

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

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

This circular has been reviewed by Hong Leong Investment Bank Berhad, being the Principal Adviser to Hiap Huat Holdings Berhad for the Proposed Special Issue (as defined below).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this 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.



**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED SPECIAL ISSUE OF UP TO 42,200,000 NEW ORDINARY SHARES IN HIAP HUAT HOLDINGS BERHAD ("HIAP HUAT") TO BUMIPUTERA INVESTORS TO BE IDENTIFIED AND APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED SPECIAL ISSUE")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser and Placement Agent*



Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)  
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The notice of extraordinary general meeting ("**EGM**") of Hiap Huat to be held at Room Green III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 26 June 2018 at 10.30 a.m. or immediately upon the conclusion of the 8th annual general meeting of Hiap Huat to be held at the same venue at 9.00 a.m. on the same day, whichever is later, or at any adjournment thereof, together with the form of proxy are enclosed in this circular.

As a shareholder, you are entitled to appoint a proxy or proxies to attend and to vote on your behalf. The form of proxy must be completed and lodged at our Share Registrar office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the form of proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last day and time for : Sunday, 24 June 2018 at 10.30 a.m.  
lodging the form of proxy

Date and time of the EGM : Tuesday, 26 June 2018 at 10.30 a.m. or immediately upon the conclusion of the 8th annual general meeting of Hiap Huat to be held at the same venue at 9.00 a.m. on the same day, whichever is later, or at any adjournment thereof

This circular is dated 11 June 2018

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## DEFINITIONS

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

“Act”	: Companies Act 2016
“Board”	: Board of directors of Hiap Huat
“Bumiputera Equity Condition”	: Requirement imposed by the SC to allocate 12.5% of their enlarged issued share capital of Hiap Huat to Bumiputera investors within 1 year after achieving the profit track record requirement for companies seeking listing on the Main Market of Bursa Securities, or 5 years after being listed on the ACE Market of Bursa Securities, whichever is earlier
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“EGM”	: Extraordinary general meeting
“EPS”	: Earnings per share
“FYE”	: Financial year ended/ending, as the case may be
“Hiap Huat Group” or “Group”	: Hiap Huat and its subsidiaries, collectively
“Hiap Huat Shares”	: Ordinary shares in Hiap Huat
“Hiap Huat” or the “Company”	: Hiap Huat Holdings Berhad
“HLIB” or “Principal Adviser” or “Placement Agent”	: Hong Leong Investment Bank Berhad
“Interested Person”	: All directors, major shareholders and chief executive of Hiap Huat
“IPO”	: Initial public offering
“LPD”	: 31 May 2018, being the latest practicable date prior to the date of this circular
“Market Day”	: A day on which the stock market of Bursa Securities is open for trading in securities
“MITI”	: Ministry of International Trade and Industry
“NA”	: Net assets attributable to equity holders
“Proposed Special Issue”	: The proposed special issue of up to 42,200,000 new Hiap Huat Shares representing approximately up to 11.24% of the new enlarged number of Hiap Huat Shares to Bumiputera investors to be identified and approved by MITI, at an issue price to be determined later
“RM”	: Ringgit Malaysia
“ROD”	: The record of depositors of Hiap Huat
“SC”	: Securities Commission Malaysia
“VWAMP”	: Volume-weighted average market price

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## DEFINITIONS

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All references to “**our Company**” in this circular are to Hiap Huat, references to “**our Group**” are to our Company and our subsidiaries, collectively, and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company and, except where the context requires, include our subsidiaries.

All references to “**you**” in this circular are to the shareholders of our Company.

Words denoting the singular only include the plural and vice versa and words denoting the masculine gender include, where applicable, the feminine and neuter genders and vice versa. References to persons include corporations, unless otherwise specified.

All references to enactment in this circular are references to that enactment as for the time being amended or re-enacted.

All references to the time of day in this circular is a reference to Malaysian time.

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**Registered office:**

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

11 June 2018

**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: Our Shareholders

Dear Sir/Madam,

**PROPOSED SPECIAL ISSUE OF UP TO 42,200,000 NEW HIAP HUAT SHARES TO BUMIPUTERA INVESTORS TO BE IDENTIFIED AND APPROVED BY THE MITI AT AN ISSUE PRICE TO BE DETERMINED LATER**

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**1. INTRODUCTION**

On 9 March 2018, HLIB announced, on behalf of our Board, that our Company proposed to undertake a special issue of 42,200,000 new Hiap Huat Shares, representing approximately 11.24% of our new enlarged number of Hiap Huat Shares (after the completion of the Proposed Special Issue) to Bumiputera investors to be identified and approved by the MITI at an issue price to be determined later after obtaining all relevant approvals.

Pursuant to the SC approval letter dated 3 August 2012 in relation to our IPO application, we have been imposed with the condition to allocate a portion of our equity interest to Bumiputera public investors recognised by the MITI, which is the difference between the prescribed equity requirement of 12.50% of our enlarged issued share capital and the actual equity interest allocated to Bumiputera investors, within 1 year after achieving the profit track record requirement for companies seeking listing on the Main Market of Bursa Securities, or 5 years after being listed on the ACE Market of Bursa Securities, whichever is earlier.

Following our listing on the ACE Market of Bursa Securities on 26 November 2012, we are required to comply with the Bumiputera Equity Condition by 25 November 2017 ("**Trigger Date**"), being 5 years after our listing on the ACE Market of Bursa Securities. Based on the ROD of our Company as at 19 November 2012, being the ROD from the IPO public balloting, only 1.44% of our equity interest had been allocated to Bumiputera investors ("**IPO Bumiputera Equity Interest**"). As such, on 24 November 2017, HLIB had, on behalf of our Company, submitted an application to the SC in relation an extension of time of up to 18 months from the Trigger Date to comply with the Bumiputera Equity Condition.

On 6 March 2018, the SC approved an extension of time for a period of up to 18 months until 5 September 2019, subject to our Company submitting a proposal to comply with the Bumiputera Equity Condition before 5 September 2018.

On 14 March 2018, HLIB had, on behalf of our Board, submitted a proposal to the SC and MITI on our Company's plan to comply with the Bumiputera Equity Condition via the implementation of the Proposed Special Issue.

On 24 April 2018, HLIB had, on behalf of our Board, announced that the SC had, vide its letter dated 11 April 2018 (which was received on 24 April 2018) approved the Proposed Special Issue.

On 23 May 2018, HLIB had, on behalf of our Board, announced that the MITI had, vide its letter dated 22 May 2018, taken note of the Proposed Special Issue and has no objections on the Proposed Special Issue.

The purpose of this circular is to provide you with details and information on the Proposed Special Issue as well as to seek your approval for the resolution in relation to the Proposed Special Issue. The notice of EGM and the form of proxy are enclosed with this circular.

**WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSED SPECIAL ISSUE.**

## **2. DETAILS OF THE PROPOSED SPECIAL ISSUE**

### **2.1 Size of the Proposed Special Issue**

The Proposed Special Issue will entail the issuance of up to 42,200,000 new Hiap Huat Shares, representing approximately up to 12.66% of our current issued number of Hiap Huat Shares to Bumiputera investors to be identified and approved by MITI at an issue price to be determined later after obtaining all relevant approvals.

The maximum number of new Hiap Huat Shares to be issued pursuant to the Proposed Special Issue was arrived at in the following manner:

		<u><b>No. of Hiap Huat Shares</b></u>
As at the LPD	A	333,301,330
New Hiap Huat Shares to be issued pursuant to the Proposed Special Issue	B	42,200,000
New enlarged issued number of Hiap Huat Shares	C	<u>375,501,330</u>

New Hiap Huat Shares to be held by the Bumiputera investors as a percentage of the new enlarged issued number of Hiap Huat Shares ( $B \div C \times 100\%$ )	11.24%
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New Hiap Huat Shares to be held by the Bumiputera investors as a percentage of the issued number of Hiap Huat Shares as at the LPD ( $B \div A \times 100\%$ )	12.66%
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Based on the ROD of our Company as at the LPD, approximately 3.20% of Hiap Huat Shares are held by Bumiputera shareholders.

## **2.2 Placement arrangement**

The new Hiap Huat Shares will be allotted and issued to third party Bumiputera investors to be identified and approved by the MITI other than the following:

- (i) Interested Person;
- (ii) a person connected with an Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Bumiputera investors shall also be class of persons or corporations who fall within the exceptions in Schedule 6 and/or 7 of the Capital Markets and Services Act 2007 to be nominated by the MITI and no prospectus will be issued in respect of the Proposed Special Issue. The precise terms and conditions such as the identity of the placees and number of new Hiap Huat Shares allocated can only be determined and finalised later when the Proposed Special Issue is implemented.

The Proposed Special Issue may be implemented in tranches depending on the prevailing equity market conditions and interest from the Bumiputera investors. As such, there could potentially be several price fixing dates and several issue prices, depending on the number of tranches and timing of implementation which is to be determined later.

## **2.3 Pricing of the new Hiap Huat Shares**

The issue price of the new Hiap Huat Shares shall be determined at a later date (“**Price Fixing Date**”), based on a discount (if any) of not more than 10% (to be determined by our Board) to the 5-day VWAMP of Hiap Huat Shares immediately prior to the Price Fixing Date. The actual quantum of discount to the 5-day VWAMP will be determined by our Board (in consultation with the Placement Agent) after taking into account, inter alia, the prevailing equity market conditions and interests from Bumiputera investors.

For illustrative purposes only, the new Hiap Huat Shares are assumed to be issued at RM0.09 each, representing a discount of approximately 1.85% to the 5-day VWAMP of Hiap Huat Shares up to and including the LPD of RM0.0917.

## **2.4 Ranking of the new Hiap Huat Shares**

The new Hiap Huat Shares shall, upon allotment and issue, rank equally in all respects with the then existing Hiap Huat Shares except that the new Hiap Huat Shares will not be entitled to any rights, allotments, dividends and/or any other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the said new Hiap Huat Shares.

## **2.5 Listing of and quotation for the new Hiap Huat Shares**

Bursa Securities has, via its letter dated 30 May 2018, approved the listing of up to 42,200,000 new Hiap Huat Shares, representing approximately up to 11.24% of our new enlarged issued number of Hiap Huat Shares (after the completion of the Proposed Special Issue) to be issued pursuant to the Proposed Special Issue on the ACE Market of Bursa Securities.

### 3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED SPECIAL ISSUE

The Proposed Special Issue is being undertaken to enable our Company to comply with the Bumiputera Equity Condition and to facilitate the equity participation of Bumiputera investors in Hiap Huat. In addition, the Proposed Special Issue may allow our Company to raise funds for the purposes highlighted in Section 4 of this circular.

### 4. UTILISATION OF PROCEEDS

The actual amount of proceeds to be raised from the Proposed Special Issue will depend on the actual number of new Hiap Huat Shares issued and the actual issue price of the new Hiap Huat Shares, which will be determined at a later date.

For illustration purposes, assuming up to 42,200,000 new Hiap Huat Shares are issued at an illustrative issue price of RM0.09 per new Hiap Huat Share, the Proposed Special Issue is expected to raise gross proceeds of up to approximately RM3.80 million. The proceeds raised from the Proposed Special Issue are intended to be utilised in the following manner:

Description	Note	RM'000	Timeframe for the utilisation of proceeds from the date of completion of the Proposed Special Issue
Repayment of bank borrowings	(1)	3,418	Within 9 months
Defraying expenses incidental to the Proposed Special Issue	(2)	380	Within 1 month
		<u>3,798</u>	

Notes:

- (1) As at the LPD, the total bank borrowings of our Group stood at about RM16.94 million. Our Company intends to use up to RM3.42 million of the proceeds raised to repay a term loan facility obtained from United Overseas Bank (Malaysia) Berhad and 4 term loan facilities obtained from Alliance Bank Malaysia Berhad. The settlement of the term loans is expected to allow our Group to reduce our interest costs by about RM0.22 million every year based on the average interest rate of the term loans of about 4.76% and reduce our Group's bank borrowings to RM13.52 million as at the LPD.
- (2) The estimated incidental expenses in relation to the Proposed Special Issue comprising professional fees, fees payable to relevant authorities and other related expenses are estimated to be RM380,000. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for our Group's working capital.

Pending use of the proceeds raised from the Proposed Special Issue in the manner set out above, the proceeds will be placed in interest bearing deposits with financial institutions or short-term money market instruments as our Board may deem fit.



## 5. EFFECTS OF THE PROPOSED SPECIAL ISSUE

### 5.1 Share capital

The pro forma effect of the Proposed Special Issue on our share capital is as follows:

	<b>No. of shares</b>	<b>Share capital (RM)</b>
Issued share capital as at 31 December 2016	333,301,330	33,330,133
Transfer of amounts standing to the credit of our share premium account	-	<sup>(1)</sup> 7,762,508
Existing as at the LPD	333,301,330	41,092,641
To be issued pursuant to the Proposed Special Issue	42,200,000	<sup>(2)</sup> 3,798,000
<b>Enlarged share capital</b>	<b>375,501,330</b>	<b>44,890,641</b>

Notes:

- (1) The Act which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of our share premium account become part of our Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the shareholders as a result of this transition.
- (2) Assuming that the new Hiap Huat Shares are issued at an indicative issue price of RM0.09 per new Hiap Huat Share.

### 5.2 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Special Issue on the substantial shareholders' shareholdings based on the Register of Substantial Shareholders of our Company as at the LPD are set out below:

Substantial shareholder	Existing as at the LPD				Proforma I After the Proposed Special Issue			
	Direct		Indirect		Direct		Indirect	
	No. of shares		No. of shares		No. of shares		No. of shares	
	('000)	(%)	('000)	(%)	('000)	(%)	('000)	(%)
Dato' Chan Say Hwa	66,105	19.83	<sup>(1)</sup> 2,459	0.74	66,105	17.60	<sup>(1)</sup> 2,459	0.65
Soo Kit Lin	66,608	19.98	-	-	66,608	17.74	-	-
Bu Yaw Seng	27,392	8.22	-	-	27,392	7.29	-	-
Chan Ban Hin	8,384	2.52	<sup>(2)</sup> 66,608	19.98	8,384	2.23	<sup>(2)</sup> 66,608	17.74
Datin Chow Pui Ling	2,459	0.74	<sup>(3)</sup> 66,105	19.83	2,459	0.65	<sup>(3)</sup> 66,105	17.60

Notes:

- (1) Deemed interested through direct shareholding of his spouse, Datin Chow Pui Ling.
- (2) Deemed interested through direct shareholding of his spouse, Soo Kit Lin.
- (3) Deemed interested through direct shareholding of her spouse, Dato' Chan Say Hwa.

### 5.3 NA and gearing

Based on our latest audited consolidated financial statements as at 31 December 2017, the pro forma effects of the Proposed Special Issue on our NA per share and gearing are set out as follows:

	<b>Audited as at 31 December 2017</b>	<b>Proforma I After the Proposed Special Issue</b>
	<b>(RM)</b>	<b>(RM)</b>
Share capital	41,092,641	<sup>(1)(2)</sup> 44,890,641
Share premium	<sup>(2)</sup> -	<sup>(2)</sup> -
Merger deficit	(9,535,114)	(9,535,114)
Revaluation reserves	2,728,934	2,728,934
Retained earnings	21,687,008	<sup>(3)</sup> 21,307,008
<b>Shareholders' funds/Equity attributable to owners of our Group</b>	<b>55,973,469</b>	<b>59,391,469</b>
Non-controlling interest	18,938	18,938
Total equity / NA	<b>55,992,407</b>	<b>59,410,407</b>
No. of shares in issue	333,301,330	375,501,330
NA per share (RM)	0.17	0.16
Total borrowings	17,925,615	<sup>(4)</sup> 14,507,615
Gearing ratio (times)	0.32	0.24

Notes:

- (1) Assuming that the new Hiap Huat Shares are issued at an indicative issue price of RM0.09 per new Hiap Huat Share.
- (2) The Act which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of our share premium account become part of our Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, our Company may within 24 months from the commencement of the Act, use the amount standing to the credit of our share premium account of RM7,762,508 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the shareholders as a result of this transition.
- (3) After deducting estimated expenses of about RM380,000 in relation to the Proposed Special Issue.
- (4) Assuming approximately RM3.42 million is used to repay bank borrowings as set out in Section 4 above.

### 5.4 Earnings and EPS

The Proposed Special Issue is not expected to have any material effect on our earnings and EPS for the FYE 31 December 2018 as the Proposed Special Issue is only expected to be completed by the third quarter of 2019.

However, upon implementation of the Proposed Special Issue, our EPS may be diluted as a result of the increase in the number of Hiap Huat Shares in issue.

## 5.5 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities.

## 6. APPROVALS REQUIRED

The Proposed Special Issue is subject to approvals being obtained from the following:

- (a) SC for the approval on:
  - (i) the IPO Bumiputera Equity Interest to be recognised as Hiap Huat's deemed partial compliance of the Bumiputera Equity Condition, which was obtained vide its letter dated 11 April 2018; and
  - (ii) the proposal to fully comply with the Bumiputera Equity Condition via the Proposed Special Issue, which was obtained vide its letter dated 11 April 2018;
- (b) MITI for recognising and/or identifying Bumiputera investors for our Company to implement the Proposed Special Issue;
- (c) Bursa Securities, for the approval-in-principle for the listing of and quotation for the new Hiap Huat Shares to be issued pursuant to the Proposed Special Issue;
- (d) your approval at our forthcoming EGM; and
- (e) any other relevant authorities, if required.

The approval of Bursa Securities for the listing of the new Hiap Huat Shares, which was obtained through its letter dated 30 May 2018, is subject to the following conditions:

Conditions imposed	Status of compliance
(i) Hiap Huat and HLIB must fully comply with the relevant provisions under the Bursa Securities ACE Market Listing Requirements pertaining to the implementation of the Proposed Special Issue;	To be complied
(ii) Hiap Huat and HLIB to inform Bursa Securities upon the completion of the Proposed Special Issue; and	To be complied
(iii) Hiap Huat to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Special Issue is completed.	To be complied

## 7. CORPORATE PROPOSALS WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposed Special Issue (which is the subject matter of this circular), our Board is not aware of any other outstanding corporate proposals which have been announced but not yet completed as at the date of this circular.

The Proposed Special Issue is not conditional upon any other corporate proposals.

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

None of our directors, major shareholders and/or persons connected to them has any interest, whether direct or indirect, in relation to the Proposed Special Issue.

## 9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Hiap Huat Shares as traded on the ACE Market of Bursa Securities for the past 12 months from June 2017 to May 2018 are as follows:

	High (RM)	Low (RM)
<b>2017</b>		
June	0.115	0.100
July	0.130	0.110
August	0.120	0.100
September	0.115	0.100
October	0.135	0.105
November	0.135	0.100
December	0.110	0.100
<b>2018</b>		
January	0.120	0.100
February	0.115	0.100
March	0.110	0.085
April	0.100	0.085
May	0.105	0.090

The last transacted market price of the Hiap Huat Shares on:

- 8 March 2018, being the last Market Day immediately before the announcement of the Proposed Special Issue RM0.100
- the LPD RM0.095

(Source: Bloomberg L.P.)

## 10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Special Issue, including but not limited to the rationale and effects of the Proposed Special Issue, is of the opinion that the Proposed Special Issue is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution in relation to the Proposed Special Issue to be tabled at our forthcoming EGM.

## 11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Special Issue is expected to be completed by the third quarter of 2019.

## **12. EGM**

Our forthcoming EGM, the notice of which is set out in this circular, will be held at Room Green III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 26 June 2018 at 10.30 a.m. or immediately upon the conclusion of the 8th annual general meeting of Hiap Huat to be held at the same venue at 9.00 a.m. on the same day, whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Special Issue.

If you are unable to attend and vote in person at our forthcoming EGM, you may complete, sign and return the form of proxy in accordance with the instructions contained therein, to be deposited at our Share Registrar office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for our forthcoming EGM.

The lodging of the form of proxy will not preclude you from attending and voting in person at our forthcoming EGM should you subsequently wish to do so.

## **13. FURTHER INFORMATION**

Please 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

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

Our Board has seen and approved the contents of this circular, and our Board collectively and individually accepts full responsibility for the accuracy of the information given in this circular and confirms that, after having made all reasonable enquiries and to the best of our Board's knowledge and belief, there are no other facts, the omission of which would make any statement in this circular false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST**

HLIB, being our Principal Adviser and Placement Agent for the Proposed Special Issue, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this circular.

HLIB has confirmed that there is no conflict of interest existing or is likely to exist in its capacity as our Principal Adviser and Placement Agent for the Proposed Special Issue.

**3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at the LPD, our Board is not aware of any material commitments contracted or known to be contracted by our Group which may have a material impact on our financial position.

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities which, upon being enforceable, may have a material impact on our financial position or profitability:

	<b>RM</b>
Banker guarantees extended to suppliers for purchase of raw materials	82,500
Banker guarantees extended to customers for work performance	12,000
Banker guarantees in favour of Tenaga Nasional Berhad for supply of electricity	93,000
Total	<u>187,500</u>

**4. MATERIAL LITIGATION**

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

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) from the date of this circular up to and including the date of our forthcoming EGM:

- (i) our constitution;
- (ii) our audited consolidated financial statements for the past 2 FYEs 31 December 2016 and 31 December 2017, and our unaudited consolidated financial statements for the 3-month financial period ended 31 March 2018; and
- (iii) the letter of consent referred to in section 2 of this Appendix.



## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Hiap Huat Holdings Berhad ("**Hiap Huat**" or "**the Company**") will be held at Room Green III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 26 June 2018 at 10.30 a.m. or immediately upon the conclusion of the 8th annual general meeting of Hiap Huat to be held at the same venue at 9.00 a.m. on the same day, whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications the following resolution:

### ORDINARY RESOLUTION

**PROPOSED SPECIAL ISSUE OF UP TO 42,200,000 NEW ORDINARY SHARES IN HIAP HUAT TO BUMIPUTERA INVESTORS TO BE IDENTIFIED AND APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT AN ISSUE PRICE TO BE DETERMINED LATER ("PROPOSED SPECIAL ISSUE")**

**"THAT**, subject to the approvals of all the relevant regulatory authorities being obtained, approval be and is hereby given to the Company to allot and issue up to 42,200,000 new ordinary shares in Hiap Huat ("**Special Issue Shares**") at an issue price to be determined later in the manner set out in Section 2.3 of the Circular to Shareholders dated 11 June 2018 ("**Circular**") and for utilisation of proceeds as set out in Section 4 of the Circular, payable in full upon application by the Bumiputera investors to be identified and approved by the Ministry of International Trade and Industry;

**THAT** the Special Issue Shares shall, upon allotment and issue, rank equally in all respects with the then existing Hiap Huat Shares except that they shall not be entitled to any rights, allotments, dividends and/or any other distributions that may be declared, made or paid before the date of allotment and issuance of the said Special Issue Shares;

**AND THAT** the board of directors of the Company be and is hereby authorised to do all such acts and things and to execute all necessary documents to give full effect to the Proposed Special Issue with full power to assent to any conditions, modifications, variations and/or amendments as may be required by all the relevant authorities and to take all steps and actions as they may deem necessary and expedient to finalise, implement and give full effect to the Proposed Special Issue."

### By Order of the Board

**Tan Tong Lang**  
(MAICSA 7045482)  
Chartered Secretary

**Chong Voon Wah**  
(MAICSA 7055003)  
Chartered Secretary

Kuala Lumpur  
11 June 2018

### Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2018 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.*

2. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
3. *Where a holder appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at the Share Registrar office of the Company at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.*



## FORM OF PROXY



\*I/We, \_\_\_\_\_  
NRIC/Passport/Company No.: \_\_\_\_\_ Tel: \_\_\_\_\_  
CDS Account No.: \_\_\_\_\_ Number of Shares Held: \_\_\_\_\_  
Address: \_\_\_\_\_

being a member of **HIAP HUAT HOLDINGS BERHAD (881993-M)** hereby appoint:

- 1) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
Tel: \_\_\_\_\_ Percentage of Shares Represented: \_\_\_\_\_
- 2) Name of Proxy: \_\_\_\_\_ NRIC/Passport No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
Tel: \_\_\_\_\_ Percentage of Shares Represented: \_\_\_\_\_

or failing \*him/her, the Chairman of the Meeting, as \*my/our proxy to attend and vote for \*me/us, and on \*my/our behalf at the Extraordinary General Meeting of the Company to be held at Room Green III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 26 June 2018 at 10.30 a.m. or immediately upon the conclusion of the 8th annual general meeting of Hiap Huat to be held at the same venue at 9.00 a.m. on the same day, whichever is later, and at any adjournment thereof.

Please indicate with "X" how you wish your vote to be casted. In the absence of specific instruction, your Proxy will vote or abstain from voting at his/her discretion.

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1.	Proposed Special Issue		

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

\_\_\_\_\_  
Signature of Member/Common Seal

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- A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
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Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**The Share Registrar of**  
**HIAP HUAT HOLDINGS BERHAD** (881993-M)  
Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46, 47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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