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**HIL INDUSTRIES BERHAD**

Registration No: 196901000472 (8812-M)  
(Incorporated in Malaysia)

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

The Notice of the Fifty-First Annual General Meeting ("51<sup>st</sup> AGM") of HIL Industries Berhad which will be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan on 24 June 2021, at 11.00 a.m., together with the Form of Proxy are set out in HIB's Annual Report for the financial year ended 31<sup>st</sup> December 2020 and available on the Company's website. Shareholders are advised to refer to the Notice of Annual General Meeting and the Form of Proxy.

The Form of Proxy must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the Meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently wish to do so.

This document is dated 7<sup>th</sup> May 2021

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## DEFINITIONS

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Except when the context otherwise requires, the following abbreviations shall apply throughout this document and the accompanying appendices:-

“Act”	:	The Companies Act 2016 or any statutory modification, amendment or re-enactment thereof for the time being in force
“AGM”	:	Annual General Meeting
“Board”	:	The Board of Directors of HIB
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“Code”	:	Malaysian Code on Take-Overs and Mergers 2016, as amended from time to time
“Director(s)”	:	Director(s) of HIB and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
“EPS”	:	Earnings per share
“HIB” or the “Company”	:	HIL Industries Berhad (196901000472 [8812-M])
“HIB Group” or the “Group”	:	HIB and its subsidiaries
“HIB Share(s)” or “Share(s)”	:	Ordinary share(s) in HIB
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
“NA”	:	Net Assets
“Purchased Shares”	:	Share(s) purchased pursuant to the Proposed Share Buy-Back
“Proposal” or “Proposed Share Buy-Back” or “Proposed Renewal of Share Buy-Back Authority”	:	Proposed renewal of authority for the purchase by the Company of its own shares up to ten percent (10%) of the total number of issued shares in the ordinary share capital of the Company
“RM” and “sen”	:	Ringgit Malaysia and sen respectively

Words denoting the singular number only shall include the plural and vice versa and words denoting the masculine gender only shall include the feminine and neuter genders and vice versa

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## HIL INDUSTRIES BERHAD

Registration No: 196901000472 (8812-M)  
(Incorporated in Malaysia)

### **Registered Office:**

Lot 3,  
Jalan Lada Sulah 16/11,  
Section 16,  
40000 Shah Alam,  
Selangor Darul Ehsan  
7<sup>th</sup> May 2021

### **Board of Directors**

Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock (*Executive Chairman*)

Dato' Milton Norman Ng Kwee Leong (*Managing Director*)

Steven Junior Ng Kwee Leng (*Executive Director*)

Malcolm Jeremy Ng Kwee Seng (*Executive Director*)

Mat Ripen Bin Mat Elah (*Independent Director*)

Tan Sri Dato' Dr. Sak Cheng Lum (*Independent Director*)

Ooi Hock Guan (*Independent Director*)

Ooi Hun Yong (*Independent Director*)

### **To: The Shareholders of HIL Industries Berhad**

Dear Sir/Madam,

### **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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#### **1 INTRODUCTION**

The shareholders of the Company had at the Company's 50<sup>th</sup> AGM held on 10<sup>th</sup> September 2020, granted approval the renewal of the authorisation for the Company to purchase up to ten per centum (10%) of the total number of issued shares in the ordinary share capital of the Company. The said authorisation shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 51<sup>st</sup> AGM of the Company.

On 8<sup>th</sup> April 2021, HIB announced its intention to seek the shareholders' approval for the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM to be convened.

The purpose of this statement is to provide you with the relevant information on the Proposal as per the Ordinary Resolution to be tabled at the forthcoming AGM of the Company. The Notice of AGM together with the Form of Proxy is attached with this Statement.

**SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS AND APPENDIX OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK AT THE FORTHCOMING AGM.**

## **2 INFORMATION ON THE PROPOSED SHARE BUY-BACK**

### **2.1 Details**

The Board is proposing to seek the shareholders' approval for the renewal of authority for the Company to purchase up to ten per centum (10%) of the total number of issued shares in the ordinary share capital of the Company, subject to compliance with Section 127 of the Act, as amended from time to time, and any prevailing laws, rules, regulations, orders, guidelines and other requirements issued by the relevant authorities. As at the date of this statement, the Company has bought back 2,096,800 shares from the open market.

The total number of the issued shares in the ordinary share capital of the Company as at 31<sup>st</sup> March 2021, is RM167,018,806 comprising 334,037,612 HIB Shares (inclusive of 2,096,800 treasury shares). A maximum of 33,403,761 HIB Shares may be purchased by the Company under the Proposed Renewal of Share Buy-Back Authority. As such, the balance that can be purchased as at to date is 31,306,961.

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

- (i) the conclusion of the next AGM of the Company at which time the Proposed Renewal of Share Buy-Back Authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

Whichever occurs first.

The Proposed Renewal of Share Buy-Back Authority will be effected through HIB's appointed stockbrokers.

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

### **2.2 Source of Funds**

The funding for the Proposed Share Buy-Back will be through the internal generated funds of the Group and/or external borrowings. The amount of internal funds and/or external borrowings to be utilised will only be determined later depending on amongst others, the available internally generated funds, actual number of HIB Shares to be purchased and/or held and other relevant cost factors. The actual number of HIB Shares to be purchased and/or held will depend on amongst others, the market conditions and sentiments of Bursa Securities as well as the availability of the retained profits reserves and financial resources to the Company. In the event the Proposed Share Buy-Back is to be financed by bank borrowings, the Board would ensure that the Company has the capability of repaying such borrowings and such repayment will not have a material effect on the cashflow of the HIB Group.

The Listing Requirements stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits account of the Company. The Board proposes to allocate a maximum amount not exceeding the aggregate of the retained profits of the Company for the Proposed Share Buy-Back, subject to compliance with Section 127 of the Act, as amended from time to time, and any prevailing laws, rules, regulations, orders, guidelines and other requirements issued by the relevant authorities at the time of the purchase. As at 31 December 2020, the audited retained profits account of the Company amounted to RM92.652 million.

The Purchased Shares may be cancelled or retained as treasury shares or a combination of both. Upon each purchase of the Shares, an immediate announcement will be made to Bursa Securities in respect of the Directors' decision on the treatment of the Purchased Shares. The Purchased Shares held as treasury shares, may either be cancelled, distributed as share dividends or resold by the Company on Bursa Securities, or a combination of the above, depending on the availability of, among others, the retained profits of the Company. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits account of the Company.

While the Purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distribution or otherwise are suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares for any purpose including substantial shareholding, takeovers, notices, the requisition of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

### **2.3 Pricing**

HIB shall only purchase its own ordinary shares at a price, which is not more than fifteen per centum (15%) above the weighted average market price for the five (5) market days immediately preceding the date of the purchase(s). The Company may only resell the Purchased Shares held as treasury shares:

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

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### **3 RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back will enable the Company to utilise its financial resources not immediately required for use, to purchase its own shares which may have a positive impact on the market price of HIB Shares and has the following potential advantages for the Company and its shareholders:-

- (a) the Company may be able to stabilise the supply and demand of HIB Shares traded on Bursa Securities and thereby support its fundamental value;
- (b) to allow the Company the flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity;
- (c) if the HIB Shares purchased by the Company are cancelled, shareholders are likely to enjoy and increase in the value of their investment in the Company due to the increase in its EPS as a result of the reduction in its total number of issued shares in the ordinary share capital; and
- (d) if the HIB Shares bought back are kept as treasury shares, it will give the Directors an option to sell the HIB Shares so purchased at a higher price and therefore make a gain for the Company. Alternatively, the HIB Shares so purchased can be distributed to shareholders as dividends and serve as a reward to the shareholders of the Company.

### **4 POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED SHARE BUY-BACK**

The potential advantages of the Proposed Share Buy-Back to HIB and its shareholders are as follows:-

- (a) allows the Company to take preventive measures against speculation particularly when its shares are deemed to be undervalued which would in turn stabilise the market price of HIB Shares and hence, enhance investors' confidence;
- (b) allows the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition and the size of equity; and
- (c) if Treasury Shares are distributed as dividends by the Company, it may then serve to reward shareholders of the Company.

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

- (a) the Proposed Share Buy-Back will reduce the financial resources of HIB and may result in HIB forgoing better investment opportunities that may emerge in the future; and
- (b) as the Proposed Share Buy-Back can only be made out of retained profits accounts of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Share Buy-Back, if implemented, will reduce the financial resources of HIB, but since the amount is not substantial, will not affect the furtherance of HIB's business or payment of dividends by the Company. Nevertheless, the Board will be mindful of the interests of HIB and its shareholders when exercising the Proposed Share Buy-Back. Thus, the Proposed Share Buy-Back is not expected to have any material disadvantage to the Company and its shareholders.

## 5 EFFECTS OF THE PROPOSED SHARE BUY-BACK

Assuming that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, net assets, working capital, EPS, dividends, shareholdings of Directors and substantial shareholders of HIB are set out below:-

### 5.1 Share Capital

***For illustration purposes only***, this scenario shows the movement in the total number of issued shares in the ordinary share capital as at 31<sup>st</sup> March 2021 on the basis that all the HIB Shares so purchased are cancelled.

	<b>No. of HIB Shares</b>
Existing share capital as at 31 <sup>st</sup> March 2021	334,037,612*
Maximum number of HIB Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(33,403,761)
Resultant share capital after cancellation of HIB Shares purchased under the Proposed Share Buy-Back	<u>300,633,851</u>

*\*Including 2,096,800 shares bought and retained as treasury shares*

However, in the event that all purchased HIB Shares are retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the total number of issued shares in the ordinary share capital of the Company.

### 5.2 Net Assets

The effect of the Proposed Share Buy-Back on the NA per share of HIB will depend on the purchase prices of the HIB Shares and the effective funding cost or any loss in interest income to the Company.

If all the HIB Shares purchased were cancelled, the Proposed Share Buy-Back would reduce the NA per share of HIB when the purchase price exceeds the NA per share at the relevant point of time. Conversely, the NA per share would be increased when the purchase price is less than the NA per share at the relevant point of time.

For HIB Shares purchased which are retained as treasury shares, upon their resale, the NA per HIB Share will increase assuming that a gain has been realised. The quantum of the increase in NA per HIB Share will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

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### **5.3 Working Capital and Cash Flow**

The Proposed Share Buy-Back will result in an outflow of cash and thereby reduce the working capital and cash flow of the Company, the quantum of which is dependent on the purchase prices of the Company's shares and the number of Company's shares repurchased and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of the Company and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital and cash flow needs of the Company prior to any repurchase of the Company's 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.

For HIB Shares purchased which are held as treasury shares, upon their resale, the working capital and cash flow of the Company will increase. The quantum of the increase in working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

### **5.4 Earnings Per Share**

The effect of the Proposed Share Buy-Back on the EPS of the Company is dependent on the actual number of the Company's shares bought back, the purchase prices of the Company's shares and the effective cost of funding or any loss in interest income to the Company thereof. Assuming that the Company's shares purchased are retained as treasury shares and resold, the effects on the earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the HIB Shares so purchased are cancelled, the Proposed Share Buy-Back will increase the EPS of the Company provided the income foregone and/or interest expense incurred on the HIB Shares purchased is less than the EPS before the share buy-back.

### **5.5 Dividends**

The Proposed Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends, if any, to shareholders of the Company. The Proposed Share Buy-Back may reduce the amount of distributable reserves and cash available for payment of dividends in the immediate future. However, as stated in Section 3 (d) above, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

## **6 PUBLIC SHAREHOLDING SPREAD**

The public shareholding spread of the Company based on the Record of Depositors as at 31<sup>st</sup> March 2021 is approximately 25.09% of its share capital (excluding treasury shares).

For illustration purposes, if the Company acquires the maximum amount of 33,403,761 HIB Shares representing 10% of the total number of issued shares in the ordinary share capital, and assuming the purchases will not reduce the number of HIB Shares currently held by the Directors, the substantial shareholders or associates of the Directors and/or substantial shareholders, the public shareholding spread of the Company as at 31<sup>st</sup> March 2021 is expected to be approximately 17.28% of its total number of issued shares in the ordinary share capital. The Board is mindful of the public shareholding spread requirement of at least 25% and will continue to be mindful of the requirement when making any purchase of HIB Shares pursuant to the Proposed Share Buy-Back.

## 7 SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTEREST

### 7.1 Substantial Shareholders' Interests

The proforma effects of the Proposed Share Buy-Back on the shareholdings of the substantial shareholders of HIB based on the Register of Substantial Shareholders as at 31<sup>st</sup> March 2021 is set out below:-

Name	Existing as at 31 <sup>st</sup> March 2021				Proforma 1			
	Number of HIB Shares Held				Number of HIB Shares Held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Dalta Industries Sdn. Bhd.	178,908,742	53.90	115,464 <sup>(1)</sup>	0.04	178,908,742	59.51	115,464 <sup>(1)</sup>	0.04
AMJ Development Sdn. Bhd.	-	-	179,024,206 <sup>(2)</sup>	53.93	-	-	179,024,206 <sup>(2)</sup>	59.55
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	15,069,479	4.54	233,577,745 <sup>(3)</sup>	70.37	15,069,479	5.01	233,577,745 <sup>(3)</sup>	77.70
Puan Sri Datin Catherine Yeoh Eng Neo	8,621,280	2.60	240,025,944 <sup>(4)</sup>	72.31	8,621,280	2.87	240,025,944 <sup>(4)</sup>	79.84
Dato' Ambrose Leonard Ng Kwee Heng	4,264,080	1.29	202,714,965 <sup>(5)</sup>	61.07	4,264,080	1.42	202,714,965 <sup>(5)</sup>	67.43
Dato' Milton Norman Ng Kwee Leong	13,262,559	4.00	202,714,965 <sup>(5)</sup>	61.07	13,262,559	4.41	202,714,965 <sup>(5)</sup>	67.43
Steven Junior Ng Kwee Leng	7,249,800	2.18	202,714,965 <sup>(5)</sup>	61.07	7,249,800	2.41	202,714,965 <sup>(5)</sup>	67.43
Malcolm Jeremy Ng Kwee Seng	6,290,720	1.90	202,714,965 <sup>(5)</sup>	61.07	6,290,720	2.09	202,714,965 <sup>(5)</sup>	67.43

Notes:-

*Proforma 1 Assuming purchase of 33,403,761 HIB Shares representing 10% of the total number of issued shares in the ordinary share capital of HIB of 334,037,612 HIB Shares as at 31 March 2021 and that the HIB Shares so purchased are all cancelled*

- (1) *Deemed interested by virtue of its majority shareholdings in Amverton Berhad.*
- (2) *Deemed interested by virtue of its substantial shareholdings in Dalta Industries Sdn. Bhd.*
- (3) *Deemed interested by virtue of his substantial shareholdings in Dalta Industries Sdn. Bhd., shareholding of his spouse, Puan Sri Datin Catherine Yeoh Eng Neo and sons, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng.*
- (4) *Deemed interested by virtue of her substantial shareholdings in Dalta Industries Sdn. Bhd., shareholding of her spouse, Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and sons, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng.*
- (5) *Deemed interested by virtue of his parents', Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Yeoh Eng Neo, direct shareholdings in HIB and substantial shareholdings in Dalta Industries Sdn. Bhd.*

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## 7.2 Directors' Interests

The proforma effects of the Proposed Share Buy-Back on the shareholdings of the Directors based on the Register of Directors' Shareholdings as at 31<sup>st</sup> March 2021 is set out below:-

Directors	Existing as at 31 <sup>st</sup> March 2021				Proforma 1			
	Number of HIB Shares Held				Number of HIB Shares Held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	15,069,479	4.54	233,577,745 <sup>(1)</sup>	70.37	15,069,479	5.01	233,577,745 <sup>(1)</sup>	77.70
Dato' Milton Norman Ng Kwee Leong	13,262,559	4.00	202,714,965 <sup>(2)</sup>	61.07	13,262,559	4.41	202,714,965 <sup>(2)</sup>	67.43
Steven Junior Ng Kwee Leng	7,249,800	2.18	202,714,965 <sup>(2)</sup>	61.07	7,249,800	2.41	202,714,965 <sup>(2)</sup>	67.43
Malcolm Jeremy Ng Kwee Seng	6,290,720	1.90	202,714,965 <sup>(2)</sup>	61.07	6,290,720	2.09	202,714,965 <sup>(2)</sup>	67.43
Tan Sri Dato' Dr. Sak Cheng Lum	-	-	-	-	-	-	-	-
Mat Ripen Bin Mat Elah	-	-	-	-	-	-	-	-
Ooi Hock Guan	-	-	-	-	-	-	-	-
Ooi Hun Yong	-	-	-	-	-	-	-	-

Notes:-

*Proforma 1* Assuming purchase of 33,403,761 HIB Shares representing 10% of the total number of issued shares in the ordinary share capital of HIB of 334,037,612 HIB Shares as at 31<sup>st</sup> March 2021 and that the HIB Shares so purchased are all cancelled

- (1) Deemed interested by virtue of his substantial shareholdings in Dalta Industries Sdn. Bhd., shareholding of his spouse, Puan Sri Datin Yeoh Eng Neo and sons, Dato' Ambrose Leonard Ng Kwee Heng, Dato' Milton Norman Ng Kwee Leong, Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng.
- (2) Deemed interested by virtue of his parents', Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock and Puan Sri Datin Yeoh Eng Neo, direct shareholdings in HIB and substantial shareholdings in Dalta Industries Sdn. Bhd.

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## **8 PURCHASES, RESALE AND CANCELLATION OF HIB SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS**

The Company has not made any purchase, resale or cancellation of its own shares in the twelve (12) months preceding the date of this document.

## **9 HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of Hil Shares as traded in Bursa Securities for the past twelve (12) months from April 2020 to March 2021 are as follows:

<b>Month/Year</b>	<b>High (RM)</b>	<b>Low (RM)</b>
April 2020	0.56	0.49
May 2020	0.56	0.52
June 2020	0.58	0.53
July 2020	0.60	0.53
August 2020	0.93	0.59
September 2020	0.92	0.79
October 2020	1.12	0.80
November 2020	1.28	1.00
December 2020	1.25	1.00
January 2021	1.05	0.95
February 2021	1.10	0.97
March 2021	1.06	0.94

*(source, <https://finance.yahoo.com/quote/8443.KL/history?p=8443.KL>)*

## **10 IMPLICATION RELATING TO THE MALAYSIAN CODE ON TAKE-OVER AND MERGERS 2016**

As at 31<sup>st</sup> March 2021, Dalta Industries Sdn. Bhd. and connected persons hold approximately 74.91% of the total number of issued shares in the ordinary share capital of the Company. Based on the total number of issued shares in the ordinary share capital of HIB of 334,037,612 HIB Shares as at 31<sup>st</sup> March 2021 and assuming the Proposed Share Buy-Back is carried out in full and that all the HIB Shares purchased are cancelled, the shareholding of Dalta Industries Sdn. Bhd. and connected persons in HIB will increase to approximately 82.72%.

As Dalta Industries Sdn. Bhd. and connected persons already hold more than fifty per cent (50%) of the voting shares of the Company, any further increase in their shareholding arising from the Proposed Share Buy-Back will not, under the Code, give rise to an obligation to undertake a mandatory general offer for the remaining shares of the Company not already owned by the said persons. Accordingly, there will not be any implication relating to the Code arising from the Proposed Share Buy-Back.

## **11 APPROVALS REQUIRED FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Renewal of Share Buy-Back is subject to the approval of the shareholders of HIB at the forthcoming 51<sup>st</sup> AGM.

## **12 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS INTERESTS**

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

## **13 DIRECTORS' RECOMMENDATION**

The Board having taken into consideration the rationale for the Proposed Share Buy-Back is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 51<sup>st</sup> AGM.

## **14 AGM**

The ordinary resolution on the Proposed Share Buy-Back will be tabled at HIB's forthcoming 51<sup>st</sup> AGM, which will be held on 24th June 2021, at 11.00 a.m. at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan. The said resolution is set out in this document.

The Notice of AGM together with the Form of Proxy is enclosed with this document.

If you are unable to attend the AGM in person, please complete the enclosed Form of Proxy and forward it to the Registered Office of HIB at Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam, Selangor Darul Ehsan, so as to arrive not later than forty-eight (48) hours before the time for convening the forthcoming AGM.

## **15 FURTHER INFORMATION**

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

This statement is dated 7<sup>th</sup> May 2021.

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam, Selangor Darul Ehsan from Mondays to Fridays (except public holidays) during normal business hours for a period commencing from the date of this document up to and including the date of the forthcoming AGM:

- (i) The Constitution of the Company; and
- (ii) The audited financial statements of HIB for the past two (2) financial years ended 31 December 2019 and 31 December 2020.

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## HIL INDUSTRIES BERHAD

Registration No: 196901000472 (8812-M)  
(Incorporated in Malaysia)

### NOTICE OF THE 51<sup>ST</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-First (51<sup>st</sup>) Annual General Meeting of **Hil Industries Berhad** ("**the Company**") will be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan on Thursday, 24 June 2021, at 11.00 a.m. for the purpose of transacting the following business:

#### AS ORDINARY BUSINESS

- |    |   |                                |
|----|---|--------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.                                      | <b>Please refer to Note 2.</b> |
| 2. | To re-elect the following Directors who retire by rotation in accordance with Rule 144 of the Company's Constitution and who being eligible offer themselves for re-election:         |                                |
|    | (i) Tan Sri Dato' Dr. Sak Cheng Lum   | <b>Ordinary Resolution 1</b>   |
|    | (ii) Mat Ripen Bin Mat Elah   | <b>Ordinary Resolution 2</b>   |
|    | (iii) Ooi Hock Guan   | <b>Ordinary Resolution 3</b>   |
| 3. | To approve the payment of Directors' fees up to an amount of RM100,000 in total from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting. | <b>Ordinary Resolution 4</b>   |
| 4. | To re-appoint HLB Ler Lum PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration.            | <b>Ordinary Resolution 5</b>   |

#### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions:

- |    |   |                              |
|----|---|------------------------------|
| 5. | AUTHORITY TO ISSUE AND ALLOT SHARES IN GENERAL PURSUANT TO THE COMPANIES ACT 2016 | <b>Ordinary Resolution 6</b> |
|----|---|------------------------------|

"THAT pursuant to the Companies Act 2016 and the Constitution of the Company and subject to the approval by the relevant regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

“THAT, subject always to the Companies Act 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant regulatory authority, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities (“Proposed Share Buy-Back”) upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:

- (a) the maximum number of shares which may be purchased by the Company shall not exceed ten per cent (10%) of the total issued share capital of the Company at any point in time;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the Company’s shares shall not exceed the aggregate of the retained earnings of the Company;
- (c) the authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:
  - (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time the authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by shareholders in general meeting, whichever occurs first.
- (d) upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:
  - (i) to cancel the shares so purchased;
  - (ii) to retain the shares so purchased as Treasury Shares;
  - (iii) to distribute the Treasury Shares as dividends to shareholders;
  - (iv) to resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
  - (v) any combination of the above (i), (ii), (iii) and (iv).

AND THAT authority be and is hereby given unconditionally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991) to implement or to effect the purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”



7. PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

"THAT subject to the passing of Ordinary Resolution 1, approval be and is hereby given to Tan Sri Dato' Dr. Sak Cheng Lum, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

**Ordinary  
Resolution 8**

"THAT subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Mat Ripen Bin Mat Elah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

**Ordinary  
Resolution 9**

"THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Ooi Hock Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

**Ordinary  
Resolution 10**

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

**By Order of the Board**

Cheam Tau Chern  
Company Secretary  
(MIA 18593)  
[SSM PC No.: 201908000002]

Klang  
7 May 2021

**NOTES:**

**1. Proxy**

- 1.1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 1.2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- 1.3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 1.4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

- 1.5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot 3, Jalan Lada Sulah 16/11 Section 16, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
- 1.6. Only members whose names appear in the Record of Depositors as at 17 June 2021 will be entitled to attend the Meeting or appoint proxies to attend and/or vote on his/her behalf.
- 1.7 Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 51<sup>st</sup> AGM will be put to vote by poll.

## **2. Audited Financial Statements for financial year ended 31 December 2020**

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

## **3. Ordinary Resolution 6 – Authority for Directors to Issue and Allot Shares**

Ordinary Resolution 6, if passed, will give powers to the Directors to issue and allot up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares were issued pursuant to the authority granted to the Directors at the Fiftieth (50<sup>th</sup>) Annual General Meeting held on 10 September 2020, the mandate of which will lapse at the conclusion of the Fifty-First (51<sup>st</sup>) Annual General Meeting to be held on 24 June 2021.

## **4. Ordinary Resolution 7 – Proposed Renewal of Authority for the Company to Purchase its Own Shares**

The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained earnings of the Company.

Further information on this resolution is set out in the Proposed Renewal of the Share Buy-Back Statement dated 7 May 2021 accompanying the Company's Annual Report for the financial year ended 31 December 2020.

## **5. Ordinary Resolution 8, 9 and 10 – Proposed Retention of Independent Non-Executive Directors**

### **(i) Tan Sri Dato' Dr. Sak Cheng Lum**

The Board, through the Nominating Committee ("NC"), has assessed the independence of Tan Sri Dato' Dr. Sak Cheng Lum and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board believes his leadership quality, and knowledge and experiences will continue to contribute positively to the proceedings of the Board and the Board Committees. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

**(ii) Mat Ripen Bin Mat Elah**

The Board, through the NC, has assessed the independence of Mat Ripen Bin Mat Elah and is satisfied that he is fair and impartial in carrying out his duties to the Company. As a Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

**(iii) Ooi Hock Guan**

The Board, through the NC, has determined that Ooi Hock Guan is fair and impartial in carrying out his duties to the Company. As Director, he continues to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. He also possesses vast professional experience and brings the right mix of skills to the Board. The Board therefore endorsed the NC's recommendation for him to be retained as an Independent Non-Executive Director.

Shareholders' approval for Ordinary Resolutions 8, 9 and 10 will be sought on a two-tier voting basis.

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## STATEMENT ACCOMPANYING NOTICE OF THE 51<sup>ST</sup> ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

### 1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are offering themselves for re-election at the Fifty-First (51<sup>st</sup>) Annual General Meeting of the Company are as follows:

- Tan Sri Dato' Dr. Sak Cheng Lum, a Director retiring under Rule 144 of the Company's Constitution.
- Mat Ripen Bin Mat Elah, a Director retiring under Rule 144 of the Company's Constitution.
- Ooi Hock Guan, a Director retiring under Rule 144 of the Company's Constitution.

### 2. DETAILS OF BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

A total of four (4) Board Meetings were held during the financial year ended 31 December 2020.

All Directors have complied with the minimum attendance at Board Meetings as stipulated in the Bursa Malaysia Securities Berhad Listing Requirements during the financial year under review.

The attendance of each Director is as follows:

<b>Name of Directors</b>	<b>No. of meetings attended/held</b>	<b>Percentage of Attendance (%)</b>
Tan Sri Dato' Ir. Ng Boon Thong @ Ng Thian Hock	4/4	100%
Tan Sri Dato' Dr. Sak Cheng Lum	4/4	100%
Mat Ripen Bin Mat Elah	4/4	100%
Dato' Milton Norman Ng Kwee Leong	4/4	100%
Steven Junior Ng Kwee Leng	3/3	100%
Malcolm Jeremy Ng Kwee Seng	4/4	100%
Ooi Hock Guan	4/4	100%
Ooi Hun Yong	3/3	100%

### 3. ORDINARY RESOLUTION ON AUTHORITY TO ISSUE AND ALLOT NEW ORDINARY SHARES IN HIL INDUSTRIES BERHAD ("HIB SHARES")

Details of the general mandate to issue and allot HIB Shares pursuant to the Companies Act 2016 are set out in the Explanatory Notes of the Notice of the 51st Annual General Meeting set out on pages 122 - 125 of this Annual Report.

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**HIL INDUSTRIES BERHAD**Registration No: 196901000472 (8812-M)  
(Incorporated in Malaysia)**Form of Proxy**

Number of Shares Held	
CDS account No.	

I/We \_\_\_\_\_ of NRIC No./ID No./Company No. \_\_\_\_\_  
(Full Name in Capital Letters)of \_\_\_\_\_  
(Full Address)being (a) member(s) of HIL INDUSTRIES BERHAD, hereby appoint \_\_\_\_\_  
(Full Name in Capital Letters)of NRIC No./ID No./Company No. \_\_\_\_\_ of \_\_\_\_\_  
(Full Address)\*and/or, \_\_\_\_\_ of NRIC No./ID No./Company No. \_\_\_\_\_ of  
(Full Name in Capital Letters)\_\_\_\_\_  
(Full Address)or failing whom, the Chairman of the meeting as my/our proxy to vote for me/our behalf at the Fifty-First Annual General Meeting ("51<sup>st</sup> AGM") of the Company to be held at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan on 24 June 2021 at 11.00 a.m. or at any adjournment thereof.

AGENDA			
RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	To re-elect Tan Sri Dato' Dr. Sak Cheng Lum as a Director of the Company		
Ordinary Resolution 2	To re-elect Tuan Mat Ripen Bin Mat Elah as a Director of the Company		
Ordinary Resolution 3	To re-elect Mr Ooi Hock Guan as a Director of the Company		
Ordinary Resolution 4	To approve the payment of Directors' fees up to an amount of RM100,000 in total from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.		
Ordinary Resolution 5	To re-appoint HLB Ler Lum PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration.		
Ordinary Resolution 6	To authorise the Directors to issue and allot shares pursuant to the Companies Act 2016.		
Ordinary Resolution 7	To approve the Proposed Renewal Of Authority For The Company To Purchase Its Own Shares.		
Ordinary Resolution 8	To retain Tan Sri Dato' Dr. Sak Cheng Lum as an Independent Non-Executive Director of the Company.		
Ordinary Resolution 9	To retain Tuan Mat Ripen Bin Mat Elah as an Independent Non-Executive Director of the Company.		
Ordinary Resolution 10	To retain Mr. Ooi Hock Guan as an Independent Non-Executive Director of the Company.		

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If you do not do so, your proxy shall vote as he/she thinks fit or abstain from voting at his/her discretion.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2021

Telephone No: \_\_\_\_\_

\_\_\_\_\_  
Signature of member(s)/Seal of Shareholder(s)

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot 3, Jalan Lada Sulah 16/11, Section 16, 40000 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time for holding the Meeting or any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
6. Only members whose names appear in the Record of Depositors as at 17 June 2021 will be entitled to attend the Meeting or appoint proxies to attend and/or vote on his/her behalf.
7. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Listing Requirements, all resolutions set out in the Notice of the 51<sup>st</sup> AGM will be put to vote by poll.

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AFFIX  
STAMP  
HERE

The Company Secretary  
**HIL INDUSTRIES BERHAD**  
Registration No: 196901000472 (8812-M)

Lot 3, Jalan Lada Sulah 16/11  
Section 16, 40000 Shah Alam  
Selangor Darul Ehsan

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