level, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, not less than twenty-four (24) hours before the time set for holding the AGM or any adjournment thereof.

The completion and return 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.

14. FURTHER INFORMATION

Shareholders are requested to refer to the Appendix I contained in this Statement for further information.

Yours faithfully,
For and on behalf of the Board
SBC CORPORATION BERHAD

Datuk Sia Teong Heng
Managing Director cum Chief Executive Officer

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FURTHER INFORMATION

1. Directors' Responsibility Statement

This Statement has been seen and approved by the Directors of SBC and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that after having made 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

The following documents are available for inspection at SBC's Registered Office at Unit No. C-01, Concourse Level, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, during normal office hours (except for public holidays) from the date of this Statement to the date of the forthcoming Thirty-fourth AGM -

- (a) the Constitution of SBC; and
- (b) the audited financial statements of SBC for the past two (2) financial years ended 31 March 2023 and 2024.

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