

## HUA YANG BERHAD (“HYB” OR THE “COMPANY”)

### I. PROPOSED RIGHTS ISSUE WITH WARRANTS; AND

### II. PROPOSED EXEMPTION

## (COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

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### 1. INTRODUCTION

On behalf of the Board of Directors of HYB (“**Board**”), UOB Kay Hian Securities (M) Sdn Bhd (“**UOBKH**”) wishes to announce that HYB intends to undertake the following proposals:-

- i. proposed renounceable rights issue of up to 88,000,000 new ordinary shares in HYB (“**HYB Share(s)**” or “**Share(s)**”) (“**Rights Shares**”) on the basis of 1 Rights Share for every 4 existing HYB Shares held, together with up to 88,000,000 free detachable warrants in HYB (“**Warrant(s)**”) on the basis of 1 Warrant for every 1 Rights Share subscribed by the entitled shareholders at an issue price and entitlement date to be determined and announced later (“**Proposed Rights Issue with Warrants**”); and
- ii. proposed exemption under Paragraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions (“**Rules**”) to Heng Holdings Sdn Bhd (“**HHSB**”) and persons acting in concert with it (“**PACs**”), from the obligation to undertake a mandatory offer for the remaining HYB Shares and Warrants not already owned by them pursuant to the Proposed Rights Issue with Warrants (“**Proposed Exemption**”)

(collectively referred to as the “**Proposals**”).

Further details of the Proposals are set out in the ensuing sections of this announcement.

### 2. PROPOSED RIGHTS ISSUE WITH WARRANTS

#### 2.1 Details of the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants entails an issuance of up to 88,000,000 Rights Shares on the basis of 1 Rights Share for every 4 existing HYB Shares held, together with up to 88,000,000 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for by the entitled shareholders whose names appear in the Record of Depositors of HYB as at the close of business on the entitlement date to be determined and announced later (“**Entitlement Date**”) (“**Entitled Shareholders**”).

As at 31 May 2022 being the latest practicable date prior to the date of this announcement (“**LPD**”), HYB has an issued share capital of RM352,000,000 comprising of 352,000,000 HYB Shares. As such, up to 88,000,000 Rights Shares together with up to 88,000,000 Warrants will be issued pursuant to the Proposed Rights Issue with Warrants.

The Warrants are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renounee(s) who subscribe for their entitled number of Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). The Warrants will be issued in registered form and constituted by a deed poll (“**Deed Poll**”). Please refer to the **Appendix** of this announcement for the indicative salient terms of the Warrants.

For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable. Only Entitled Shareholders and/or their renounee(s) who successfully subscribe for the Rights Shares will be entitled to the Warrants. The remaining Rights Shares which are unsubscribed, not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renounee(s). It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

The Proposed Rights Issue with Warrants will not be implemented in stages.

The Proposed Rights Issue with Warrants will be undertaken on a minimum subscription level basis ("**Minimum Subscription Level**"). HYB intends to procure an irrevocable undertaking from the major shareholder of HYB, namely HHSB, to subscribe for its entitlement under the Proposed Rights Issue with Warrants (amounting to 28,022,323 Rights Shares) ("**HHSB Rights Undertaking**"), as well as an additional undertaking to subscribe for additional unsubscribed Rights Shares not taken up by the other Entitled Shareholders of HYB, if any, via excess rights application ("**Additional Undertaking**"), subject always that the aggregate amount subscribed under the HHSB Rights Undertaking and Additional Undertaking shall amount to at least RM7.0 million.

In addition, HYB also intends to obtain an irrevocable undertaking from Ho Wen Yan, who is the Chief Executive Officer/Executive Director of HYB, as well as a major shareholder of HYB by virtue of his indirect interest held through HHSB, to subscribe for his entitlement under the Proposed Rights Issue with Warrants (amounting to 451,110 Rights Shares) ("**HWY Rights Undertaking**").

(HHSB and Ho Wen Yan are collectively referred to as the "**Undertaking Shareholder(s)**", whilst the HHSB Rights Undertaking, HWY Rights Undertaking and Additional Undertaking are collectively referred to as the "**Undertaking(s)**")

Further details on the Undertakings are set out in **Section 2.6** of this announcement.

For illustration purposes, the effects of the Proposed Rights Issue with Warrants shall be based on the following scenarios:-

**Minimum Scenario** : Assuming the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level (i.e., only the Undertaking Shareholders subscribe for the Rights Shares pursuant to the Undertakings and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue with Warrants) and assuming HHSB will be entitled for the Additional Undertaking in full

**Maximum Scenario** : Assuming all of the Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants

For avoidance of doubt, the Additional Undertaking will only crystalize in the event there are Rights Shares that remain unsubscribed by the Entitled Shareholders and/or their renounee(s).

## 2.2 Basis of determining and justification for the issue price of the Rights Shares

The issue price will be determined and fixed by the Board after taking into consideration, amongst others, the following:-

- (i) the level of fund raising required from the Proposed Rights Issue with Warrants to meet the fund raising objectives of HYB and its subsidiaries (“**HYB Group**” or “**Group**”) as set out in **Section 2.7** of this announcement;
- (ii) the prevailing market conditions and market prices of HYB Shares;
- (iii) the theoretical ex-rights price (“**TERP**”) of HYB Shares, which will be determined based on the 5-day volume weighted average price (“**VWAP**”) of HYB Shares immediately preceding the price-fixing date; and
- (iv) a suitable issue price that is deemed attractive to encourage the subscription of Rights Shares by the Entitled Shareholders and/or their renounee(s).

In determining the final issue price of the Rights Shares, the Board will consider a discount ranging from 10% to 30% to the TERP, taking into consideration a quantum deemed attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders and/or their renounee(s), as well as the historical volatility and share price movement of HYB Shares.

For illustrative purposes only, the indicative issue price of the Rights Shares is assumed to be RM0.20 per Rights Share, which represents a discount of approximately 17.46% to the TERP of HYB Shares of RM0.2423, computed based on the 5-day VWAP of HYB Shares up to and including the LPD of RM0.2529.

## 2.3 Basis of determining and justification for the exercise price of the Warrants

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/or their renounee(s) who subscribe for the Rights Shares.

The exercise price of the Warrants will be determined and announced by the Board at a later date after the receipt of relevant approvals but before the announcement of the Entitlement Date after taking into consideration, amongst others, the following:-

- (i) the Warrants will be issued at no cost to the Entitled Shareholders and/or their renounee(s) who successfully subscribe for the Rights Shares;
- (ii) the TERP of HYB Shares, which will be determined based on the 5-day VWAP of HYB Shares immediately preceding the price-fixing date; and
- (iii) the prevailing market conditions and market prices of HYB Shares.

For illustrative purposes, the indicative exercise price of the Warrants is assumed to be RM0.30 per Warrant (“**Exercise Price**”), which represents a premium of approximately 23.81% to the TERP of HYB Shares of RM0.2423, computed based on the 5-day VWAP of HYB Shares up to and including the LPD of RM0.2529.

**2.4 Ranking of the Rights Shares and new HYB Shares to be issued arising from the exercise of the Warrants**

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing HYB Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new HYB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing HYB Shares, save and except that the new HYB Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new HYB Shares.

**2.5 Listing of and quotation for the Rights Shares, Warrants, and new HYB Shares to be issued arising from the exercise of the Warrants**

An application will be made to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as the listing of and quotation for the Rights Shares, Warrants and new HYB Shares to be issued arising from the exercise of the Warrants, on the Main Market of Bursa Securities.

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## 2.6 Minimum Subscription Level, Undertakings and underwriting arrangements for the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will be undertaken on a Minimum Subscription Level, comprising the HHSB Rights Undertaking and HWY Rights Undertaking amounting to an aggregate of 28,473,433 Rights Shares (collectively referred to as the “**Entitlement Undertaking**”), as well as the Additional Undertaking provided by HHSB.

The details of the Entitlement Undertaking and Additional Undertaking to be procured by HYB under the Minimum Scenario is set out below:-

Undertaking Shareholder	Existing direct shareholdings in HYB as at the LPD		Entitlement Undertaking		Additional Undertaking		Total Entitlement Undertaking and Additional Undertaking (i.e Minimum Subscription Level)			Free Warrants pursuant to Entitlement Undertaking and Additional Undertaking
	No. of Shares	<sup>(1)</sup> (%)	No. of Shares	<sup>(2)</sup> (%)	No. of Shares	<sup>(2)</sup> (%)	No. of Shares	<sup>(2)</sup> (%)	<sup>(3)</sup> (RM)	No. of Warrants
HHSB	112,089,294	31.84	28,022,323	79.04	<sup>(3)</sup> 6,977,677	19.68	<sup>(4)</sup> 35,000,000	98.73	<sup>(4)</sup> 7,000,000	35,000,000
Ho Wen Yan	1,804,440	0.51	451,110	1.27	-	-	451,110	1.27	90,222	451,110
<b>Total</b>	<b>113,893,734</b>	<b>32.35</b>	<b>28,473,433</b>	<b>80.32</b>	<b>6,977,677</b>	<b>19.68</b>	<b>35,451,110</b>	<b>100.00</b>	<b>7,090,222</b>	<b>35,451,110</b>

### Notes:-

\* Differences in sum are due to rounding.

(1) Based on the existing issued share capital of HYB comprising 352,000,000 Shares.

(2) Based on up to 35,451,110 Rights Shares to be issued under the Minimum Scenario pursuant to the Proposed Rights Issue with Warrants.

(3) The Additional Undertaking is computed based on the assumption that the aggregate amount subscribed under the HHSB Rights Undertaking and Additional Undertaking shall amount to at least RM7.0 million, based on the indicative issue price of RM0.20 per Rights Share.

(4) Based on the indicative issue price of RM0.20 per Rights Share. Should the actual issue price be higher or lower than RM0.20 per Rights Share, the total number of Rights Shares pursuant to the Additional Undertaking will be adjusted correspondingly, such the aggregate amount subscribed under the HHSB Rights Undertaking and Additional Undertaking shall amount to at least RM7.0 million.

As highlighted in **Section 2.1** of this announcement, the Additional Undertaking by HHSB will only crystalize in the event there are Rights Shares that remain unsubscribed by the Entitled Shareholders and/or their renounee(s). Further details on the undertaking shareholders' shareholdings upon completion of the Proposed Rights Issue with Warrants pursuant to the Entitlement Undertaking and Additional Undertaking are set out in **Section 5.5** of this announcement.

As the Proposed Rights Issue with Warrants will be undertaken on a Minimum Subscription Level pursuant to the Entitlement Undertaking and Additional Undertaking, the Company will not procure any underwriting arrangements for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/or their renounee(s) pursuant to the Proposed Rights Issue with Warrants.

Pursuant to Paragraph 8.02(1) and Practice Note 19 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the Company must ensure that at least 25% of the total listed HYB Shares are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 HYB Shares each. For information purposes, the public shareholding spread of the Company is not expected to fall below 25% of the enlarged issued share capital of the Company after the completion of the Proposed Rights Issue with Warrants.

Further, pursuant to the Entitlement Undertaking and Additional Undertaking, HHSB and its PACs will be obligated to undertake a mandatory take-over offer for the remaining HYB Shares and Warrants not already owned by them in accordance with Paragraph 4.01(a) of the Rules ("**Mandatory Offer**"). However, it is not the intention of the HHSB and its PACs to undertake a Mandatory Offer as a result of the Company undertaking the Proposed Rights Issue with Warrants pursuant to the Entitlement Undertaking and Additional Undertaking. In this regard, an exemption from the obligation of the Undertaking Shareholder and the PACs to undertake a Mandatory Offer shall be sought from Securities Commission Malaysia ("**SC**"), after obtaining the approval for the Proposed Exemption from the non-interested shareholders of the Company, by way of poll, at an extraordinary general meeting of the Company ("**EGM**") to be convened. Further details of the Proposed Exemption are set out in **Section 3** of this announcement.

For information purposes, in the event that the non-interested shareholders of the Company and/or the SC do not approve the Proposed Exemption, the Proposed Rights Issue with Warrants will not be implemented as the Proposals are inter-conditional.

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## 2.7 Utilisation of proceeds from the Proposed Rights Issue with Warrants

The gross proceeds raised from the Proposed Rights Issue with Warrants will be utilised in the following manner:-

	Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario		Maximum Scenario	
		(RM'000)	(%)	(RM'000)	(%)
Repayment of bank borrowings <sup>(1)</sup>	Within 12 months	2,000	28.2	4,000	22.7
Acquisition of a new landbank, joint venture and investments <sup>(2)</sup>	Within 6 months	1,350	19.1	1,350	7.7
Working capital <sup>(3)</sup>	Within 12 months	3,285	46.3	11,795	67.0
Estimated expenses in relation to the Proposals <sup>(4)</sup>	Within 1 month	455	6.4	455	2.6
<b>Total</b>		<b>7,090</b>	<b>100.0</b>	<b>17,600</b>	<b>100.0</b>

### Notes:-

#### (1) Repayment of bank borrowings

As at the LPD, the total borrowings of HYB Group (comprising of term loans, building loans, revolving loans, sukuk, bank overdrafts and cash line facility) stood at approximately RM251.54 million, out of which approximately RM196.71 million are long term borrowings and RM54.83 million are short term borrowings.

The Company has earmarked up to RM4.00 million of the proceeds for the partial repayment of its existing bank facilities, in the manner set out as follows:-

Facility	Bank	Amount outstanding as at the LPD (RM'000)	Proposed repayment (RM'000)	Interest rate (% per annum)	Purpose of borrowing
Term loan	Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad	49,000	2,000	Effective cost of funds <sup>^</sup> ("ECOF") +1.5%	Acquisition of landbank
Term loan	RHB Bank Berhad	77,169	2,000	Islamic cost of funds <sup>^</sup> ("iCOF") +1.75%	Acquisition of landbank
<b>Note:-</b> <sup>^</sup> The ECOF and iCOF represents the banks' respective cost of funds					

For illustrative purposes, the repayment of the facilities set out in the table above is expected to result in interest savings ranging from approximately RM1.36 million to RM1.43 million per annum.

(2) **Acquisition of new landbank, joint venture and investments**

HYB intends to expand its landbank at strategic areas that are in key urban hotspots, such as the Klang Valley, Johor and Perak to spearhead the Group's continued growth moving forward. As at the LPD, the Group's existing landbank comprises approximately 416 acres in key regions (such as Perak, Johor, Klang Valley, Negeri Sembilan and Mainland Penang).

As such, HYB has allocated up to RM1.35 million of the proceeds towards acquisition of new landbank for future property development activities. The proceeds may be channelled towards payment of upfront deposits of the acquisition of land, pre-development feasibility expenses and cost, as well as payments to the relevant authorities in relation of the property development activities with any balance/shortfall financed through the Group's internally generated funds and/or bank borrowings.

In the event the Group is unable to identify suitable landbank in the abovementioned strategic areas, the Group will be actively discovering suitable potential investments via joint venture, collaborative arrangements, business agreements and/or acquisitions of businesses or investments in the property development segment. The proceeds of up to RM1.35 million will alternatively be allocated towards financing any such suitable and viable potential investments within 6 months from the completion of the Proposed Rights Issue with Warrants. Such utilisation of proceeds may allow the Group to capitalise on suitable and viable investment opportunities which in return may generate positive returns to the Group in the future.

The Company will make the necessary announcements in accordance to the Listing Requirements, as and when the Group has entered into any agreement in relation to the acquisition of new landbank and/or joint ventures, collaborative arrangements, business agreements and/or acquisitions of businesses or investments as set out above. In the event such transactions require shareholders' approval and/or other regulatory approval, the Company will obtain the necessary approval(s) to implement said transactions.

(3) **Working capital**

The Company intends to utilise up to RM11.80 million of the proceeds to support the Group's working capital requirements. The proceeds are expected to be channelled towards payment to suppliers, securing building materials, general administrative and daily operational expenses such as staff-related costs, utilities, statutory payments and other overhead expenditures. The breakdown of such proceeds has not been determined at this juncture, and will be dependent on the operating and funding requirements at the time of utilisation.

Notwithstanding that, and on the best estimate basis, the percentage of the allocation to each component of the working capital are as follows:-

	<b>Estimated allocation of proceeds (%)</b>
Payment to suppliers and securing building materials	80.0
General administrative and daily operational expenses	20.0

(4) **Estimated expenses in relation to the Proposals**

The proceeds earmarked for estimated expenses in relation to the Proposals will be utilised as set out below:-

	<b>(RM'000)</b>
Professional fees	350
Regulatory fees	85
Other incidental expenses in relation to the Proposals	20
<b>Total</b>	<b>455</b>



Pending the utilisation of proceeds from the Proposed Rights Issue with Warrants for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as working capital of HYB Group.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants. As such, the exact amount to be raised from the exercise of the Warrants is not determinable at this juncture. For illustrative purposes, the gross proceeds to be raised upon the full exercise of the Warrants based on the exercise price of RM0.30 per Warrant is set out below:-

	Minimum Scenario	Maximum Scenario
No. of Warrants	35,451,110	88,000,000
Total gross proceeds raised assuming all outstanding Warrants are exercised (RM)	10,635,333	26,400,000

Such gross proceeds to be raised from the exercise of Warrants will be utilised as additional working capital to finance the Group's day to day operations. The proceeds may be channeled towards, amongst others, payment to suppliers, general administrative and daily operational expenses such as staff-related costs, utilities, statutory payments and other overhead expenditures.

## 2.8 Other fund raising exercises in the past 12 months

Save as disclosed below, the Company has not undertaken any fund raising exercises in the past 12 months prior to the announcement of the Proposals:-

### **Issuance of unrated perpetual Islamic medium term notes of up to RM500.0 million in nominal value based on the Shariah principle of Musharakah ("Perpetual Sukuk Musharakah Programme")**

On 20 August 2021, the Company completed the issuance of the first tranche of Perpetual Sukuk Musharakah of RM5.00 million in nominal value, under its Perpetual Sukuk Musharakah Programme – First Tranche, with non-cancellable period of 3 years and initial periodic distribution rate of 6.50% per annum. The proceeds raised from the First Tranche were utilised to refinance existing financing/borrowings, capital expenditure, asset acquisition, working capital, general corporate purposes and defraying fees, costs and expenses in relation to the Perpetual Sukuk Musharakah Programme.

As at the LPD, the proceeds raised from the First Tranche have been fully utilised towards the redemption of the Group's existing term loan as well as working capital purposes.

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### 3. PROPOSED EXEMPTION

As at the LPD, HHSB and the PACs collectively hold 114,698,098 HYB Shares representing approximately 32.58% equity interest in HYB.

As set out in **Section 2.1** of this announcement, HYB intends to procure the Entitlement Undertaking from HHSB and Ho Wen Yan (who is deemed a PAC to HHSB) to subscribe for their respective entitlements under the Proposed Rights Issue with Warrants. Further, HYB also intends to procure the Additional Undertaking, whereby in the event of under subscription by the Entitled Shareholders, HHSB would be obligated to subscribe for additional unsubscribed Rights Shares not taken up by the other Entitled Shareholders via excess rights application, subject always that the aggregate amount subscribed by HHSB under the HHSB Rights Undertaking and Additional Undertaking shall amount to at least RM7.0 million.

Assuming none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue with Warrants, the shareholdings of the Undertaking Shareholders and the PACs in HYB is expected to increase from 32.58% to above 33% of the enlarged issued share capital of HYB, triggering the obligation to undertake a Mandatory Offer.

Pursuant thereto, HHSB and the PACs will be obligated to undertake a Mandatory Offer. However, it is not the intention of the Undertaking Shareholder and the PACs to undertake a Mandatory Offer as a result of the Proposed Rights Issue with Warrants.

In this regard, an exemption from the obligation for the Undertaking Shareholder and the PACs to undertake a Mandatory Offer shall be sought from SC, after obtaining the approval for the Proposed Exemption from the non-interested shareholders of the Company, by way of poll, at an EGM to be convened.

For avoidance of doubt, the Proposed Exemption is only sought for the subscription of Rights Shares pursuant to the Entitlement Undertaking and Additional Undertaking of the Undertaking Shareholders pursuant to Paragraph 4.08(1)(b) of the Rules.

Accordingly, an application will be submitted to the SC after the approval of the non-interested shareholders of HYB for the Proposed Exemption has been obtained by HYB at an EGM to be convened. In the event the non-interested shareholders of HYB and the SC do not approve the Proposed Exemption, the Proposed Rights Issue with Warrants will not be implemented as the Proposed Exemption and the Proposed Rights Issue with Warrants are inter-conditional.

### 4. RATIONALE FOR THE PROPOSALS

#### 4.1 Proposed Rights Issue with Warrants

The Board is of the view that the Proposed Rights Issue with Warrants is the most appropriate avenue to raise the necessary funding for the Group as set out in **Section 2.7** of this announcement after taking into consideration the following:-

- (i) the Proposed Rights Issue with Warrants will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its net assets (“NA”) thereby providing greater financial flexibility, as illustrated in **Section 5.4** of this announcement;
- (ii) the Proposed Rights Issue with Warrants will enable the issuance of new HYB Shares without diluting shareholders’ equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants; and

- (iii) the Proposed Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in the Company on a pro rata basis and ultimately, participate in the prospects and future growth of the Group by subscribing for the Rights Shares.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders with additional incentive to subscribe for the Rights Shares. The Warrants will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants and increase their equity participation in the Company at a predetermined price over the tenure of the Warrants. The Company would also be able to raise additional proceeds as and when the Warrants are exercised, which will be channelled towards the Group's working capital requirements.

#### **4.2 Proposed Exemption**

The Proposed Exemption will relieve HHSB and the PACs from the obligation to undertake a mandatory take-over offer under the Rules due to the increase in their interests in the voting shares of the Company, as a result of the Undertakings as set out in **Section 2.6** of this announcement, as the Undertaking Shareholders and the PACs do not intend to undertake a Mandatory Offer.

It should be noted that it is not the intention of HHSB and the PACs to undertake the Mandatory Offer or to privatise HYB via the Proposed Rights Issue with Warrants.

The Company will seek the approval of the shareholders of the Company (save for HHSB and the PACs) for the Proposed Exemption at an EGM to be convened. The Company will make an application to the SC for the Proposed Exemption after the approval of shareholders for the Proposed Exemption has been obtained.

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## 5. EFFECTS OF THE PROPOSALS

The Proposed Exemption, on a standalone basis, will not have any effect on the Company's issued share capital, NA, NA per Share, gearing, substantial shareholders' shareholdings, earnings/loss and earnings/loss per share ("EPS"/"LPS").

The pro forma effects of the Proposed Rights Issue with Warrants on the Company's issued share capital, NA, gearing, substantial shareholders' shareholdings, earnings/loss and EPS/LPS are as follows:-

### 5.1 Issued share capital

The effects of the Proposed Rights Issue with Warrants are set out to the following scenarios:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	(RM)	No. of Shares	(RM)
Issued share capital as at the LPD	352,000,000	352,000,000	352,000,000	352,000,000
Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants	35,451,110	<sup>(1)</sup> 7,090,222	88,000,000	<sup>(1)</sup> 17,600,000
	<b>387,451,110</b>	<b>359,090,222</b>	<b>440,000,000</b>	<b>369,600,000</b>
Shares to be issued arising from the full exercise of Warrants	35,451,110	<sup>(2)</sup> 10,635,333	88,000,000	<sup>(2)</sup> 26,400,000
<b>Enlarged issued share capital</b>	<b>422,902,220</b>	<b>369,725,555</b>	<b>528,000,000</b>	<b>396,000,000</b>

**Notes:-**

(1) Computed based on the indicative issue price of RM0.20 per Rights Share.

(2) Computed based on the indicative exercise price of RM0.30 per Warrant.

### 5.2 Earnings/Loss and EPS/LPS

The Proposed Rights Issue with Warrants, which is expected to be completed in the fourth quarter of 2022, is not expected to have any material effect on the earnings/loss and EPS/LPS of the Group for the financial year ending ("FYE") 31 March 2023. However, there will be a dilution in the EPS/LPS of the Group for the FYE 31 March 2023 due to the increase in the number of HYB Shares in issue arising from the Proposed Rights Issue with Warrants. Notwithstanding that, the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings of the Group in the ensuing financial year(s) via the utilisation of the proceeds.

### 5.3 Convertible securities

As at the LPD, HYB does not have any outstanding convertible securities in issue.

#### 5.4 NA and gearing

For illustration purposes only, the pro forma effects of the Proposed Rights Issue with Warrants on the audited consolidated NA and gearing of the Group as at 31 March 2021 are as follows:-

Minimum Scenario	Audited as at 31 March 2021 (RM'000)	Pro forma I After the Proposed Rights Issue with Warrants (RM'000)	Pro forma II After pro forma I and full exercise of Warrants (RM'000)
Share capital	352,000	<sup>(1)</sup> 357,672	<sup>(4)</sup> 369,726
Warrants reserve	-	<sup>(2)</sup> 1,418	-
Translation reserves	(3,959)	(3,959)	(3,959)
Retained earnings	91,965	<sup>(3)</sup> 91,510	91,510
<b>Shareholders' equity/NA</b>	<b>440,006</b>	<b>446,641</b>	<b>457,277</b>
Non-controlling interests	22,415	22,415	22,415
<b>Total equity</b>	<b>462,421</b>	<b>469,056</b>	<b>479,692</b>
No. of shares in issue ('000)	352,000	387,451	422,902
<b>NA per share (RM)</b>	<b>1.25</b>	<b>1.15</b>	<b>1.08</b>
Total borrowings (RM'000)	292,259	292,259	292,259
<b>Gearing ratio (times)</b>	<b>0.66</b>	<b>0.65</b>	<b>0.64</b>

**Notes:-**

- (1) Computed based on the issuance of 35,451,110 Rights Shares at an indicative issue price of RM0.20 per Rights Shares, and adjusting for the apportionment of the allocated fair value for 35,451,110 Warrants at RM0.04 per Warrant based on the Trinomial Option Pricing Model as extracted from Bloomberg.
- (2) The Warrants are assumed to have a theoretical fair value of RM0.04 each derived from the Trinomial Option Pricing Model as extracted from Bloomberg.
- (3) After deducting estimated expenses of approximately RM0.46 million in relation to the Proposals.
- (4) Computed based on the indicative exercise price of RM0.30 per Warrant and accounting for the reversal of warrants reserve account.

Maximum Scenario	Audited as at 31 March 2021 (RM'000)	Pro forma I After the Proposed Rights Issue with Warrants (RM'000)	Pro forma II After pro forma I and full exercise of Warrants (RM'000)
Share capital	352,000	<sup>(1)</sup> 366,080	<sup>(4)</sup> 396,000
Warrants reserve	-	<sup>(2)</sup> 3,520	-
Translation reserves	(3,959)	(3,959)	(3,959)
Retained earnings	91,965	<sup>(3)</sup> 91,510	91,510
<b>Shareholders' equity/NA</b>	<b>440,006</b>	<b>457,151</b>	<b>483,551</b>
Non-controlling interests	22,415	22,415	22,415
<b>Total equity</b>	<b>462,421</b>	<b>479,566</b>	<b>505,966</b>
No. of shares in issue ('000)	352,000	440,000	528,000
<b>NA per share (RM)</b>	<b>1.25</b>	<b>1.04</b>	<b>0.92</b>
Total borrowings (RM'000)	292,259	292,259	292,259
<b>Gearing ratio (times)</b>	<b>0.66</b>	<b>0.64</b>	<b>0.60</b>

**Notes:-**

- (1) Computed based on the issuance of 88,000,000 Rights Shares at an indicative issue price of RM0.20 per Rights Shares, and adjusting for the apportionment of the allocated fair value for 88,000,000 Warrants at RM0.04 per Warrant based on the Trinomial Option Pricing Model as extracted from Bloomberg.
- (2) The Warrants are assumed to have a theoretical fair value of RM0.04 each derived from the Trinomial Option Pricing Model as extracted from Bloomberg.
- (3) After deducting estimated expenses of approximately RM0.46 million in relation to the Proposals.
- (4) Computed based on the indicative exercise price of RM0.30 per Warrant and accounting for the reversal of warrants reserve account.

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## 5.5 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Rights Issue with Warrants on the substantial shareholders' shareholdings are as follows:-

Minimum Scenario	Shareholdings as at the LPD				Pro forma I After the Proposed Rights Issue with Warrants				Pro forma II After pro forma I and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares	<sup>(2)</sup> (%)	No. of Shares	<sup>(2)</sup> (%)	No. of Shares	<sup>(3)</sup> (%)	No. of Shares	<sup>(3)</sup> (%)	No. of Shares	<sup>(4)</sup> (%)	No. of Shares	<sup>(4)</sup> (%)
HHSB	112,089,294	31.84	-	-	147,089,294	37.96	-	-	182,089,294	43.06	-	-
Chew Po Sim	-	-	<sup>(1)</sup> 112,089,294	31.84	-	-	<sup>(1)</sup> 147,089,294	37.96	-	-	<sup>(1)</sup> 182,089,294	43.06
Ho Min Yi	-	-	<sup>(1)</sup> 112,089,294	31.84	-	-	<sup>(1)</sup> 147,089,294	37.96	-	-	<sup>(1)</sup> 182,089,294	43.06
Ho Wen Yan	1,804,440	0.51	<sup>(1)</sup> 112,089,294	31.84	2,255,550	0.58	<sup>(1)</sup> 147,089,294	37.96	2,706,660	0.64	<sup>(1)</sup> 182,089,294	43.06
Ho Wen Han	-	-	<sup>(1)</sup> 112,089,294	31.84	-	-	<sup>(1)</sup> 147,089,294	37.96	-	-	<sup>(1)</sup> 182,089,294	43.06
Ho Wen Fan	-	-	<sup>(1)</sup> 112,089,294	31.84	-	-	<sup>(1)</sup> 147,089,294	37.96	-	-	<sup>(1)</sup> 182,089,294	43.06

**Notes:-**

- (1) Deemed by virtue of his/her shareholdings in HHSB pursuant to the Companies Act, 2016 ("Act")
- (2) Based on the existing issued share capital comprising 352,000,000 Shares.
- (3) Based on the enlarged issued share capital comprising 387,451,110 Shares after the Proposed Rights Issue with Warrants.
- (4) Based on the enlarged issued share capital comprising 422,902,220 Shares assuming the full exercise of Warrants.

Maximum Scenario	Shareholdings as at the LPD				Pro forma I After the Proposed Rights Issue with Warrants				Pro forma II After pro forma I and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares	(2)(%)	No. of Shares	(2)(%)	No. of Shares	(3)(%)	No. of Shares	(3)(%)	No. of Shares	(4)(%)	No. of Shares	(4)(%)
HHSB	112,089,294	31.84	-	-	140,111,617	31.84	-	-	168,133,940	31.84	-	-
Chew Po Sim	-	-	(1)112,089,294	31.84	-	-	(1)140,111,617	31.84	-	-	(1)168,133,940	31.84
Ho Min Yi	-	-	(1)112,089,294	31.84	-	-	(1)140,111,617	31.84	-	-	(1)168,133,940	31.84
Ho Wen Yan	1,804,440	0.51	(1)112,089,294	31.84	2,255,550	0.51	(1)140,111,617	31.84	2,706,660	0.51	(1)168,133,940	31.84
Ho Wen Han	-	-	(1)112,089,294	31.84	-	-	(1)140,111,617	31.84	-	-	(1)168,133,940	31.84
Ho Wen Fan	-	-	(1)112,089,294	31.84	-	-	(1)140,111,617	31.84	-	-	(1)168,133,940	31.84

**Notes:-**

- (1) Deemed by virtue of his/her shareholdings in HHSB pursuant to the Act.
- (2) Based on the existing issued share capital comprising 352,000,000 Shares.
- (3) Based on the enlarged issued share capital comprising 440,000,000 Shares after the Proposed Rights Issue with Warrants.
- (4) Based on the enlarged issued share capital comprising 528,000,000 Shares assuming the full exercise of Warrants.

For shareholders' information, assuming all Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue with Warrants as set out under the Maximum Scenario, there will be no changes to the substantial shareholders' shareholdings save for the increase in the number of shares held pursuant to the subscription of the Rights Shares.



## 6. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF HYB GROUP

### 6.1 Overview and outlook of the Malaysian economy

The Malaysian economy was also on the path of recovery in 2021. However, as local COVID-19 cases began to surge in May 2021, the Government had to re-introduce strict nationwide containment measures under the first phase of the National Recovery Plan (NRP) in June 2021. This affected the recovery momentum. Nonetheless, the swift progress of the National COVID-19 Immunisation Programme enabled economic sectors to gradually reopen in the third quarter of the year. Strong exports and continued policy aid for households and businesses also lent support to domestic growth. Overall, the Malaysian economy saw a moderate recovery, with gross domestic product (“GDP”) growing by 3.1% in 2021 (2020: -5.6%).

Headline inflation averaged higher at 2.5% (2020:-1.2%).The higher cost due to rising global oil prices and supply chain disruptions led to some upward price pressures for certain categories of consumer goods and services. Nevertheless, underlying inflation remained subdued for the year amid a gradual recovery in demand and weak labour market conditions.

After reducing the Overnight Policy Rate (OPR) by a total of 125 basis points to a historic low of 1.75%, the Monetary Policy Committee (MPC) kept the OPR unchanged in 2021. The committee assessed that in the environment of subdued inflation and limited risks of financial imbalances, the low interest rate environment was needed to continue to provide support to the domestic economic recovery that still faced downside risks mainly due to pandemic uncertainties. In addition, fiscal and financial measures helped ease the burden of households and businesses and thus, supported the economic recovery

*(Source: Annual Report 2021, Bank Negara Malaysia)*

The domestic economy is expected to improve further this year, with growth projected at 5.3% to 6.3% as announced in March 2022. This is underpinned by stronger domestic demand, continued expansion in external demand, and further improvement in the labour market. Growth would also benefit from the easing of restrictions, reopening of international borders and implementation of investment projects”. Nevertheless, risks to Malaysia’s growth momentum remain. These include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, adverse developments surrounding COVID-19 and heightened financial market volatility.

*(Source: Press Release on the Economic and Financial Developments in Malaysia in the First Quarter of 2022 released on 13 May 2022, Bank Negara Malaysia)*

### 6.2 Overview and outlook of the construction industry

The construction sector declined by 5.2% in 2021 (2020: -19.4%), as the industry faced limitations on operating capacity and the stop-start nature of construction works, due to the movement restrictions. Special trade was the sole subsector with positive growth, supported by end-works from selected commercial and civil engineering projects, as well as implementation of small-scale projects. Meanwhile, construction activities in the residential and non-residential subsectors remained subdued following extended periods of lockdown and reduced operating capacity.

Growth in the construction sector is expected to rebound in 2022 following the reopening of the economy. Ongoing construction activity in large infrastructure projects and implementation of small-scale projects under the 2022 Budget measures will support growth in the civil engineering and special trade subsectors. Meanwhile, the residential subsector will benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the nonresidential subsector is expected to be lifted by both existing and new commercial and industrial projects.

*(Source: Outlook and Policy in 2022, Economic & Monetary Review, Bank Negara Malaysia)*

### **6.3 Overview and outlook of the property industry**

The property market performance showed a slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. More than 300,000 transactions worth nearly RM145 billion were recorded, indicating an increase of 1.5% in volume and 21.7% in value compared to last year.

#### **Residential property**

There were 198,812 transactions worth RM76.90 billion recorded in 2021, increased by 3.9% in volume and 16.7% in value as compared with 2020. The improvement was supported by the uptrend recorded in WP Kuala Lumpur (4.9%), Selangor (10.7%), Pulau Pinang (16.3%) and Perak (3.2%). Conversely, Johor recorded a decline in market activity by 2.4%.

Selangor contributed the highest volume and value to the national market share, with 24.5% in volume (48,755 transactions) and 34.4% in value (RM26.49 billion). WP Kuala Lumpur recorded 11,129 transactions but ranked the second highest in value at RM9.69 billion, contributing 12.6% market share. Demand continued to focus on terraced houses, formed around 43.0% of the total residential transactions, followed by vacant plots and high-rise units, each with nearly 15% market share. The affordable price range of RM300,000 and below accounted for 55.9% of the total, followed by RM300,001 to RM500,000 (24.6%), RM501,000 – RM1,000,000 (14.8%) and more than RM1,000,000 (4.8%).

#### **Commercial property**

The commercial sub-sector saw a better performance in 2021. There were 22,428 transactions worth RM27.94 billion recorded in 2021, increased by 10.7% in volume and 43.1% in value as compared with 2020. The improved market was contributed by the increased activity recorded in most states and the major transactions involving shopping complex and purpose-built office recorded in the review period.

Selangor contributed the highest volume to the national market share, with 26.8% (6,021 transactions), followed by WP Kuala Lumpur with 14.5% (3,251 transactions). In terms of value, WP Kuala Lumpur led the market with 32.0% (RM8.95 billion), followed by Selangor with 25.3% (RM7.06 billion).

## **2022 Outlook**

Bank Negara Malaysia (“BNM”) is expecting economic growth recovery to strengthen in 2022, on similar track with global economic recovery. Despite the external risks arising from the military conflict in Ukraine on international trading, commodity prices and financial markets, BNM anticipated that Malaysia economic recovery will be “driven by expansion in global demand and higher private sector expenditure amid improvements in the labour market and continued targeted policy support”.

The property market is expected to regain its momentum in 2022 though the environment remained challenging. The health of the residential sector is paramount to the overall performance of the property market.

As economy is set to be on the right trajectory, the property market performance is expected to be on similar track. The accommodative policies, continuous government support, well execution of all planned measures outlined in Budget 2022 and the proper implementation of strategies and initiatives under the Twelfth Malaysian Plan (RMK-12) are expected to support growth in the property sector

*(Source: Property Market Report 2021, Valuation & Property Services Department, Ministry of Finance Malaysia)*

### **6.4 Future prospects of HYB Group**

The Group’s performance had been impacted by setbacks in the industry as a whole, with multiple movement control orders causing construction delays which widely affected the Group’s financial performance, product launches and buyers’ perception. In its mitigation efforts, the Group maintains stringent processes for efficient planning and monitoring of all construction progress on ongoing development projects, and adopts a prudent financial policy in order to maintain a healthy balance sheet with manageable gearing and cash flows.

The management views that the future prospects of HYB Group will be challenging, affected by the prevailing overhang in the property sector. The Group anticipates gradual improvement to the Malaysian economy amidst easing of restrictions, reopening of borders and increased consumption activities driven by recovery in the labour markets, underpinned by the continued increase in global demand and higher private sector expenditure. The management is cautiously optimistic about the property market’s prospects and anticipates property sales growth will accelerate in line with the improvement in overall income, employment conditions and consumer sentiments which are expected to lift household spending. The management also views that additional positive impacts on the property sector could come from the opening up of economic activities, sector stimulus, tax incentives and easing of financing limits for housing loans, as well as low interest rates.

The management’s near-term strategy will be to focus on driving sales of both completed and ongoing properties, utilising the Group’s digital presence. The Group will also focus on affordable housing in the Northern region of Malaysia comprising of landed terrace houses and serviced apartments, where the new launches earmarked are earmarked in the current year. Overall, the management is cautiously optimistic regarding the property market’s prospects and anticipates property sales growth will accelerate as the economy grows. The management will also continue to focus on stabilising the group’s operational and financial performance, placing a high priority on improving cash flows and balance sheet, while simultaneously exploring land banking opportunities. The proceeds raised from the Proposed Rights Issue with Warrants are also expected to contribute positively to the Group’s financial position.

## 7. APPROVALS REQUIRED

The Proposals are subject to, amongst others, the following approvals being obtained:-

- (i) Bursa Securities for the following:-
  - (a) admission of the Warrants to the Official List of Bursa Securities; and
  - (b) listing of and quotation for the Rights Shares and Warrants pursuant to the Proposed Rights Issue with Warrants as well as the new HYB Shares to be issued arising from the exercise of the Warrants, on the Main Market of Bursa Securities;
- (ii) shareholders of HYB at an EGM to be convened;
- (iii) the SC for the Proposed Exemption; and
- (iv) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue with Warrants and the Proposed Exemption are inter-conditional upon each other.

The Proposals are not conditional upon any other proposal undertaken or to be undertaken by HYB.

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and chief executive of the Company and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Rights Issue with Warrants and Proposed Exemption, save for the following:-

- (i) HHSB, being a major shareholder of HYB, and the Undertaking Shareholder pursuant to the Proposed Rights Issue with Warrants;
- (ii) Ho Wen Yan, the Chief Executive Officer/Executive Director and a major shareholder of HYB, is also a director and substantial shareholder of HHSB;
- (iii) Chew Po Sim, the Non-Independent Non-Executive Director and a major shareholder of HYB, is also a director and substantial shareholder of HHSB;
- (iv) Ho Wen Fan, the Alternate Director to Chew Po Sim and a major shareholder of HYB, is also a director and substantial shareholder of HHSB;
- (v) Ho Wen Han and Ho Min Yi, who are major shareholders of HYB, are also directors and substantial shareholders of HHSB; and
- (vi) Chew Hoe Soon, the Non-Independent Non-Executive Director of HYB, is the brother of Chew Po Sim

(collectively HHSB, Ho Wen Yan, Chew Po Sim, Ho Wen Fan, Ho Wen Han and Ho Min Yi are referred to as the “**Interested Major Shareholders**”, whilst Ho Wen Yan, Chew Po Sim, Ho Wen Fan and Chew Hoe Soon are referred to as the “**Interested Directors**”).

In view of the above, the Interested Directors and Interested Major Shareholders are deemed interested in the Proposed Exemption. As the Proposed Rights Issue with Warrants and Proposed Exemption are inter-conditional upon each other, the Interested Directors and Interested Major Shareholders are therefore also deemed to be interested in the Proposed Rights Issue with Warrants.

As such, the Interested Directors have abstained and will continue to abstain from Board deliberation and voting on the Proposals. In addition, the Interested Directors and the Interested Major Shareholders will also abstain from voting and will also ensure that the persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to the Proposals to be tabled at the EGM to be convened.

Save for the above, none of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, either direct or indirect, in the Proposals apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares under excess Rights Shares application), to which all the shareholders of the Company are similarly entitled.

The direct and indirect shareholdings of the Interested Directors and Interested Major Shareholders in HYB as at the LPD are as follows:-

	Shareholdings as at the LPD			
	Direct		Indirect	
	No. of Shares	<sup>(3)</sup> (%)	No. of Shares	<sup>(3)</sup> (%)
HHSB	112,089,294	31.84	-	-
Chew Po SIm	-	-	<sup>(1)</sup> 112,089,284	31.84
Ho Min Yi	-	-	<sup>(1)</sup> 112,089,284	31.84
Ho Wen Yan	1,804,440	0.54	<sup>(1)</sup> 112,089,284	31.84
Ho Wen Han	-	-	<sup>(1)</sup> 112,089,284	31.84
Ho Wen Fan	-	-	<sup>(1)</sup> 112,089,284	31.84
Chew Hoe Soon	393,554	0.11	<sup>(2)</sup> 809,920	0.23

**Notes:-**

- (1) Deemed interest by virtue of his/her substantial shareholdings in HHSB.  
(2) Deemed interest by virtue of the shareholdings of his spouse and children.  
(3) Based on the existing issued share capital of HYB comprising 352,000,000 HYB Shares.

**9. DIRECTORS' STATEMENT**

The Board (save for the Interested Directors), having considered all aspects of the Proposed Rights Issue with Warrants and the Proposed Exemption, including but not limited to the rationale for the Proposed Rights Issue with Warrants and the Proposed Exemption, the effects of the Proposed Rights Issue with Warrants as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants and the Proposed Exemption are in the best interests of the Company.

**10. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposals are expected to be completed by the fourth quarter of 2022.

## **11. APPLICATION TO THE RELEVANT AUTHORITIES**

Barring any unforeseen circumstances, the application to Bursa Securities in relation to the Proposed Rights Issue with Warrants is expected to be made within 2 months from the date of this announcement.

The application for the Proposed Exemption is expected to be submitted to SC after obtaining the approval of the non-interested shareholders at the EGM to be convened.

## **12. ADVISERS**

UOBKH has been appointed as the Adviser to HYB for the Proposals.

Pursuant to Paragraph 4.08(3) of the Rules, MainStreet Advisers Sdn Bhd has been appointed by HYB as the Independent Adviser to the non-interested shareholders of HYB on the Proposed Exemption.

**This announcement is dated 10 June 2022**

## INDICATIVE SALIENT TERMS OF THE WARRANTS

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<b>Issue size</b>	:	Up to 88,000,000 new Warrants arising in connection with the Proposed Rights Issue with Warrants.  The Warrants will be immediately detached from the Rights Shares upon issuance, and will be separately traded on Bursa Securities.
<b>Form</b>	:	The Warrants will be issued in registered form and constituted by the Deed Poll.
<b>Tenure of Warrants</b>	:	5 years from the date of issuance of the Warrants.
<b>Exercise Rights</b>	:	The Warrants entitle the registered holders, at any time during the Exercise Period, to subscribe for new HYB Shares on the basis of 1 new HYB Share for 1 Warrant at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
<b>Exercise Period</b>	:	The Warrants may be exercised at any time within a period of 5 years, which shall commence from and including the date of issuance of the Warrants and ending on the Expiry Date.
<b>Mode of exercise</b>	:	The registered holder of the Warrant is required to lodge a subscription form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' cheque or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the Deed Poll.
<b>Indicative Exercise Price</b>	:	RM0.30 per Warrant, subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
<b>Expiry Date</b>	:	A date being 5 years from and including the date of issuance of the Warrants, and if such a day is not a market day, on the immediate preceding market day.
<b>Participating rights of the holders of Warrants in any distribution and/or offer of further securities</b>	:	The Warrant holders are not entitled to vote in any general meeting of the Company and/or to participate in any distribution other than on winding-up, compromise or arrangement of the Company and/or offer of further securities in the Company unless and until the holder of Warrants becomes a shareholder of the Company by exercising his/her Warrants into new HYB Shares or unless otherwise resolved by the Company in a general meeting.
<b>Adjustments in the exercise price and/or number of Warrants</b>	:	The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll. If the Company in any way modifies the rights attached to any share or loan capital which is not described in the Deed Poll so as to convert or make convertible such share or loan capital into, or attached thereto any rights to acquire or subscribe for new shares, the Company must appoint the adviser or the auditors (who shall act as experts) to consider whether any adjustment is appropriate, and if the directors of the Company after such consultation determines that any adjustment is appropriate, the exercise price or the number of Warrants, or both, will be adjusted accordingly.

## INDICATIVE SALIENT TERMS OF THE WARRANTS (Cont'd)

<b>Rights in the event of winding-up, liquidation, compromise and/or arrangement</b>	:	Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then every holder of Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his/her Warrants to the Company, elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/her Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/she had on such date been the holder of the new Shares to which he/she would have been entitled to pursuant to such exercise.
<b>Ranking of the new HYB Shares to be issued pursuant to the exercise of Warrants</b>		The new HYB Shares to be issued arising from the exercise of the Warrants, shall upon allotment and issue, rank equally in all respects with the existing HYB Shares, save and except that the new HYB Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of such new HYB Shares.
<b>Board lot</b>	:	For the purpose of trading in Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new HYB Shares at any time during the Exercise Period, or in such denomination as determined by Bursa Securities.
<b>Listing status</b>	:	The Warrants and new HYB Shares to be issued from the exercise of the Warrants will be listed on the Main Market of Bursa Securities.  An application will be made to Bursa Securities for the admission of Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and new HYB Shares to be issued from the exercise of the Warrants on the Main Market of Bursa Securities.
<b>Modifications</b>	:	The Company may, from time to time, subject to the terms and conditions of the Deed Poll, without the consent or sanction of the warrant holders, modify, amend or add to the Deed Poll if such modification, amendment or addition made does not materially prejudice the interests of the Warrant holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia.  Save for the above, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of Warrants sanctioned by special resolution and may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental thereto and subject to the approval of the relevant authorities, if necessary.
<b>Governing law</b>	:	Laws of Malaysia.