

HIAP HUAT HOLDINGS BERHAD (“HIAP HUAT” OR THE “COMPANY”)

VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT

Reference is made to the Company’s announcement dated 11 August 2021 in relation to the Private Placement (“**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the aforesaid Announcement.

1. INTRODUCTION

The Board wishes to announce that the Company intends to vary the utilisation of proceeds from the Private Placement following the listing of and the quotation of the 65,837,000 Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad on 11 August 2021. Pursuant to the Private Placement, the Company had raised gross proceeds of approximately RM8.89 million (“**Private Placement Proceeds**”).

2. DETAILS OF THE VARIATION TO THE UTILISATION OF PROCEEDS

The variation to the utilisation of proceeds from the Private Placement is as follows:

Details of use of proceeds	Private Placement Proceeds (RM'000)	Amount utilised to-date (RM'000)	Balance yet to be utilised to-date (RM'000)	Variation (RM'000)	After variation to the Private Placement Proceeds (RM'000)	Original time frame for use from the date of listing of the Placement Shares	Revised time frame for use from the date of listing of the Placement Shares
Part finance the construction of a new waste treatment facility	3,000	-	3,000	-	3,000	Within 18 months	No change
Purchase of a new palm oil waste refining system	5,638	-	5,638	(1,638)	4,000	Within 18 months	No change
Working capital requirements	-	-	-	1,638	1,638	-	Within 12 months
Estimated expenses for the Private Placement	250	76	174	-	250	Within 1 month	No change
Total	8,888	76	8,812		8,888		

3. RATIONALE

In view of the additional proceeds raised from the Private Placement, the variation to the utilisation of the Private Placement Proceeds will entail the variation of approximately RM1.6 million for the working capital requirements of Hiap Huat and its subsidiaries in order to finance their day-to-day operations such as, among others, the procurement of raw materials and supplies, staff remuneration, marketing expenses as well as utilities and sundry expenses.

4. APPROVALS REQUIRED

The said variation does not require the approval of the shareholders of the Company and the regulatory authorities. Nevertheless, the Board shall continue to be prudent in managing the utilisation of the Private Placement Proceeds and will continue to disclose the status of such utilisation in its quarterly results and annual report until its full utilisation.

The Board is of the opinion that the aforementioned variation is in the best interest of Hiap Huat and will not have any adverse effect on its financial performance.

This announcement is dated 6 September 2021.