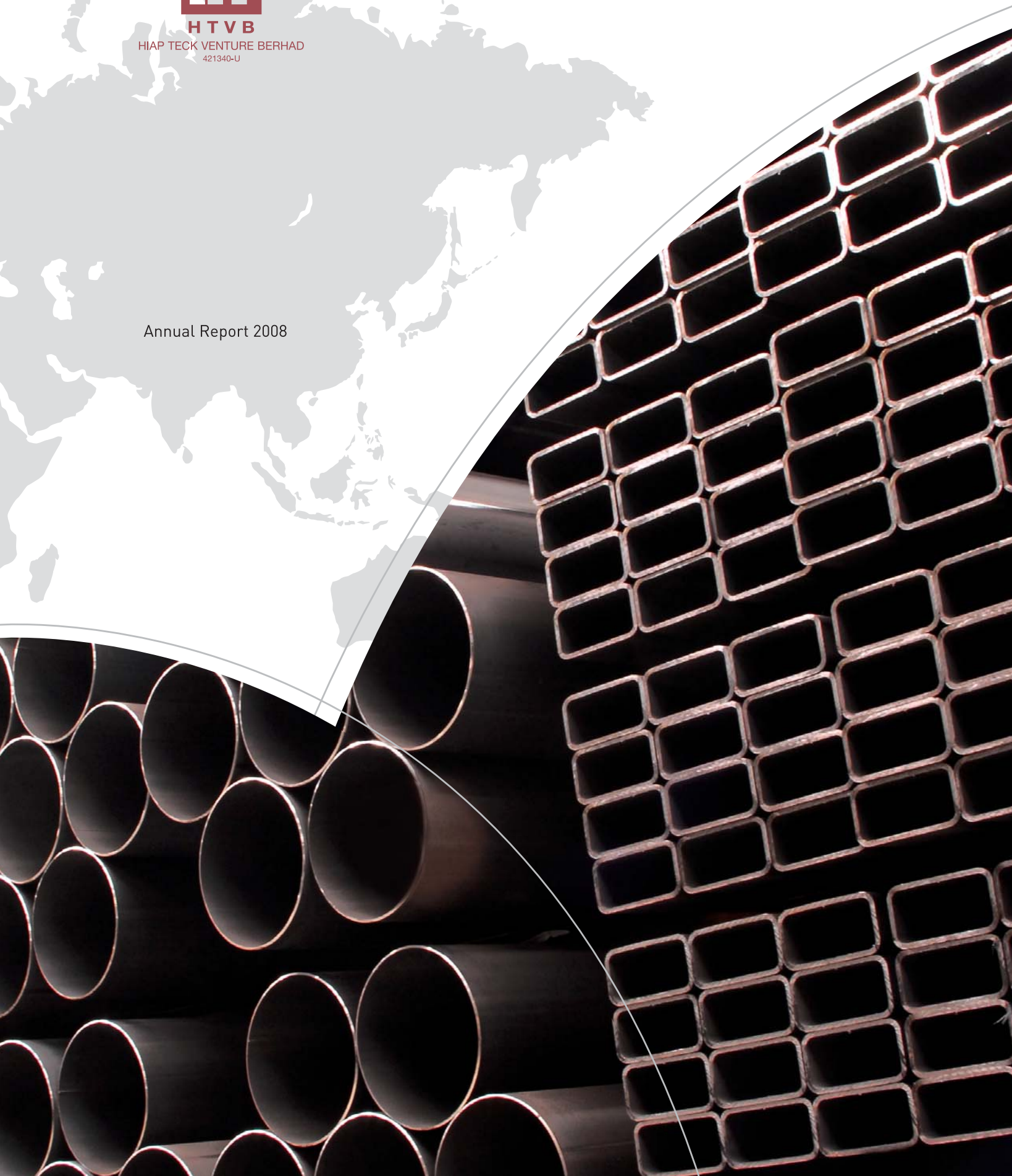
HTVB

HIAP TECK VENTURE BERHAD

421340-U

Annual Report 2008





- **BUILD VALUE FOR SHAREHOLDERS**
- **PARTICIPATE IN THE DEVELOPMENT OF THE COUNTRY**
- **TOTAL CUSTOMER SATISFACTION**
- **ENHANCEMENT OF EXISTING CORE BUSINESS TO POSITION FOR GROWTH**
- **ONE STOP STEEL CENTRE**
- **CONTINUOUSLY DEVELOP HUMAN ASSET**





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CORPORATE STRUCTURE



HIAP TECK VENTURE BERHAD
421340-U

100%
Hiap Teck Hardware Sdn Bhd
(276336-A)
Importer, exporter and general dealer in steel products, hardware and building materials

100%
Alpine Pipe Manufacturing Sdn Bhd
(267844-V)
Manufacturing and selling of pipes, hollow sections and other steel products

100%
Huatraco Marketing Sdn Bhd
(240510-T)
Manufacturing, selling and renting of scaffolding equipment and range of steel products, slitting and forming of pipes

100%
Tiek Hong Hardware (B'worth) Sdn Bhd
(278478-T)
General merchant and dealer in metal hardware, building equipment and materials

100%
Briliant Decade Transport Agency Sdn Bhd
(270261-D)
Provision of transportation services

100%
Hiap Teck Property Sdn Bhd
(313284-V)
Investment and renting out of properties

100%
Hiap Teck Steel Manufacturing Sdn Bhd
(409923-P)
Manufacturer and general dealer in steel products, hardware and building materials

100%
Huatraco Industries Sdn Bhd
(164409-A)
Manufacturing, selling and dealing in scaffolding and a range of steel products

100%
Huatraco Scaffold System Sdn Bhd
(282720-D)
Selling and renting of scaffolding components and accessories

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Tan Sri Dato' Alwi Jantan

Managing Director
Mr. Kua Hock Lai

Independent Non-Executive Directors
Dato' Mohamed Nizam bin Abdul Razak
Mr. Yeoh Chong Keat
Mr. Cheah Shu Boon

Alternate Director
Ms. Toh Su Lin
(Alternate Director to Mr. Cheah Shu Boon)

Executive Directors
Mr. Kua Swee Leong
Mr. Kua Swee Kiat
Ms. Law Sook Teng
Mr. Phang Chin Khiong
Mr. Teoh Peir Song

AUDIT COMMITTEE

Chairman
Mr. Yeoh Chong Keat

Members
Dato' Mohamed Nizam bin Abdul Razak
Mr. Cheah Shu Boon

REMUNERATION COMMITTEE

Chairman
Tan Sri Dato' Alwi Jantan

Members
Mr. Kua Hock Lai
Mr. Yeoh Chong Keat
Mr. Cheah Shu Boon

NOMINATION COMMITTEE

Chairman
Tan Sri Dato' Alwi Jantan

Members
Dato' Mohamed Nizam bin Abdul Razak
Mr. Cheah Shu Boon

INVESTMENT COMMITTEE

Chairman
Tan Sri Dato' Alwi Jantan

Members
Mr. Kua Hock Lai
Dato' Mohamed Nizam bin Abdul Razak
Mr. Yeoh Chong Keat

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

HEAD OFFICE & REGISTERED OFFICE

Lot 6096, Jalan Haji Abdul Manan,
Batu 5 1/2, Off Jalan Meru,
41050 Klang, Selangor Darul Ehsan
Tel No. : 6 03-3392-8888
Fax No. : 6 03-3392-9135
Website : www.htgrp.com.my

REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 26, Menara Multi-Purpose, Capital Square,
No.8, Jalan Munshi Abdullah,
50100 Kuala Lumpur
Tel No. : 6 03-2721-2222
Fax No. : 6 03-2721-2530

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W)
Hong Leong Bank Berhad (97141-X)
Malayan Banking Berhad (3813-K)
RHB Bank Berhad (6171-M)

AUDITORS

Ernst & Young (AF : 0039)
Chartered Accountants
Level 23A, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
50490 Kuala Lumpur

SOLICITORS

S.B. Cheah & Associates
Unit 8-16-2, Menara Mutiara Bangsar,
Jalan Liku, Off Jalan Riong,
Bangsar, 59100 Kuala Lumpur

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Main Board
Stock Code : 5072

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI DATO' ALWI JANTAN
INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIRMAN
(73 years of age - Malaysian)

Tan Sri Dato' Alwi Jantan is an Independent Non-Executive Director and Chairman of Hiap Teck Venture Berhad ("HTVB" or "the Company"). He was appointed to the Board of Directors of HTVB on 6 June 2003. Tan Sri Dato' Alwi also serves as Chairman of the Remuneration Committee, Nomination Committee and Investment Committee of HTVB.

Tan Sri Dato' Alwi currently sits on the boards of Genting Golf Course Bhd, Genting Highlands Berhad, Resorts World Berhad, Awana Vacation Resorts Development Berhad, Guinness Anchor Berhad and UOA Asset Management Sdn Bhd. He is also a director of several other private companies.

Tan Sri Dato' Alwi obtained his Bachelor of Arts (Honours) degree from the University of Malaya in Singapore in 1958 and also attended the Advanced Management Program at Harvard Business School in 1980. He held various positions in the Malaysian civil service and was the Director General of Public Service, Malaysia prior to his retirement in April 1990.

Tan Sri Dato' Alwi has no family relationship with any other directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past 10 years.

Tan Sri Dato' Alwi has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

KUA HOCK LAI
MANAGING DIRECTOR
(60 years of age - Malaysian)

Mr. Kua Hock Lai is the Managing Director of HTVB. He was appointed as Managing Director of HTVB on 6 June 2003. Mr. Kua is a member of the Remuneration Committee and Investment Committee of HTVB.

Mr. Kua is also a director of several subsidiary companies of HTVB and other private limited companies.

Mr. Kua is a businessman by profession and has 40 years of experience in the steel and building materials industry. With his long and in-depth experience, he plays an important role in guiding the Group's direction and future growth.

Mr. Kua is the father of Mr. Kua Swee Leong and Mr. Kua Swee Kiat, the Executive Directors of HTVB and the spouse of Madam Lim Ah Eng, a substantial shareholder of HTVB. He has no conflict of interest with the Company and has not been convicted of any offence within the past 10 years.

Mr. Kua has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

DATO' MOHAMED NIZAM BIN ABDUL RAZAK
INDEPENDENT NON-EXECUTIVE DIRECTOR
(50 years of age - Malaysian)

Dato' Mohamed Nizam bin Abdul Razak is an Independent Non-Executive Director of HTVB. He was appointed to the Board of Directors of HTVB on 6 June 2003. Dato' Nizam is a member of the Audit Committee, Nomination Committee and Investment Committee of HTVB.

Dato' Nizam currently holds directorships at Mamee Double-Decker (Malaysia) Bhd, Delloyd Ventures Berhad, Yeo Hiap Seng (Malaysia) Bhd, Synergy Track Bhd, Deutsche Bank (M) Berhad. He also sits on the board of several other private companies and he is also a trustee on several charitable foundations.

Dato' Nizam graduated with a Bachelor of Arts (Oxon) degree in Politics, Philosophy and Economics from Oxford University, United Kingdom. He was the Chief Executive Officer of PB Securities Sdn Bhd prior to his retirement in 1998.

Dato' Nizam has no family relationship with any other directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past 10 years.

Dato' Nizam has attended 3 out of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

YEOH CHONG KEAT
INDEPENDENT NON-EXECUTIVE DIRECTOR
(50 years of age - Malaysian)

Mr. Yeoh Chong Keat is an Independent Non-Executive Director of HTVB and was appointed to the Board of Directors on 6 June 2003. He is the Chairman of the Audit Committee and a Member of the Remuneration Committee and Investment Committee of the Board.

Apart from HTVB, he is also a director of Lien Hoe Corporation Berhad, Cheetah Holdings Berhad and company secretary of several public listed and private companies.

His qualification include being a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Malaysian Institute of Taxation, a Chartered Accountant (Malaysia) and a Member of the Malaysian Institute of Certified Public Accountants.

Having trained and qualified as a Chartered Accountant with Deloitte Haskins & Sells, UK (now part of PricewaterhouseCoopers, UK) he was also formerly the Head of the Corporate Services Division of a 'Big Four' accounting firm in Kuala Lumpur for over 10 years.

Mr. Yeoh has no family relationship with any other directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and he has not been convicted of any offence within the past 10 years.

He attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

PROFILE OF THE BOARD OF DIRECTORS
(Cont'd))

CHEAH SHU BOON
INDEPENDENT NON-EXECUTIVE DIRECTOR
(48 years of age - Malaysian)

Mr. Cheah Shu Boon is an Independent Non-Executive Director of HTVB. He was appointed to the Board of Directors of HTVB on 20 March 1997. Mr. Cheah serves as a Member of the Audit Committee, Nomination Committee and Remuneration Committee of HTVB.

Mr. Cheah currently sits on the boards of several private limited companies.

Mr. Cheah is a practising advocate and solicitor of the High Court of Malaya. He holds a Bachelor of Arts in Law (Honours) and a Master of Laws from the London School of Economics, University of London. He is also a Barrister-at-Law from Gray's Inn, England.

He is well experienced in a wide scope of legal work which include civil litigation, conveyancing, corporate matters and joint ventures. He has provided extensive advice in the negotiation and finalisation of various joint ventures and privatisation projects.

Mr. Cheah has no family relationship with any other directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and he has not been convicted of any offence within the past 10 years.

Mr. Cheah has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

TOH SU LIN
ALTERNATE DIRECTOR
(37 years of age - Malaysian)

Ms. Toh Su Lin is the Alternate Director of HTVB to Mr. Cheah Shu Boon. She was appointed to the Board of Directors of HTVB on 20 March 1997 and subsequently resigned and was appointed as the Alternate Director to Mr Cheah Shu Boon on 12 June 2003.

Ms. Toh also sits on the board of several private limited companies.

Ms. Toh is a practising advocate and solicitor of the High Court of Malaya. She holds a Bachelor of Laws (Honours) degree from the University of Leeds, England and holds the Certificate of Legal Practice.

Ms. Toh has no family relationship with any other directors and/or substantial shareholders of the Company. She has no conflict of interest with the Company and she has not been convicted of any offence within the past 10 years.

KUA SWEE LEONG
EXECUTIVE DIRECTOR
(34 years of age - Malaysian)

Mr. Kua Swee Leong is the Executive Director of HTVB. He was appointed to the Board of Directors of HTVB on 12 November 2003. Mr. Kua does not sit on any committee of HTVB.

Mr. Kua is also a director of several subsidiary companies of HTVB and other private limited companies.

He graduated with a Bachelor of Business Administration and Management degree from University of Kansas, U.S.A. He has been with the Company since graduating from university. Currently, he is responsible for the management and the daily operations of the Group.

Mr. Kua Swee Leong is the son of Mr. Kua Hock Lai, the Managing Director and substantial shareholder of the Company and Madam Lim Ah Eng, a substantial shareholder of the Company. He is the brother of Mr. Kua Swee Kiat, the Executive Director of HTVB. He has no conflict of interest with the Company and has not been convicted of any offence within the past 10 years.

Mr. Kua has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

KUA SWEE KIAT
EXECUTIVE DIRECTOR
(33 years of age - Malaysian)

Mr. Kua Swee Kiat is the Executive Director of HTVB. He was appointed to the Board of Directors of HTVB on 4 January 2006. He does not sit on any committee of HTVB.

Mr. Kua is also a director of several subsidiary companies of HTVB and other private limited companies.

Mr. Kua graduated with a Bachelor of Commerce, majoring in Accounting and Finance from Curtin University of Technology of Perth, Western Australia. Prior to joining HTVB in year 2001, Mr. Kua has spent 3 years with Ernst & Young's Assurance and Advisory Business Division. He is now overseeing the finance and operation of Alpine Pipe Manufacturing Sdn Bhd ("APM"), a wholly owned subsidiary of HTVB.

Mr. Kua Swee Kiat is the son of Mr. Kua Hock Lai, the Managing Director and substantial shareholder of the Company and Madam Lim Ah Eng, a substantial shareholder of the Company. He is the brother of Mr. Kua Swee Leong, the Executive Director of HTVB. He has no conflict of interest with the Company and has not been convicted of any offence within the past 10 years.

Mr. Kua has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

PROFILE OF THE BOARD OF DIRECTORS
(Cont'd)

LAW SOOK TENG
EXECUTIVE DIRECTOR
(40 years of age - Malaysian)

Ms. Law Sook Teng is the Executive Director of HTVB. She was appointed to the Board of Directors of HTVB on 6 June 2003. Ms. Law does not sit on any committee of HTVB. She is also a director of APM.

Ms. Law holds a Bachelor degree in Economics from Universiti Malaya. She was attached with Wing Tiek Steel Pipes Sdn Bhd as an Assistant Sales Manager before joining APM in 1994. She is involved in the management, sales and marketing of APM.

Ms. Law has no family relationship with any other directors and/or substantial shareholders of the Company. She has no conflict of interest with the Company and she has not been convicted of any offence within the past 10 years.

Ms. Law has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

PHANG CHIN KHIONG
EXECUTIVE DIRECTOR
(39 years of age - Malaysian)

Mr. Phang Chin Khiong is the Executive Director of HTVB. He was appointed to the Board of Directors of HTVB on 29 June 2007. Mr. Phang does not sit on any committee of HTVB. He is also a director of APM.

He was with Wing Tiek Steel Pipes Sdn Bhd as Assistant Sales Manager before he left to pursue a career in the steel industry with APM. He is involved in the management, sales and marketing of APM.

Mr. Phang has no family relationship with any other directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and he has not been convicted of any offence within the past 10 years.

Mr. Phang has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

TEOH PEIR SONG
EXECUTIVE DIRECTOR
(42 years of age - Malaysian)

Mr. Teoh Peir Song is the Executive Director of HTVB. He was appointed to the Board of Directors of HTVB on 29 June 2007. Mr. Teoh does not sit on any committee of HTVB. He also sits on the boards of several subsidiary companies of HTVB.

Mr. Teoh holds a Diploma in Civil Engineering. He was attached with Wing Tiek Holdings Berhad before joining Hiap Teck Hardware Sdn Bhd ("HTH"), a wholly owned subsidiary of HTVB in 1993. His experience in the marketing capacity has accorded him familiarity with the hardware trading business. Mr. Teoh is responsible for the marketing function of HTH.

Mr. Teoh has no family relationship with any other directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and he has not been convicted of any offence within the past 10 years.

Mr. Teoh has attended all of the 5 Board Meetings of HTVB held during the financial year ended 31 July 2008.

CHAIRMAN'S STATEMENT





On behalf of the Board of Directors of Hiap Teck Venture Berhad ("HTVB"), I am pleased to present the Annual Report and Financial Statements of the Company and the Group for the financial year ended 31st July 2008.

FINANCIAL PERFORMANCE

Once again, I am pleased to report that HTVB Group has recorded the third consecutive year of billion Ringgit turnover.

The operating environment during financial year 2008 started off soft, but later turned strong due to improving demand from both domestic and international markets and coupled with firmer steel prices.

The Group posted a 29.74% increase in revenue during the financial year under review to RM1.662 billion from RM1.281 billion previously. The top line growth was underpinned mainly by strong market demand and improved steel prices. In tandem with these, the Group achieved a record breaking net profit of RM154.278 million, representing an increase of 116.08% from RM71.397 million in the previous financial year.

DIVIDENDS

As a reward to shareholders for their support and with the record profit achieved, the Board of Directors is pleased to recommend a single tier final dividend of 3.0 sen per share on 322.4 million ordinary shares for the financial year 2008, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved, and taken together with the single tier interim dividend of 1.11 sen per share, the total dividend for financial year 2008 amounts to 4.11 sen per share (tax-exempt).

OPERATIONS REVIEW

During the financial year under review, the Group's pipe making subsidiary - Alpine Pipe Manufacturing Sdn Bhd ("APM") obtained the American Petroleum Institute ("API") Monogram Certification. With the API Monogram Certification, we are now officially placing our footprint into the oil & gas industry.

The Group's pursuit of moving up the value chain of its products to higher grades is continuing. In addition to API Monogram Certification, APM has successfully obtained the CE Marking Certification in January 2008. The marking is obligatory for certain products when sold in the European region. With the CE Marking Certification on hand, the Group is able to penetrate into the European market.

The CE Marking Certification has also qualified the Group as an "Audited Mill" which complies to the Singapore's Building & Construction Authority ("BCA")'s latest mandatory ruling.

The Group's trading division benefited from the robust demand in the domestic market and increased selling prices. The trading division showed significant improvements in its financial results over the previous year. Sales revenue increased to RM980.4 million from RM642.9 million in financial year 2007. As one of the leading steel stockists in Malaysia, the trading division maintained its strong presence in the domestic market.

CHAIRMAN'S STATEMENT
(Cont'd)

CORPORATE DEVELOPMENT

During the year, the Group has surrendered the Special Incentive for full income tax relief granted by the authority to APM. Without the Special Incentive, APM will continue to enjoy its normal tax incentive for its capital investment.

PROSPECTS

Financial Year 2009 is expected to be more challenging. Global economic growth is expected to moderate in 2009, given the effect of not just US, but more the global recessionary pressures.

Despite the volatile environment and the effects of rising inflation in most economies, the Group will strive to intensify its efforts to improve efficiency and productivity in its operations and to deliver satisfactory results for the next financial year ending 31 July 2009.

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible corporate citizen, the Group remains steadfast in our commitment to contribute to our society, and add value to the community at large. The Group is guided in every aspect of its operations by recognising that respect and fair regard are best earned by always conducting our affairs in a responsible manner.

It follows that HTVB has and will continue to look after the environment and respond to those in need, as well as support causes related to education and personal development of the young and under-privileged. During the year, the Group has donated to the Sichuan Earthquake Fund and the Myanmar Cyclone Nargis Fund.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to extend our deepest gratitude to our valued customers, suppliers, bankers, business associates and shareholders for their continuing support and confidence in us, without which, our success would not be achievable. We look forward to strengthening our relationships and upholding your faith in us.

I also wish to extend my sincere appreciation to the Board of Directors, the management and all staff for their dedication and contributions in making the year a successful one. I am confident that with your continued support and devotion, HTVB's achievements in the future will outshine our successes in the past.

TAN SRI DATO' ALWI JANTAN
Chairman

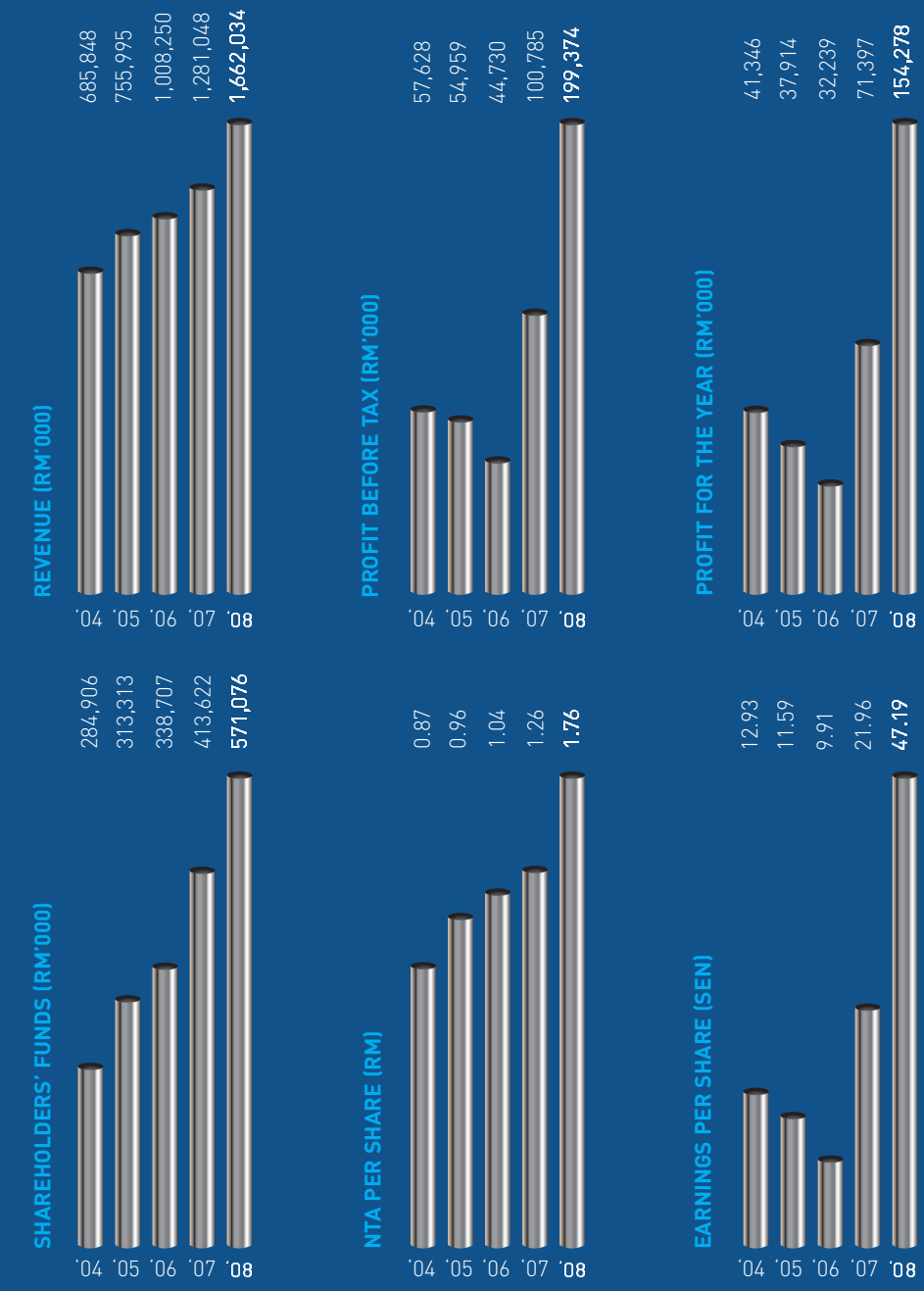






BUILD VALUE TO PARTICIPATE IN THE DEVELOPMENT OF THE COUNTRY

FINANCIAL HIGHLIGHTS



STATEMENT ON CORPORATE GOVERNANCE

The Board of Hiap Teck Venture Berhad recognizes the importance of maintaining good corporate governance in the Group. The Board is fully committed to apply the principles and best practices of the Malaysian Code on Corporate Governance ("the Code") to ensure that the highest standards of corporate governance are practiced throughout the Group.

The Board is pleased to provide the following statements which outline the main corporate governance practices that were in place throughout the financial year.

A. BOARD OF DIRECTORS

i. The Board

The Group acknowledges the vital role played by the Board in the stewardship of the directions and business operations of the Group. To fulfill this role, the Board retains effective control of the Group and is involved in deciding the overall Group strategy and direction, approval of major capital expenditure, significant financial matters and the review of financial and operating performance of the Group.

The Board recognizes the importance for the Company to maintain a dynamic relationship between the Board and the management. The Board as a whole is dedicated to practice clear demarcation of duties, responsibilities and authority within the Company.

Meetings

Board meetings are scheduled every quarter and additional meetings are convened as and when necessary. There were five (5) Board of Directors' Meetings held during the financial year ended 31 July 2008.

Details of the Board of Directors Meetings and their attendance at these meetings are as follows:

Name of Directors	Total Meetings Attended by Directors	% of Attendance
Tan Sri Dato' Alwi Jantan (Chairman, Independent Non-Executive Director)	5/5	100
Mr. Kua Hock Lai (Managing Director)	5/5	100
Dato' Mohamed Nizam bin Abdul Razak (Independent Non-Executive Director)	3/5	60
Mr. Yeoh Chong Keat (Independent Non-Executive Director)	5/5	100
Mr. Cheah Shu Boon (Independent Non-Executive Director)	5/5	100

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

Details of the Board of Directors Meetings and their attendance at these meetings are as follows (Cont'd):

Name of Directors	Total Meetings Attended by Directors	% of Attendance
Mr. Kua Swee Leong (Executive Director)	5/5	100
Mr. Kua Swee Kiat (Executive Director)	5/5	100
Ms. Law Sook Teng (Executive Director)	5/5	100
Mr. Phang Chin Khiong (Executive Director)	5/5	100
Mr. Teoh Peir Song (Executive Director)	5/5	100
Ms. Toh Su Lin (Alternate Director to Mr. Cheah Shu Boon)	N/A	N/A

Board Committees

The following Board Committees have been established to assist the Board in execution of its duties and responsibilities. The functions and terms of reference of the committees as well as authority delegated by the Board to these Committees are clearly defined.

a. Audit Committee

The Audit Committee, comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the work of the Group's internal audit function as well as ensuring that an objective professional relationship is maintained with the External Auditors. Further details of the Audit Committee are contained in the Audit Committee's Report on pages 27 to 31 of this Annual Report.

b. Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors.

The members of the Nomination Committee are:

Name	Designation	Directorship
Tan Sri Dato' Alwi Jantan	Chairman	Independent Non-Executive Director
Dato' Mohamed Nizam bin Abdul Razak	Member	Independent Non-Executive Director
Mr. Cheah Shu Boon	Member	Independent Non-Executive Director

The Nomination Committee is responsible for proposing new nominees for the Board and for assessing Directors as an on-going basis. Nevertheless, the actual decision as to who shall be appointed remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

The Nomination Committee serves to ensure that the Company has an effective Board comprising Directors of required mix of skill, experience and other qualities including core competencies. The Nomination Committee ensures an assessment on the effectiveness of the Board, its Committees and the contribution of each Director is carried out once a year.

The Company is entitled to the service of the Company Secretary to ensure the appointment of each of its Directors is properly made.

The Nomination Committee has met twice during the financial year ended 31 July 2008.

c. Remuneration Committee

The Board formed a Remuneration Committee on 24 September 2003. The members of the Remuneration Committee are:

Name	Designation	Directorship
Tan Sri Dato' Alwi Jantan	Chairman	Independent Non-Executive Director
Mr. Kua Hock Lai	Member	Managing Director
Mr. Yeoh Chong Keat	Member	Independent Non-Executive Director
Mr. Cheah Shu Boon	Member	Independent Non-Executive Director

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. The individual Director concerned does not participate in the discussion of his or her own remuneration.

It is the policy of the Remuneration Committee to structure the remuneration of the Executive Directors so as to link his rewards to individual and Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Fees payable to all Non-Executive Directors are proposed at the Annual General Meeting for the shareholders' approval.

The members of the Remuneration Committee have met twice during the financial year to review and discuss on the remuneration of the Executive Directors. Based on the comparison of Non-Executive Directors' remuneration of companies in similar industries, the Remuneration Committee had also recommended certain remuneration guidelines to the Board for its consideration and approval.

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

d. Investment Committee

The Board set up an Investment Committee on 25 June 2008. The members of the Investment Committee are:

Name	Designation	Directorship
Tan Sri Dato' Alwi Jantan	Chairman	Independent Non-Executive Director
Mr. Kua Hock Lai	Member	Managing Director
Dato' Mohamed Nizam bin Abdul Razak	Member	Independent Non-Executive Director
Mr. Yeoh Chong Keat	Member	Independent Non-Executive Director

The Investment Committee shall provide advice to the Board in establishing policies related to investments and making recommendations thereon to the Board for approval. The Investment Committee shall carry out annual review on the performance/return of the Group's investments. The Investment Committee also reviews the share price performance of the Company and recommends to the Board the appropriate time to buy-back its own shares. The Board as a whole decides on the number of units and price to be transacted.

ii. Board Balance

The Board consists of eleven (11) Directors of which six (6) are Executive Directors, four (4) are Independent Non-Executive Directors and an Alternate Director.

The concept of independence adopted by the Board is in line with the definition of an Independent Director of the Bursa Securities' Listing Requirements. The key elements of fulfilling the criteria are the appointment of Directors who are not members of management (Non-Executive Directors) and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the interests of the Company. The Board complies with the Bursa Securities' Listing Requirements, which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.

The composition of the Board is well balanced and the Group is led and controlled by an experienced Board made up of professionals and entrepreneurs who have a diverse range of business and financial experience. This mix of skills and experience is essential for the successful attainment of the corporate plans and objectives of the Group. A brief profile of each Director is presented on pages 4 to 9 of this Annual Report.

There is a clear demarcation of responsibility between the Independent Non-Executive Chairman and the Managing Director to ensure the balance of power and authority. Currently, the Board is chaired by Tan Sri Dato' Alwi Jantan, an Independent Non-Executive Director and he is primarily responsible for the Board effectiveness and conduct. The day-to-day responsibilities of overseeing the overall Group's financial and operational matters lie with the Executive Management under the direction of the Managing Director, Mr. Kua Hock Lai, to ensure that the Group is managed in an efficient manner.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the daily operations as well as business development of the Group. The Independent Non-Executive Directors offer unbiased independent view, advice and judgment in the best interest, not only for the Group but also of shareholders, employees and communities in which the Group conducts its business.

iii. Supply of Information

The Directors have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively. This information includes both verbal and written details. Senior management would be invited to be present at the Board and Audit Committee meetings, as and when required, to provide further explanation and representation to the Board. Strategic issues such as acquisition and disposal of the Group's investments or assets; announcements to regulators; corporate and restructuring exercises are presented to the Board for its decision to ensure that the direction and control of the Group is firmly in the Board's control. Besides Board Meeting, the Board also exercises control on matters that require Board's approval through circulation of Directors' resolutions.

Prior to meetings of the Board and Board Committees, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to all members. All Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at meeting and expedites the decision making process.

All Directors have access to further information which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. They also have accessed to the advice and services of the Company Secretary, whose appointment and removal may only be made with the approval of the Board.

iv. Appointment to the Board

There is a formal and transparent procedure which has been approved for the appointment of new Directors to the Board. The Nomination Committee recommends new candidates for all directorships to be filled by the Board. The Board is constantly reviewing the performance of its existing Directors as well as appointing new Directors to the Board wherever the need arises.

v. Re-election

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

Directors over seventy (70) years of age shall hold office until the next annual general meeting but shall be eligible for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

vi. Directors' Training

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. Directors are encouraged to attend seminars and/or conferences organized by relevant regulatory authorities and professional bodies to keep abreast with development in the market place.

The Directors will continue to evaluate the training needed and to attend other relevant training programmes to further enhance their skills and knowledge to keep abreast with the changing business developments relevant to the industry in which the Group is in.

Append below are some of the training / seminars attended by the Directors during the financial year:

1. Asean Steel Conference - organized by MISIF
2. Breakthrough in Personal Sales - organized by HR Target Consulting Sdn Bhd
3. Directors' Continuing Education Programme - organized by Guinness Anchor Berhad and Fraser & Neave Holdings Bhd
4. Introduction to Steelmaking - organized by MISIF
5. National Tax Conference - organized by M.A.T.A.
6. Trade Forum (WTO,FTA & ASEAN - CEPT) - organized by MISIF

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

B. DIRECTORS' REMUNERATION

The remuneration policy of the Company for the Managing Director and the Executive Directors are structured to link rewards to corporate and individual performance in order to retain Directors with the relevant skills and experience to meet the challenges of the Group.

The Non-Executive Directors' remuneration comprises fees and allowances. Determination of the said remuneration is balanced with their roles and responsibilities.

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM50,001 - RM100,000	-	1
RM300,001 - RM350,000	1	-
RM450,001 - RM500,000	1	-
RM550,001 - RM600,000	2	-
RM600,001 - RM650,000	1	-
RM6,800,001 - RM6,850,000	1	-

The aggregate remuneration paid/payable to all Directors of the Company are further categorized into the following components:

	Fees (RM)	Salaries & Other Emoluments (RM)	Benefits -in-kind (RM)	Total (RM)
Executive Directors	-	9,299,812	121,413	9,421,225
Non-Executive Directors	175,000	18,000	-	193,000

C. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

The Board recognizes the importance of maintaining transparency and accountability to its shareholders and investors. Thus, the Board provides timely and accurate disclosure of all material information of the Group to the shareholders and investors.

Information is disseminated through various disclosures and announcements made to Bursa Malaysia Securities Berhad which includes the quarterly reports, annual report and press releases. The Company's website provides shareholders and investors the overview information of the Group's business.

In addition, the Company conducts briefings and dialogues with financial analysts locally and abroad to give them an overview of the Group's performance and operations and at the same time, it provides the management an opportunity to directly address, explain or clarify issues that investors may have regarding the business, operations and prospects of the Group.

The Annual General Meeting serves as a principal forum for dialogue with all shareholders. At the General Meetings, the Board provides opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. Extraordinary General Meetings are held as and when required. The Chairman of the meeting will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries.

The Board has identified Mr. Yeoh Chong Keat as the Senior Independent Non-Executive Director to whom concerns from the shareholders relating to the Company may be conveyed.

D. ACCOUNTABILITY AND AUDIT

i. Financial Reporting

The Board through the review by the Audit Committee and in consultation with the External Auditors, presents a balanced and understandable assessment of the Group's financial position and prospect to the shareholders, investors and regulatory authorities.

ii. Internal Control

The Board acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' interest and the Group's assets. An internal audit function was established to assist the Audit Committee in reviewing the state of internal control of the Group and to highlight areas for management improvement.

The state of internal control of the Group is explained in greater detail in the enclosed Statement on Internal Control.

iii. Relationship with Auditors

The Group has established a transparent and professional relationship with its External Auditors. The Audit Committee reviews the audit plans, scope of audit and audit report as well as their professional fees and appointment. The appointment of the External Auditors is subject to the approval of the shareholders at the general meeting of the Company.

The External Auditors are invited to attend the Audit Committee meetings. The External Auditors are expected to present their audit plans, to report their findings to the Audit Committee and to discuss with the Board of Directors on matters that necessitate the Board's attention.

The Audit Committee had met with the External Auditors on 27 September 2007 and 25 June 2008 without the presence of the Executive Directors and management.

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

Detail of shares buy-back during the financial year ended 31 July 2008 are as follows:

Month	No. of Shares Buy-Back	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration (RM)
Mar '08	562,100	1.56	1.55	1.5577	875,589.24
May '08	172,000	1.79	1.77	1.7855	307,112.45
June '08	1,483,300	1.79	1.58	1.6544	2,454,049.94
July '08	100,000	1.57	1.54	1.5664	156,635.65
Total	2,317,400				3,793,387.28

As at end of the financial year -

a. A total of 2,317,400 buy-back shares are being held as treasury shares and carried at cost; and
b. No shares have been cancelled.

STATEMENT ON CORPORATE GOVERNANCE
(Cont'd)

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year ended 31 July 2008.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 July 2008.

4. IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or public penalties imposed on the Company and its subsidiaries, Directors or management by relevant regulatory bodies during the financial year ended 31 July 2008.

5. NON-AUDIT FEES

The non-audit fees of RM10,000.00 including those incurred for services rendered to HTVB or its subsidiaries for the financial year ended 31 July 2008 by the External Auditors or a firm or company affiliated to the External Auditors.

6. VARIATION IN RESULTS

There was no material variance between the results for the financial year and the unaudited results previously announced.

7. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year.

8. UTILISATION OF PROCEEDS

There were no proceeds raised by the Group from any corporate proposals during the financial year.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and substantial shareholders' interests as at 31 July 2008 except for those disclosed as recurrent related party transactions of revenue or trading nature or related party transactions.

10. REVALUATON POLICY

The Group's revaluation policy is stated in the summary of significant Accounting Policies in the financial statements.

11. RELATED PARTY TRANSACTIONS AND RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

On 18 December 2007, the Company sought approval for a shareholders' mandate for the Group to enter into recurrent related party transactions of revenue or trading nature.

The aggregate value of transactions conducted during the financial year ended 31 July 2008 in accordance with the shareholders' mandate obtained in the last Annual General Meeting were as follows:

Related Parties involved with HTVB and/or its subsidiaries	Nature of Transaction	Relationship and Nature of Interest	Value of Transactions (RM'000)
Power Concord Sdn Bhd ("PC")	i) Sales of steel products	i) PC is a person connected to Mr. Kua Swee Kiat, an Executive Director of HTVB and his sister, Ms. Kua Siu Hui.	3,706
	ii) Provision of transportation by lorries	ii) Mr. Kua Swee Kiat and Ms. Kua Siu Hui are directly interested in the transactions with PC by virtue of them being the directors and shareholders of PC. iii) Mr. Kua Hock Lai, the Managing Director and major shareholder of HTVB and Madam Lim Ah Eng, the major shareholder of HTVB are deemed interested in the transactions with PC by virtue of their children, Mr. Kua Swee Kiat's and Ms. Kua Siu Hui's direct interest in PC. iv) Mr. Kua Swee Leong, an Executive Director of HTVB is deemed interested in the transactions with PC by virtue of him being the brother of Mr. Kua Swee Kiat and Ms. Kua Siu Hui.	-
S.B. Cheah & Associates ("SBCA")	Provisions of legal services	i) SBCA is a person connected with Mr. Cheah Shu Boon, a Director of HTVB and his Alternate Director, Ms. Toh Su Lin. ii) Mr. Cheah Shu Boon and Ms. Toh Su Lin are directly interested in the transactions with SBCA by virtue of them being the partners of SBCA.	50

STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

Related Parties involved with HTVB and/or its subsidiaries	Nature of Transaction	Relationship and Nature of Interest	Value of Transactions (RM'000)
K. H. L. Sdn Bhd ("K.H.L.")	Rental expense	i) K.H.L is a person connected to Mr. Kua Hock Lai, the Managing Director and major shareholder of HTVB and his spouse, Madam Lim Ah Eng, the major shareholder of HTVB. ii) Mr. Kua Hock Lai and Madam Lim Ah Eng are directly interested in the transaction with K.H.L by virtue of them being the directors and major shareholders of K.H.L. iii) Mr. Kua Swee Leong and Mr. Kua Swee Kiat, the Executive Directors of HTVB are deemed interested in the transaction with K.H.L by virtue of them being the sons of Mr. Kua Hock Lai and Madam Lim Ah Eng. iv) United Coconut Fibre Products Sdn Bhd is deemed to be indirectly interested in the transaction with K.H.L by virtue of it being the major shareholder of HTVB and a person connected to Director and/or major shareholders of HTVB.	4,200
Macro Resources Sdn Bhd ("MRSB")	i) Renting of scaffolding equipment and sales of steel product	i) MRSB is a person connected to Mr. Yeoh Chong Keat, a Director of HTVB. ii) Mr. Yeoh Chong Keat is deemed interested in MRSB by virtue of him being a director of Lien Hoe Corporation Berhad ("LHCB"), MRSB is wholly owned subsidiary of LHCB.	325
United Overseas Australia Ltd ("UOA") group of companies	i) Renting of scaffolding equipment and sales of steel product	i) UOA is a person connected to Tan Sri Dato' Alwi Jantan, the Chairman of HTVB. ii) Tan Sri Dato' Alwi Jantan is deemed interested in any transaction with UOA by virtue of him being a director and shareholder of UOA.	-

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATENMENTS

The Board of Directors is required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable Financial Reporting Standards in Malaysia and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable financial reporting standards have been followed;
- prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future; and
- ensured that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable Financial Reporting Standards.

The Directors have the overall responsibility for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 30 October 2008.

STATEMENT ON INTERNAL CONTROL

The Board of Directors of Hiap Teck Venture Berhad acknowledges the importance of the system of internal control and recognises that it is their responsibility to maintain a sound system of internal control to safeguard the Group's interests. In this respect, the Board is responsible for identifying the principal business risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's system of internal control. Broadly, the experience of the directors and the management team; the independent review mechanism established in the organization; and the operational procedures constitute the key elements of the risk management and internal control frameworks in the Group.

The Group has an on-going process for identifying, evaluating and managing significant risks facing the organization. Primarily, the risk management function is driven by all Executive Directors and assisted by the management. This function is embedded and carried out as part of the Group's operating and business management processes. When necessary, external and relevant professionals are drawn on from time to time to assist and provide advice to the Board.

Independent review of system of internal control is essential to provide an objective assurance to the Board. Currently, this review mechanism is undertaken by the Audit Committee. The presence of the internal audit function complements this independent review mechanism and assists the Audit Committee in conducting their reviews. The independent review mechanism also covers the review of financial data and information. In this respect, the Audit Committee in consultation with the management and external auditors deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board for presenting to the shareholders and public investors.

Alpine Pipe Manufacturing Sdn Bhd ("APM") a key subsidiary of the Group continues to be certified under the ISO 9001:2000 Quality Management System. This quality management system is documented and forms the major part of the operational procedures in APM. The internal quality audits are carried out and annual surveillance audits are conducted by external certification body to provide assurance of compliance with the ISO requirements. Additionally, APM was accredited by the American Petroleum Institutes ("API") during the financial year. This API accreditation acknowledges and signifies the international standard of quality of the principal business processes of the Group. Both certifications provide a reference point to the management of other subsidiaries in furthering their improvement on the current operating procedures.

The Board is satisfied that the operating procedures and the process of review, evaluation and monitoring of risks and the system of internal control is reasonably effective. Nonetheless, the Board will continue to improve the Group's system of internal control along with the development change in its business. It shall also be noted that risk management systems and system of internal control are only designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

AUDIT COMMITTEE REPORT

The Audit Committee was established on 17 July 2003.

MEMBERSHIP

The members of the Committee are:

Name	Designation
Mr. Yeoh Chong Keat	Chairman
Mr. Cheah Shu Boon	Member
Dato' Mohamed Nizam bin Abdul Razak (appointed on 23 April 2008)	Member

All the Audit Committee members are Independent Non-Executive Directors.

TERMS OF REFERENCE OF THE COMMITTEE

1. Appointment/Composition:

1.1 The members of the Committee shall be appointed by the Board.

1.2 The Audit Committee shall consist of not less than three (3) members of whom:

a) All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;

b) at least one (1) member of the Audit Committee:

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants,

a) he must have at least three (3) years' working experience; and

* he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or

* he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

b) he must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or

c) he must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

(iii) fulfils such other requirements as prescribed or approved by the Exchange.

AUDIT COMMITTEE REPORT
(Cont'd)

1.3 No Alternate Director shall be appointed as a member of the Audit Committee.

1.4 A quorum shall be two (2) members and composed of a majority of Independent Directors.

1.5 The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee among their number who shall be an Independent Director.

1.6 The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

1.7 The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Meetings:

2.1 Meetings shall be held not less than four (4) times in a year. In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Audit Committee member, the Company's Chairman or the Internal or External Auditors if they consider it necessary.

2.2 Meetings will be attended by the members of the Audit Committee and the Company Secretary or his/her representative who shall act as the Secretary.

2.3 Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, General Managers, Division Heads, representatives from the Finance and Internal Audit Departments and External Auditors.

3. Authority:

3.1 The Audit Committee is authorised by the Board to carry out the duties mentioned below and the Board and Management shall give all assistance that is necessary to enable the Audit Committee to discharge its duties.

3.2 The Audit Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board and at the Company's cost:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company;

(d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

4. Functions and Responsibilities:

The functions and responsibilities of the Audit Committee shall include the following:

4.1 to discuss and liaise with the External Auditors to ensure the smooth implementation of the audit plan, review and forward the evaluation of the system of internal controls and audit report to the Board;

4.2 to review the assistance given by employees of the Group to the External Auditors;

4.3 to review the External Auditor's management letter and management's response;

4.4 to do the following in relation to the internal audit function:-

* to review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

* to review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;

* to review any appraisal or assessment of the performance of members of the internal audit function;

* to approve any appointment or termination of senior staff members of the internal audit function; and

* to take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.5 to review quarterly reports and annual financial statements prior to the approval of the Board, focusing particularly on:

(i) changes in or implementation of major accounting policy changes;
(ii) significant and unusual events; and
(iii) compliance with accounting standards and other legal requirements;

4.6 to review any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

4.7 to review and report the same to the Board any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;

4.8 to make recommendations concerning the appointment of the External Auditors and their remuneration to the Board;

4.9 prompt reporting to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by the Audit Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Listing Requirements.

The reports of the Audit Committee and the External and Internal Auditors and corrective action taken shall be tabled for discussion by the Board of Directors.

AUDIT COMMITTEE REPORT
(Cont'd)

5. Minutes:

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Audit Committee and the Board of Directors.

6. Audit Committee Report:

The Audit Committee shall ensure that an audit committee report is prepared at the end of each financial year that complies with subparagraph (6.1) and (6.2) below:

6.1 The audit committee report shall be clearly set out in the Annual Report of the Company;

6.2 The audit committee report shall include the following:

(a) the composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

(b) the terms of reference of the Audit Committee;

(c) the number of Audit Committee meetings held during the financial year end and details of attendance of each member;

(d) a summary of activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company; and

(e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanism that exist to enable the Audit Committee to discharge its functions effectively.

SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

During the financial year ended 31 July 2008, the Audit Committee convened a total of four (4) meetings. The details of attendance at the Committee meeting held in financial year 2008 are as follows:

Name of Members	Attendance
1. Mr. Yeoh Chong Keat	4/4
2. Mr. Cheah Shu Boon	4/4
3. Dato' Mohamed Nizam bin Abdul Razak (appointed on 23 April 2008)	1/1
4. Mr. Kua Swee Kiat (resigned on 23 April 2008)	3/3

The Group Financial Controller and Internal Auditors are usually present at the meetings. Representative of the External Auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. Other Board members may attend meeting upon the invitation of the Audit Committee. The Company Secretary was the secretary at the Audit Committee meetings.

The main activities undertaken by the Audit Committee during the financial year were as follows:

- Reviewed the quarterly financial results and annual financial statements of the Company and the Group prior to submission to the Board of Directors for their consideration and approval.
- Reviewed the internal audit reports and consideration of the findings and management's responses thereto.
- Reviewed and discussion with External Auditors the issues arising from the statutory audit, the audit report and the management letters including management's responses.
- Reviewed the Related Party Transactions of the Group.
- Reviewed and approved the internal audit plan, strategy and scope of work.
- Reviewed the external audit plans / audit planning memorandum for financial year ended 31 July 2008.
- Reviewed the Statement on Internal Control prior to its inclusion in the Annual Report.
- Meeting with the External Auditors in the absence of the Executive Directors and management.

INTERNAL AUDIT FUNCTION

The Board acknowledges its responsibility and the importance of maintaining a sound system of internal controls.

The Audit Committee is supported by an internal audit function which is undertaken by a professional service firm. The internal audit function is independent of all operating units. It provides independent assessment and objective assurance on the effectiveness of the system of internal control in key business activities within the Group. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objectives reports on the state of internal control of the various operating units of the Group. The internal audit reports are reviewed by the Audit Committee and the management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

During the financial year, the internal auditors undertook audit review based on the annual audit plan which was approved by the Audit Committee. Below are the main activities carried out during the financial year:

i) ascertaining the extent of compliance with established policies, procedures and statutory requirements of the main operating units;

ii) reviewed of recurrent related party transaction control procedures;

iii) performed management qualitative survey; and

iv) follow-up audits on the implementation of audit recommendations and action plans agreed upon by management.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on page 26 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group recognizes the importance of its social obligations to the society in which it operates in whilst striving to achieve a balanced approach to fulfill its key business objectives and the expectations of its stakeholders.

The Workplace

The Group has set up an Occupational Safety and Heath Committee to develop policies and guidelines to provide and maintain a safe and healthy workplace for all its employees, contractors and visitors. Representatives from the Health & Safety Committee conduct frequent safety checks at the workplace to ensure that all safety requirements and precautions are strictly observed. Information on safety measures is communicated to all employees through announcements on notice boards located in strategic employees' assembly areas and through regular trainings.

Life Long Learning

It has always been our Group Managing Director's philosophy that people should always continue to learn to improve themselves to be better persons and employees. It is consistent with this simple philosophy that the Group has been consistently helping our employees to achieve their fullest potential by equipping them with the necessary skills and education through training. Apart from organizing in-house training, our employees are encouraged to attend seminars and training organized by external professional bodies. In addition, the Group also provides scholarship to the employees and their children; giving them the opportunities and encouraging them to improve themselves in education and life long learning.

The Environmental

The Group acknowledges the fact that the environment is the single most valuable asset which we as responsible citizen can pass on to our future generations. The need and responsibility to protect and preserve the environment which includes controlling the disposal of waste and prevention of pollution have become one of our most important business agenda. All industrial wastes from the Group's operations are properly treated and disposed of in safe and environmental friendly ways. The Group observes strict compliance with all environmental regulations and laws of our country at all times.

The Group has and will always consider environmental factors in all its operating decisions and will continuously explore and develop feasible and safe processes and procedures to minimize any adverse impact from all its operations on the environment.

The Group strongly believes in "Preserving the Environment for Our Future Generations!"

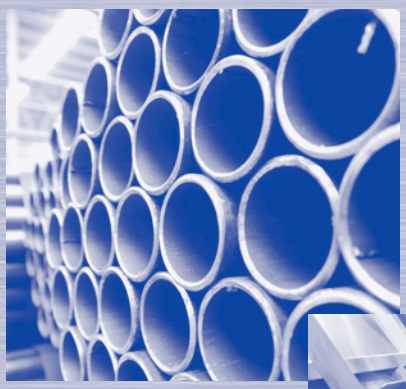
The Community

Our focus on people, social engagement and support for the needy forms the cornerstone of our social responsibility. The Group has been answering the calls for assistance, either financially or in-kinds from various non-profit organizations, schools and individuals in our local community. On an international level, the Group has responded to appeals for aids from the victims of natural disasters such as earthquakes and floods. During the year, the Group, in particular, has donated to the Sichuan Earthquake Fund and the Myanmar Cyclone Nargis Fund.

The Group's strong social values and responsibility to the community has brought about strong customers' support for our goals in meeting our social responsibility. Our customers have participated in our various charity fund raising activities in aid of the poor and/or the needy.

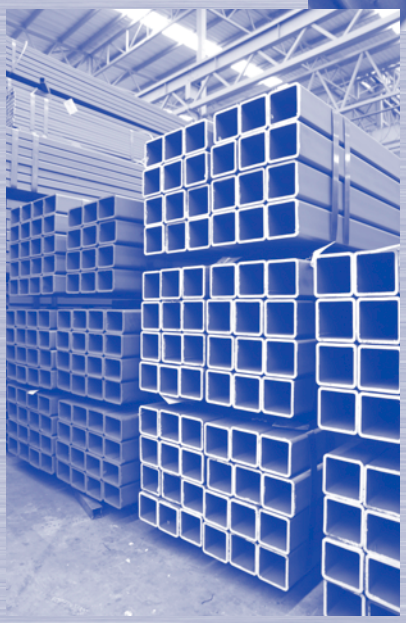
The Market Place

Strong customers' loyalty is the culmination of the Group's continuous development and belief in transparent business values and fair practices. We believe that we can only secure our customers' trust by continuously improving our products and services. The Group conducts customers' satisfaction surveys as part of its efforts to improve our products and services. The Group also practises good corporate governance by giving full support to its local suppliers.



- **BUILD VALUE FOR SHAREHOLDERS**
- **PARTICIPATE IN THE DEVELOPMENT OF THE COUNTRY**
- **TOTAL CUSTOMER SATISFACTION**
- **ENHANCEMENT OF EXISTING CORE BUSINESS TO POSITION FOR GROWTH**
- **ONE STOP STEEL CENTRE**
- **CONTINUOUSLY DEVELOP HUMAN ASSET**





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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment and property holdings and the provision of management services.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	154,278	10,573

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2007 were as follows:

	RM'000
In respect of the financial year ended 31 July 2007 as reported in the directors' report of that year:	
Final dividend of 2.5 sen per share less 26% taxation, on 327,400,000 ordinary shares, approved in the Annual General Meeting on 18 December 2007 and paid on 17 March 2008	6,057
In respect of the current financial year:	
Single tier interim dividend of 1.11 sen per share on 325,082,600 ordinary shares, declared on 11 July 2008 and paid on 19 August 2008	3,608
	9,665

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 July 2008, of 3.0 sen per share on 325,082,600 ordinary shares, amounting to a dividend payable of RM9,752,478 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2009.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Alwi Jantan
Kua Hock Lai
Dato' Mohamed Nizam bin Abdul Razak
Yeoh Chong Keat
Cheah Shu Boon
Law Sook Teng (f)
Kua Swee Leong
Kua Swee Kiat
Teoh Peir Song
Phang Chin Khiong
Toh Su Lin (f) (alternate director to Cheah Shu Boon)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, required to be kept under Section 134 of the Companies Act, 1965, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 Each			
	As at 1.8.2007	Acquired	Sold	As at 31.7.2008
The Company				
Direct Interest:				
Tan Sri Dato' Alwi Jantan	1 ,410,000	57,000	-	1 ,467,000
Kua Hock Lai	-	200,000	-	200,000
Dato' Mohamed Nizam bin Abdul Razak	7,171,147	-	-	7,171,147
Yeoh Chong Keat	-	20,000	-	20,000
Cheah Shu Boon	66,000	-	-	66,000
Law Sook Teng (f)	450,015	-	-	450,015
Kua Swee Leong	757	-	-	757

DIRECTORS' REPORT
(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, required to be kept under Section 134 of the Companies Act, 1965, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows (Cont'd):

	Number of Ordinary Shares of RM0.50 Each			
	As at 1.8.2007	Acquired	Sold	As at 31.7.2008
The Company (Cont'd)				
Direct Interest (Cont'd):				
Kua Swee Kiat	15,757	-	-	15,757
Teoh Peir Song	826,515	-	-	826,515
Phang Chin Khiong	114,615	-	-	114,615
Toh Su Lin (f)	12,000	-	-	12,000
Indirect Interest:				
Kua Hock Lai	124,099,485	-	-	124,099,485
Yeoh Chong Keat	-	18,000	-	18,000
Toh Su Lin (f)	-	3,000	-	3,000

By virtue of his shareholdings in the Company, Mr. Kua Hock Lai is also deemed to be interested in shares in all the subsidiaries of the Company.

TREASURY SHARES

During the financial year, the Company repurchased 2,317,400 of its issued ordinary shares from the open market at an average price of RM1.64 per share. The total consideration paid for the repurchase including transaction costs was RM3,793,387.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 23 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in these financial statements inadequate to any substantial extent; and

(ii) the values attributed to the current assets in these financial statements misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 October 2008.

KUA HOCK LAI LAW SOOK TENG

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, KUA HOCK LAI and LAW SOOK TENG, being two of the directors of HIAP TECK VENTURE BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 41 to 93 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 October 2008.

KUA HOCK LAI

LAW SOOK TENG

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, OOI AI LENG, being the officer primarily responsible for the financial management of HIAP TECK VENTURE BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 93 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed OOI AI LENG
at Kuala Lumpur in the Federal
Territory on 30 October 2008

OOI AI LENG

Before me,

Soh Ah Kau, AMN
Commissioner for Oaths
(No. W315)

INDEPENDENT AUDITOR'S REPORT

To the members of Hiap Teck Venture Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Hiap Teck Venture Berhad, which comprise the balance sheets as at 31 July 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 93.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

INDEPENDENT AUDITOR'S REPORT

To the members of Hiap Teck Venture Berhad (Incorporated in Malaysia) (Cont'd)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
No. AF:0039
Chartered Accountants

See Huey Beng
No. 1495/03/09(J)
Chartered Accountant

Kuala Lumpur, Malaysia
30 October 2008

INCOME STATEMENTS

For the year ended 31 July 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	3	1,662,034	1,281,048	21,234	11,994
Cost of sales	4	(1,403,990)	(1,113,717)	-	-
Gross profit		258,044	167,331	21,234	11,994
Other income		17,051	6,132	28	48
Operating costs in respect of income generating investment properties		(167)	(20)	(1,414)	(1,389)
Administrative expenses		(25,991)	(21,382)	(7,321)	(6,809)
Selling and marketing expenses		(25,047)	(24,916)	-	-
Other expenses		(2,712)	(5,327)	-	-
Profit from operations	5	221,178	121,818	12,527	3,844
Finance costs	8	(21,804)	(21,033)	-	-
Profit before tax		199,374	100,785	12,527	3,844
Income tax expense	9	(45,096)	(29,388)	(1,954)	(1,274)
Profit for the year		154,278	71,397	10,573	2,570
Earnings per share (sen):					
Basic	10	47.19	21.96		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 July 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 (restated)	Company 2008 RM'000	Company 2007 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	267,823	233,920	182	364
Investment properties	12	5,954	2,583	60,234	61,012
Prepaid land lease payments	13	3,713	2,476	-	-
Investment in subsidiaries	14	-	-	81,570	81,570
Other investments	15	208	236	-	-
Deferred tax assets	16	983	281	698	274
		278,681	239,496	142,684	143,220
CURRENT ASSETS					
Inventories	17	423,428	429,114	-	-
Trade receivables	18	355,486	239,532	-	-
Other receivables	19	37,735	30,445	76	99
Due from subsidiaries	20	-	-	49,824	47,126
Tax recoverable		4,460	1,983	812	1,382
Short term investment	21	83,838	-	375	-
Cash and bank balances	22	24,474	9,714	22	571
		929,421	710,788	51,109	49,178
TOTAL ASSETS		1,208,102	950,284	193,793	192,398
FINANCED BY:					
SHAREHOLDERS' EQUITY					
Share capital	23	163,700	163,700	163,700	163,700
Share premium	23	25,341	25,341	25,341	25,341
Treasury shares	23	(3,793)	-	(3,793)	-
Revaluation reserve	24(a)	31,635	15,001	-	-
Retained profits	24(b)	354,193	209,580	1,037	129
		571,076	413,622	186,285	189,170

BALANCE SHEETS

As at 31 July 2008 (Cont'd)

	Note	Group 2008 RM'000	Group 2007 RM'000 (restated)	Company 2008 RM'000	Company 2007 RM'000
NON-CURRENT LIABILITIES					
Borrowings	25	22,406	29,784	-	-
Deferred tax liabilities	16	13,540	6,027	-	-
		35,946	35,811	-	-
CURRENT LIABILITIES					
Borrowings	25	522,282	450,200	-	-
Trade payables	26	34,739	22,107	-	-
Other payables	27	31,286	26,940	3,900	3,228
Tax payable		9,165	1,604	-	-
Dividend payable		3,608	-	3,608	-
		601,080	500,851	7,508	3,228
TOTAL LIABILITIES		637,026	536,662	7,508	3,228
TOTAL EQUITY AND LIABILITIES		1,208,102	950,284	193,793	192,398

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the ended 31 July 2008

		← Non-Distributable →				Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 August 2006		163,700	21,853	(3,029)	14,450	141,733	338,707
Purchase of treasury shares	23	-	-	(340)	-	-	(340)
Transaction costs	23	-	-	(2)	-	-	(2)
Re-issuance of treasury shares	23	-	3,488	3,371	-	-	6,859
Decrease in deferred taxation previously recognised on revaluation		-	-	-	551	-	551
Dividends	28	-	-	-	-	(3,550)	(3,550)
Profit for the year		-	-	-	-	71,397	71,397
At 31 July 2007		163,700	25,341	-	15,001	209,580	413,622
Purchase of treasury shares	23	-	-	(3,778)	-	-	(3,778)
Transaction costs	23	-	-	(15)	-	-	(15)
Revaluation surplus on:							
Freehold land		-	-	-	5,230	-	5,230
Buildings		-	-	-	15,071	-	15,071
Tax effect on revaluation of buildings		-	-	-	(3,768)	-	(3,768)
Decrease in deferred taxation previously recognised on revaluation		-	-	-	101	-	101
Dividends	28	-	-	-	-	(9,665)	(9,665)
Profit for the year		-	-	-	-	154,278	154,278
At 31 July 2008		163,700	25,341	(3,793)	31,635	354,193	571,076

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the ended 31 July 2008

	Note	Non-Distributable Share Capital RM'000	Non-Distributable Share Premium RM'000	Non-Distributable Treasury Shares RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 August 2006		163,700	21,853	(3,029)	1,109	183,633
Purchase of treasury shares	23	-	-	(340)	-	(340)
Transaction costs	23	-	-	(2)	-	(2)
Re-issuance of treasury shares	23	-	3,488	3,371	-	6,859
Dividends	28	-	-	-	(3,550)	(3,550)
Profit for the year		-	-	-	2,570	2,570
At 31 July 2007		163,700	25,341	-	129	189,170
Purchase of treasury shares	23	-	-	(3,778)	-	(3,778)
Transaction costs	23	-	-	(15)	-	(15)
Dividends	28	-	-	-	(9,665)	(9,665)
Profit for the year		-	-	-	10,573	10,573
At 31 July 2008		163,700	25,341	(3,793)	1,037	186,285

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the year ended 31 July 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		199,374	100,785	12,527	3,844
Adjustments for:					
Loss/(gain) on disposal of other investments	5	16	(115)	-	-
Net unrealised foreign exchange gains	5	(2,792)	(673)	-	-
Provision for doubtful debts	5	51	-	-	-
Impairment loss of:					
Other investments	5	-	93	-	-
Property, plant and equipment	5	457	3,260	-	-
Investment properties	5	826	-	-	-
Prepaid land lease payments	5	1,070	-	-	-
Write back of provision for doubtful debts	5	-	(107)	-	-
Doubtful debts recovered	5	(79)	(937)	-	-
Depreciation of property, plant and equipment	5	17,313	16,271	182	182
Depreciation of investment properties	5	117	17	778	778
Amortisation of prepaid land lease payments	5	93	33	-	-
Inventories written off	5	1,465	-	-	-
Interest expense		21,518	20,452	-	-
Interest income:					
Deposits	5	(422)	(590)	(20)	(45)
Short term investment	5	(538)	-	(8)	-
Net overdue interest expense/(income)	5	196	(235)	-	-
Gross dividends income	5	-	(14)	(14,220)	(4,980)
Gain on disposal of property, plant and equipment	5	(7,028)	(2,931)	-	-
Operating profit/(loss) before working capital changes		231,637	135,309	(761)	(221)
Changes in working capital:					
Inventories		4,221	(203,504)	-	-
Receivables		(120,424)	22,044	23	(28)
Payables		16,692	9,812	672	1,342
Net change in intercompanies indebtedness		-	-	2,833	(6,108)
Cash generated from/(used in) operations		132,126	(36,339)	2,767	(5,015)

CASH FLOW STATEMENTS

For the year ended 31 July 2008 (Cont'd)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Balance brought forward		132,126	(36,339)	2,767	(5,015)
Interest paid		(21,518)	(20,452)	-	-
Net overdue interest income received		90	235	-	-
Taxes paid, net of taxes refunded		(36,868)	(28,294)	247	(684)
Net cash generated from/(used in) operating activities		73,830	(84,850)	3,014	(5,699)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of other investments		12	234	-	-
Net dividends received		-	10	6,634	5,007
Proceeds from disposal of property, plant and equipment		10,022	8,079	-	-
Interest received:					
Deposits		422	590	20	45
Short term investment		538	-	8	-
Purchase of property, plant and equipment	11(e)	(19,693)	(19,931)	-	-
Purchase of investment properties	12	(4,314)	(1,857)	-	-
Prepayment of land lease	13	(2,400)	(1,550)	-	-
Net short term investment	21	(83,838)	-	(375)	-
Net cash (used in)/generated from investing activities		(99,251)	(14,425)	6,287	5,052
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of term loans		(16,526)	(13,146)	-	-
Drawdown of bankers' acceptances, net of repayment		72,706	84,509	-	-
Purchase of treasury shares	23	(3,793)	(342)	(3,793)	(342)
Proceeds from re-issuance of treasury shares	23	-	6,859	-	6,859
Dividends paid		(6,057)	(5,887)	(6,057)	(5,887)
Net cash generated from/(used in) financing activities		46,330	71,993	(9,850)	630
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20,909	(27,282)	(549)	(17)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,199	30,481	571	588
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	24,108	3,199	22	571

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008

1. CORPORATE INFORMATION

The principal activities of the Company are investment and property holdings and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities. The registered office of the Company is located at Lot 6096, Jalan Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 October 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 January 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for land and buildings included within property, plant and equipment that have been measured at their revaluation values.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

(b) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Property, Plant and Equipment, and Depreciation (Cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is also not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	10 - 20%
Motor vehicles	20%
Other assets	10 - 20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(c) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the annual rate of 2% per annum.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(d) Impairment of Non-financial Assets

The carrying amounts of assets, other than investment properties, inventories, deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(e) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost of raw materials comprises costs of purchase plus costs incurred in bringing the inventories to their present locations and conditions. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to complete the sale.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(f) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call, net of outstanding bank overdrafts.

(ii) Other Non-current and Short Term Investment

Non-current and short term investment other than investments in subsidiaries and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest Bearing Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an entity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(f) Financial Instruments (Cont'd)

(vii) Derivative Financial Instruments

The Group uses derivative financial instruments, including forward foreign exchange contracts, to hedge its exposure to foreign exchange arising from operational activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are not recognised in the financial statements.

(g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating lease, with the following exception:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2 (c)).

(ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2 (b).

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Leases (Cont'd)

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(m)(iii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(j) Provisions

Provisions are recognised when the the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(k) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred.

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(l) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rate prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised net of sales taxes and discounts upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Transport Charges

Revenue from transport charges is recognised when the services have been performed.

(iii) Rental Income

Rental income related to rental of properties and scaffoldings are recognised over the period of tenancy or usage, as appropriate.

(iv) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(vi) Slitting and Forming Charges

Revenue from slitting and forming charges is recognised when the services have been performed.

(vii) Management Fees

Management fees are recognised when services are rendered.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 August 2007, the Group and the Company adopted the following revised FRSs:

i) Amendment to FRS 119_{2004}: Employees Benefits- Actuarial Gains and Losses, Group Plans and Disclosures
ii) FRS 6 - Exploration for and Evaluation of Mineral Resources
iii) FRS 117 - Leases
iv) FRS 124 - Related Party Disclosures

The adoption Amendment to FRS 119_{2004} and FRS 6 did not result in significant changes in accounting policies of the Group, while the adoption of FRS 124 gives rise to additional disclosures relating to related party transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

The principal changes in accounting policy and its effects resulting from the adoption of FRS 117 are discussed below:

(a) FRS 117 - Leases

Leasehold land held for own use

Prior to 1 August 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 August 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(c), certain comparatives have been restated. The effects on the balance sheet of the Group as at 31 July 2008 are set out in Note 2.3(b). There were no effects on the income statement of the Group and the financial statements of the Company for the year ended 31 July 2008.

(b) Summary of effects of adopting FRS117 on the current year's financial statements

Effects on balance sheets as at 31 July 2008

	Increase/ (Decrease) FRS 117 RM'000
Group	
Property, plant and equipment	(923)
Prepaid land lease payments	923

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(c) Restatement of comparatives

The following comparative figures have been restated as a result of adopting FRS117:

	As previously stated RM'000	Increase/ (Decrease) FRS 117 RM'000	As restated RM'000
Group			
Property, plant and equipment	234,861	(941)	233,920
Prepaid land lease payments	-	941	941

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS was issued but not yet effective and has not been applied by the Group and the Company:

	Effective for financial periods beginning on or after
FRS 139 - Financial Instruments: Recognition and Measurement	1 January 2010

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant Accounting Estimates and Judgement

(a) Critical Judgement Made in Applying Accounting Policies

The following is the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 - Investment Properties, in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgement (Cont'd)

(a) Critical Judgement Made in Applying Accounting Policies (Cont'd)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Certain freehold land and buildings of the Group and the Company with carrying value RM5,954,000 and RM60,234,000 (2007: RM2,583,000 and RM61,012,000) respectively are being let out to earn rental income and for capital appreciation purposes. Accordingly, these properties are now classified as investment properties.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at 31 July 2008, the total carrying values of recognised capital allowances and industrial building allowances of the Group and of the Company were RM596,000 and RM136,000 (2007: Nil) respectively . The unrecognised tax losses and capital allowances of the Group were Nil and RM6,074,000 (2007: RM1,707,000 and RM11,304,000) respectively.

(ii) Inventory Rebates Receivable

The Group is entitled to claim rebates for the export of certain goods manufactured from the raw materials purchased from a supplier. As at 31 July 2008, total rebates receivable from the supplier amounted to RM38,215,277 (2007: RM13,382,896). However, these rebates have not been certified by the supplier as at the date of this report.

In assessing the recoverability of the rebates, the Group has given due consideration to all pertinent information such as the recoverability rate of previous claims and the ability of the supplier to settle the debts. Notwithstanding that the rebates have not been certified, the management is confident that the actual amount certified by the supplier will not materially differ from the amount claimed by the Group and therefore recoverable from the supplier. Accordingly, no provision for doubtful recovery has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgement (Cont'd)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(iii) Impairment of Assets

The management determines whether the carrying amounts of the Group's freehold land, buildings, investment properties and prepaid lease payments on leasehold land have been impaired. This involves measuring the recoverable amounts through their fair values less costs to sell via valuation performed by independent professional valuer. Based on the results from the impairment assessments, the directors are of the opinion that the fair values less costs to sell of certain buildings, investment properties and prepaid lease payments on leasehold land are lower than their carrying amounts and therefore are impaired. Accordingly, impairment losses of these assets are recognised in the financial statements of the Group as stated in Note 5.

3. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods	1,655,052	1,269,978	-	-
Rental of scaffolding equipment	6,927	10,982	-	-
Transportation services	45	88	-	-
Slitting and forming charges	10	-	-	-
Dividends income	-	-	14,220	4,980
Rental of properties	-	-	4,710	4,710
Management fees	-	-	2,304	2,304
	1,662,034	1,281,048	21,234	11,994

4. COST OF SALES

	Group	
	2008 RM'000	2007 RM'000
Cost of inventories sold	1,397,300	1,107,240
Depreciation of scaffolding equipment for hire	3,867	3,823
Cost of transportation services rendered	2,823	2,654
	1,403,990	1,113,717

5. PROFIT FROM OPERATIONS

The following amounts have been included in arriving at profit from operations:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Employee benefits expense (Note 6)	20,670	19,688	42	54
Executive directors' remuneration (Note 7)	10,587	7,884	6,451	5,904
Non-executive directors' remuneration (Note 7)	193	188	193	188
Auditors' remuneration:				
Statutory audits				
- current year	165	145	40	40
- under provision in prior year	20	30	-	10
Other services	10	12	5	12
Minimum lease payments recognised as operating lease expense for:				
Land and buildings	4,270	4,277	-	-
Office equipment	10	14	-	-
Gas tank	11	11	-	-
Depreciation of property, plant and equipment (Note 11)	17,313	16,271	182	182
Depreciation of investment properties (Note 12)	117	17	778	778
Amortisation of prepaid land lease payments (Note 13)	93	33	-	-
Provision for doubtful debts	51	-	-	-
Impairment loss of:				
Other investments	-	93	-	-
Property, plant and equipment	457	3,260	-	-
Investment properties	826	-	-	-
Prepaid land lease payments	1,070	-	-	-
Inventories written off	1,465	-	-	-
Write back of provision for doubtful debts	-	(107)	-	-
Doubtful debts recovered	(79)	(937)	-	-
Bad debts recovered	-	(37)	-	-
Loss/(gain) on disposal of other investments	16	(115)	-	-
Gain on disposal of property, plant and equipment	(7,028)	(2,931)	-	-
Rental income	(577)	(84)	-	-
Gross dividends income	-	(14)	(14,220)	(4,980)
Net foreign exchange (gains)/losses:				
Realised	(1,136)	1,669	-	-
Unrealised	(2,792)	(673)	-	-
Interest income:				
Deposits	(422)	(590)	(20)	(45)
Short term investment	(538)	-	(8)	-
Net overdue interest expense/(income)	196	(235)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries and wages	16,776	16,238	35	41
Bonus	1,849	1,570	-	7
Defined contribution plans	1,796	1,657	4	6
Social security contributions	215	208	1	1
Short term accumulating compensated absences	34	15	2	(1)
	20,670	19,688	42	54

7. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	3,449	3,263	2,351	2,681
Bonus	4,740	2,749	3,330	2,531
Defined contribution plans	917	660	616	564
Social security contributions	3	3	-	1
Short term accumulating compensated absences	191	133	154	127
Benefits-in-kind	121	103	35	35
	9,421	6,911	6,486	5,939
Non-executive:				
Fees	175	182	175	182
Other emoluments	18	6	18	6
	193	188	193	188
	9,614	7,099	6,679	6,127

7. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of Subsidiaries:				
Executive:				
Salaries and other emoluments	612	576	-	-
Bonus	535	375	-	-
Defined contribution plans	137	114	-	-
Social security contributions	1	1	-	-
Short term accumulating compensated absences	2	10	-	-
Benefits-in-kind	44	38	-	-
	1,331	1,114	-	-
Total	10,945	8,213	6,679	6,127
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	10,587	7,884	6,451	5,904
Total non-executive directors' remuneration (Note 5)	193	188	193	188
Total directors' remuneration excluding benefits-in-kind	10,780	8,072	6,644	6,092

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive directors:		
RM250,001 - RM300,000	-	1
RM300,001 - RM350,000	1	3
RM450,001 - RM500,000	1	1
RM550,001 - RM600,000	2	-
RM600,001 - RM650,000	1	-
RM5,150,001 - RM5,200,000	-	1
RM6,800,001 - RM6,850,000	1	-
Non-executive directors:		
RMNil - RM50,000	3	4
RM50,001 - RM100,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

8. FINANCE COSTS

	Group	
	2008 RM'000	2007 RM'000
Interest expense on:		
Bank overdrafts	555	204
Bankers' acceptances	18,249	17,626
Term loans	2,714	2,622
Finance charges	286	581
	21,804	21,033

9. INCOME TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income statement				
Current income tax:				
Malaysian income tax	42,043	29,281	2,346	2,115
(Over)/under provision in prior years	(91)	(85)	32	6
	41,952	29,196	2,378	2,121
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	3,478	370	(452)	(837)
Relating to changes in tax rates	(230)	(202)	28	(10)
(Over)/under provision in prior years	(104)	24	-	-
	3,144	192	(424)	(847)
	45,096	29,388	1,954	1,274

9. INCOME TAX EXPENSE (CONT'D)

	Group	
	2008 RM'000	2007 RM'000
Statement of changes in equity		
Deferred income tax related to items charged or credited directly to equity:		
Tax effect on revaluation of buildings	3,768	-
Decrease in deferred taxation previously recognised on revaluation	(101)	(551)
	3,667	(551)

Domestic current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year except for certain subsidiaries of which the domestic income tax during the current financial year is calculated at the Malaysian statutory tax rate of 20% of the estimated assessable profit up to RM500,000 (2007: RM500,000). The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 July 2008 has reflected these changes.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2008 RM'000	2007 RM'000
Group		
Profit before tax	199,374	100,785
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	51,837	27,212
Different tax rate for small and medium scale companies	(180)	(176)
Effect of changes in tax rates on opening balance of deferred tax	(106)	(208)
Deferred tax recognised at different tax rates	(124)	6
Income not subject to tax	(693)	(291)
Expenses not deductible for tax purposes	3,205	4,070
Double deduction expenses	(73)	(70)
Utilisation of reinvestment allowance	(3,634)	(379)
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	(1,905)	(724)
Deferred tax assets not recognised in respect of other deductible temporary differences	-	9
Deductible temporary differences relating to previously non qualifying assets	(3,036)	-
(Over)/under provision of deferred tax in prior years	(104)	24
Over provision of income tax expense in prior years	(91)	(85)
Income tax expense for the year	45,096	29,388

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

9. INCOME TAX EXPENSE (CONT'D)

	2008 RM'000	2007 RM'000
Company		
Profit before tax	12,527	3,844
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	3,257	1,038
Effect of changes in tax rates on opening balance of deferred tax	11	(41)
Deferred tax recognised at different tax rates	17	31
Income not subject to tax	(1,650)	(12)
Expenses not deductible for tax purposes	287	252
Under provision of income tax expense in prior year	32	6
Income tax expense for the year	1,954	1,274

10. EARNINGS PER SHARE

Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2008	2007
Profit for the year (RM'000)	154,278	71,397
Weighted average number of ordinary shares in issue ('000)	326,961	325,074
Basic earnings per share (sen)	47.19	21.96

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Capital in Progress RM'000	Motor Vehicles RM'000	Other Assets RM'000	Total RM'000
Group							
At 31 July 2008							
Cost/Valuation							
At 1 August 2007	43,670	67,860	185,840	1,157	7,036	41,015	346,578
Additions	-	-	23,553	5,472	626	4,715	34,366
Disposals	-	-	(13,378)	-	-	(9,321)	(22,699)
Written off	-	-	(3,285)	-	-	-	(3,285)
Revaluation surplus	5,230	15,071	-	-	-	-	20,301
Transfers	-	-	392	(565)	-	173	-
At 31 July 2008	48,900	82,931	193,122	6,064	7,662	36,582	375,261
Representing:							
At cost	-	-	193,122	6,064	7,662	36,582	243,430
At valuation	48,900	82,931	-	-	-	-	131,831
At 31 July 2008	48,900	82,931	193,122	6,064	7,662	36,582	375,261
Accumulated Depreciation and Impairment							
At 1 August 2007	-	7,137	83,037	-	4,020	18,464	112,658
Charge for the year	-	1,357	9,998	-	785	5,173	17,313
Impairment loss	-	457	-	-	-	-	457
Disposals	-	-	(13,378)	-	-	(6,327)	(19,705)
Written off	-	-	(3,285)	-	-	-	(3,285)
At 31 July 2008	-	8,951	76,372	-	4,805	17,310	107,438
Representing by:							
Accumulated depreciation	-	8,494	76,372	-	4,805	17,310	106.981
Accumulated impairment	-	457	-	-	-	-	457
At 31 July 2008	-	8,951	76,372	-	4,805	17,310	107,438
Net Carrying Amount							
At cost	-	-	116,750	6,064	2,857	19,272	144,943
At valuation	48,900	73,980	-	-	-	-	122,880
At 31 July 2008	48,900	73,980	116,750	6,064	2,857	19,272	267,823

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Capital in Progress RM'000	Motor Vehicles RM'000	Other Assets RM'000	Total RM'000
Group							
At 31 July 2007							
Cost/Valuation							
At 1 August 2006	43,670	65,758	135,063	46,721	5,988	38,164	335,364
Additions	-	1,863	7,709	874	2,369	9,371	22,186
Disposals	-	-	(3,063)	-	(1,321)	(6,583)	(10,967)
Written off	-	-	-	-	-	(5)	(5)
Transfers	-	239	46,131	(46,438)	-	68	-
At 31 July 2007	43,670	67,860	185,840	1,157	7,036	41,015	346,578
Representing:							
At cost	26,002	41,228	185,840	1,157	7,036	41,015	302,278
At valuation	17,668	26,632	-	-	-	-	44,300
At 31 July 2007	43,670	67,860	185,840	1,157	7,036	41,015	346,578
Accumulated Depreciation and Impairment							
At 1 August 2006	-	5,798	71,595	-	4,466	17,092	98,951
Charge for the year	-	1,339	9,204	-	660	5,068	16,271
Impairment loss	-	-	3,260	-	-	-	3,260
Disposals	-	-	(1,022)	-	(1,106)	(3,691)	(5,819)
Written off	-	-	-	-	-	(5)	(5)
At 31 July 2007	-	7,137	83,037	-	4,020	18,464	112,658
Representing by:							
Accumulated depreciation	-	7,137	71,835	-	4,020	16,551	99,543
Accumulated impairment	-	-	11,202	-	-	1,913	13,115
At 31 July 2007	-	7,137	83,037	-	4,020	18,464	112,658
Net Carrying Amount							
At cost	26,002	37,307	102,803	1,157	3,016	22,551	192,836
At valuation	17,668	23,416	-	-	-	-	41,084
At 31 July 2007	43,670	60,723	102,803	1,157	3,016	22,551	233,920

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor Vehicles RM'000
Company	
At 31 July 2008	
Cost	
At 1 August 2007 / 31 July 2008	910
Accumulated Depreciation	
At 1 August 2007	546
Charge for the year	182
At 31 July 2008	728
Net Carrying Amount	182
At 31 July 2007	
Cost	
At 1 August 2006 / 31 July 2007	910
Accumulated Depreciation	
At 1 August 2006	364
Charge for the year	182
At 31 July 2007	546
Net Carrying Amount	364

(a) Other assets comprise equipment for hire, office renovations, furniture and fittings, heavy equipment, office equipment, tools, carpet, computer software, electrical installation, forklift, dies and jigs and containers.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Had the revalued properties been carried under the cost model, the carrying amounts of each class of property that would have been included in the financial statements of the Group as at 31 July 2008 would be as follows:

	Freehold Land RM'000	Buildings RM'000	Total RM'000
As at 31 July 2008			
Cost	38,079	55,050	93,129
Accumulated depreciation	-	(7,786)	(7,786)
Net carrying amount	38,079	47,264	85,343
As at 31 July 2007			
Cost	12,077	13,822	25,899
Accumulated depreciation	-	(2,764)	(2,764)
Net carrying amount	12,077	11,058	23,135

(c) The freehold land and buildings were revalued in July 2008 by Regroup Associates Sdn Bhd, an independent professional valuer. The Cost Method of Valuation supported by the Comparison Method were used in arriving at the value of those properties.

(d) The Group's property, plant and equipment (including those mentioned in note (e) below) with net book values of RM92,112,000 (2007: RM78,284,000) are pledged for borrowings as disclosed in Note 25.

(e) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM34,366,000 (2007: RM22,186,000) of which RM14,673,000 (2007: RM2,255,000) were acquired by means of term loan arrangements. Net book values of property, plant and equipment held under term loan arrangements are as follows:

	Group	
	2008 RM'000	2007 RM'000
Plant and machinery	63,871	57,254
Capital in progress	2,564	-
	66,435	57,254

(f) The Group's plant and equipment with carrying amount of RM11,735,000 (2007: RM14,160,000) are on lease to generate rental income.

(g) The RM457,000 impairment loss was recognised to reduce the carrying value of a building to its recoverable amount. The recoverable amount was based on fair value less costs to sell which was obtained through an independent valuation on the value of the building.

12. INVESTMENT PROPERTIES

	Freehold Land RM'000	Buildings RM'000	Total RM'000
Group			
At 31 July 2008			
Cost			
At 1 August 2007	485	2,115	2,600
Additions	-	4,314	4,314
At 31 July 2008	485	6,429	6,914
Accumulated Depreciation and Impairment			
At 1 August 2007	-	17	17
Charge for the year	-	117	117
Impairment loss	-	826	826
At 31 July 2008	-	960	960
Net Carrying Amount	485	5,469	5,954
At 31 July 2007			
Cost			
At 1 August 2006	485	258	743
Additions	-	1,857	1,857
At 31 July 2007	485	2,115	2,600
Accumulated Depreciation			
At 1 August 2006	-	-	-
Charge for the year	-	17	17
At 31 July 2007	-	17	17
Net Carrying Amount	485	2,098	2,583

The RM826,000 impairment loss was recognised to reduce the carrying value of certain buildings to its recoverable amount. The recoverable amount was based on fair value less costs to sell which was obtained through an independent valuation on the value of the buildings.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

12. INVESTMENT PROPERTIES (CONT'D)

	Freehold Land RM'000	Buildings RM'000	Total RM'000
Company			
At 31 July 2008			
Cost			
At 1 August 2007 / At 31 July 2008	26,002	38,900	64,902
Accumulated Depreciation			
At 1 August 2007	-	3,890	3,890
Charge for the year	-	778	778
At 31 July 2008	-	4,668	4,668
Net Carrying Amount	26,002	34,232	60,234
At 31 July 2007			
Cost			
At 1 August 2006 / 31 July 2007	26,002	38,900	64,902
Accumulated Depreciation			
At 1 August 2006	-	3,112	3,112
Charge for the year	-	778	778
At 31 July 2007	-	3,890	3,890
Net Carrying Amount	26,002	35,010	61,012

The estimated fair value of investment properties of the Group and of the Company are RM6,192,000 and RM74,600,000 (2007: RM2,838,000 and RM68,000,000) respectively.

13. PREPAID LAND LEASE PAYMENTS

	Group	
	2008 RM'000	2007 RM'000
At 1 August	2,476	959
Additions	2,400	1,550
Amortisation for the year	(93)	(33)
Impairment loss	(1,070)	-
At 31 July	3,713	2,476

The RM1,070,000 impairment loss was recognised to reduce the carrying value of the prepaid land lease payments to its recoverable amount. The recoverable amount was based on fair value less costs to sell which was obtained through an independent valuation on the prepaid land lease payments.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares at cost	81,570	81,570

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2008	2007	Principal Activities
Hiap Teck Hardware Sdn Bhd	Malaysia	100	100	Importer, exporter and general dealer of steel products, hardware and building materials
Tiek Hong Hardware (B'worth) Sdn Bhd	Malaysia	100	100	General merchant and dealer of metal hardware, building equipment and materials
Alpine Pipe Manufacturing Sdn Bhd	Malaysia	100	100	Manufacturing and trading of steel and iron products
Briliant Decade Transport Agency Sdn Bhd	Malaysia	100	100	Provision of transportation services

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2008	Equity Interest Held (%) 2007	Principal Activities
Huatraco Marketing Sdn Bhd	Malaysia	100	100	Manufacturing, selling and dealing in scaffolding equipment, slitting and forming process for pipes and range of steel products
Subsidiaries of Huatraco Marketing Sdn Bhd				
Huatraco Scaffold System Sdn Bhd	Malaysia	100	100	Distributor and renting of multi-directional crab system scaffolding, metal form and framework accessories
Huatraco Industries Sdn Bhd	Malaysia	100	100	Manufacturing, selling and dealing in scaffolding and range of steel products
Subsidiaries of Hiap Teck Hardware Sdn Bhd				
Hiap Teck Property Sdn Bhd	Malaysia	100	100	Property investment
Hiap Teck Steel Manufacturing Sdn Bhd	Malaysia	100	100	Manufacturer and general dealer of steel products

15. OTHER INVESTMENTS

	Group 2008 RM'000	Group 2007 RM'000
Cost:		
Quoted shares, within Malaysia	22	143
Less : Accumulated impairment losses	-	(93)
	22	50
Club memberships	186	186
	208	236
Market value of quoted shares	7	35

16. DEFERRED TAX

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 August	5,746	6,105	(274)	573
Recognised in income statement (Note 9)	3,144	192	(424)	(847)
Recognised in equity	3,667	(551)	-	-
At 31 July	12,557	5,746	(698)	(274)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(983)	(281)	(698)	(274)
Deferred tax liabilities	13,540	6,027	-	-
	12,557	5,746	(698)	(274)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets of the Group:

	Trade Receivables RM'000	Other Payables RM'000	Unabsorbed Capital Allowances/ Industrial Building Allowances RM'000	Total RM'000
At 1 August 2006	(18)	(1,209)	(222)	(1,449)
Recognised in income statement	17	(313)	222	(74)
At 31 July 2007	(1)	(1,522)	-	(1,523)
Recognised in income statement	(1)	(381)	(149)	(531)
At 31 July 2008	(2)	(1,903)	(149)	(2,054)

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

16. DEFERRED TAX (CONT'D)

Deferred Tax Liabilities of the Group:

	Trade Receivables RM'000	Revaluation Reserve RM'000	Property, Plant and Equipment RM'000	Investment Properties RM'000	Total RM'000
At 1 August 2006	57	3,776	3,721	-	7,554
Recognised in income statement	117	(47)	89	107	266
Recognised in equity	-	(551)	-	-	(551)
At 31 July 2007	174	3,178	3,810	107	7,269
Recognised in income statement	525	(52)	3,335	(133)	3,675
Recognised in equity	-	3,667	-	-	3,667
At 31 July 2008	699	6,793	7,145	(26)	14,611

Deferred Tax Assets of the Company:

	Other Payables RM'000	Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 August 2006	(433)	-	(433)
Recognised in income statement	(315)	-	(315)
At 31 July 2007	(748)	-	(748)
Recognised in income statement	(138)	(34)	(172)
At 31 July 2008	(886)	(34)	(920)

Deferred Tax Liabilities of the Company:

	Dividend Receivable RM'000	Property, Plant and Equipment RM'000	Investment Properties RM'000	Total RM'000
At 1 August 2006	840	2	164	1,006
Recognised in income statement	(559)	-	27	(532)
At 31 July 2007	281	2	191	474
Recognised in income statement	(281)	-	29	(252)
At 31 July 2008	-	2	220	222

16. DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items.

	Group	
	2008 RM'000	2007 RM'000
Unabsorbed capital allowances	6,074	11,304
Unused tax losses	-	1,707
Other deductible temporary differences	-	389

The availability of the unused tax losses and unabsorbed capital allowances for off-setting against future taxable profits of the Group are subject to no substantial changes in the shareholdings of the Group and the Company under Section 44(5A) and (5B) of the Income Tax Act, 1967. Deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the subsidiary can utilise the benefits.

17. INVENTORIES

	Group	
	2008 RM'000	2007 RM'000
Cost:		
Raw materials	93,105	183,483
Work-in-progress	25,563	25,819
Finished goods	100,366	107,313
Merchandise goods	202,158	111,147
Goods in transit	2,236	1,352
	423,428	429,114

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

18. TRADE RECEIVABLES

	Group	
	2008 RM'000	2007 RM'000
Trade receivables	360,228	244,302
Less: Provision for doubtful debts	(4,742)	(4,770)
	355,486	239,532

The Group's normal trade credit term ranges from 14 to 90 (2007: 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Included in trade receivables of the Group is an amount of RM153,393 (2007: Nil) owing from a company in which a director of the Company has significant interests.

The movements in provision for doubtful debts are as follows:

	Group	
	2008 RM'000	2007 RM'000
At 1 August	4,770	6,153
Provision for doubtful debts	51	-
Doubtful debts recovered, via:		
- Cash	(79)	(816)
- Shares assignment, classified as other investments	-	(121)
	(79)	(937)
Provision written back	-	(107)
Bad debts written off	-	(339)
At 31 July	4,742	4,770

19. OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits	6,047	18,075	30	53
Prepayments	5,111	3,708	41	41
Sundry receivables	26,577	8,662	5	5
	37,735	30,445	76	99

Included in deposits of the Group is an amount of RM5,000,000 (2007: RM12,076,000) being deposits placed with a major supplier of a subsidiary.

Included in sundry receivables of the Group are inventory rebates receivable from a supplier amounted to RM38,215,277 (2007: RM13,382,896). These rebates have not been certified by the supplier as at the date of this report. In assessing the recoverability of the rebates, the Group has given due consideration to all pertinent information such as the recoverability rate of previous claims and the ability of the supplier to settle the debts. Notwithstanding that the rebates have not been certified, the management is confident that the actual amount certified by the supplier will not materially differ from the amount claimed by the Group and therefore recoverable from the supplier. Accordingly, no provision for doubtful recovery has been made in the financial statements.

The Group has concentration of credit risk in the form of deposits and sundry receivables due from a major supplier of a subsidiary representing 82% (2007: 51%) of total other receivables.

20. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

21. SHORT TERM INVESTMENT

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost:				
Unit trust fund in licensed financial institution within Malaysia	83,838	-	375	-
Market value of investment as at:				
- 31 July 2008	83,717	-	372	-
- 30 October 2008	83,750	-	372	-

The above unit trust fund is called HLG Institutional Bond Fund, which invests predominantly in high quality and investment grade debt securities such as money market instruments, private debt securities and government securities in Malaysia and other foreign countries approved for investment by the Securities Commission. The investment is aimed at providing liquidity and capital stability to the Group while expecting relatively higher tax exempt interest income.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash on hand and at banks	22,501	8,409	13	534
Deposits with licensed banks	1,973	1,305	9	37
Cash and bank balances	24,474	9,714	22	571
Bank overdrafts (Note 25)	(366)	(6,515)	-	-
Total cash and cash equivalents	24,108	3,199	22	571

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group	
	2008 %	2007 %
Deposits with licensed banks	2.73	2.84

The average maturity of deposits as at the end of the financial year were 20 (2007:23) days.

23. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of Ordinary Share of RM0.50 Each		Amount		
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Share Premium RM'000	Treasury Shares RM'000
At 1 August 2006	327,400	(2,808)	163,700	21,853	(3,029)
Purchase of treasury shares	-	(392)	-	-	(340)
Transaction costs	-	-	-	-	(2)
Re-issuance of treasury shares	-	3,200	-	3,488	3,371
At 31 July 2007	327,400	-	163,700	25,341	-
Purchase of treasury shares	-	(2,317)	-	-	(3,778)
Transaction costs	-	-	-	-	(15)
At 31 July 2008	327,400	(2,317)	163,700	25,431	(3,793)

23. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D)

	Number of Ordinary Share of RM0.50 Each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised share capital				
At 1 August / 31 July	400,000	400,000	200,000	200,000

(a) Ordinary Shares Issued for Cash

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Treasury Shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 18 December 2007, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 2,317,400 of its issued ordinary shares from the open market at an average price of RM1.64 per share. The total consideration paid for the repurchase including transaction costs was RM3,793,387. The repurchase transactions were financed by internally generated funds.

24. RESERVES

(a) Revaluation Reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of freehold land and buildings.

	Group	
	2008 RM'000	2007 RM'000
At 1 August	15,001	14,450
Revaluation surplus on:		
Freehold land	5,230	-
Buildings	15,071	-
Tax effect on revaluation of buildings	(3,768)	-
Decrease in deferred tax previously recognised on revaluation	101	551
At 31 July	31,635	15,001

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

24. RESERVES (CONT'D)

(b) Retained Profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able distribute dividends out of its entire retained earnings under the single tier system.

25. BORROWINGS

	Group	
	2008 RM'000	2007 RM'000
Short Term Borrowings		
Secured:		
Term loans	19,369	13,844
Unsecured:		
Bank overdrafts	366	6,515
Bankers' acceptances	502,547	429,841
	502,913	436,356
	522,282	450,200
Long Term Borrowings		
Secured:		
Term loans	22,406	29,784
Total Borrowings		
Bank overdrafts	366	6,515
Bankers' acceptances	502,547	429,841
Term loans	41,775	43,628
	544,688	479,984

25. BORROWINGS (CONT'D)

	Group	
	2008 RM'000	2007 RM'000
Maturity of borrowings:		
Within one year	522,282	450,200
More than 1 year and less than 2 years	16,096	14,661
More than 2 years and less than 5 years	6,310	15,123
	544,688	479,984

The average interest rates during the financial year for borrowings were as follows:

	Group	
	2008 %	2007 %
Bank overdrafts	7.25 - 7.75	7.25 - 7.75
Bankers' acceptances	3.88 - 4.46	3.92 - 4.86
Term loans	4.85 - 6.00	5.50

The term loans are secured by the following:
(a) First legal charge over certain mills of a subsidiary as disclosed in Note 11(d); and
(b) Corporate guarantees by the Company.

26. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 14 to 90 (2007: 14 to 90) days.

27. OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sundry payables	13,390	11,155	-	-
Accruals	16,392	13,612	3,900	3,228
Deposits received	1,504	2,173	-	-
	31,286	26,940	3,900	3,228

Included in the accurals is an amount of Nil (2007: RM350,000) owing to a company in which a director of the Company has substantial interests.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

28. DIVIDENDS

	Dividends in Respect of Year			Dividends Recognised in Year	
	2008 RM'000	2007 RM'000	2006 RM'000	2008 RM'000	2007 RM'000
Recognised during the year:					
Interim dividend for 2006: 2% less 28% taxation, in respect of the year ended 31 July 2006 (1.0 sen per ordinary share)	-	-	2,337	-	-
Interim dividend for 2008: Single tier of 2.22%, in respect of the year ended 31 July 2008 (1.11 sen per ordinary share)	3,608	-	-	3,608	-
Proposed for approval at AGM (not recognised as at 31 July):					
Final dividend for 2006: 3% less 27% taxation, in respect of the year ended 31 July 2006 (1.5 sen per ordinary share)	-	-	3,550	-	3,550
Final dividend for 2007: 5% less 26% taxation, in respect of the year ended 31 July 2007 (2.5 sen per ordinary share)	-	6,057	-	6,057	-
Final dividend for 2008: Single tier of 6% , in respect of the year ended 31 July 2008 (3.0 sen per ordinary share)	9,752	-	-	-	-
	13,360	6,057	5,887	9,665	3,550

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 July 2008, of 3.0 sen per share on 325,082,600 ordinary shares, amounting to a dividend payable of RM9,752,478 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2009.

29. OPERATING LEASE ARRANGEMENTS

(a) The Group as Lessee

Operating lease payments represent rentals payables by the Group for use of buildings and gas tank.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2008 RM'000	2007 RM'000
Not later than 1 year	4,910	4,279
Later than 1 year and not later than 5 years	9,890	3
	14,800	4,282

The lease payments recognised in profit or loss during the financial year are disclosed in Note 5.

(b) The Group as Lessor

Operating lease receipts represent rentals receivable by the Group for buildings rented out.

The future aggregate minimum lease payments receivables under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	Group	
	2008 RM'000	2007 RM'000
Not later than 1 year	435	223
Later than 1 year and not later than 5 years	-	208
	435	431

Investment properties rental income recognised in profit or loss during the financial year are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

30. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unsecured:				
In respect of indemnity provided for bank guarantees issued	995	395	-	-
Corporate guarantees provided to secure banking facilities granted to subsidiaries	-	-	545,000	480,000
In respect of guarantees issued in favour of Royal Customs and Excise Department	6,000	6,000	-	-
	6,995	6,395	545,000	480,000

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2008 RM'000	2007 RM'000
Group		
Sales of steel products to a company in which certain directors of the Company have significant interests:		
Power Concord Sdn Bhd	3,706	1,890
Rental expense to a company in which a director of the Company has significant interests:		
K.H.L. Sdn Bhd	4,200	4,200
Legal fee paid to a company in which certain directors of the Company have significant interests:		
S.B. Cheah & Associates	50	112
Renting of scaffolding equipment to a company in which a director of the Company has significant interests:		
Macro Resources Sdn Bhd	325	-

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	2008 RM'000	2007 RM'000
Company		
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn Bhd	3,120	3,120
Huatraco Marketing Sdn Bhd	1,590	1,590
Management fees from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	864	864
Alpine Pipe Manufacturing Sdn Bhd	984	984
Huatraco Marketing Sdn Bhd	456	456
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn Bhd	5,400	1,200
Alpine Pipe Manufacturing Sdn Bhd	4,500	-
Huatraco Marketing Sdn Bhd	2,700	1,800
Tiek Hong Hardware (B'worth) Sdn Bhd	1,080	1,080
Briliant Decade Transport Agency Sdn Bhd	540	900

Information regarding the outstanding balance arising from related party transactions as at 31 July 2008 are disclosed in Notes 18, 20 and 27.

(b) Compensation of key management personnel

The compensation of key management personnel who are the directors of the Group and of the Company are detailed in Note 7.

32. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because changes in market interest rates. As the Group's investment in financial assets are mainly short term in nature and they are not held for speculative purposes, the Group's income and operating cash flow are substantially independent of changes in market interest rates. The Group's primary interest rate risk relates to interest-bearing debts.

The Group manages its interest rate exposure by maintaining a fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

The Group has concentration of credit risk in the form of deposits and sundry receivables due from a major supplier of a subsidiary representing 82% (2007: 51%) of total other receivables.

(e) Foreign Currency Risk

The Group is mainly exposed to United States Dollars, Singapore Dollars and Australian Dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies	United States Dollars RM'000	Singapore Dollars RM'000	Australian Dollars RM'000	Total RM'000
At 31 July 2008:				
Trade receivables	804	20,823	33,073	54,700
Cash and cash equivalents	3	1,177	-	1,180
	807	22,000	33,073	55,880
At 31 July 2007:				
Trade receivables	9,308	20,737	-	30,045
Cash and cash equivalents	3	432	-	435
Trade payables	(495)	(383)	-	(878)
	8,816	20,786	-	29,602

32. FINANCIAL INSTRUMENTS (CONT'D)

(e) Foreign Currency Risk (Cont'd)

As at balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Mature within 1 year RM'000
At 31 July 2008:		
Forward used to hedge trade receivables	United States Dollars	32,087
	Australian Dollars	31,752
		63,839
At 31 July 2007:		
Forward used to hedge trade receivables	United States Dollars	19,036

The net unrecognised losses on forward contracts used to hedge anticipated sales are amounted to RM739,000 (2007: RM4,000) and are deferred until the related sales occur, at which time they will be included in the measurement of the sales.

(f) Fair Value

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximated their fair values except for the following:

	Group	
	Carrying Amount RM'000	Fair Value RM'000
At 31 July 2008		
Term loans	41,775	41,705
At 31 July 2007		
Term Loans	43,628	43,445

The methods and assumptions used by management to determine fair value of financial instrument other than those whose carrying amounts reasonably approximate their fair values is as follows:

Term Loans

The fair values of term loans are estimated by discounting the expected future cash flows using current interest rates for liabilities with similiar risk profiles.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

33. CAPITAL COMMITMENTS

	Group	
	2008 RM'000	2007 RM'000
Capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	1,800	21,000
Investment properties	-	4,000
Prepaid land lease payments	-	2,000
	1,800	27,000

34. SEGMENTAL INFORMATION

(a) Business Segments

The Group comprises the following main business segments:

(i) Trading - Importers, exporters and general dealers in steel products, hardware and building materials;

(ii) Manufacturing - Manufacturers and distributors of steel pipes, hollow sections, scaffolding equipments and accessories and other steel products;

(iii) Property and investment - Investment in and renting out property and investment holding; and

(iv) Transportation - Provision of transportation of goods by lorries.

(b) Geographical Segments

No segmental information is provided on a geographical basis as the activities of the Group are carried out predominantly in Malaysia.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

34. SEGMENTAL INFORMATION (CONT'D)

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Trading RM'000	Manufacturing RM'000	Property and Investment RM'000	Transportation RM'000	Elimination RM'000	Consolidated RM'000
31 July 2008						
Revenue						
Sales to external customers	960,178	701,811	-	45	-	1,662,034
Inter-segment sales	20,243	166,932	23,634	4,112	(214,921)	-
Total revenue	980,421	868,743	23,634	4,157	(214,921)	1,662,034
Results						
Operating profit	113,855	106,467	13,976	1,100	(14,220)	221,178
Finance costs						(21,804)
Profit before tax						199,374
Income tax expense						(45,096)
Profit for the year						154,278
Assets						
Segment assets	449,790	692,278	172,313	4,517	(116,239)	1,202,659
Unallocated assets						5,443
Total assets						1,208,102
Liabilities						
Segment liabilities	289,300	418,661	21,979	620	(116,239)	614,321
Unallocated liabilities						22,705
Total liabilities						637,026
Other segment information						
Capital expenditure	12,218	28,808	-	54	-	41,080
Depreciation and amortisation	4,818	11,197	1,497	11	-	17,523
Impairment losses	2,353	-	-	-	-	2,353
Non-cash expenses other than depreciation	34	1,482	-	-	-	1,516

NOTES TO THE FINANCIAL STATEMENTS

31 July 2008 (Cont'd)

34. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	Trading RM'000	Manufacturing RM'000	Property and Investment RM'000	Transportation RM'000	Elimination RM'000	Consolidated RM'000
31 July 2007						
Revenue						
Sales to external customers	613,483	667,477	-	88	-	1,281,048
Inter-segment sales	29,416	60,209	14,194	3,649	(107,468)	-
Total revenue	642,899	727,686	14,194	3,737	(107,468)	1,281,048
Results						
Operating profit	36,399	84,260	5,248	891	(4,980)	121,818
Finance costs						(21,033)
Profit before tax						100,785
Income tax expense						(29,388)
Profit for the year						71,397
Assets						
Segment assets	255,121	625,277	152,157	4,370	(88,905)	948,020
Unallocated assets						2,264
Total assets						950,284
Liabilities						
Segment liabilities	189,790	406,908	20,278	960	(88,905)	529,031
Unallocated liabilities						7,631
Total liabilities						536,662
Other segment information						
Capital expenditure	7,414	17,966	-	334	-	25,714
Depreciation and amortisation	1,106	13,689	1,502	24	-	16,321
Impairment losses	3,353	-	-	-	-	3,353

35. SUBSEQUENT EVENT

On 23 October 2008, Alpine Pipe Manufacturing Sdn Bhd, a wholly owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with K.H.L. Sdn Bhd, a company in which a director of the Company has significant interests, to acquire a property known as Lot No 54959, Mukim of Kapar Klang, for a total cash consideration of RM71 million ("Proposed Acquisition").

The Proposed Acquisition is subject to the approval of the shareholders of the Company.

36. COMPARATIVES

Certain comparatives have been reclassfied to be consistent with current year's presentation.

	As previously stated RM'000	Reclassifi-cations RM'000	As restated RM'000
Group			
Investment properties	4,118	(1,535)	2,583
Prepaid land lease payments	941*	1,535	2,476
Trade receivables	238,467	1,065	239,532
Other receivables	30,523	(78)	30,445
Trade payables	21,210	897	22,107
Other payables	26,850	90	26,940

*After the adjustment arising from the adoption of FRS 117 as disclosed in Note 2.3(c)

PROPERTIES OF THE GROUP

As at 31 July 2008

Location	Description and Existing Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2008 (RM)	Date of Acquisition	Date of Last Revaluation
Lot 6085, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	10.5	9	19,005	25,300,000	29-May-03	4-Jul-08
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	10.5	9	18,732	23,600,000	29-May-03	4-Jul-08
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	9.5	9	18,516	25,700,000	29-May-03	4-Jul-08
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	9	10.013	22,341	26,800,000	5-Jul-96	4-Jul-08
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse with 4 storey office building	Freehold	9	9.483	12,179	19,900,000	5-Jan-95	4-Jul-08
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural land	Freehold	-	5.1	-	484,968	9-Jun-95	10-Jul-08
Lot 296, Mukim 13 District of Seberang Perai Tengah, Pulau Pinang	Single storey warehouse with 2 storey office	Leasehold (66 years) expiring 10.3.2058	2	2.241	2,453	2,502,414	6-Jul-96	16-Jun-08
28635C, Block D, Phase 7E Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	8	-	144.929	157,288	20-Aug-99	-
Lot 14175 (1st Floor) Putri Town Ctr Kulai Taman Putri Kulai Johor Darul Takzim	Shop office apartment	Freehold	10	-	143.07	101,226	2-Aug-99	-
PLO 267, Jalan Firma 3 Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey factory building	Leasehold (60 years) expiring 31.1.2060	5	1	2,536.30	2,500,000	27-Feb-07	18-Jun-08
PLO 268, Jalan Firma 3 Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey factory with a 2 storey office	Leasehold (60 years) expiring 31.1.2060	6	1,554	3,995.76	5,500,000	6-Jun-07	18-Jun-08

ANALYSIS OF SHAREHOLDINGS

As at 17 October 2008

Authorised Share Capital	:	RM200,000,000-00
Issued and Fully Paid-Up Share Capital	:	RM163,700,000-00 (327,400,000 Ordinary Shares of RM0.50 each) *
Class of shares	:	Ordinary shares of RM0.50 each
Voting right	:	One vote per Ordinary Share held

* Includes treasury shares of 5,000,000 Ordinary Shares of RM0.50 each

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 17 OCTOBER 2008

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	6	0.13	279	0.00
100 - 1,000	927	19.93	876,757	0.27
1,001 - 10,000	2,803	60.28	13,294,644	4.12
10,001 - 100,000	723	15.55	23,302,903	7.23
100,001 to less than 5% of issued shares	187	4.02	135,898,977	42.15
5% and above of issued shares	4	0.09	149,026,440	46.23
Total	4,650	100.00	322,400,000	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 17 OCTOBER 2008

No.	Names	No. of Shares of RM0.50 Each	Percentage (%)
1.	K. H. L. Sdn Bhd	64,457,096	19.99
2.	United Coconut Fibre Products Sdn Bhd	35,173,644	10.91
3.	Lembaga Tabung Haji	29,395,700	9.12
4.	K. H. L. Sdn Bhd	20,000,000	6.20
5.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Mirae Asset Asia Pacific Infra Sector Equity Investment Trust 1	15,917,100	4.94
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	9,059,500	2.81
7.	Lim Ah Eng	4,468,745	1.39
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Dato' Mohamed Nizam bin Abdul Razak	4,144,165	1.29
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	3,660,100	1.14

ANALYSIS OF SHAREHOLDINGS

As at 17 October 2008 (Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 17 OCTOBER 2008 (CONT'D)

No.	Names	No. of Shares of RM0.50 Each	Percentage (%)
10.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Jersey)	3,285,900	1.02
11.	Universal Trustee (Malaysia) Berhad CIMB-Principal Small Cap Fund 2	3,140,000	0.97
12.	Tan Chun Tik	3,000,000	0.93
13.	Dato' Mohamed Nizam bin Abdul Razak	2,946,982	0.91
14.	Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank for Comgest Growth Gem Promising Companies (Comgest GR PLC)	2,800,000	0.87
15.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	2,696,400	0.84
16.	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)	2,675,500	0.83
17.	HLG Nominee (Tempatan) Sdn Bhd PB Trustee Services Berhad for HLG Growth Fund	2,669,100	0.82
18.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Sector Select Fund	2,223,700	0.69
19.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yew Yin	2,196,600	0.68
20.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund D26J for Emerging Markets Global Small Capitalization Fund (Temmuf)	2,160,400	0.67
21.	Universal Trustee (Malaysia) Berhad CIMB Islamic Small Cap Fund	2,127,800	0.66
22.	Cartaban Nominees (Asing) Sdn Bhd Svenska Handelsbanken Stockholm	2,019,400	0.63
23.	Yap Kim Pin	2,000,000	0.62
24.	Mary Ang Poh Chan	2,000,000	0.62

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 17 OCTOBER 2008 (CONT'D)

No.	Names	No. of Shares of RM0.50 Each	Percentage (%)
25.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,000,000	0.62
26.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	1,902,200	0.59
27.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	1,844,000	0.57
28.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Equity Fund	1,797,000	0.56
29.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Dividend Select Fund	1,540,000	0.48
30.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	1,531,400	0.47
	Total	**234,832,432**	**72.84**

DIRECTORS' SHAREHOLDINGS AS AT 17 OCTOBER 2008

(As per the Register of Directors' Shareholdings of the Company)

Names	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Alwi Jantan	1,467,000	0.46	-	-
Mr. Kua Hock Lai	200,000	0.06	124,115,999 [(a)]	38.50
Dato' Mohamed Nizam bin Abdul Razak	7,171,147	2.22	-	-
Mr. Yeoh Chong Keat	20,000	0.01	24,000 [(b)]	0.01
Mr. Cheah Shu Boon	66,000	0.02	-	-
Mr. Kua Swee Leong	757	0.00	-	-
Mr. Kua Swee Kiat	15,757	0.00	-	-
Ms. Law Sook Teng	450,015	0.14	-	-

ANALYSIS OF SHAREHOLDINGS

As at 17 October 2008 (Cont'd)

DIRECTORS' SHAREHOLDINGS AS AT 17 OCTOBER 2008 (CONT'D)

	Direct		Indirect	
Names	**No. of shares**	**%**	**No. of shares**	**%**
Mr. Phang Chin Khiong	114,615	0.04	-	-
Mr. Teoh Peir Song	826,515	0.26	-	-
Ms. Toh Su Lin (Alternate Director to Mr. Cheah Shu Boon)	12,000	0.00	3,000 (c)	0.00

Notes:

(a) Deemed interest by virtue of his substantial shareholdings in K. H. L. Sdn Bhd and United Coconut Fibre Products Sdn Bhd, and his spouse, Madam Lim Ah Eng's and his sons, Mr. Kua Swee Leong's and Mr. Kua Swee Kiat's direct shareholdings in the Company.

(b) Deemed interest by virtue of his spouse, Madam Chang Sulin's direct shareholdings in the Company.

(c) Deemed interest by virtue of her spouse, Mr. Book Lim Guan's direct shareholdings in the Company.

SUBSTANTIAL SHAREHOLDINGS AS AT 17 OCTOBER 2008

(As per the Register of Substantial Shareholders of the Company)

	Direct		Indirect	
Names	**No. of Shares**	**%**	**No. of Shares**	**%**
Mr. Kua Hock Lai	200,000	0.06	124,115,999 (a)	38.50
Madam Lim Ah Eng	4,468,745	1.39	119,830,740 (b)	37.17
K. H. L. Sdn Bhd	84,457,096	26.20	35,173,644 (c)	10.91
United Coconut Fibre Products Sdn Bhd	35,173,644	10.91	-	-
Lembaga Tabung Haji	29,567,700	9.17	-	-

Notes:

(a) Deemed interest by virtue of his substantial shareholdings in K. H. L. Sdn Bhd and United Coconut Fibre Products Sdn Bhd, and his spouse, Madam Lim Ah Eng's and his sons, Mr. Kua Swee Leong's and Mr. Kua Swee Kiat's direct shareholdings in the Company.

(b) Deemed interest by virtue of her substantial shareholdings in K. H. L Sdn Bhd and United Coconut Fibre Products Sdn Bhd. and her spouse, Mr. Kua Hock Lai's direct shareholdings in the Company.

(c) Deemed interest by virtue of its substantial shareholdings in United Coconut Fibre Products Sdn Bhd.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Wednesday, 3 December 2008 at 9.15 a.m. or immediately after the conclusion or the adjourment (as the case may be) of the Company's Extraordinary General Meeting, whichever is later, for the following purposes:

AGENDA

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the year ended 31 July 2008 together with the Directors' and Auditors' Reports attached thereon.

2. To approve the payment of Directors' fees of RM175,000.00 for the year ended 31 July 2008. **Ordinary Resolution 1**

3. To approve a Single Tier Final Dividend of 3.0 sen per share for the year ended 31 July 2008. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association:

   4.1 Dato' Mohamed Nizam bin Abdul Razak **Ordinary Resolution 3**

   4.2 Ms. Law Sook Teng **Ordinary Resolution 4**

   4.3 Mr. Yeoh Chong Keat **Ordinary Resolution 5**

5. To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuring year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

6. **AS SPECIAL BUSINESS:**

   To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

   6.1 **Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965** **Ordinary Resolution 7**

   "**THAT** pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Alwi Jantan who is over 70 years of age, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

   6.2 **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 8**

   "**THAT** subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time 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 10% of the total issued capital of the Company at the time of issue **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF TWELFTH ANNUAL GENERAL MEETING
(Cont'd)

6.3 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")** **Ordinary Resolution 9**

"**THAT** the Company and/or its subsidiaries be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 11 November 2008, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate.

AND FURTHER THAT such authority shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier."

6.4 **Proposed Renewal of Shareholders' Mandate for Share Buy-Back** **Ordinary Resolution 10**

"**THAT** subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at Eleventh Annual General Meeting of the Company held on 18 December 2007, authorising the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") 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 of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits and share premium reserves of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits and share premium reserves of the Company stood at RM1,037,003.12 and RM25,341,494.11 respectively for the financial year ended 31 July 2008.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

7. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Single Tier Final Dividend of 3.0 sen per share in respect of the financial year ended 31 July 2008 will be payable on 26 February 2009 to Depositors registered in the Record of Depositors at the close of business on 3 February 2009.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 3 February 2009 in respect of transfers;

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
HIAP TECK VENTURE BERHAD

Ng Yim Kong (LS 0009297)
Company Secretary

Selangor Darul Ehsan

11 November 2008

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

(Cont'd)

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.

3. The Form of Proxy shall be signed by the appointer or of his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS OF THE AGENDA

(a) Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965

The Proposed Ordinary Resolution 7 under item 6.1 above, is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tan Sri Dato' Alwi Jantan who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This Resolution must be passed by a majority of not less than three-fourths (3/4) of such Members of the Company as being entitled to vote in person or where Proxies are allowed, by Proxy at the Annual General Meeting of the Company.

(b) Resolution pursuant to the Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 8 under item 6.2 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(c) Resolution pursuant to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 9 under item 6.3 above, if passed, will enable the Company and its subsidiaries ("the Group") to continue entering into the specified Recurrent Related Party Transactions as set out in Section 2.3.2 of the Circular to Shareholders dated 11 November 2008 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day-to-day operations. For further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 11 November 2008 enclosed together with the Company's 2008 Annual Report.

(d) Resolution pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The Proposed Ordinary Resolution 10 under item 6.4 above, is to seek the renewal of authority for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad. For further information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, please refer to the Circular to Shareholders dated 11 November 2008 enclosed together with the Company's 2008 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF TWELFTH ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in Agenda 4.1 (Dato' Mohamed Nizam bin Abdul Razak), Agenda 4.2 (Ms. Law Sook Teng) and Agenda 4.3 (Mr. Yeoh Chong Keat) of the Notice of the Twelfth Annual General Meeting are laid out in the Directors' Profile appearing in pages 5 and 8 of this Annual Report.

Details of Director who is standing for re-appointment in accordance with Section 129 of the Companies Act, 1965 in Agenda 6.1 (Tan Sri Dato' Alwi Jantan) of the Notice of the Twelfth Annual General Meeting are laid out in the Directors' Profile appearing in page 4 of this Annual Report.

FORM OF PROXY

HTVB
HIAP TECK VENTURE BERHAD
421340-U

I/We, _____ (NRIC No./Company No_____)
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS)

being a member of **HIAP TECK VENTURE BERHAD** hereby appoint * the Chairman of the meeting or _____ (NRIC No._____) of
(FULL NAME)

_____ or
(FULL ADDRESS)

failing whom _____ (NRIC No._____) of
(FULL NAME)

_____ as
(FULL ADDRESS)

*my/*our Proxy(ies) to vote for *me/*us and on *my/*our behalf at the Twelfth Annual General Meeting of the Company to be held at Wisma Hiap Teck, Lot 6096, Jalan Haji Abdul Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan on Wednesday, 3 December 2008 at 9.15 a.m. or immediately after the conclusion or the adjourment (as the case may be) of the Company's Extraordinary General Meeting, whichever is later and at any adjournment thereof for or against the resolution(s) to be proposed thereat.

*My/*Our Proxy(ies) *is/*are to vote on the Ordinary Resolutions as indicated below:

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees of RM175,000 for the year ended 31 July 2008. **Ordinary Resolution 1**		
2.	To approve a Single Tier Final Dividend of 3.0 sen per share for the year ended 31 July 2008. **Ordinary Resolution 2**		
3.	To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association: 3.1 Dato' Mohamed Nizam Bin Abdul Razak **Ordinary Resolution 3** 3.2 Ms. Law Sook Teng **Ordinary Resolution 4** 3.3 Mr. Yeoh Chong Keat **Ordinary Resolution 5**		
4.	To re-appoint Messrs Ernst & Young as the Company's Auditors for the ensuring year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**		
5.	**SPECIAL BUSINESS** 5.1 Re-appointment of Director Pursuant to Section 129 of the Companies Act, 1965. **Ordinary Resolution 7** 5.2 Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965. **Ordinary Resolution 8** 5.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. **Ordinary Resolution 9** 5.4 Proposed Renewal of Shareholders' Mandate for Share Buy-Back. **Ordinary Resolution 10**		

[Please indicate with (X) in the spaces provided above as to how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion.]

Dated this .....day of.....2008

Number of Ordinary shares held :	

_____
[Signature/Common Seal of Member]
* Delete if not applicable

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.

3. The Form of Proxy shall be signed by the appointer or of his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.

Fold here

Affix
Stamp

The Company Secretary
HIAP TECK VENTURE BERHAD (421340-U)
Lot 6096, Jalan Haji Abdul Manan
Batu 5 1/2, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

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HIAP TECK VENTURE BERHAD
(421340-U)

Lot 6096, Jalan Haji Abdul Manan,
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