

THIS CIRCULAR 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, solicitor, accountant, banker or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has conducted a limited review for the Proposal (as defined below) before its issuance and takes no responsibility for the contents of the Circular, 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 Circular.



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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED ALLOCATION OF OPTIONS
PURSUANT TO THE EMPLOYEE SHARE OPTION SCHEME TO THE DIRECTORS OF THE COMPANY**

(“PROPOSED ALLOCATION” OR “PROPOSAL”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting (“**EGM**”) of the Company will be conducted by way of fully virtual meeting entirely through live streaming via Remote Participation and Voting (“**RPV**”) Facilities via Mlabs VGM platform operated by Mlabs Research Sdn Bhd at the main venue at Lot 10.3, 10th Floor, Menara Lien Hoe, No 8, Persiaran Tropicana, 47410 Petaling Jaya on Wednesday, 15 September 2021 at 10.00 a.m. or at any adjournment thereof. The Notice of the EGM and the Form of Proxy for the EGM are enclosed in this Circular.

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 at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, 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	: Monday, 13 September 2021 at 10.00 a.m.
Date and time of the EGM	: Wednesday, 15 September 2021 at 10.00 a.m.

This Circular is dated 30 August 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“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
“Board”	:	The Board of Directors of Hiap Huat
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“By-Laws”	:	By-laws governing the ESOS
“Circular”	:	This circular dated 30 August 2021 in relation to the Proposed Allocation.
“Date of Allocation”	:	A date to be determined by the ESOS Committee to be the date on which an Employee or Director is deemed eligible to participate in the ESOS
“Date of Offer”	:	The date on which an Offer (including any subsequent Offers) is made by the ESOS Committee in writing to any Eligible Person(s) to participate in the ESOS
“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
“EGM”	:	Extraordinary General Meeting
“Eligible Companies”	:	The Company and its Eligible Subsidiaries
“Eligible Person(s)”	:	Collectively, the directors (including non-executive directors) and employees of our Group (excluding dormant subsidiaries) who are eligible to participate in the ESOS in accordance with the By-Laws
“Eligible Subsidiaries”	:	Subsidiaries within the Group which are eligible to participate in the ESOS as determined by the ESOS Committee but excluding the subsidiaries which are dormant
“Employee”	:	A natural person who is employed by and on the payroll of any company in Hiap Huat Group
“ESOS”	:	Employee Share Option Scheme
“ESOS Award”	:	An award of the Options to the Eligible Persons under the ESOS

“ESOS Committee”	:	A committee comprising Directors and/or officers of Hiap Huat appointed and authorised by the Board in accordance with the By-Laws
“ESOS Grantee”	:	An Eligible Person who has accepted the ESOS Award
“ESOS Shares”	:	New Hiap Huat Shares to be offered and issued under the ESOS
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
“LPD”	:	31 July 2021, being the latest practicable date prior to the printing of this Circular
“Major Shareholder”	:	<p>Means a person who has an interest or interests in one or more voting shares in a company and the number or aggregate number of those shares, is:</p> <p>(a) 10% or more of the total number of all the voting shares in the Company; or</p> <p>(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,</p> <p>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</p> <p>For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act</p>
“MFRS”	:	Malaysian Financial Reporting Standards
“Offer”	:	An offer made in writing by the ESOS Committee to an Eligible Person
“Option(s)” or “ESOS Options”	:	The right of the ESOS Grantee to subscribe for new Shares under the ESOS at a pre-determined subscription price
“Option Period”	:	The period commencing from the ESOS vesting date and expiring on a date on which the Options terminates, expires or lapses and/or otherwise ceases to be of any force and effect in accordance with the By-Laws and as set out in the ESOS award
“Option Price”	:	The price at which the ESOS Grantee is entitled to subscribe for each new Share upon the exercise of an Option
“Person Connected”	:	Pursuant to Paragraph 1.01 of the Listing Requirements, a person connected in relation to a Director or Major Shareholder is a person who falls under any one of the following categories:

- “Person Connected” : (a) a family member of the Director or Major Shareholder which shall include the spouse, parent, child (including adopted child and stepchild), brother, sister, and the spouse of the child (including adopted child and stepchild), brother or sister;
- (cont...)
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder, is the sole beneficiary;
- (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
- (d) a person, or the body corporate or its directors who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
- (e) a person, or the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate;
- (g) a body corporate which is a related corporation
- “Proposed Allocation” or “Proposal” : Proposed allocation of Options to subscribe for new Shares under the ESOS to the Directors of the Company
- “Hiap Huat” or “Company” : Hiap Huat Holdings Berhad [Registration No. 200901038858 (881993-M)]
- “Hiap Huat Group” or “Group” : Hiap Huat and its subsidiaries
- “Hiap Huat Shares” or “Shares” : Ordinary Shares in Hiap Huat

Words incorporating the singular only shall 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 corporations, unless otherwise specified.

Any reference in this Circular 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 Circular shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED ALLOCATION

<u>NO.</u>	<u>SUBJECT</u>	<u>PAGE</u>
1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED ALLOCATION	3
3.	BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT	3
4.	OPTION PRICE	4
5.	RANKING OF THE ESOS SHARES	4
6.	LISTING OF AND QUOTATION OF THE NEW SHARES	4
7.	RETENTION PERIOD	4
8.	RATIONALE FOR THE PROPOSED ALLOCATION	5
9.	APPROVALS REQUIRED/OBTAINED	5
10.	EFFECTS OF THE PROPOSED ALLOCATION	5
11.	CONDITIONALITY OF THE PROPOSED ALLOCATION	6
12.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED	7
13.	DIRECTORS' STATEMENT AND RECOMMENDATION	7
14.	HISTORICAL SHARE PRICES	7
15.	EGM	8
16.	FURTHER INFORMATION	8
	APPENDIX I - FURTHER INFORMATION	9
	NOTICE OF EGM	ENCLOSED
	PROXY FORM	ENCLOSED



HIAP HUAT HOLDINGS BERHAD

[Registration No.: 200901038858 (881993-M)]
(Incorporated in Malaysia)

Registered Office:

Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor

Date: 30 August 2021

Board of Directors

Zulkifly Bin Zakaria

(Independent Non-Executive Chairman /
Senior Independent Non-Executive Director)

Dato' Chan Say Hwa

(Group Managing Director)

Datin Chow Pui Ling

(Executive Director)

Soo Kit Lin

(Executive Director)

Woo Yew Tim

(Independent Non-Executive Director)

Lee Yew Weng

(Independent Non-Executive Director)

To: The Shareholders of Hiap Huat

Dear Sir/Madam,

PROPOSED ALLOCATION

1. INTRODUCTION

At the EGM held on 24 May 2021, the Company had obtained its shareholders' approval for the establishment and implementation of an ESOS up to 30% of the total number of issued shares of the Company (excluding treasury shares) at any point of time for the Eligible Persons.

In accordance with the By-Laws, where an Offer, allocation of Options under the ESOS and the related allotment of Shares is proposed to be made to any person who is a Director, Major Shareholder (who is also a Director and/or Employee) or chief executive of the Company or Persons Connected to any of them, such allocation shall require prior approval from the shareholders of the Company in a general meeting provided always that the foregoing persons and Persons Connected to them shall not vote on the resolutions approving the said Offer, allocation and allotment.

On the same day, the resolutions pertaining to allocation of Options to the following Directors and Eligible Persons who are Persons Connected with Dato' Chan Say Hwa and Datin Chow Pui Ling were approved at the EGM:

NAME	DESIGNATION
Zulkifly Bin Zakaria ⁽¹⁾	Independent Non-Executive Chairman / Senior Independent Non-Executive Director
Soo Kit Lin ⁽¹⁾	Executive Director
Woo Yew Tim ⁽¹⁾	Independent Non-Executive Director
Lee Yew Weng ⁽¹⁾	Independent Non-Executive Director
Chow How Fai ⁽²⁾	General Manager Operations
Chow Chiat Wee ⁽²⁾	General Manager Operations

(1) *Directors of the Company*

(2) *Eligible Persons who are Persons Connected with Dato' Chan Say Hwa and Datin Chow Pui Ling*

However, the resolutions pertaining to allocation of Options to the following Directors were not approved at the EGM:

NAME	DESIGNATION
Dato' Chan Say Hwa ⁽¹⁾	Group Managing Director
Datin Chow Pui Ling ⁽¹⁾	Executive Director

(1) *Directors of the Company*

The ESOS was implemented on 28 July 2021 and is in force for a period of 5 years from the date of implementation in accordance with the terms of the By-Laws and the duration of the ESOS may be extended for a further period of up to 5 years immediately from the expiry of the duration of the ESOS at the discretion of the Board upon the recommendation of the ESOS Committee, without having to obtain approval of the Company's shareholders. Any extension of the ESOS shall not, in aggregate with the initial term, exceed ten (10) years from the implementation date, or such longer period as may be allowed by the relevant authorities. As of the LPD, no Options were granted as the Company has yet to finalise the details of eligibility and allocation criteria as well as the exercise of ESOS.

On the same day, the Board announced that the Company intends to seek shareholders' approval for the Proposed Allocation under the ESOS to the following Directors of the Company at the forthcoming EGM of the Company:

NAME	DESIGNATION
Dato' Chan Say Hwa ⁽¹⁾	Group Managing Director
Datin Chow Pui Ling ⁽¹⁾	Executive Director

(1) *Directors of the Company*

provided always that it is in accordance to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws and any prevailing requirements issued by Bursa Securities or any other relevant authorities as amended from time to time.

The Board is of the view that the objectives of the ESOS Options be met by providing for a more comprehensive scheme that also includes the participation of the aforesaid eligible Directors. The Proposed Allocation is also in line with the rationale and justifications listed in Section 8 of this Circular.

The purpose of this Circular is to provide the shareholders of the Company with details of the Proposed Allocation together with the recommendation of the Board and to seek the approval of the shareholders for the ordinary resolutions pertaining to the Proposed Allocation to be tabled at the forthcoming EGM of the Company. The notice of the EGM and the Form of Proxy are set out in this Circular.

Shareholders are advised to read and carefully consider the contents of this Circular before voting on the ordinary resolutions in relation to the Proposed Allocation.

2. DETAILS OF THE PROPOSED ALLOCATION

The Proposed Allocation, if approved, will allow the Company to allocate the ESOS Options to the following eligible Directors:-

NAME	DESIGNATION
Dato' Chan Say Hwa	Group Managing Director
Datin Chow Pui Ling	Executive Director

Provided always that it is in accordance to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws and any prevailing requirements issued by Bursa Securities or any other relevant authorities as amended from time to time.

ESOS is administered by the ESOS Committee. The ESOS Committee is vested with such powers and duties as are conferred upon it by the Board to administer the ESOS in such manner it shall at its discretion deem fit, in accordance with the provisions set out in the By-Laws.

Pursuant to the By-Laws, the Company is allowed to grant Options to Employees and Directors of the Eligible Companies, who meet the criteria of eligibility for participation in the ESOS, provided always that the selection of any Director or Employee for participation in the scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

3. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

The allocation of Shares to be made available for the ESOS Award under the ESOS shall be determined at the discretion of the ESOS Committee.

The aggregate number of Shares that may be allocated to any class or grade of Eligible Persons under the ESOS shall be determined at the absolute discretion of the ESOS Committee, after taking into consideration, among others, his performance, designation, seniority, length of service and contribution to the performance of the Group (excluding dormant subsidiaries), in the case of an Eligible Person who is a Director, the Eligible Person's contribution towards the growth of the Group and positions held in various board committees of the Company, and any other criteria which the ESOS Committee deems relevant.

Notwithstanding the above, not more than 10% of the total number of new Shares to be made available under the ESOS shall be allocated to any Eligible Person who, either singly or collectively through Persons Connected with the Eligible Person, holds 20% or more of the total number of issued shares of our Company (excluding treasury shares).

The aggregate maximum allocation to the directors and senior management of the Group (excluding dormant subsidiaries) shall not be more than 75% of the total number of Shares to be made available under the ESOS, after taking into consideration the number of Directors and senior management of our Group (excluding dormant subsidiaries) who are eligible to participate in the ESOS, as well as the maximum number of Shares that may be awarded to each Director and senior management based on, among others, their position, seniority and length of service.

The ESOS Committee shall have the discretion in determining whether:

- i. to stagger the ESOS Awards over the duration of the ESOS where the allocation available shall be awarded in 1 single ESOS Award, or several separate and independent ESOS Awards; and
- ii. where the allocation is awarded in several separate and independent ESOS Awards, the number of Shares comprised in each ESOS Awards as well as whether the ESOS Awards are subject to any

vesting period and if so, the vesting date(s) and vesting condition(s) and performance target(s) to be achieved for each ESOS Award.

For the avoidance of doubt, no performance target has been set for the allocation of the Options at this juncture.

No Eligible Person shall participate in the deliberation or discussion of his/her allocation under the ESOS.

4. OPTION PRICE

Subject to any adjustments in accordance with the By-Laws, the Option Price of each Share comprised in any Option shall be based on the 5-day volume weighted average market price of Hiap Huat Shares as quoted on the ACE Market of Bursa Securities immediately preceding the Date of Offer of the Options, and at the ESOS Committee's discretion with a discount of not more than 10%.

5. RANKING OF THE ESOS SHARES

The new Shares to be issued pursuant to the ESOS shall, upon allotment and issuance, rank equally in all respects with the then existing Shares in issue, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new Shares to be issued pursuant to the ESOS.

Holders of the Options will not be entitled to any voting rights or to participate in any form of distribution other than on winding-up, compromise or arrangement of our Company and/or offer of further securities in our Company until and unless such holders exercise their Options into new Shares.

6. LISTING OF AND QUOTATION FOR THE NEW SHARES

The approval of Bursa Securities has been obtained vide its letter dated 5 April 2021 for the listing of and quotation for such number of new Shares representing up to 30% of the total number of issued shares of the Company (excluding treasury shares) to be issued under the ESOS on the ACE Market of Bursa Securities, subject to the following conditions:

CONDITIONS IMPOSED	STATUS OF COMPLIANCE
Hong Leong Investment Bank Berhad, the Principal Adviser is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and	Complied
Hiap Huat is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the ESOS, as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

7. RETENTION PERIOD

The new Shares to be allotted and issued to the Eligible Persons pursuant to the ESOS will not be subjected to any retention period unless the ESOS Committee stipulates otherwise upon granting of the ESOS Award. However, the Company encourages the Eligible Persons to hold the Shares allotted and issued to them pursuant to the ESOS as a long-term investment and not for realisation of immediate gain.

Pursuant to Rule 8.22 of the Listing Requirements, an Eligible Person who is a Non-Executive Director of the Company shall not sell, transfer or assign the new Shares obtained through the exercise of the Options offered to him/her within 1 year from the date of offer of such Options.

8. RATIONALE FOR THE PROPOSED ALLOCATION

The Proposed Allocation to the Group Managing Director and Executive Director are expected to achieve the following objectives:-

- i. to align the interests of the Group Managing Director and Executive Director with those of Shareholders' through the achievement of the Group's objectives and plans;
- ii. to foster and reinforce the Group Managing Director and Executive Director's sense of belonging to the Group by enabling them to participate directly in the equity, thereby encouraging the Group Managing Director and Executive Director to contribute more actively to the operations and future growth and success of the Group;
- iii. to recognise and reward the Group Managing Director and Executive Director by giving recognition to their contributions and services that are considered vital to the operations, hence motivating performance to create sustainable growth and profitability for the Group; and
- iv. to retain, motivate and reward the Group Managing Director and Executive Director by allowing them to participate in the Group's profitability.

9. APPROVALS REQUIRED/OBTAINED

The Proposed Allocation is subject to the approval of the shareholders at the forthcoming EGM.

10. EFFECTS OF THE PROPOSED ALLOCATION

10.1 ISSUED SHARE CAPITAL

The Proposed Allocation is not expected to have an immediate effect on the total issued share capital of the Company until such time when new Hiap Huat Shares are issued upon the exercise of the Options under the ESOS. The issued share capital of the Company will increase progressively depending on the number of new Hiap Huat Shares to be issued upon the exercise of Options under the ESOS.

10.2 SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Proposed Allocation is not expected to have an immediate effect on the shareholdings of the substantial shareholders until such time when Options are exercised. Any effect on the shareholdings of the substantial shareholders will depend on the number of Options exercised by the ESOS Grantees.

10.3 NET ASSETS ("NA") AND GEARING

Save for the potential impact of MFRS 2 as set out in Section 10.4 of this Circular, the Proposed Allocation is not expected to have an immediate effect on the NA, NA per Share and gearing until such time the Options are exercised. The effects will depend on the Proposed Allocation, the number of new Shares to be issued pursuant to the exercise of Options and the Option Price.

The Proposed Allocation is also not expected to have any immediate effect on the gearing level until such time when new Shares are issued pursuant to the exercise of Options under the Proposed Allocation. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of new Shares to be issued under the Proposed Allocation as well as the Option Price payable upon the exercise of the Options.

For illustrative purposes, upon exercise of the Options under the Proposed Allocation, the NA per Share will increase if the exercise price is higher than the existing NA per Share and will decrease if the exercise price is lower than the existing NA per Share, at the point of exercise of the Options.

10.4 EARNINGS AND EARNINGS PER SHARE (“EPS”)

The Proposed Allocation is not expected to have an immediate effect on the earnings and EPS of the Group. In accordance with MFRS 2 - Share-based Payments, the cost arising from the offering of Options is required to be measured at the date of such offer and recognised as an expense over the vesting period of the Options, which will have an effect on the future earnings of the Group. Such cost is required to be measured based on the fair value of the Options offered, which would in turn depend on, among others, the market price and the volatility of the shares.

The potential effects of the Proposed Allocation on the earnings and EPS of the Group in the future, as a consequence of the recognition of the expense, cannot be determined at this juncture as it would depend on various factors that affect the fair value of the Options, which is calculated after taking into consideration factors such as the actual number of Shares comprised in Options offered and the Option Price.

However, it is important to note that the potential cost of offering the Options does not represent a cash outflow as it is only an accounting treatment.

10.5 CONVERTIBLE SECURITIES

We do not have any outstanding convertible securities as at the LPD.

11. CONDITIONALITY OF THE PROPOSED ALLOCATION

- (a) On 30 December 2019, the Board announced that Hiap Huat Chemicals Sdn Bhd (“**HHCSB**”), the wholly-owned subsidiary of the Company, had on even date entered into a sale and purchase agreement with Central Spectrum (M) Sdn Bhd for the proposed acquisition by HHCSB of a parcel of leasehold land with an on-going development project located at Pulau Indah Industrial Park, Selangor for a cash consideration of RM11,965,932 (“**Proposed Acquisition**”). As at the LPD, the completion of the Proposed Acquisition is pending the transfer of the individual title to the land and the full settlement of the purchase consideration by HHCSB.
- (b) The Company has on 24 May 2021 announce that the Company proposed to undertake a private placement of up to 66,660,000 new ordinary shares in Hiap Huat, representing up to approximately 20% of the total number of issued shares of the Company (excluding treasury shares) (“Proposed Private Placement”). Bursa Securities has, vide its letter dated 10 June 2021, resolved to approve the listing and quotation of up to 66,660,000 Placement Shares to be issued pursuant to the Proposed Private Placement. 65,837,000 Hiap Huat Shares have been issued on 5 August 2021 and the Proposed Private Placement has been completed upon the listing and quotation of the placement Shares on 11 August 2021.

Save for the Proposed Allocation, the Proposed Acquisition and the Proposed Private Placement, there is no other intended corporate exercise/scheme which has been announced by the Company but not yet completed as at LPD.

The Proposed Allocation is not conditional upon the Proposed Acquisition and the Proposed Private Placement, and any other corporate exercise/scheme undertaken or to be undertaken by the Company.

12. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED

None of the Directors, Major Shareholders and/ or Persons Connected to them have any interest, either direct or indirect, in the Proposed Allocation, save for the following:-

Dato' Chan Say Hwa and Datin Chow Pui Ling, the Directors who are eligible to participate in the ESOS and are therefore deemed interested in the ESOS to the extent of their respective allocations ("Interested Directors") under the ESOS. As such, the interested Directors and Person Connected to them, Soo Kit Lin have abstained and will continue to abstain from deliberating and voting at all relevant Board meetings on their respective allocations under the ESOS.

The Interested Directors will abstain and have undertaken to ensure that Persons Connected with them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions pertaining to their respective allocations, under the Proposed Allocation at the forthcoming EGM.

As at the LPD, the direct and indirect shareholdings of the Interested Directors of the Company are as follows:

	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Interested Directors</u>				
Dato' Chan Say Hwa	69,026,460	21.0	3,363,220 ⁽²⁾	1.0
Datin Chow Pui Ling	3,363,220	1.0	69,026,460 ⁽³⁾	21.0
<u>Director and Person Connected to the Interested Directors</u>				
Soo Kit Lin	66,608,460	20.2	-	-
<u>Persons Connected to the Interested Directors</u>				
Chow How Fai	2,065,600	0.6	-	-
Chow Chiat Wee	1,992,800	0.6	-	-

Notes:

(1) Excluding treasury shares.

(2) Deemed interested under Section 8 of the Act by virtue of direct holding of spouse, Datin Chow Pui Ling.

(3) Deemed interested under Section 8 of the Act by virtue of direct holding of spouse, Dato' Chan Say Hwa.

Save as disclosed above, none of the Directors, Major Shareholders and/or chief executive, and/or Persons Connected with them have any interest, direct or indirect, in the Proposed Allocation.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for Dato' Chan Say Hwa, Datin Chow Pui Ling and Soo Kit Lin), after having considered all aspects of the Proposed Allocation, is of the opinion that the Proposed Allocation is in the best interest of the Company. Accordingly, the Board (save for Dato' Chan Say Hwa, Datin Chow Pui Ling and Soo Kit Lin) recommends that the shareholders vote in favour of the resolutions in relation to the Proposed Allocation to be tabled at the forthcoming EGM.

14. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of our Shares for the past 12 months from August 2020 to July 2021 are as follows:

	<u>High (RM)</u>	<u>Low (RM)</u>
<u>2020</u>		
August	0.130	0.100
September	0.130	0.100
October	0.115	0.090
November	0.115	0.100
December	0.125	0.105
<u>2021</u>		
January	0.115	0.100
February	0.150	0.100
March	0.150	0.115
April	0.125	0.120
May	0.180	0.145
June	0.145	0.130
July	0.170	0.130
The last transacted market price of our Shares immediately before the announcement of the Proposed Allocation on 28 July 2021		0.160
The last transacted market price of our Shares as at the LPD		0.145

15. EGM

The forthcoming EGM, the notice of which is enclosed in this Circular, will be conducted by way of fully virtual meeting entirely through live streaming via Remote Participation and Voting (“RPV”) Facilities via Mlabs VGM platform operated by Mlabs Research Sdn Bhd at the main venue at Lot 10.3, 10th Floor, Menara Lien Hoe, No 8, Persiaran Tropicana 47410 Petaling Jaya on Wednesday, 15 September 2021 at 10.00 a.m. any adjournment thereof to consider and, if thought fit, passing with or without modifications the ordinary resolutions to give effect to the Proposed Allocation.

If you are unable to attend and vote at our forthcoming EGM, please complete and return the Proxy Form, which is attached in this Circular, in accordance with the instructions contained therein and forward it to the Share Registrar, Boardroom.com Sdn Bhd, at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time set for the EGM or at any adjournment thereof. The lodging of the Proxy Form does not preclude you from participating and voting at the forthcoming EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

You are requested to refer to the enclosed appendix 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

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION

As at the LPD, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Board is not aware of any proceedings, pending or threatened against the Group, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 MATERIAL COMMITMENTS

As at the LPD, the Board, is not aware of any other material commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profits or net assets of the Group save as disclosed below:

	RM'000
Approved and contracted for :	
- Purchase of leasehold industrial land	9,573
- Purchase of equipments	7,200
	<u>16,773</u>

3.2 CONTINGENT LIABILITIES

As at the LPD, the Board, after making all reasonable enquiries, is not aware of any contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the financial position of the Group.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- i. Constitution of Hiap Huat;
- ii. Audited consolidated financial statements for the past 2 financial years ended 31 December 2019 and 31 December 2020;
- iii. The unaudited consolidated financial results of Hiap Huat for the quarter ended 30 June 2021.
- iv. The By-Laws of ESOS.



HIAP HUAT HOLDINGS BERHAD

[Registration No.: 200901038858 (881993-M)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“EGM”) of Hiap Huat Holdings Berhad (“Hiap Huat” or “the Company”) will be conducted by way of fully virtual meeting entirely through live streaming via Remote Participation and Voting (“RPV”) Facilities via Mlabs VGM platform operated by Mlabs Research Sdn Bhd at the main venue at Lot 10.3, 10th Floor, Menara Lien Hoe, No 8, Persiaran Tropicana 47410 Petaling Jaya on Wednesday, 15 September 2021 at 10.00 a.m. and at any adjournment thereof for the purpose of transacting the following businesses:

ORDINARY RESOLUTIONS 1 TO 2

PROPOSED ALLOCATION OF OPTIONS PURSUANT TO THE EMPLOYEE SHARE OPTION SCHEME (“ESOS”) TO THE DIRECTORS OF THE COMPANY

"**THAT** subsequent to the approval for the establishment of an ESOS being obtained at the EGM of the Company held on 24 May 2021, and subject to the approvals of the relevant authorities and/ or parties (where applicable) being obtained for the ESOS, approval be and is hereby given to the Board to authorise the ESOS Committee to offer and to grant, from time to time throughout the duration of the ESOS, such number of Options under the ESOS to the following Directors of the Company:

- | | | |
|------|---------------------|-----------------------|
| (i) | DATO' CHAN SAY HWA | Ordinary Resolution 1 |
| (ii) | DATIN CHOW PUI LING | Ordinary Resolution 2 |

PROVIDED ALWAYS THAT:

- (i) not more than 10% of the total number of Shares to be made available under the ESOS shall be allocated to him/her if he/she, either singly or collectively through Persons Connected with him/her, holds 20% or more of the total number of issued Shares (excluding treasury shares); and
- (ii) he/she must not participate in the deliberation or discussion of his/her own allocation, as well as that of the Persons Connected with him/her, under the ESOS,

and subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws and the Listing Requirements of Bursa Securities, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time;

AND THAT approval be and is hereby given to the Board to allot and issue such number of new Hiap Huat Shares arising from the exercise of the ESOS Options, from time to time, to the abovementioned persons."

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 201908002253)

THIEN LEE MEE (LS0009760 / SSM PC No. 201908002254)

Company Secretaries

Selangor

30 August 2021

NOTES:

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual EGM using RPV Facilities provided by Mlabs Research Sdn Bhd via Webex Events platform through the link <https://rebrand.ly/HiapHuatEGM>.
2. A member of the Company entitled to participate and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not, be a member of the Company. Where a member/ shareholder appoints more than one proxy to attend and vote at the meeting, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) or more proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each Omnibus Account it holds.
5. Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.
7. The Proxy Form must be deposited at the Share Registrar Office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time set for holding the meeting or any adjourned thereof.
8. For the purposes of determining a member who shall be entitled to participate the meeting, the Company shall be requesting the Record of Depositors as at 7 September 2021. Only a depositor whose name appears on the Record of Depositors shall be entitled to participate, speak and vote at the meeting as well as for appointment of proxy(ies) to participate, speak and vote on his/her stead.
9. Pursuant to Rule 8.31A of the Listing Requirements of Bursa Securities, all resolutions set out above will be put to vote by way of poll.

No. of Shares Held	CDS Account No.

PROXY FORM

(Before completing this form, please refer to the notes below)

I/We _____ NRIC No. / Passport No. / Registration No. _____
(FULL NAME IN BLOCK LETTERS)

of _____

mobile phone No. _____ and # email address _____ being a member/members of **HIAP HUAT HOLDINGS BERHAD** [Registration No. 200901038858 (881993-M)], hereby appoint:

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

and/or

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

You are required to fill in the mobile phone no. and email address in order to participate in the Extraordinary General Meeting ("EGM"), otherwise, we are unable to register you as the participant of the meeting.

or failing him/her, the Chairman of the EGM as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the EGM of the Company will be conducted by way of fully virtual meeting entirely through live streaming via Remote Participation and Voting ("RPV") Facilities via Mlabs VGM platform operated by Mlabs Research Sdn Bhd at the main venue at Lot 10.3, 10th Floor, Menara Lien Hoe, No 8, Persiaran Tropicana 47410 Petaling Jaya on Wednesday, 15 September 2021 at 10.00 a.m. and at any adjournment thereof in the manner as indicate below:

NO.	RESOLUTIONS		FOR	AGAINST
1.	Proposed Allocation of Options pursuant to the ESOS to Dato' Chan Say Hwa	Ordinary Resolution 1		
2.	Proposed Allocation of Options pursuant to the ESOS to Datin Chow Pui Ling	Ordinary Resolution 2		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this _____ day of _____ 2021

Signature:

(If shareholder is a corporation, this form should be executed under seal)

NOTES:

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual EGM using RPV Facilities provided by Mlabs Research Sdn Bhd via Webex Events platform through the link <https://rebrand.ly/HiapHuatEGM>.
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3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) or more proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each Omnibus Account it holds.
5. Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.
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9. Pursuant to Rule 8.31A of the Listing Requirements of Bursa Securities, all resolutions set out above will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

The Share Registrar
HIAP HUAT HOLDINGS BERHAD
(Registration No. 200901038858 (881993-M))

Boardroom.com Sdn Bhd
Level 5, Block B
Dataran PHB, Saujana Resort
Section U2
40150 Shah AlamSelangor

AFFIX STAMP

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