

13 March 2023

## Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

Hills Limited ACN 007 573 417 (ASX: HIL) (**Hills** or **Company**) has today announced that it is undertaking a renounceable pro-rata entitlement offer of new fully paid ordinary shares in Hills (**New Shares**) to raise gross proceeds of up to approximately A\$7 million (before costs) (**Rights Issue**).

Under the Rights Issue, eligible shareholders will be invited to subscribe for three (3) New Shares for every two (2) existing fully paid ordinary shares in the Company held as at the record date, 7.00pm (Sydney time) on 17 March 2023, at an issue price of A\$0.02 per New Share.

The Rights Issue will be partially underwritten by Greybox Holdings Pty Ltd, Magnolia (SA) Pty Ltd and Juniper (SA) Pty Ltd (**Underwriters**), entities associated with the Hill-Ling family (**Hill-Ling Parties**), to the extent of approximately 35.9% of the Rights Issue (comprising 125,000,000 New Shares).

Further details regarding the Rights Issue are detailed in the Offer Booklet, ASX announcement, investor presentation and other announcements accompanying this notice.

The Company hereby notifies ASX under paragraph 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by the Australian Securities and Investments Commission (ASIC) Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**ASIC Instrument**) that:

- (a) the Company will offer the New Shares under the Rights Issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) this notice is being given under section 708AA(2)(f) of the Corporations Act as modified by the ASIC Instrument;
- (c) as at the date of this notice, the Company has complied with:
  - (i) the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
  - (ii) sections 674 and 674A of the Corporations Act;
- (d) as at the date of this notice, there is no excluded information as defined in section 708AA(8) and section 708AA(9) of the Corporations Act which is required to be disclosed by the Company;
- (e) the potential effect which the issue of New Shares pursuant to the Rights Issue will have on the control of the Company is as follows:
  - (i) if all eligible shareholders take up their entitlements under the Rights Issue, the New Shares issued under the Rights Issue will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholders being unable to participate in the Rights Issue;

- (ii) in the more likely event that there is a shortfall in the Rights Issue, eligible shareholders who do not subscribe for their full entitlement of New Shares under the Rights Issue (such as those who sell their rights to New Shares under the Rights Issue) will be diluted relative to those shareholders who subscribe for some or all of their entitlement, and will be diluted by any take up of the shortfall;
  - (iii) the voting power in the Company held by the Hill-Ling Parties could increase from the current level of 19.90% to up to a maximum of 47.95% assuming no eligible shareholders take up their entitlements under the Rights Issue and assuming the Underwriters take up the maximum number of 125,000,000 New Shares pursuant to the Underwriting Agreement (or alternatively assuming that the only entitlements taken up are those of the Hill-Ling Parties and that the Underwriters fulfil their residual partial underwriting obligations under the underwriting agreement) but none of the remaining shortfall is placed; and
- (f) the potential consequences of the effect which the issue of New Shares pursuant to the Rights Issue may have on the control of the Company is that there may be an increase in the Hill-Ling Parties' ability to influence the composition of the Company's board and the Company's management and strategic direction and to impact the outcome of resolutions of shareholders of the Company. For example, the Hill-Ling Parties may have the ability to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution) and may have the de facto ability to pass ordinary resolutions of the Company's shareholders, or to prevent ordinary resolutions from being passed, given that less than 100% of the shareholders are expected to vote at any general meeting.

*This ASX announcement is authorised for release by the Board of Hills Limited.*

#### About Hills

Hills (ASX:HIL) is a majority Australian-owned company that designs, develops, distributes, installs and manages integrated health technology solutions in homes, hospitals, aged care facilities and other health settings across Australia and New Zealand. [www.hills.com.au](http://www.hills.com.au).

#### Contact

##### **Hills Limited**

David Clarke, Managing Director

+61 2 9216 5510

[investors@hills.com.au](mailto:investors@hills.com.au)