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**HIL INDUSTRIES BERHAD**

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

**CIRCULAR TO SHAREHOLDERS COMPRISING:**

**PART A**

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

**PART B**

**THE PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**

The Notice of the Fifty-Second Annual General Meeting (“52<sup>nd</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 28<sup>th</sup> June 2022, 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 2021 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 Company’s Share Registrar’s office 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 Circular is dated 29<sup>th</sup> April 2022

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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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## **PART B**

### **PROPOSED AMENDMENTS**

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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  
29<sup>th</sup> April 2022

### **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 51<sup>st</sup> AGM held on 23<sup>rd</sup> September 2021, 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 52<sup>nd</sup> AGM of the Company.

On 25<sup>th</sup> April 2022, 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.

**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 2022, 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 2021, the audited retained profits account of the Company amounted to RM89.446 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 2022 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 2022	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	<hr/> <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 2022 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 2022 is expected to be approximately 17.29% 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 2022 is set out below:-

Name	Existing as at 31 <sup>st</sup> March 2022				Proforma 1			
	Number of HIB Shares Held				Number of HIB Shares Held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Delta Industries Sdn. Bhd.	166,908,742	50.28	115,464 <sup>(1)</sup>	0.04	166,908,742	55.52	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	2,121,280	0.64	246,525,944 <sup>(4)</sup>	74.27	2,121,280	0.71	246,525,944 <sup>(4)</sup>	82.00
Dato' Ambrose Leonard Ng Kwee Heng	4,264,080	1.28	217,580,065 <sup>(5)</sup>	65.55	4,264,080	1.42	217,580,065 <sup>(5)</sup>	72.37
Dato' Milton Norman Ng Kwee Leong	13,262,559	4.00	217,580,065 <sup>(5)</sup>	65.55	13,262,559	4.41	217,580,065 <sup>(5)</sup>	72.37
Steven Junior Ng Kwee Leng	7,249,800	2.18	217,580,065 <sup>(5)</sup>	65.55	7,249,800	2.41	217,580,065 <sup>(5)</sup>	72.37
Malcolm Jeremy Ng Kwee Seng	6,290,720	1.90	217,580,065 <sup>(5)</sup>	65.55	6,290,720	2.09	217,580,065 <sup>(5)</sup>	72.37
Fame Alliance Sdn. Bhd.	33,365,100	10.05	-	-	33,365,100	11.10	-	-

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 2022 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 Delta Industries Sdn. Bhd.
- (3) Deemed interested by virtue of his substantial shareholdings in Delta 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 Delta 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 Delta Industries Sdn. Bhd.

## 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 2022 is set out below:-

Directors	Existing as at 31 <sup>st</sup> March 2022				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	217,580,065 <sup>(2)</sup>	65.55	13,262,559	4.41	217,580,065 <sup>(2)</sup>	72.37
Steven Junior Ng Kwee Leng	7,249,800	2.18	217,580,065 <sup>(2)</sup>	65.55	7,249,800	2.41	217,580,065 <sup>(2)</sup>	72.37
Malcolm Jeremy Ng Kwee Seng	6,290,720	1.90	217,580,065 <sup>(2)</sup>	65.55	6,290,720	2.09	217,580,065 <sup>(2)</sup>	72.37
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 2022 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 2021 to March 2022 are as follows:

<b>Month/Year</b>	<b>High (RM)</b>	<b>Low (RM)</b>
April 2021	1.01	0.94
May 2021	1.00	0.94
June 2021	0.99	0.93
July 2021	0.98	0.90
August 2021	0.94	0.875
September 2021	1.12	0.925
October 2021	1.04	0.94
November 2021	1.00	0.93
December 2021	1.06	0.89
January 2022	0.94	0.87
February 2022	1.00	0.88
March 2022	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 2022, 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 2022 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 82.71%.

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 52<sup>nd</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 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 52<sup>nd</sup> AGM.

## **14 AGM**

The ordinary resolution on the Proposed Share Buy-Back will be tabled at HIB's forthcoming 52<sup>nd</sup> AGM, which will be held on 28<sup>th</sup> June 2022, at 11.00 a.m. at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan.

If you are unable to attend the AGM in person, please complete the Proxy Form and deposit it at the Company's Share Registrar's office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Proxy Form can be dropped at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, 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 II for further information.

This statement is dated 29<sup>th</sup> April 2022.

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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  
29<sup>th</sup> April 2022

### **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 AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**

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#### **1 INTRODUCTION**

On 27<sup>th</sup> April 2022, the Company announced that it wished to seek shareholders' approval for the proposed amendments to the Constitution of the Company ("Proposed Amendments").

The purpose of this Circular is to provide you with details of the Proposed Amendments and to seek your approval for the special resolution pertaining to the Proposed Amendments to be tabled at the forthcoming 52<sup>nd</sup> Annual General Meeting ("AGM") of the Company.

#### **2 DETAILS AND RATIONALE FOR THE PROPOSED AMENDMENTS**

The details of the Proposed Amendments are set out in Appendix I of this Circular.

The Proposed Amendments are primarily to update the Constitution to provide further clarity on the use of technology, and enhance administrative efficiency on the conduct of general meetings.

#### **3 EFFECTS OF THE PROPOSED AMENDMENTS**

The Proposed Amendments will not have any effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of HIB.

**4 APPROVAL REQUIRED**

The Proposed Amendments are subject to the approval of HIB shareholders at the forthcoming 52<sup>nd</sup> AGM of the Company.

**5 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors and/or major shareholders of the Company and persons connected with the Directors and/ or major shareholders has any interest, direct or indirect, in the Proposed Amendments.

**6 DIRECTORS' RECOMMENDATION**

Your Board is of the opinion that the Proposed Amendments are in the best interest of the Company and accordingly recommends that you vote in favour of Special Resolution 1 to approve the Proposed Amendments to be tabled at the forthcoming 52<sup>nd</sup> AGM of the Company.

**7 AGM**

The special resolution on the Proposed Amendments will be tabled at HIB's forthcoming 52<sup>nd</sup> AGM, which will be held on 28<sup>th</sup> June 2022, at 11.00 a.m. at Bukit Kemuning Golf & Country Resort, Lot 6031, Batu 7, Bukit Kemuning, 42450 Shah Alam, Selangor Darul Ehsan.

If you are unable to attend the AGM in person, please complete the Proxy Form and deposit it at the Company's Share Registrar's office, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Proxy Form can be dropped at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia., so as to arrive not later than forty-eight (48) hours before the time for convening the forthcoming AGM.

**8 FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix II for further information.

This circular is dated 29<sup>th</sup> April 2022

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**PROPOSED AMENDMENTS TO THE CONSTITUTION OF HIL INDUSTRIES BERHAD (“THE COMPANY”)**

This is the Appendix A referred to in item 8 of the Agenda of the Notice of 52<sup>nd</sup> Annual General Meeting of the Company dated 29 April 2022.

The existing Constitution of the Company is amended in the following manner (for which differences are strikethrough and highlighted in bold below under the columns “Existing Rule” and “Proposed New Rule” respectively):

<b>Rule No.</b>	<b>Existing Rule</b>	<b>Rule No.</b>	<b>Proposed New Rule</b>
60	<p>The Company shall hold a general meeting in every calendar year and it shall be held within six (6) months of the Company’s financial year end and not more than fifteen (15) months after the last preceding Annual General Meeting, at such time and place as may be determined by the Directors, in addition to any other meetings held during that period, to transact the following business:</p> <p>(a) the laying of audited financial statements and the reports of the Directors and Auditors;</p> <p>(b) the election of Directors in place of those retiring;</p> <p>(c) the appointment and the fixing of the fees and benefits of Directors; and</p> <p>(d) any resolution or other business of which notice is given in accordance with the Act or this Constitution.</p>	60	<p>The Company shall hold a general meeting <b>fully virtual, virtual, hybrid or physical</b> in every calendar year and it shall be held within six (6) months of the Company’s financial year end and not more than fifteen (15) months after the last preceding Annual General Meeting, at such time and place as may be determined by the Directors, in addition to any other meetings held during that period, to transact the following business:</p> <p>(a) the laying of audited financial statements and the reports of the Directors and Auditors;</p> <p>(b) the election of Directors in place of those retiring;</p> <p>(c) the appointment and the fixing of the fees and benefits of Directors; and</p> <p>(d) any resolution or other business of which notice is given in accordance with the Act or this Constitution.</p>
71	<p>The Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members’ right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p>	71	<p>The Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members’ right to speak and vote at the meeting.</p> <p>(a) <b>For a fully virtual general meeting, the main venue of the meeting shall be the Uniform Resource Locator (“URL”) address of the online meeting platform which is located in Malaysia and the Chairman shall be deemed to be present at the main venue of the meeting by his presence during the fully virtual meeting.</b></p>

Rule No.	Existing Rule	Rule No.	Proposed New Rule
			<p><b>(b) For a virtual general meeting, the main venue of the meeting shall be the broadcast venue which shall be located in Malaysia and the Chairman shall be physically present at the broadcast venue of the meeting.</b></p> <p><b>(c) For a hybrid or physical general meeting, the main venue of the meeting shall be in Malaysia and the Chairman shall be physically present at the main venue.</b></p>
104.1	The instrument appointing a proxy shall be in writing under the hand of the <del>appointor</del> or his attorney duly authorised in writing or, if the <del>appointor</del> is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may require evidence of the authority of any such attorney or officer.	104.1	The instrument appointing a proxy shall be in writing under the hand of the <b>Member</b> or his attorney duly authorised in writing or, if the <b>Member</b> is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The Directors may require evidence of the authority of any such attorney or officer.
104.2	The instrument appointing a proxy shall be in the form as determined by the Directors from time to time. Unless the contrary is stated thereon, an instrument appointing a proxy, whether in the usual common form or not, shall be valid for any adjournment of the meeting as for the meeting to which it relates.	104.2	The instrument appointing a proxy shall be in the form <b>or in such other permitted form (including the electronic proxy appointment and voting manner)</b> as determined by the Directors from time to time. Unless the contrary is stated thereon, an instrument appointing a proxy, whether in the usual common form or not, shall be valid for any adjournment of the meeting as for the meeting to which it relates.
116	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office or at such other place as is specified for that purpose in the notice convening the meeting not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.	116	<p><b>(a) Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received via electronic means on such terms and subject to such conditions as they consider fit. For the purpose of this Rule, the Directors may require such reasonable evidence that they consider necessary to determine and verify:</b></p> <p><b>(i) the identity of the Member and the proxy; and</b></p> <p><b>(ii) where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make the appointment.</b></p>

Rule No.	Existing Rule	Rule No.	Proposed New Rule
			<p>(b) <b>Without prejudice to sub-Rule 116(a) above, the appointment of a proxy via electronic means must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein:</b></p> <p>(i) <b>The notice calling the meeting;</b></p> <p>(ii) <b>The instrument of proxy sent out by the Company in relation to the meeting; or</b></p> <p>(iii) <b>The website maintained by or on behalf of the Company.</b></p> <p>(c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office or at such other place <b>within Malaysia or in such other manner</b> as specified for that purpose in the notice convening the meeting, <b>or in the case of the appointment of proxy via electronic means, at the electronic address specified by the Company pursuant to Rule 116(b)</b>, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.</p>
118	The Company shall have at least two (2) and not more than fifteen (15) Directors. Each Director must be a natural person who is at least eighteen (18) years of age. Subject to the Listing Requirements and any vacancy arising, at least two (2) Directors or at least <del>one third (1/3)</del> of the Board of Directors, whichever is higher, shall be Independent Directors.	118	The Company shall have at least two (2) and not more than fifteen (15) Directors. Each Director must be a natural person who is at least eighteen (18) years of age. Subject to the Listing Requirements and any vacancy arising, at least two (2) Directors or at least <b>half (1/2)</b> of the Board of Directors, whichever is higher, shall be Independent Directors.

Rule No.	Existing Rule	Rule No.	Proposed New Rule
143.2	<p>In addition to sub-Rule 143.1 above, Directors who are deemed as Independent Directors, as defined by the Listing Requirements, shall be subject to annual retention by Members as follows:</p> <p>(a) For an Independent Director who has served for a cumulative term of more than nine (9) years, the Company shall provide justification and seek shareholders' approval for his continued service as an Independent Director and the resolution shall be passed by way of an Ordinary Resolution; and</p> <p>(b) For an Independent Director who has served for a cumulative term of more than twelve (12) years, the Company shall seek shareholders' approval for his continued service as an Independent Director through a two-tier voting process as defined by the Malaysian Code on Corporate Governance and the resolution shall be passed by way of an Ordinary Resolution.</p>	143.2	<p>In addition to sub-Rule 143.1 above, Directors who are deemed as Independent Directors, as defined by the Listing Requirements, <b>and who have served for a cumulative term of more than nine (9) years shall be subject to annual retention by Members. The Company shall provide justification and seek shareholders' approval for his continued service as an Independent Director</b> through a two-tier voting process as defined by the Malaysian Code on Corporate Governance and the resolution shall be passed by way of an Ordinary Resolution.</p>

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular 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 Circular 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 2020 and 31 December 2021.

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