

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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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 Circular to the purchaser or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



**(Company No.: 881993-M)  
(Incorporated in Malaysia)**

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PROPOSED SHARE BUY-BACK AUTHORITY FOR THE  
PURCHASE OF ITS OWN ORDINARY SHARES**

The above proposal will be tabled as Special Business at the Seventh (7<sup>th</sup>) Annual General Meeting of Hiap Huat Holdings Berhad (“Hiap Huat” or “the Company”) to be held at Room Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 9.00 a.m., together with a Form of Proxy, are enclosed together with the Annual Report of the Company for the financial year ended 31 December 2016.

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 Registered Office of the Company at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, at least 48 hours before the time stipulated for holding the meeting. 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, 22 May 2017 at 9.00 a.m.

Date and time of Seventh (7<sup>th</sup>) Annual General Meeting : Wednesday, 24 May 2017 at 9.00 a.m.

*This Circular is dated 28 April 2017*

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## DEFINITIONS

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For the purposes of this Circular, 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
“Audit Committee”	: The Audit Committee of Hiap Huat
“Board”	: The Board of Directors of Hiap Huat
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS”	: Central Depository System
“Circular”	: Circular to Shareholders in relation to Proposed Share Buy-Back Authority
“Code”	: The Malaysian Code on Take-Overs and Mergers 2016, including any amendments thereto that may be made from time to time
“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
“Director”	: Shall have the same meaning given in Section 2(1) of the 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
“LPD”	: 14 April 2017, being the latest practicable date prior to the printing of this Circular
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
“Major Shareholder(s)”	: Means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or

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**DEFINITIONS (CONT'D)**

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“Major Shareholder(s)” (Cont’d)	: (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company,  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
“NA”	: Net assets attributable to ordinary equity holders of Hiap Huat
“Proposed Share Buy-Back Authority”	: Proposed authority for the purchase by Hiap Huat of up to ten percent (10%) of the issued share capital of the Company
“Purchased Hiap Huat Shares”	: Shares purchased by Hiap Huat pursuant to Section 127 of the Act
“Related Party(ies)”	: Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of Hiap Huat
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Shareholders”	: Shareholders of Hiap Huat
“SC”	: Securities Commission
“Substantial Shareholder(s)”	: A person who has interest or interests in one or more voting Shares in the Company and the nominal amount of that Share, or aggregate of the nominal amount of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting Shares in the Company
“2016 Annual Report”	: Annual Report of Hiap Huat issued for the financial year ended 31 December 2016

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 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.

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(Company No.: 881993-M)  
(Incorporated in Malaysia)

**Registered Office**

Suite 10.03, Level 10  
The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

28 April 2017

**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)*

Wong Kah Ming

*(Independent Non-Executive Director)*

Woo Yew Tim

*(Independent Non-Executive Director)*

**To : The Shareholders of Hiap Huat Holdings Berhad**

Dear Sir/Madam,

**PROPOSED SHARE BUY-BACK AUTHORITY**

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**1. INTRODUCTION**

On 19 April 2017, the Board had announced that Hiap Huat proposed to seek the approval of its shareholders a mandate for the Company to purchase up to 10% of the issued share capital of Hiap Huat. The Proposed Share Buy-Back Authority is subject to compliance with 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 Circular is to provide you with the relevant information of the Proposed Share Buy-Back Authority and to seek your approval on the ordinary resolution pertaining to the Proposed Share Buy-Back Authority to be tabled at the forthcoming AGM, which will be held at Room Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 9.00 a.m. The notice of the AGM together with the Form of Proxy is enclosed in the Annual Report of the Company for the financial year ended 31 December 2016.

**SHAREHOLDERS OF HIAP HUAT ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK AUTHORITY AT THE FORTHCOMING AGM**

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

### **2.1 Proposed Share Buy-Back Authority**

The Board is proposing to seek the shareholders' approval a mandate for Hiap Huat to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the issued share capital at any point in time.

For illustrative purposes, as at LPD, the issued share capital of Hiap Huat stood at 333,301,330 ordinary shares. Assuming no further Hiap Huat Shares are issued, the maximum number of shares that can be purchased pursuant to the Proposed Share Buy-Back Authority is 33,330,133 Hiap Huat Shares.

The Proposed Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming 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 renewed by ordinary resolution, 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 general meeting,

whichever occurs first.

The Proposed 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.

### **2.2 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 of the listed company. Therefore, the maximum amount of funds to be allocated for the Proposed 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, the retained profits of Hiap Huat are as follows:

	<b>Retained Profits (RM)</b>
Audited financial statement as at 31 December 2016	20,819,760

The Proposed Share Buy-Back Authority will be funded by internally generated funds and/or external borrowings. 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 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.

### **2.3 Treatment of the Purchased Hiap Huat Shares**

The Purchased Hiap Huat Shares will be dealt by the Board in accordance with Section 127 of the Act, in the following manner:

- (i) cancel the Hiap Huat Shares so purchased; or
- (ii) retain the 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) combination of items (i) and (ii) above.

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.

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 and 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.

### **2.4 Purchase/Resale Price**

Pursuant to 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 share price for the five (5) Market Days immediately preceding the date of the purchase(s). Hiap Huat may only resell the Purchased Hiap Huat Shares held as treasury shares at a price which is:

- (a) not less than the weighted average share price of Hiap Huat Shares for the five (5) Market Days immediately prior to the resale; or
- (b) at a discount of not more than 5% to the weighted average share price of Hiap Huat Shares for the five (5) Market Days immediately prior to the resale provided that:
  - (i) the resale takes place no earlier than 30 days from the date of the purchase; and
  - (ii) the resale price is not less than the cost of purchase of the shares being resold.

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.

## **2.5 Potential Advantages and Disadvantages of the Proposed Share Buy-Back Authority**

The potential advantages of the Proposed Share Buy-Back Authority are as follows:

- (a) The Proposed 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 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 treasury shares may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed 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 Share Buy-Back Authority are as follows:

- (a) The Proposed Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of Hiap Huat Group.
- (b) The Proposed 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 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 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 Group 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.

## **2.6 Public Shareholding Spread of Hiap Huat**

The Proposed 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. As at 31 March 2017, the public shareholding spread of the Company



was approximately 57.67%. Assuming the Proposed 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 52.96%. The Board will endeavor to ensure that the Proposed 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.

## **2.7 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 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 Share Buy-Back Authority.

Based on the shareholdings of the substantial shareholders of the Company as at LPD and assuming the Proposed 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.

## **2.8 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 preceeding the date of this Circular.

## **3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK AUTHORITY**

The implementation of the Proposed 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 SHARE BUY-BACK AUTHORITY

The effects of the Proposed 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 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 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 issued share capital as at LPD, the effect of the Proposed Share Buy-Back Authority, assuming that the Purchased Hiap Huat Shares will be cancelled, are as follows:

	<b>No. of Shares</b>
Number of Hiap Huat shares as at LPD	333,301,330
Less:- Maximum number of ordinary shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back Authority (assuming all Purchased Hiap Huat Shares are fully cancelled)	33,330,133
<b>Resultant number of Hiap Huat shares</b>	<b>299,971,197</b>

However, the Proposed 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

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 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**

The effects of the Proposed 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 Share Buy-Back Authority is implemented in full, the Proposed 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.

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#### 4.6 Directors' and Substantial Shareholders' Shareholdings

The effect of the Proposed 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 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				After the Proposed Share Buy-Back Authority <sup>(a)</sup>			
		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	66,105,460	19.83	-	-	66,105,460	22.04	-	-
3.	Datin Chow Pui Ling	-	-	66,105,460	19.83 <sup>(b)</sup>	-	-	66,105,460	22.04 <sup>(b)</sup>
4.	Soo Kit Lin	66,608,460	19.98	-	-	66,608,460	22.20	-	-
5.	Wong Kah Ming	-	-	-	-	-	-	-	-
6.	Woo Yew Tim	-	-	-	-	-	-	-	-

Notes:

- (a) Assuming the maximum of 33,330,133 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back Authority.  
(b) Deemed interested through direct holding of spouse, Dato' Chan Say Hwa.

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**(b) Substantial Shareholders of Hiap Huat**

No.	Substantial Shareholders	As at the LPD			After the Proposed Share Buy-Back Authority <sup>(a)</sup>		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%		No. of Shares	%	
1.	Dato' Chan Say Hwa	66,105,460	19.83	-	66,105,460	22.04	-
2.	Datin Chow Pui Ling	-	-	66,105,460 19.83 <sup>(b)</sup>	-	-	66,105,460 22.04 <sup>(b)</sup>
3.	Soo Kit Lin	66,608,460	19.98	-	66,608,460	22.20	-
4.	Chan Ban Hin	8,384,310	2.52	66,608,460 19.98 <sup>(c)</sup>	8,384,310	2.80	66,608,460 22.20 <sup>(c)</sup>

Notes:

- (a) Assuming the maximum of 33,330,133 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back Authority.  
(b) Deemed interested through direct holding of spouse, Dato' Chan Say Hwa.  
(c) Deemed interested through direct holding of spouse, Soo Kit Lin.

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## **5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS**

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back Authority, none of the Directors and Substantial 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 Share Buy-Back Authority is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming 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 2016 to March 2017 are as follows:

	<b>Highest RM</b>	<b>Lowest RM</b>
<b>2016</b>		
April	0.13	0.09
May	0.13	0.08
June	0.10	0.09
July	0.10	0.08
August	0.09	0.08
September	0.09	0.08
October	0.08	0.07
November	0.08	0.07
December	0.08	0.06
<b>2017</b>		
January	0.09	0.08
February	0.11	0.09
March	0.14	0.09

The last transacted price of Hiap Huat Shares on 14 April 2017, being the LPD, was RM0.14.

*(Source: Yahoo Finance)*

## **8. DIRECTORS' RECOMMENDATION**

The Board after having considered all aspects of the Proposed Share Buy-Back Authority is of the opinion that the Proposed 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 Share Buy-Back Authority to be tabled at the forthcoming AGM.

## **9. ANNUAL GENERAL MEETING**

The ordinary resolution to vote on the Proposed Share Buy-Back Authority is set out in the Notice of AGM contained in 2016 Annual Report of the Company. The Seventh (7<sup>th</sup>) AGM will be held at Room Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 9.00 a.m., for the purpose of considering and, if thought fit, passing the ordinary resolution pertaining to the Proposed 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 2016 Annual Report in accordance with the instructions printed therein as soon as possible so as to arrive at the Registered Office of the Company not later 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 Appendix I contained in this Circular 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

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular 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 Circular 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. MATERIAL CONTRACTS

The Board has confirmed that as at the LPD, Hiap Huat and its subsidiaries have not entered into any material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular.

### 3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

The Board has confirmed that as at the LPD, neither Hiap Huat nor its subsidiaries is engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board has no knowledge of any proceeding pending or threatened against Hiap Huat Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Hiap Huat Group.

### 4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred which may have a material impact on the profits or NA of Hiap Huat Group upon becoming enforceable:

#### (i) Contingent Liabilities

	<b>RM</b>
Corporate guarantees for credit facilities granted to subsidiaries	13,419,279
Banker guarantees in favour of the local authorities	143,000
<b>Total :</b>	<b><u>13,562,279</u></b>

#### (ii) Material Commitments

	<b>RM</b>
Acquisition of property, plant and equipment	NIL

### 5. 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 Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) The Memorandum and Articles of Association of Hiap Huat;
- (ii) The audited financial statements of Hiap Huat Group for the past two (2) financial years ended 31 December 2015 and 2016; and
- (iii) The unaudited consolidated financial results of Hiap Huat for the quarter ended 31 December 2016.