



# M & A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of INSAS BHD)

A PARTICIPATING ORGANISATION OF BURSA MALAYSIA SECURITIES BERHAD

Principal Office

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12 October 2022

The Board of Directors

**HEXTAR INDUSTRIES BERHAD**

Level 5, Block B, Dataran PHB

Saujana Resort, Section U2

40150 Shah Alam

Selangor

Dear Sirs,

**HEXTAR INDUSTRIES BERHAD ("HIB" OR "OFFEREE")**

**NOTICE OF UNCONDITIONAL MANDATORY TAKE-OVER OFFER ("NOTICE")**

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## 1. INTRODUCTION

- 1.1 On 8 August 2022, M&A Securities Sdn Bhd ("**M&A Securities**") had on behalf of the Board of Directors of HIB ("**Board**"), announced that HIB had on even date entered into a conditional share sale agreement ("**SSA**") with Hextar Holdings Sdn Bhd ("**HHSB**" or "**Offeror**") to acquire the entire equity interest in Hextar Fertilizers Limited from HHSB for a total purchase consideration of RM480,000,000 to be satisfied by the issuance and allotment of 1,600,000,000 new ordinary shares in HIB ("**Consideration Shares**") at an issue price of RM0.30 per Consideration Share ("**Acquisition**").
- 1.2 As at the date of the SSA and as at 7 October 2022, being the latest practicable date prior to the date of this Notice ("**LPD**"), the Offeror holds 523,928,900 ordinary shares in the Offeree ("**HIB Shares**" or "**Shares**"), representing 45.66% equity interest in HIB.
- 1.3 Upon issuance of the Consideration Shares, the Offeror's shareholdings in the Offeree will increase from 45.66% to 77.31%, an increase by more than 2% of the voting shares of the Offeree in a 6 month period. Therefore, upon the SSA becoming unconditional, the Offeror will be obliged to extend a mandatory take-over offer to acquire all the remaining ordinary Shares in the Offeree not already owned by the Offeror ("**Offer Shares**") ("**Offer**") pursuant to Section 218(3) of the Capital Markets and Services Act, 2007 ("**CMSA**") and Paragraph 4.01(b) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**").
- 1.4 In addition, the issuance of the Consideration Shares will also result in the Offeree not complying with having a minimum public spread requirement of 25%. In conjunction thereto, the Offeror will be undertaking a sell down of its shareholdings in the Offeree via an offer for sale of such number of Consideration Shares ("**OFS Shares**") to be received by the Offeror pursuant to the Acquisition ("**Offer For Sale**"), which will be on-sold and issued and allotted directly to independent investors to be identified ("**Placees**"), such that upon issuance of all the Consideration Shares and OFS Shares, the Offeree shall at all times be in compliance with the public spread requirement.

The Offer For Sale is to be implemented after the close of the Offer, simultaneous with the issuance of the Consideration Shares. For avoidance of doubt, the Acquisition and the Offer for Sale (collectively, the "**Proposals**") will be completed simultaneously.

1.5 The Offer For Sale is deemed an arrangement or agreement by the Offeror to reduce its holdings or entitlements in relation to voting shares or voting rights in the Offeree during the offer period. Pursuant to Paragraph 19.02 of the Rules, except with the consent of the Securities Commission Malaysia ("**SC**"), the Offeror and the persons acting in concert with the Offeror in accordance with Sections 216(2) and 216(3) of the CMSA ("**PACs**") shall not sell any securities in the Offeree, or enter into an arrangement or agreement, to reduce holdings or entitlements of the Offeror and the persons acting in concert with the Offeror in relation to the voting shares or voting rights in the Offeree during the offer period. As the Offer For Sale is to address the public spread requirement of the Offeree, consent was sought from the SC, which was obtained on 2 August 2022.

1.6 On the date of this Notice, upon receipt of the Offeree shareholders' approval for the Acquisition, the SSA became unconditional. Accordingly, the Offeror is obliged to extend the Offer for all the Offer Shares for a cash offer price of RM0.38175 per Offer Share.

Although the Offer For Sale forms part of the composite scheme for the Acquisition to address the public spread situation upon the issuance of the Consideration Shares, the Offer For Sale is not subject to the approval of the Offeree shareholders. Details of the Offer For Sale in the circular to shareholders dated 27 September 2022 in respect of the Proposals were for shareholders' information only.

1.7 For information purposes, as at the LPD, the Offeree does not hold any HIB Shares as treasury shares and does not have any convertible securities in issue.

1.8 There is no ultimate offeror in relation to the Offer.

1.9 As at the LPD, the PACs who hold Offer Shares are as follows:

- (i) Dato' Ong Soon Ho, the director and major shareholder of the Offeror and indirect major shareholder of the Offeree, holds 2,700,000 HIB Shares or approximately 0.24% direct equity interest in the Offeree and 523,928,900 HIB Shares or approximately 45.66% indirect equity interest in the Offeree. He is the father of Dato' Ong Choo Meng;
- (ii) Dato' Ong Choo Meng, the director and controlling shareholder of the Offeror and Non-Independent Non-Executive Director as well as indirect major shareholder of the Offeree, holds 523,928,900 HIB Shares or approximately 45.66% indirect equity interest in the Offeree. He is the son of Dato' Ong Soon Ho and Datin Teoh Siew Yoke @ Teoh Siew Chin;
- (iii) Datin Teoh Siew Yoke @ Teoh Siew Chin, the substantial shareholder of the Offeror, holds 100,000 HIB Shares or approximately 0.01% direct equity interest in the Offeree. She is the spouse of Dato' Ong Soon Ho and mother of Dato' Ong Choo Meng;
- (iv) Ong Soon Hooi, a shareholder of the Offeree, holds 50,000 HIB Shares or approximately 0.004% direct equity interest in the Offeree. He is the sibling of Dato' Ong Soon Ho;
- (v) Ong Soon Lim, a shareholder of the Offeree, holds 400,000 HIB Shares or approximately 0.03% direct equity interest in the Offeree. He is the sibling of Dato' Ong Soon Ho;

- (vi) Lim Ah Ker, a shareholder of the Offeree, holds 1,100,000 HIB Shares or approximately 0.10% direct equity interest in the Offeree. She is the spouse of Ong Soon Hooi;
- (vii) Vo Nghia Huu, a shareholder of the Offeree, holds 630,000 HIB Shares or approximately 0.05% direct equity interest in the Offeree. He is the son-in-law of Dato' Ong Soon Ho and Datin Teoh Siew Yoke @ Teoh Siew Chin, brother-in-law of Dato' Ong Choo Meng and spouse of Ong Tzu Chuen, the Non-Independent Non-Executive Director of the Offeree, who is the daughter of Dato' Ong Soon Ho and Datin Teoh Siew Yoke @ Teoh Siew Chin and sister of Dato' Ong Choo Meng;
- (viii) Lian Dazhi, a shareholder of the Offeree, holds 1,140,000 HIB Shares or approximately 0.10% direct equity interest in the Offeree. She is the 21% shareholder of an indirect subsidiary of the Offeror.

- 1.10 The Offer will also be extended to the Offer Shares held by the PACs.
- 1.11 The details of the shareholdings of the Offeror and the PACs in the Offeree are set out in Section 7 of this Notice.

## **2. THE OFFER**

- 2.1 On behalf of the Offeror, M&A Securities hereby serves this Notice to the Board in accordance with Paragraph 9.10(1)(b)(i) of the Rules.
- 2.2 The Offer is being made to each holder of the Offer Shares ("**Holder**") upon the terms and conditions of the Offer as set out in Section 4 of this Notice and in a document outlining the terms and conditions of the Offer ("**Offer Document**").
- 2.3 To accept the Offer, Holders will have to refer to the procedures for acceptance which will be detailed in the Offer Document together with the accompanying form of acceptance and transfer for the Offer Shares ("**Form of Acceptance and Transfer**"). These documents will be posted to all Holders in due course, subject to the notification from the SC that it has no further comments on the contents of the Offer Document being obtained.

## **3. INFORMATION ON THE OFFEROR**

HHSB was incorporated in Malaysia on 3 February 2006 under the Companies Act, 1965 as a private limited company and deemed registered under the Companies Act 2016 ("**Act**"). The principal activity of HHSB is investment holding and through its subsidiaries, is involved in the following business activities:

- (i) production, trading, marketing and distribution of pesticide, fertiliser and other industrial chemical products;
- (ii) provision of property facilities, property investment holding and resources management services;
- (iii) information technology consulting, research and development activities and the provision of laboratory services;
- (iv) trading and servicing of forklifts;

- (v) trading of building materials and civil engineering contractor; and
- (vi) agro-biotechnology and other related new bio-technology products.

As at the LPD, the issued share capital of HHSB is RM44,743,580 comprising 223,717,900 ordinary shares.

As at the LPD, the directors of HHSB are Dato' Ong Soon Ho and Dato' Ong Choo Meng.

As at the LPD, the shareholders of HHSB and their respective shareholdings in HHSB are as follows:

Name	Direct		Indirect	
	No. of shares	(1)%	No. of shares	(1)%
Dato' Ong Soon Ho	53,444,328	23.89	-	-
Dato' Ong Choo Meng	144,816,972	64.73	-	-
Datin Teoh Siew Yoke @ Teoh Siew Chin	25,456,600	11.38	-	-

*Note:*

<sup>(1)</sup> Based on 223,717,900 ordinary shares in HHSB as at the LPD.

#### 4. TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer, unless otherwise directed or permitted to be varied by the SC, are as follows:

##### 4.1 Consideration

The Offeror will pay to the Holders who accept the Offer a cash consideration for the Offer is **RM0.38175** for each Offer Share ("**Offer Price**") in accordance with the terms and conditions to be set out in the Offer Document. The Offer Price represents a premium to the issue price per Consideration Share pursuant to the Acquisition. The Offer Price is equivalent to the highest price (excluding stamp duty and commission) paid by the Offeror or the PACs for the Offer Shares for the period commencing 6 months prior to the beginning of the offer period and up to the LPD. In this regard, the Offer Price complies with Paragraph 6.03(1) of the Rules.

If the Offeree declares, makes or pays any dividend and/or any other distribution ("**Distribution**") on or after the date of this Notice but before the Closing Date (as defined in Section 4.5(i) of this Notice) and the Holders are entitled to retain such Distribution, the Offeror will reduce the Offer Price by an amount equivalent to the net Distribution per Share which Holders are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the Offer Price in the event the entitlement date for the Distribution is after the Closing Date.

As at the date of this Notice, based on announcements made by the Offeree on Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Offeree has not declared any Distribution.

Holders may accept the Offer in respect of all or part of the Offer Shares. The Offeror will not pay fractions of a sen, if any, to Holders who accept the Offer. The Offeror will round down the cash consideration to the nearest whole sen payable to accepting Holders in respect of valid acceptances. For information purposes, the Offer Price represents the following:

- (i) premiums and discount over the last closing market price and volume-weighted average market prices ("VWAMP") of the Shares up to and including 5 August 2022, being the last trading day prior to the announcement of the Proposals ("LTD1") and prior to the issuance of this Notice ("LTD2"):

	<u>Share price</u>	<u>Premium/(Discount)</u>	
	RM	RM	%
<b>Prior to the announcement on the Proposals:</b>			
(a) Last closing market price as at LTD1	0.3300	0.0518	15.68
(b) VWAMP of Shares up to and including LTD1:			
• 5-market days	0.3291	0.0527	16.00
• 1-month	0.3388	0.0423	12.68
• 3-month	0.3451	0.0367	10.62
• 6-month	0.3218	0.0600	18.63
• 12-month	0.2650	0.1168	44.06
<b>Prior to the serving of the Notice:</b>			
(a) Last closing market price as at LTD2	0.4850	(0.1033)	(21.29)
(b) VWAMP of Shares up to and including LTD2:			
• 5-market days	0.4881	(0.1064)	(21.79)
• 1-month	0.4340	(0.0523)	(12.04)
• 3-month	0.3966	(0.0149)	(3.74)
• 6-month	0.3825	(0.0008)	(0.20)
• 12-month	0.3085	0.0733	23.74

(Source: Bloomberg)

#### 4.2 Condition of the Offer

The Offer is **not conditional** upon any minimum level of acceptance of the Offer Shares as the Offeror will hold more than 50% of the voting shares in the Offeree upon issuance of the Consideration Shares pursuant to the Acquisition.

#### 4.3 Despatch of the Offer Document

Pursuant to the provision of the Rules, unless otherwise directed or permitted by the SC to defer in doing so, the Offer will be made by the posting of the Offer Document within 21 days from the date of this Notice. An application for an extension of time will be made to the SC if the posting of the Offer Document is expected to be deferred beyond the requisite 21 days.

Subject to Section 4.11(i) of this Notice, the Offeror will post the Offer Document to the Board and the Holders whose names appear on the record of depositors of the Offeree as at the latest practicable date prior to the date of posting of the Offer Document ("**Posting Date**").

#### **4.4 Warranties**

The Offeror will acquire the Offer Shares based on the acceptances of the Offer by Holders which are deemed by the Offeror to be valid and complete in all respects in accordance with the terms and conditions set out in the Offer Document. Such acceptance will be deemed to constitute an irrevocable and unconditional warranty by the accepting Holders that the Offer Shares, to which such acceptances relate, are sold:

- (i) free from all moratorium, claim, charge, mortgage, lien, pledge, encumbrance, option, power of sale, hypothecation, retention of title, right of pre-emption, right of first refusal or other third party right, equity and other security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing from the date of valid acceptance; and
- (ii) with all rights, benefits and entitlements attached, including the right to all Distributions declared, made or paid on or after the date of this Notice, subject to adjustments referred to in Section 4.1 of this Notice.

#### **4.5 Duration of the Offer**

- (i) The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) for at least 21 days after the Posting Date ("**First Closing Date**"), or such other later dates as the Offeror may decide, as M&A Securities may announce on behalf of the Offeror ("**Closing Date**") unless the Offeror withdraws the Offer with the SC's prior written consent, and in such event, every person shall be released from any obligation incurred under the Offer.
- (ii) If the Offer is revised after the Posting Date, it will remain open for acceptances for at least 14 days from the date of posting of the written notification of the revision to the Holders. Where any of the terms of the Offer are revised, the benefits of the revised Offer will also be extended to the Holders who have previously accepted the Offer. The Offeror may not revise the Offer after the 46th day from the Posting Date.
- (iii) As the Offer is not conditional upon any minimum level of acceptances, the Closing Date shall not be later than the 60th day from the Posting Date.
- (iv) Any extension of the period for acceptance of the Offer by the Offeror will be announced by M&A Securities, on behalf of the Offeror, at least 2 days before the Closing Date. Such announcement will state the next closing date of the Offer. Notice of such extension will be posted to the Holders accordingly.
- (ii) Where a competing take-over offer is made at any time between the Posting Date and the Closing Date, the Posting Date will be deemed to be the date the competing take-over offer document is posted.

#### **4.6 Rights of Withdrawal by an accepting Holder**

- (i) All valid acceptances of the Offer by accepting Holders shall be irrevocable as the Offer is not conditional upon any minimum level of acceptances of the Offer Shares. However, an accepting Holder is entitled to withdraw his acceptance if the Offeror fails to comply with any of the requirements set out in Section 4.9(i) of this Notice by the close of trading on Bursa Securities on the market day following the day on which the Offer is closed, revised or extended, as the case may be.



- (ii) Notwithstanding Section 4.6(i) of this Notice, the SC may terminate the right of withdrawal not less than 8 days from the Offeror complying with the requirements set out in Section 4.9(i) of this Notice.
- (iii) However, the right of any accepting Holder who has already withdrawn his acceptance pursuant to Section 4.6(i) of this Notice will not be prejudiced by the termination of such right of withdrawal by the SC.

#### **4.7 Withdrawal of the Offer by the Offeror**

The Offeror may only withdraw the Offer with the prior written consent of the SC.

#### **4.8 Method of Settlement**

- (i) Except with the SC's consent and the Offeror's right to reduce the Offer Price as set out in Section 4.1 of this Notice, the Offeror will settle the consideration for the Offer in full in accordance with the terms set out in the Offer Document without regard to any lien, right of set-off, counter-claim or other analogous rights to which the Offeror may otherwise be, or claim to be, entitled against the accepting Holder. This, however, is without prejudice to the Offeror's right to make any claim against any accepting Holder after such full settlement in respect of a breach of any of the warranties set out in Section 4.4 of this Notice.
- (ii) The Offeror will settle the consideration in respect of valid acceptances for the Offer Shares via remittance into the accepting Holder's bank account, details of which have been registered with Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") for the purpose of cash dividend/distribution or in the form of cheque, banker's draft or cashier's order, which will be posted by ordinary mail to the accepting Holder (or their designated agents, as they may direct) at the accepting Holder's registered Malaysian address last maintained with Bursa Depository, at their own risk within 10 days from the date of valid acceptances of the Offer. This is provided that all such acceptances are deemed by the Offeror to be valid and complete in all respects in accordance with the terms and conditions set out in the Offer Document.

Accepting Holders are strongly encouraged to register and/or update their bank accounts details with Bursa Depository through their stockbroker in order to receive the consideration for the Offer Shares in their bank accounts.

- (iii) The Offeror will settle all valid acceptances for the Offer Shares in Ringgit Malaysia. Accepting Holders who are non-residents and who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fees and/or charges levied by the respective financial institutions.

#### **4.9 Announcement of acceptances**

- (i) The Offeror will inform the SC in writing and announce through Bursa Securities' Listing Information Network ("**Bursa LINK**") or by way of press notice where relevant, before 9:00 a.m. (Malaysian time) on the market day following the day on which the Offer is closed, revised or extended, of the following information:
  - (a) the position of the Offer, as to whether the Offer is closed, revised or extended; and
  - (b) the total number of Offer Shares:
    - (aa) for which acceptances of the Offer have been received after the Posting Date;

- (bb) held by the Offeror and the PACs as at the Posting Date; and
  - (cc) acquired or agreed to be acquired by the Offeror during the offer period but after the Posting Date,
- and specifying the percentage of the total number of issued Shares represented by these numbers.
- (ii) In calculating the acceptances of Offer Shares for announcement purposes, the Offeror may include or exclude acceptances that are not in order or that are subject to verification.
  - (iii) References to the making of an announcement or the giving of notice by the Offeror includes the:
    - (a) release of an announcement or notice by M&A Securities, the Offeror or the Offeror's advertising agent to the press; and/or
    - (b) delivery of or transmission by facsimile or Bursa LINK of an announcement to Bursa Securities.
  - (iv) An announcement made otherwise than to Bursa Securities shall be notified simultaneously to Bursa Securities, if applicable.

#### **4.10 Purchases in the open market**

If the Offeror or the PACs, purchase or agree to purchase any Offer Shares during the offer period at a consideration that is higher than the Offer Price, the Offeror will increase the Offer Price to be not less than the highest price (excluding stamp duty and commission) paid or agreed to be paid by the Offeror or the PACs for the Offer Shares during the offer period.

If the Offeror increases the consideration for the Offer, Holders who have accepted the Offer prior to the revision of the Offer Price will be entitled to receive the revised consideration.

#### **4.11 General**

- (i) All communications, notices, documents and if applicable, payments to be delivered or sent to Holders or their designated agents, will be sent by ordinary mail to their registered Malaysian address last maintained with Bursa Depository at their own risk. Non-resident Holders with no registered Malaysian address maintained with Bursa Depository who wish to receive communications, notices, documents and payments in relation to the Offer should ensure that they have their foreign mailing address changed to a registered Malaysian address.

In any event, the Offer Document shall be made available on the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com) upon issuance.

- (ii) Unless proven otherwise, delivery of any communication, notice, document or if applicable, payment will be presumed to be effected by properly addressing, prepaying and posting by ordinary mail, the communication, notice, document or payment and such delivery will be presumed to have been effected at the time when the communication, notice, document or payment would have been delivered in the ordinary course of the mail.



- (iii) The Offer and all acceptances received under the Offer will be construed and governed by the laws of Malaysia. Holders and the Offeror will submit to the exclusive jurisdiction of the courts of Malaysia in respect of any proceedings brought in relation to the Offer.
- (iv) Holders may accept the Offer in respect of either all or part of their Offer Shares. However, if a Holder's acceptance of the Offer exceeds his total holding of Offer Shares, the Offeror has the right to treat such acceptance as invalid or valid for and to the extent of the Holder's total holding of Offer Shares.
- (v) The Form of Acceptance and Transfer accompanying the Offer Document will contain the following:
  - (a) provisions for the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or its appointed nominees (if any);
  - (b) instructions to complete the Form of Acceptance and Transfer; and
  - (c) other matters incidental to the acceptance of the Offer and the transfer of the Offer Shares to the Offeror or its appointed nominees (if any).

No acknowledgement of receipt of the Form of Acceptance and Transfer will be issued.

- (vi) The Offeror will bear all costs and expenses of or incidental to the preparation and posting of the Offer Document (other than professional fees and other costs relating to the Offer that the Offeree will incur). The Offeror will also bear the cost of Malaysian stamp duty and Malaysian transfer fees, if any, resulting from valid acceptances of the Offer. Accepting Holders will, however, bear all other costs and expenses incidental to the acceptance of the Offer (including taxes), such as handling fee for online acceptances and postage fee, if any. For avoidance of doubt, the Offeror will not bear the payment of any and all transfer fees, taxes, duties, costs, expenses or other requisite payments due in a jurisdiction outside Malaysia or the payment of any levy for the repatriation of capital or income tax.
- (vii) The Offer remains valid despite any accidental omission to post the Offer Document and the Form of Acceptance and Transfer to any Holder.

## **5. LISTING STATUS OF THE OFFEREE, COMPULSORY ACQUISITION AND RIGHTS OF DISSENTING SHAREHOLDERS**

### **5.1 Listing status of the Offeree**

Pursuant to Rule 8.02(1) of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), a listed issuer must ensure that at least 25% of its total issued shares (excluding treasury shares) are held by public shareholders ("**Public Spread Requirement**"). Bursa Securities may accept a percentage lower than 25% threshold if it is satisfied that such lower percentage is sufficient for a liquid market of such shares.

A listed issuer which fails to maintain the Public Spread Requirement may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. Where no extension of time is granted by Bursa Securities to rectify the Public Spread Requirement, Bursa Securities may take or impose any type of action or penalty pursuant to Rule 16.19 of the Listing Requirements for a breach of Rule 8.02(1) of the Listing Requirements and may, at its discretion, suspend trading in the securities of the listed issuer pursuant to Rule 16.02(1) of the Listing Requirements. However, the non-compliance of the

Public Spread Requirement would not automatically result in the delisting of the listed issuer from the Official List of Bursa Securities.

Pursuant to Rule 9.19(48) of the Listing Requirements, in relation to a take-over offer pursuant to the Rules, upon 90% or more of the listed shares (excluding treasury shares) of the listed issuer being held by a shareholder either individually or jointly with its associates, an immediate announcement must be made by the listed issuer. Upon such announcement and where the offeror has announced that it intends to maintain the listing status of the listed issuer, Bursa Securities will pursuant to Paragraph 16.02(2) of the Listing Requirements, suspend trading of the listed issuer's securities upon the expiry of 30 market days from the date of the immediate announcement. Bursa Securities will only uplift the suspension upon full compliance with the Public Spread Requirement under Rule 8.02(1) of the Listing Requirements or as Bursa Securities may determine.

**The Offeror intends to maintain the listing status of HIB on the ACE Market of Bursa Securities.**

Accordingly, in the event the Offeror receives valid acceptances under the Offer resulting in the Offeree not complying with the Public Spread Requirement, the Offeror will work together with the Offeree to explore various options or proposals to rectify the non-compliance of the Public Spread Requirement.

The Offeror intends to undertake the Offer For Sale to facilitate the Offeree's compliance with the Public Spread Requirement. In this regards, part of the Consideration Shares to be received by the Offeror pursuant to the Acquisition will be on-sold and issued and allotted directly to the Placees, such that upon issuance of all the Consideration Shares and OFS Shares, the Offeree shall at all times be in compliance with the Public Spread Requirement. The Acquisition can only be completed provided that such number of OFS Shares is successfully placed out to the Placees so that the Offeree meets the Public Spread Requirement at all times.

Save for the Offer For Sale, any action taken to address the Public Spread Requirement may require the approvals of the relevant authorities and/or shareholders of the Offeree. The actual course of action to be taken by the Offeree will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time. Whilst the Offeror will work together with the Offeree to attempt to rectify any shortfall in the Public Spread Requirement, there is no assurance that the Offeree can rectify the Public Spread Requirement within the stipulated time frame as allowed by Bursa Securities. In the event the Offeree does not meet the Public Spread Requirement within the stipulated time frame, the Offeree may seek an extension of time from Bursa Securities to do so. However, Bursa Securities reserves the absolute right to grant an extension or reject the said application.

## **5.2 Compulsory Acquisition**

Subject to Section 224 of the CMSA, Section 222(1) of the CMSA provides that, where an offeror:

- (i) has made a take-over offer for all the shares or all the shares in any particular class in an offeree; and
- (ii) has received acceptances of not less than 9/10 in the nominal value of the offer shares,

the offeror may, within 4 months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree, by issuing a notice in the form or manner specified by the SC to such effect, to all dissenting shareholders provided that the notice:

- (i) is issued within 2 months from the date of achieving the conditions under Sections 222(1)(a) and 222(1)(b) of the CMSA; and
- (ii) is accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Section 222(1A) of the CMSA provides that for the purpose of Section 222(1)(b) of the CMSA, the acceptances shall not include shares already held at the date of the take-over offer by the offeror or any persons acting in concert.

If the Offeror receives valid acceptances of not less than 9/10 in the nominal value of the Offer Shares (excluding Shares already held by the Offeror and the PACs as at the date of the Offer) on or before the Closing Date, **the Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA** to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received on or prior to the Closing Date even if the conditions stipulated in Section 222(1) of the CMSA are fulfilled.

### **5.3 Rights of Dissenting Shareholders**

Notwithstanding the above and subject to Section 224 of the CMSA, Section 223 of the CMSA provides that if the Offeror acquires Shares and/or receives valid acceptances from the Holders resulting in the Offeror and the PACs, holding not less than 9/10 in the value of all the Shares on or before the Closing Date, a Holder who has not accepted the Offer and/or failed or refused to transfer his Offer Shares to the Offeror in accordance with the terms and conditions set out in the Offer Document ("**Dissenting Shareholder**") may exercise his rights under Section 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his Offer Shares on the same terms as set out in the Offer Document or such other terms as may be agreed.

If a Dissenting Shareholder exercises his rights under the provisions of Section 223(1) of the CMSA, the Offeror shall acquire such Offer Shares in accordance with the provisions of the CMSA, subject to the provisions of Section 224 of the CMSA. In accordance with Section 224(3) of the CMSA, when a Dissenting Shareholder exercises his rights under Section 223(1) of the CMSA, the court may, on an application made by such Dissenting Shareholder or by the Offeror, order that the terms on which the Offeror shall acquire such Offer Shares shall be as the court thinks fit.

Section 223(2) of the CMSA requires the Offeror to give the Dissenting Shareholders a notice in the manner specified by the SC of the rights exercisable by the Dissenting Shareholders under Section 223(1) of the CMSA, within 1 month of the time the Offeror has acquired Shares and/or received valid acceptances from the Holders resulting in the Offeror and the PACs holding not less than 9/10 in the value of all the Shares or of that class in the Offeree. A notice to the Dissenting Shareholders under Section 223(2) of the CMSA may specify the period for the exercise of the Dissenting Shareholders' rights and in any event, such period shall not be less than 3 months after the Closing Date.

For the avoidance of doubt, in respect of **Sections 5.2 and 5.3** above, "share" means a voting share and includes convertible securities that are issued by the Offeree as if those securities were shares of a separate class of a company and any reference to a holder of shares, and to shares being allotted, is to be read accordingly for the purposes of Sections 222, 223 and 224 of the CMSA.

## 6. FINANCIAL RESOURCES

The Offeror confirms that it has sufficient financial resources to satisfy full acceptance of the Offer. The Offeror also confirms that the Offer will not fail due to its insufficient financial capability and that every accepting Holder will be paid fully in cash.

M&A Securities, as the Principal Adviser to the Offeror for the Offer, confirms that the Offeror has sufficient financial resources to satisfy full acceptance of the Offer. M&A Securities also confirms that the Offer will not fail due to insufficient financial capability of the Offeror and that every accepting Holder will be paid fully in cash.

## 7. DISCLOSURE OF INTEREST IN THE OFFEREE

In accordance with Paragraph 9.10(3)(d) and 9.10(3)(e) of the Rules:

- (i) as at the LPD, the shareholdings of the Offeror and the PACs in the Offeree are as follows:

Name	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
<b><u>Offeror</u></b>				
HHSB	523,928,900	45.66	-	-
<b><u>PACs</u></b>				
Dato' Ong Soon Ho	2,700,000	0.24	(2)523,928,900	45.66
Dato' Ong Choo Meng	-	-	(2)523,928,900	45.66
Datin Teoh Siew Yoke @ Teoh Siew Chin	100,000	0.01	-	-
Ong Soon Hooi	50,000	~	-	-
Ong Soon Lim	400,000	0.03	-	-
Lim Ah Ker	1,100,000	0.10	-	-
Vo Nghia Huu	630,000	0.05	-	-
Lian Dazhi	1,140,000	0.10	-	-

*Notes:*

~ *Less than 0.01%*

(1) *Based on 1,147,341,623 issued Shares as at the LPD.*

(2) *Deemed interest by virtue of his interest in the Offeror pursuant to Section 8 of the Companies Act 2016.*

- (ii) as at the LPD, the Offeror and the PACs have not received any irrevocable undertaking from any Holder to accept or not to accept the Offer;
- (iii) as at the LPD, the Offeror and the PACs have not entered into or been granted any option to acquire the Offer Shares; and

- (iv) as at the LPD, there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and the PACs and any Holder.

## **8. RESPONSIBILITY STATEMENT**

The Board of Directors of the Offeror has reviewed and approved the issuance of this Notice. They jointly and severally accept the full responsibility for the accuracy of the information contained in this Notice and confirm that, after having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Notice have been arrived at after due and careful consideration and there are no other facts not contained in this Notice, the omission of which would make any statement in this Notice misleading.

## **9. PUBLIC RELEASE**

In accordance with the provisions of the Rules, copies of this Notice will be released to the press and forwarded to the SC and Bursa Securities for public release.

Further details of the Offer will be set out in the Offer Document which will be despatched to the Holders in due course.

Kindly acknowledge the receipt of this Notice by signing and returning the duplicate copy of this Notice to us.

Yours faithfully,  
For and on behalf of  
**M&A SECURITIES SDN BHD**

  
**GARY TING**  
Head  
Corporate Finance

  
**DANNY WONG**  
Deputy Head  
Corporate Finance

**NOTICE OF UNCONDITIONAL MANDATORY TAKE-OVER OFFER ("NOTICE")**

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**TO: M&A SECURITIES SDN BHD**

We, **HEXTAR INDUSTRIES BERHAD**, acknowledge the receipt of this Notice of Unconditional Mandatory Take-Over Offer dated 12 October 2022.

For and on behalf of the Board of Directors  
of **Hextar Industries Berhad**

Signature : \_\_\_\_\_



Name :           NG SUI AIK          

Designation :           GROUP MANAGING DIRECTOR          

Date :           12/10/2022