

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT that the Tenth ("10th") Annual General Meeting ("AGM") of Hiap Huat Holdings Berhad ("Hiap Huat" or "the Company") will be held at Ballroom III, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 26 June 2020 at 9.00 a.m. and at any adjournment thereof for the purpose of transacting the following businesses:

AGENDA

- AS ORDINARY BUSINESS:**
- To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. Please refer to Explanatory Note 1
 - To approve the payment of Directors' fees of up to RM170,000 for the financial year ending 31 December 2020 to be divided amongst the Directors of the Company and other benefits payable of up to RM50,000 for the period from 26 June 2020 up to the next AGM of the Company. Ordinary Resolution 1
 - To re-elect the following Directors, who retire by rotation in accordance with Clause 105 of the Company's Constitution and who being eligible, have offered themselves for re-election:
 - Dato' Chan Say Hwa Ordinary Resolution 2
 - Mr. Wong Kah Ming Ordinary Resolution 3
 - To re-appoint Messrs UHY ("UHY") as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 4
- AS SPECIAL BUSINESS:**
- To consider and if thought fit, with or without modifications to pass the following resolutions:
- CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**
"To approve the following Directors, each of whom has served as an Independent Non-Executive Director ("INED") of the Company for a cumulative term of more than nine years, to continue to be designated as an INED of the Company:
 - Mr. Wong Kah Ming Ordinary Resolution 5
 - En. Zulkifly Bin Zakaria Ordinary Resolution 6
 - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** Ordinary Resolution 7
THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate"); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities;
AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act.
 - PROPOSED RENEWAL OF SHARES BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES (PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY)** Ordinary Resolution 8
"THAT, subject always to the Act, the provisions of the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase and/or hold such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:
 - the maximum aggregate number of shares which may be purchased and/or held as treasury shares by the Company pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase including the shares previously purchased and retained as treasury shares (if any);
 - the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase; and
 - the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.
 THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:
 - the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless by an ordinary resolution passed at the general meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;
 whichever occurs first, but shall not prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.
AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company".

8. To transact any other ordinary business for which due notice shall have been given in accordance with the Companies Act, 2016.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482 / SSM PC No. 201908002253)

Thien Lee Mee (LS 0009760 / SSM PC No. 201908002254)

Company Secretaries

Kuala Lumpur

Dated this 28 May 2020

Notes:

- A member of the Company entitled to attend 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.
- 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.
- 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.
- 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.
- 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.
- The Form of Proxy must be deposited at the Share Registrar Office of the Company at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- For the purposes of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Record of Depositors as at 16 June 2020. Only a depositor whose name appears on the Record of Depositors shall be entitled to attend, speak and vote at the meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
- 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.

COVID-19 Outbreak Measure Notes

- The health and safety of our members and staff who will attend the 10th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 10th AGM:
- Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 10th AGM in person.
 - Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the 10th AGM on their behalf by submitting the proxy form with predetermined voting instruction.
 - Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the 10th AGM in person.
 - Members or proxies who have been in physical contact with a person infected with COVID-19 are advised to refrain from attending the 10th AGM in person.
 - In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the 10th AGM in person.
 - Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the meeting in person.
 - Members or proxies are advised to observe/maintain social distancing throughout the meeting.
 - NO door gift will be provided to the Members or proxies.

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 10th AGM at short notice. Kindly check Bursa Securities's and Company's website at www.hiaphuat.com for the latest updates on the status of the said meeting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:

- Audited Financial Statements for the Financial Year Ended 31 December 2019**
This Agenda No.1 is meant for discussion only as Section 340(1)(a) of the Act provide that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this Agenda item is not put forward to the shareholders for voting.
- Ordinary Resolution 1: To Approve the Payment of Directors' Fees and Other Benefits Payable**
Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.
In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from 26 June 2020 until the next AGM of the Company.
In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.
- Ordinary Resolution 2 & 3: Re-election of Directors who retire in accordance with Clause 105 of the Company's Constitution**
Clause 105 of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.
A retiring Director shall retain office until the close of the meeting at which he retires.
Dato' Chan Say Hwa and Mr. Wong Kah Ming are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.
For the purpose of determining the eligibility of the Directors to stand for re-election at the 10th AGM, the Nomination Committee has considered the requirements under Rule 2.20A of the Listing Requirements of Bursa Securities and recommended Dato' Chan Say Hwa and Mr. Wong Kah Ming for re-election as Directors pursuant to Clause 105 of the Company's Constitution.
- Ordinary Resolution 5 & 6: Continuing in office as INED**
Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event that the Company intends to retain the independent director who has served in that capacity for more than nine (9) years. Following an assessment and recommendation by the Nominating Committee, the Board recommended that Mr. Wong Kah Ming and En. Zulkifly Bin Zakaria who has served as INED for a cumulative term of more than nine (9) years, to continue to be designated as INED of the Company based on the following key justifications:
 - they fulfill the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, are able to bring independent and objective judgment to the Board as a whole;
 - their experience in the relevant industries has enabled them to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills, contribution and competence;
 - they have been with the Company for a certain period and therefore understands the Company's business operations which enables them to contribute actively and effectively during deliberations or discussions at Board and Committee meetings;
 - they continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Group Managing Director and Executive Directors; and
 - they exercise due care during their tenure as an INED and carried out their professional duties in the best interest of the Company and shareholders.
- Ordinary Resolution 7: Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**
The Ordinary Resolution 7 proposed is a renewal of the general mandate and empowered the Directors of the Company pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company ("General Mandate"). The Company had obtained the mandate from the shareholders at the last AGM held on 24 May 2019 ("Previous Mandate"). As at the date of this Notice, no new shares in the Company were issued pursuant to the Previous Mandate and accordingly, no proceeds were raised.
Bursa Securities has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 ("Extended Utilisation Period") and thereafter, the 10% general mandate will be reinstated.
Having considered the current economic climate arising from the global Covid-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the forthcoming 10th AGM of the Company.
The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding its business plans, future investment project(s), working capital and/or acquisitions.
The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.
The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this 20% General Mandate is expected to be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company.
The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries.
- Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority for the Purchase of its Own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")**
The Ordinary Resolution 8, if passed, will renew the authority given to the Directors of the Company to purchase its own ordinary shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total amount of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Company's shares. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.
Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement to Shareholders dated 28 May 2020 which is dispatched together with the Company's Annual Report 2019.