**THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Statement prior to its issuance. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

# BRIGHT PACKAGING INDUSTRY BERHAD

**Registration No.:198701003105 (161776-W)]**

(Incorporated in Malaysia)

## SHARE BUY-BACK STATEMENT

## IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR

## THE COMPANY TO BUY BACK ITS OWN SHARES

The above proposal will be tabled as Special Business at Bright Packaging Industry Berhad's Thirty-Third Annual General Meeting (33rd AGM") which will be conducted on a fully virtual basis via live streaming from the broadcast venue at the Board Meeting Room at Bright Packaging Industry Berhad of No. 23, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor, Malaysia on Friday, 29th January 2021 at 9.00 a.m. The Notice of the 33rd AGM together with the Form of Proxy is enclosed together with the Annual Report 2020 of the Company.

As a shareholder you can appoint a proxy or proxies to attend and vote on your behalf. You must complete and deposit the Form of Proxy at the at the office of the Poll Administrator office, Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to **AGM-support.BPI@megacorp.com.my** not later than forty-eight (48) hours before the time set for holding the meeting or any adjournment(s) thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

| | | |
|---|---|---|
| Last date and time for lodging the Form of Proxy | : | Wednesday, 27 January 2021 at 9.00 a.m. |
| Date and time of virtual AGM | : | Friday, 29 January 2021 at 9.00 a.m. |

This Statement is dated 17 December 2020

Except where the context otherwise requires, the following definitions apply throughout this Statement and the accompanying appendix:

| | | |
|---|---|---|
| "Act" | : | Companies Act 2016 and includes any amendment made thereto from time to time |
| "AGM" | : | Annual General Meeting |
| "Board" | : | Our Board of Directors |
| "Bright" or "Company" | : | Bright Packaging Industry Berhad [Registration No :198701003105 (161776-W)] |
| "Bright Shares" or "Shares" | : | Ordinary shares in our Company |
| "Bursa Securities" | : | Bursa Malaysia Securities Berhad [Registration No: 197601004668 (30632-P)] |
| "Code" | : | Malaysian Code on Take-overs and Mergers, 2016 and any amendments thereof |
| "Directors" | : | Our Directors |
| "EPS" | : | Earnings per Share |
| "Listing Requirements" | : | Main Market Listing Requirements of Bursa Securities |
| "LPD" | : | 30 November 2020, being the latest practicable date prior to the printing and despatch of this Statement |
| "NA" | : | Net assets |
| "Prevailing Laws" | : | Section 127 of the Act, Listing Requirements and any other laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities governing the Proposed Share Buy-Back |
| "Proposed Renewal of Authority for Share Buy-Back" | : | Proposed renewal of authority for Bright to carry out the Proposed Share Buy-Back |
| "Proposed Share Buy-Back" | : | Proposed authority for our Company to buy back our own Shares up to ten percent (10%) of our total number of issued shares pursuant to Section 127 of the Act |
| "Purchased Shares" | : | Shares purchased pursuant to the Proposed Share Buy-Back |
| "Record of Depositors" | : | A record of depositors provided by Bursa Malaysia Depository Sdn. Bhd. |

All references to "our Company" in this Statement are to Bright, references to "our Group" are to our Company and our subsidiaries. All references to "we", "us", "our" and "ourselves" are to our Company, or where the context requires, our Group. All references to "you" in this Statement are references of the shareholder of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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**BRIGHT PACKAGING INDUSTRY BERHAD**
**Registration No.:198701003105 (161776-W)]**
(Incorporated in Malaysia)

**Registered office**
B-11-10 Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

17 December 2020

**Board of Directors**

Nik Mustapha Bin Muhamad *(Executive Deputy Chairman)*
Yap Kok Eng *(Executive Director)*
Ong Chooi Lee *(Senior Independent Non-Executive Director)*
Ng Kok Wah *(Independent Non-Executive Director)*
Tee Wee Keat *(Independent Non-Executive Director)*

**To: The shareholders of Bright**

Dear Sir/Madam,

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

## 1. INTRODUCTION

On 8th December 2020, our Board announced its intention to seek our shareholders' approval for renewal of authority for the Proposed Share Buy-Back at the forthcoming AGM.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Authority for Share Buy-Back, to set out our Board's recommendation and to seek your approval for the resolution pertaining to the Proposed Renewal of Authority for Share Buy-Back to be tabled at our forthcoming AGM.

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS AND APPENDIX OF THIS CIRCULAR CARREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF AUTHRITY FOR SHARE BUY-BACK AT OUR FORTHCOMING AGM.**

## 2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

At the Thirty-Second AGM held on 21st January 2020, the Company obtained its shareholders' approval to undertake the purchase of up to 10% of its total number of issued shares, subject to compliance with Section 127 of the Act and prevailing laws, regulations, orders, guidelines and requirements issued by the relevant authorities.

**2.1 Quantum**

As at the LPD, the total number of issued shares of our Company was 205,330,894 ordinary shares, including 500 retained as treasury shares. The maximum aggregate number of shares which may be purchase by our Company is up to 20,532,589 Shares.

The actual number of shares to be purchased and the timing of the purchase will depend on, *inter alia*, market conditions, sentiments of the stock market as well as the retained profits and financial resources available to the Company.

**2.2 Duration**

The authority obtained by the Board for the purchase of Bright Shares may only continue to be in force until:

a) the conclusion of the next AGM of our Company at which time such authority shall lapse unless by ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions;

b) the expiration of the period within which the next AGM of our Company is required by law to be held; or

c) revoked or varied by ordinary resolution passed by our shareholders in a general meeting,

whichever occurs first.

Accordingly, in view of the expiry of the abovementioned approval of the shareholders at the conclusion of the forthcoming AGM, our Board proposes to seek for shareholders' approval for the Proposed Renewal of Authority for Share Buy-Back at the forthcoming AGM.

**2.3 Funding**

The funding for the Proposed Share Buy-Back will be from internally generated funds and/or borrowings, the proportion of which will depend on the quantum of purchase consideration, the availability of internal generated funds and borrowings, and repayment capabilities of the Company at the time of purchase.

The proposed Share Buy-Back is not expected to have a material impact on the cash flow position of the Company. The Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Share Buy-Back.

The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of retained profits of the Company. Based on our latest consolidated financial statements for the financial year ended 31 August 2020, the retained profits were RM18,793,083.

**2.4 Treatment of Purchased Shares**

Pursuant to the Section 127(4) of the Act, the Board may deal with the purchased shares in the following manner:

a) to cancel the shares so repurchased;

b) to retain the purchased shares as treasury shares; or

c) to retain part of treasury shares and cancel the remainder of the shares.

Pursuant to the Section 127(7) of the Act, the Board may at its discretion:

a) distribute the shares as dividends to shareholders;

b) resell the shares or any of the shares in accordance with the Listing Requirements;

c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;

d) transfer the shares, or any of the shares as purchase consideration;

e) cancel the shares or any of the shares; or

f) sell, transfer or otherwise use the shares for such other purpose as the Minister may by order prescribe.

In the event that the purchased share are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distribution and otherwise are suspended, and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including the determination of substantial shareholdings, takeovers, notices, the requisitioning of meeting, the quorum for meeting and the result of a vote on resolution(s) at meetings.

An immediate announcement will be made to Bursa Securities upon each purchase and treatment of the purchased shares.

**2.5 Pricing**

Pursuant to the Listing Requirements, the Company may only purchase Bright Shares on Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price of Bright Shares for the five (5) market days immediately before the purchase.

**2.6 Public Shareholding Spread**

Based on the Record of Depositors of the Company as at LPD, 127,301,798 Shares representing 62.00% of our issued shares were held by the public shareholders.

## 3. RATIONALE AND BENEFITS OF THE PROPOSED SHARE-BUY-BACK

The Proposed Share Buy-Back, if implemented, is expected to have the following potential benefits to the Company and shareholders:

(a) the Proposed Share Buy-Back would provide to the Company with an additional option of utilising our surplus financial resources to purchase Bright Shares at prices which are favourable;

(b) the Proposed Share Buy-Back may stabilise the supply and demand of Bright Shares and support its fundamental value;

(c) with the ability to maintain the stability of Bright Shares through the Proposed Share Buy-Back, investors' confidence in Bright Shares is expected to be enhanced;

(d) if the Purchased Shares are held as treasury shares, the Company may have the opportunity to realise a potential gain if these shares are resold on Bursa Securities at a higher price than the purchase price;

(e) treasury shares may also be distributed as share dividends to reward the shareholders; and

(f) the Proposed Share Buy-Back will result in a lower number of Shares being used for the purpose of computing EPS, if the Purchased Shares are subsequently cancelled or during the period such Shares are held as treasury shares. Therefore, the Proposed Share Buy-Back will improve EPS of the Company.

## 4. RISK ASSESSMENT OF THE PROPOSED SHARE-BUY-BACK

The Proposed Share Buy-back, if implemented, would reduce the financial resources of the Company. This may result in the Company having to forego future investment opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments. It may also result in the reduction of financial resources available for distribution in the form of cash dividends to shareholders.

Notwithstanding the above, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders. The Proposed Share Buy-Back will be implemented only after cautious consideration of the financial resources of the Company and its resultant impacts to the Company and the shareholders.

## 5. EFFECTS OF THE PROPOSED SHARE-BUY-BACK

The pro-forma effects of the Proposed Share Buy-Back on the Company are as follows:

### 5.1 Share capital

The pro-forma effects of the Proposed Share Buy-Back on our issued and paid-up share capital are set out as follows:

| | **No. of Shares** |
|---|---|
| Existing number of issued shares as at LPD | 205,330,894 |
| Less: Proposed Share Buy-Back (10%) | (20,533,089) |
| Total issued shares after the Proposed Share Buy-Back | 184,797,805 |

### 5.2 NA per Share and gearing

The effect of the Proposed Share Buy-Back on the NA per Share of our Company will depend on, *inter alia*, purchase price, number of Purchased Shares, effective cost of funding and the treatment of the Purchased Shares.

The effects of the Proposed Share Buy-Back on the gearing of the Company will depend on the amount of borrowings utilized to fund the purchase of Bright Shares. Any borrowing utilized to fund the such purchase will increase the gearing of the Company.

### 5.3 Working capital

The Proposed Share Buy-Back, as and when implemented, will reduce the cash and cash balances as well as working capital of the Company, the quantum of which will depend on, *inter alia*, purchase price and number of Purchased Shares.

For any Purchased Share which is kept as treasury share, upon resale, the working capital of the Company will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital will depend on the actual selling price of the treasury shares and the number of treasury shares sold.

**5.4 EPS**

The effects of the Proposed Share Buy-Back on the EPS of the Company will depend on, *inter alia*, purchase price, number of Purchased Shares, effective cost of funding and any loss in interest income to the Company or the opportunity cost in relation to other investment opportunities.

**5.5 Dividend**

The Proposed Share Buy-Back may have an impact the Company's dividend payment, if any, as it may reduce the cash available which may otherwise be used for dividend payments. The Board will have the option of distributing the treasury shares as share dividends to the shareholders.

## 6. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

As at the LPD, none of our Directors held any share in the Company. The direct and indirect shareholdings of the Substantial Shareholders as at the LPD are set out as follows:

| Name | As at LPD | | | | After the Proposed Share Buy-Back | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Substantial Shareholders | | | | | | | | |
| Wong SK Holdings Sdn. Bhd. | **67,628,596** | **32.94** | **-** | **-** | **67,628,596** | **36.60** | **-** | **-** |
| Dato' Wong Shee Kai *(1)* | **-** | **-** | **67,628,596** | **32.94** | **-** | **-** | **67,628,596** | **36.60** |
| Teh Sew Wan *(1)* | **-** | **-** | **67,628,596** | **32.94** | **-** | **-** | **67,628,596** | **36.60** |
| Lye Jun Fei | **10,400,000** | **5.07** | **-** | **-** | **10,400,000** | **5.63** | **-** | **-** |

*(1)* Deemed interested by virtue of his/her shareholdings in Wong SK Holdings Sdn. Bhd. pursuant to Section 8(4) of the Act.

## 7. IMPLICATION OF THE CODE

Pursuant to the Code, a person, and any person acting in concert with him, will be required to make a mandatory offer for the remaining shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their shareholding is between 33% and 50% and increases by another 2% in any 6-month period. However, an exemption may be granted by the Securities Commission ("SC"). The Company do not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code.

In the event an obligation to undertake a mandatory offer is to arise with respect to any parties resulting from the Proposed Share Buy-Back, the relevant parties shall make the necessary application to the SC for a waiver to undertake a mandatory offer pursuant to the Code.

## 8. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PRECEDING 12 MONTHS

The Company has not made any purchase, resale, transfer and cancellation of Bright Shares in the twelve (12) months preceding the date of this Statement.

## 9. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Bright as traded on Bursa Securities for the past twelve (12) months are as follows:

| | High | Low |
|---|---|---|
| | (RM) | (RM) |
| **2019** | | |
| **December** | **0.385** | **0.280** |
| **2020** | | |
| **January** | **0.560** | **0.255** |
| **February** | **0.315** | **0.200** |
| **March** | **0.215** | **0.095** |
| **April** | **0.240** | **0.165** |
| **May** | **0.235** | **0.180** |
| **June** | **0.220** | **0.185** |
| **July** | **0.270** | **0.195** |
| **August** | **0.295** | **0.210** |
| **September** | **0.255** | **0.215** |
| **October** | **0.260** | **0.215** |
| **November** | **0.295** | **0.200** |

The last transacted price of Bright Shares as at the LPD was RM0.265.

*(Source: www.brightpack.net)*

## 10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the inadvertent increase in percentage shareholdings and/or voting rights of the shareholders as a result of the Proposed Share Buy-Back, none of the Directors and/or major shareholders and/or persons connected with them, has any interest, direct or indirect, in the Proposed Share Buy-Back or subsequent resale of treasury shares, if any.

## 11. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back, is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the ordinary resolution in respect of the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming AGM.

## 12. FURTHER INFORMATION

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

Yours faithfully,

for and on behalf of the Board

**BRIGHT PACKAGING INDUSTRY BERHAD**

**NIK MUSTAPHA BIN MUHAMAD**

Executive Deputy Chairman

## APPENDIX

## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Registered Office of Bright at B-11-10, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, during normal business hours from Monday to Friday (except public holidays) from the date of this Statement up to the date of the 33rd AGM:

(i) Constitution of Bright;

(ii) The audited consolidated financial statements of Bright for two (2) financial years ended 31 August 2019 and 31 August 2020; and

(iii) The unaudited quarterly financial results of Bright Group for the fourth quarter ended 31 August 2020.