

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Share Buy-Back Statement to Shareholders (“Statement”) prior to its issuance as it is an exempt document pursuant to the provisions of Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the content of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever, for any loss or whatsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

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

If you have sold or transferred all your shares in Hiap Huat Holdings Berhad, you should at once hand this Statement to the purchaser or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



HIAP HUAT HOLDINGS BERHAD
[Registration No.: 200901038858 (881993-M)]
(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK
AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES
("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

The above proposal will be tabled as Special Business at the Thirteenth Annual General Meeting (“13th AGM”) of Hiap Huat Holdings Berhad (“Hiap Huat” or “the Company”) will be conducted on a virtual basis through live streaming and remote participation and voting (“RPV”) from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 29 May 2023 at 9.00 a.m. or any adjournment thereof, together with a Form of Proxy, are enclosed together with the Annual Report of the Company for the financial year ended 31 December 2022.

The Form of Proxy should be completed and returned in accordance with the instructions therein as soon as possible and should be deposited at the Share Registrar of the Company, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur, not less than 48 hours before the time stipulated for holding the meeting or any adjournment thereof. The completion and return 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 day and time for lodging the Form of Proxy : Saturday, 27 May 2023 at 9.00 a.m.

Date and time of Thirteenth (13th) Annual General Meeting : Monday, 29 May 2023 at 9.00 a.m.

This Statement is dated 28 April 2023

DEFINITIONS

For the purposes of this Statement, except where the context otherwise requires, the following definitions shall apply:

| | |
|------------------------------------|---|
| “Act” | : The Companies Act, 2016 as amended from time to time and includes every statutory modification or any re-enactment thereof for the time being in force |
| “AGM” | : Annual General Meeting |
| “Board” | : The Board of Directors of Hiap Huat |
| “Bursa Depository” | : Bursa Malaysia Depository Sdn Bhd |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad |
| “CDS” | : Central Depository System |
| “Code” | : The Malaysian Code on Take-Overs and Mergers 2016, including any amendments thereto that may be made from time to time |
| “Constitution” | : Constitution of Hiap Huat |
| “Director” | : Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of Hiap Huat or any other company which is a subsidiary of Hiap Huat or a holding of Hiap Huat |
| “EPS” | : Earnings per Share |
| “Hiap Huat” or “the Company” | : Hiap Huat Holdings Berhad |
| “Hiap Huat Group” or “the Group” | : Hiap Huat and its subsidiaries |
| “Hiap Huat Share(s)” or “Share(s)” | : Ordinary Shares in Hiap Huat |
| “LPD” | : 31 March 2023, being the latest practicable date prior to the printing of this Statement |
| “Listing Requirements” | : ACE Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time |
| “Major Shareholder(s)” | : A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is: (a) 10% or more of the total number of all the voting shares in the Company; or (b) 5% or more of the total number of all the voting shares in the Company where such person is the largest shareholder of the Company, |

DEFINITIONS

| | |
|--|---|
| “Major Shareholder(s)” (Cont’d) | : and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, such major shareholder of the company or any other company which is its subsidiary or holding company For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act |
| “Market Day” | : A day which Bursa Securities is open for the trading of securities, which may include a Surprise Holiday. |
| “Minister” | : Minister charged with the responsibility for companies, currently the Minister of Domestic Trade, Co-operatives and Consumerism, Malaysia. |
| “NA” | : Net assets attributable to ordinary equity holders of Hiap Huat |
| “Proposed Renewal of Share Buy-Back Authority” | : Proposed renewal of authority for the purchase by Hiap Huat of up to ten percent (10%) of the total number of issued shares of the Company |
| “Purchased Shares or Purchased Hiap Huat Shares” | : Shares purchased by Hiap Huat pursuant to Section 127 of the Act |
| “RM” and “sen” | : Ringgit Malaysia and sen, respectively |
| “Shareholders” | : Shareholders of Hiap Huat |
| “SC” | : Securities Commission Malaysia |
| “Statement” | : Share Buy-Back Statement to Shareholders dated 28 April 2023 in relation to Proposed Renewal of Share Buy-Back Authority |
| “Substantial Shareholder(s)” | : A person who has interest or interests in one or more voting Shares in the Company and the number or the aggregate number of such shares, is not less than five percent (5%) of the total number of all the voting shares in the Company |
| “Surprise Holiday” | : A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year |
| “2022 Annual Report” | : Annual Report of Hiap Huat issued for the financial year ended 31 December 2022 |

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 a day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE
BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES
("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**



HIAP HUAT HOLDINGS BERHAD
[Registration No. 200901038858 (881993-M)]
(Incorporated in Malaysia)

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

At the Twelfth ("12th") AGM of the Company held on 25 May 2022, the Company sought and obtained the approval of its shareholders to purchase up to ten percent (10%) of the total number of issued shares of the Company at any point in time. The aforesaid shareholders' approval for the Company to purchase its own shares is subject to the annual renewal and will lapse at the conclusion of the forthcoming Thirteenth ("13th") AGM unless such authority is renewed by an ordinary resolution passed at the general meeting.

On 18 April 2023, the Board had announced that Hiap Huat proposed to seek the approval of its shareholders for the renewal of the Company's authority to purchase up to ten percent (10%) of the total number of issued shares of Hiap Huat. The Proposed Renewal of Share Buy-Back Authority is subject to Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Statement is to provide you with the relevant information of the Proposed Renewal of Share Buy-Back Authority and to seek your approval on the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 13th AGM, will be conducted on a virtual basis through live streaming and remote participation and voting ("RPV") from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 29 May 2023 at 9.00 a.m. The notice of the 13th AGM together with the Form of Proxy is enclosed in the Company's 2022 Annual Report.

SHAREHOLDERS OF HIAP HUAT ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT TOGETHER WITH THE APPENDIX CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AT THE FORTHCOMING 13TH AGM

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

In accordance with Section 127 of the Act, the Company's Constitution, the Listing Requirements and any prevailing laws, rules, regulations, orders guidelines and requirements issued by the relevant authorities at the time of the purchase, the Company is allowed to purchase its own Shares on Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

Accordingly, the Board proposes to seek the authority from the shareholders of Hiap Huat to purchase and/or hold from time to time and at any time up to ten percent (10%) of the total number of issued Shares for the time being quoted on Bursa Securities through stockbroker(s) to be appointed at a later date.

2.1 Maximum Number or Percentage of Hiap Huat Shares to be Acquired

For illustrative purposes, as at LPD, the total number of issued share of Hiap Huat stood at 399,138,330 ordinary shares (including of 4,113,000 Shares are held as treasury shares). Assuming no further Hiap Huat Shares are issued, the maximum number of shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 39,913,833 Hiap Huat Shares, which would include the 4,113,000 Shares already held as treasury shares.

2.2 Duration of the Proposed Share Buy-Back

The Proposed Renewal of Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming 13th AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless by an ordinary resolution passed at the general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

The Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

2.3 Maximum Amount of Funds to be Allocated and the Source of Funds

The Listing Requirements stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits based on the latest annual audited financial statements and/or the latest management accounts (where applicable) of the listed company. Therefore, the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the amount stated in the retained profits of the Company. Based on the latest audited financial statements of the Company for the financial year ended 31 December 2022, the Company recorded a retained profits of RM379,916 at the Company level.

The Proposed Renewal of Share Buy-Back Authority will be funded by internally generated funds and/or external borrowings or a combination of both. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Hiap Huat Shares to be purchased and other relevant factors.

The actual number of Hiap Huat Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company. In the event that the Proposed Renewal of Share Buy-Back Authority is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Group. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

2.4 Treatment of the Purchased Hiap Huat Shares

Pursuant to the provisions of Section 127(4) of the Act, the Board may, at its discretion, deal with the Purchased Hiap Huat Shares in the following manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force:

- (i) cancel the Purchased Hiap Huat Shares; or
- (ii) retain the Purchased Hiap Huat Shares so purchased as Treasury Shares which may be distributed as share dividends to the shareholders of Hiap Huat and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

Accordingly, based on Section 127(7) of the Act, where such Purchased Hiap Huat Shares are held as treasury shares, the Board may, at their discretion: -

- (i) distribute the Purchased Hiap Huat Shares as dividends to Hiap Huat shareholders, such dividends to be known as “share dividends”;
- (ii) resell the Purchased Hiap Huat Shares or any of the Purchased Hiap Huat Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Purchased Hiap Huat Shares or any of the Purchased Hiap Huat Shares for the purposes of or under an employees’ share scheme;
- (iv) transfer the Purchased Hiap Huat Shares or any of the Purchased Hiap Huat Shares as purchase consideration;
- (v) cancel the Purchased Hiap Huat Shares or any of the Purchased Hiap Huat Shares; or
- (vi) sell, transfer or otherwise use the Purchased Hiap Huat Shares for such other purposes as the Minister charged with the responsibility for companies (as set out in the Act) may by order prescribe.

Pursuant to Section 127(8) and 127(9) of the Act, if such Purchased Hiap Huat Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended. In

accordance with Section 127(9) of the Act, the Purchased Hiap Huat Shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including determination of Substantial Shareholders, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

The decision whether to retain the Purchased Hiap Huat Shares as treasury shares, or to cancel the Purchased Hiap Huat Shares or a combination of both, will be made by the Board at the appropriate time. An immediate announcement will be made to Bursa Securities on any purchase of Shares as well as any resale or cancellation of the Purchased Hiap Huat Shares or a combination of both.

2.5 Purchase/Resale Price

Pursuant to the Rule 12.17 of the Listing Requirements, Hiap Huat may only purchase Hiap Huat Shares at a price which is not more than fifteen percent (15%) above the weighted average market price of Hiap Huat Share price for the five (5) Market Days immediately before the date of the purchase(s).

Pursuant to Rule 12.18 of the Listing Requirements, the Company may only resell the Treasury Shares or transfer Treasury Shares pursuant to Section 127(7) of the Act at:

- (a) a price which is not less than the weighted average market price of Hiap Huat Shares for the past five (5) market days immediately prior to the date of resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of Hiap Huat Shares for the past five (5) market days immediately prior to the date of resale or transfer provided that:
 - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

The proposed purchase of Hiap Huat's own Shares and/or resale of the Purchased Hiap Huat Shares shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. Hiap Huat shall ensure that all dealing(s) in its own Shares/Purchased Hiap Huat Shares are made through stock broker(s) appointed by Hiap Huat.

2.6 Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back Authority

The potential advantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its Shareholders, if exercised are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group.

- (b) The Proposed Renewal of Share Buy-Back Authority will also provide the Company with opportunities for potential gains if the Purchased Hiap Huat Shares which are retained as treasury shares are resold at prices higher than their cost of purchase.
- (c) In any event, the Purchased Hiap Huat Shares retained as treasury shares, it may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed Renewal of Share Buy-Back Authority may also stabilise the supply and demand of Hiap Huat Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of Hiap Huat Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its Shareholders are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of Hiap Huat Group.
- (b) The Proposed Renewal of Share Buy-Back Authority may also result in the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.
- (c) The Proposed Renewal of Share Buy-Back Authority may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Company and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

2.7 Public Shareholding Spread of Hiap Huat

The Proposed Renewal of Share Buy-Back Authority is subject to the compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("Prevailing Law") at the time of the purchase including compliance with the 25% shareholding spread requirements as set out in Rule 8.02(1) of the Listing Requirements.

As at 31 March 2023, the public shareholding spread of the Company was approximately 64.81% (excluding treasury shares). Assuming the Proposed Renewal of Share Buy- Back Authority is carried out in full, and the number of Hiap Huat Shares held by the substantial shareholders, Directors and persons connected to the substantial shareholders and/or Directors remain unchanged and all the Hiap Huat Shares so purchased are cancelled, the public shareholding spread of the Company would reduce to approximately 61.31%. The Board will endeavor to ensure that the Proposed Renewal of Share Buy-Back Authority will be in accordance with the Prevailing Law at the time of the purchase including compliance with the twenty-five percent (25%) public shareholding spread as required by the Listing Requirements.

2.8 Implication Relating to the Code

Pursuant to the Code, a person and any parties acting in concert with him will be required to make a mandatory offer for the remaining Hiap Huat Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Code subject to the parties acting in concern complying with the conditions stipulated in the Code.

The Company intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Renewal of Share Buy-Back Authority.

Based on the shareholdings of the substantial shareholders of the Company as at LPD and assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full, none of the substantial shareholder together with any person acting in concert with them will trigger a mandatory general offer under the Code.

2.9 Purchase, Resale and Cancellation of Shares Made in Previous Twelve (12) Months

There were no purchase, resale and cancellation of shares made by Hiap Huat in the previous twelve (12) months preceding the date of this Circular. As at LPD, 4,113,000 Hiap Huat Shares are held by Hiap Huat as treasury shares.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The implementation of the Proposed Renewal of Share Buy-Back Authority is envisaged to benefit the Company and its shareholders as follows:

- (i) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the Hiap Huat Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the EPS of Hiap Huat Shares and the return on equity of the Company is expected to improve as a result of a reduced share capital base;
- (iii) the Purchased Hiap Huat Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company;
- (iv) the Purchased Hiap Huat Shares retained as treasury shares can be distributed as share dividends to the shareholders as a reward; and
- (v) the financial resources of the Company will increase if the Purchased Hiap Huat Shares held as treasury shares are resold at prices higher than the purchase price.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority on share capital, NA, working capital, earnings and shareholdings of Directors and Substantial Shareholders of the Company are set out below:

4.1 Share Capital

The effect of the Proposed Renewal of Share Buy-Back Authority on the issued share capital of the Company will depend on whether the Purchased Hiap Huat Shares are cancelled or retained as treasury shares.

The Proposed Renewal of Share Buy-Back Authority will result in a reduction of the issued share capital of the Company if the Purchased Hiap Huat Shares are cancelled.

Based on the Company's number of issued shares as at LPD, the effect of the Proposed Renewal of Share Buy-Back Authority, assuming that the Purchased Hiap Huat Shares will be cancelled, are as follows:

| | No. of Shares |
|--|----------------------|
| Number of Hiap Huat shares as at LPD | 399,138,330* |
| Less: | |
| Maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority (assuming all Purchased Hiap Huat Shares are fully cancelled) | (39,913,833)* |
| Resultant number of Hiap Huat Shares | 359,224,497 |
| | |

** Including a total of 4,113,000 Hiap Huat Shares bought back by Hiap Huat and retained as treasury shares*

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the issued share capital of the Company if all the Purchased Hiap Huat Shares are to be retained as treasury shares, resold or distributed to the shareholders.

4.2 NA and Gearing

When the Company purchases its own shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per Share of Hiap Huat Group will decrease if the cost per Share purchased exceeds the NA per Share of Hiap Huat Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of Hiap Huat Group at the relevant point in time, the NA per Share of Hiap Huat Group will increase.

In the case where the Purchased Hiap Huat Shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of Hiap Huat Group upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of Hiap Huat Group will decrease by the cost of the treasury shares at the point of purchase.

4.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of Hiap Huat Group, the quantum of which depends on, amongst others, the number of Hiap Huat Shares purchased and the purchase price(s) of the Hiap Huat Shares.

For Hiap Huat Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

4.4 Earnings and EPS

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of Hiap Huat Group are dependent on the number Hiap Huat Shares purchased, the effective funding cost to finance such purchases and/or loss in interest income to Hiap Huat Group if internally generated funds are utilised. Further, the purchase of the Hiap Huat Shares will result in a lower number of shares being taken into account for purposes of EPS computation.

4.5 Dividends

Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, the Proposed Renewal of Share Buy-Back Authority will have an effect of increasing the dividend rate per ordinary share of the Company as a result of the reduction in the issued share capital of the Company.

The Board may have the option to distribute future dividends in the form of treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.

4.6

Directors' and Substantial Shareholders' Shareholdings

For illustration purposes only, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the Substantial Shareholders of Hiap Huat based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD assuming the Proposed Renewal of Share Buy-Back Authority is undertaken in full by Hiap Huat, are as follows:

(a) Directors of Hiap Huat

| No. | Director | As at the LPD ^(a) | | | After the Proposed Renewal of Share Buy-Back Authority ^(b) | | | |
|-----|----------------------|------------------------------|------------------|---------------|---|------------------|---------------|----------------------|
| | | Direct | | Indirect | Direct | | Indirect | |
| | | No. of Shares | % | No. of Shares | No. of Shares | % | No. of Shares | % |
| 1. | Zulkifly Bin Zakaria | - | - | - | - | - | - | |
| 2. | Dato' Chan Say Hwa | 69,026,460 | 17.47 | 3,363,220 | 69,026,460 | 19.22 | 3,363,220 | 0.94 ^(c) |
| 3. | Datin Chow Pui Ling | 3,363,220 | 0.85 | 69,026,460 | 3,363,220 | 0.94 | 69,026,460 | 19.22 ^(d) |
| 4. | Soo Kit Lin | 66,608,460 | 16.86 | - | 66,608,460 | 18.54 | - | - |
| 5. | Woo Yew Tim | - | - | - | - | - | - | - |
| 6. | Lee Yew Weng | 1,000 | * ^(e) | - | 1,000 | * ^(e) | - | - |

Notes:

- (a) Excluding a total of 4,113,000 Shares bought-back by the Company and retained as treasury shares as at LPD.
- (b) Assuming the maximum of 39,913,833 Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.
- (c) Deemed interested under Section 8 of the Companies Act, 2016 ("the Act") by virtue of direct holding of spouse, Datin Chow Pui Ling.
- (d) Deemed interested under Section 8 of the Act by virtue of direct holding of spouse, Dato' Chan Say Hwa.
- (e) Negligible

(b) Substantial Shareholders of Hiap Huat

| No. | Substantial Shareholders | As at the LPD ^(a) | | | After the Proposed Renewal of Share Buy-Back Authority ^(b) | | | | |
|-----|--------------------------|------------------------------|-------|---------------|---|---------------|----------|------------|----------------------|
| | | Direct | | Indirect | Direct | | Indirect | | |
| | | No. of Shares | % | No. of Shares | % | No. of Shares | % | | |
| 1. | Dato' Chan Say Hwa | 69,026,460 | 17.47 | 3,363,220 | 0.85 ^(c) | 69,026,460 | 19.22 | 3,363,220 | 0.94 ^(c) |
| 2. | Datin Chow Pui Ling | 3,363,220 | 0.85 | 69,026,460 | 17.47 ^(d) | 3,363,220 | 0.94 | 69,026,460 | 19.22 ^(d) |
| 3. | Soo Kit Lin | 66,608,460 | 16.86 | - | - | 66,608,460 | 18.54 | - | - |

Notes:

- (a) Excluding a total of 4,113,000 Shares bought-back by the Company and retained as treasury shares as at LPD.
- (b) Assuming the maximum of 39,913,833 Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.
- (c) Deemed interested under Section 8 of the Act by virtue of direct holding of spouse, Datin Chow Pui Ling.
- (d) Deemed interested under Section 8 of the Act by virtue of direct holding of spouse, Dato' Chan Say Hwa.

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5. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and/or Major Shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the proposed purchase of shares or resale of treasury shares, if any, in the future.

6. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back Authority is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming 13th AGM to be convened.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Hiap Huat Shares traded on Bursa Securities for the past twelve (12) months from April 2022 to March 2023 are as follows:

| | Highest RM | Lowest RM |
|--------------------|-----------------------|----------------------|
| <u>2022</u> | | |
| April | 0.130 | 0.115 |
| May | 0.135 | 0.115 |
| June | 0.120 | 0.100 |
| July | 0.125 | 0.095 |
| August | 0.155 | 0.115 |
| September | 0.150 | 0.125 |
| October | 0.175 | 0.115 |
| November | 0.135 | 0.110 |
| December | 0.155 | 0.130 |
| <u>2023</u> | | |
| January | 0.160 | 0.135 |
| February | 0.170 | 0.130 |
| March | 0.140 | 0.115 |

The last transacted price of Hiap Huat Shares on 31 March 2023, being the LPD, was RM0.125.

(Source: <https://www.investing.com/equities/hiap-huat-holdings-bhd-historical-data>)

8. DIRECTORS' RECOMMENDATION

The Board after having considered all aspects of the Proposed Renewal of Share Buy-Back Authority is of the opinion that the Proposed Renewal of Share Buy-Back Authority is fair, reasonable and in the best interests of the Company and accordingly recommended that the shareholders of Hiap Huat vote in favour of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 13th AGM.

9. ANNUAL GENERAL MEETING

The ordinary resolution to vote on the Proposed Renewal of Share Buy-Back Authority is set out in the Notice of AGM contained in 2022 Annual Report of the Company. The Thirteenth (13th) AGM will be conducted on a virtual basis through live streaming and remote participation and voting (“RPV”) from the Broadcast Venue at Lot 4.1, 4th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 29 May 2023 at 9.00 a.m., for the purpose of considering and, if thought fit, passing the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the 2022 Annual Report in accordance with the instructions printed therein as soon as possible so as to arrive at the Share Registrar of the Company not less than forty-eight (48) hours before the time set for the AGM.

The completion and return of Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I in this Statement for further information.

Yours faithfully,
For and on behalf of the Board of
HIAP HUAT HOLDINGS BERHAD

Zulkifly Bin Zakaria
Independent Non-Executive Chairman/ Senior Independent Non-Executive Director

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APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of Hiap Huat who individually and collectively accept full responsibility for the accuracy of the information contained in this Statement and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or incorrect.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders of Hiap Huat at the Registered Office of Hiap Huat at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur during normal office hours between Monday and Friday (except public holidays) from the date of this Statement up to and including the date of the AGM:

- (i) The Constitution of Hiap Huat; and
- (ii) The audited financial statements of Hiap Huat Group for the past two (2) financial year ended 31 December 2021 and 31 December 2022.

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EXTRACT OF NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING (“13TH AGM”)

HIAP HUAT HOLDINGS BERHAD
[Registration No.: 200901038858 (881993-M)]
(Incorporated in Malaysia)

EXTRACT OF NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING (“13TH AGM”)

Special Business:

To consider and if thought fit, with or without modifications to pass the following resolutions:

7. ORDINARY RESOLUTION 6
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN
ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)

“THAT, subject always to the Act, the provisions of the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase and/or hold such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the maximum aggregate number of shares which may be purchased and/or held as treasury shares by the Company pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase including the shares previously purchased and retained as treasury shares (if any);
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless by an ordinary resolution passed at the general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

- (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but shall not prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.”

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