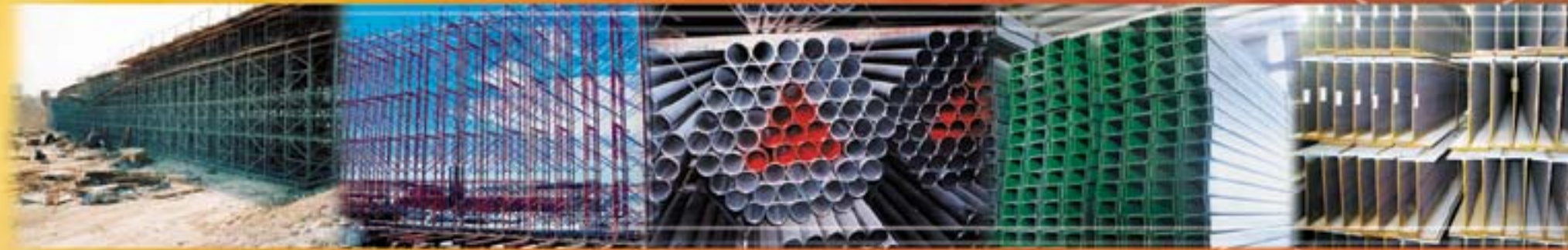


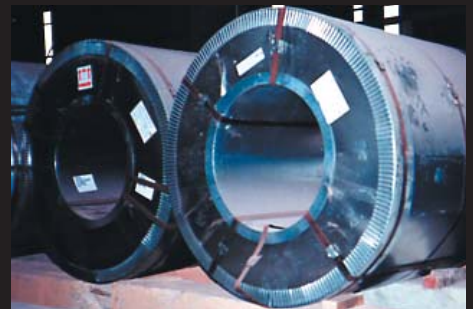
> 2003 Annual Report

and Financial Statements
for the year ended 31 July 2003



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HIAP TECK VENTURE BERHAD [421340-U]



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our vision

"To be the leading steel company"

our mission

- 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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> Notice of Seventh Annual General Meeting

pg> 2

HIAP TECK VENTURE BERHAD [421340-U]

> **NOTICE IS HEREBY GIVEN THAT** the Seventh Annual General Meeting of the Company will be held at the Kristal Suite 1 & 2, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 15 December 2003 at 2.30 p.m., for the following purposes:-

> A G E N D A

- 1) To receive the Audited Financial Statements for the year ended 31 July 2003 together with the Directors' and Auditors' Reports attached thereon.
Resolution 1
- 2) To approve a Final Dividend of 1.5 sen per share less tax at 28% for the year ended 31 July 2003.
Resolution 2
- 3) To re-elect the following Directors who are retiring in accordance with Article 84 of the Company's Articles of Association:
 - a) Tan Sri Dato' Alwi bin Jantan **Resolution 3**
 - b) Encik Mohamed Nizam bin Abdul Razak **Resolution 4**
 - c) Mr Kua Hock Lai **Resolution 5**
 - d) Ms Law Sook Teng **Resolution 6**
 - e) Mr Tee Tuang Siong **Resolution 7**
 - f) Mr Ong Eng Choon **Resolution 8**
 - g) Mr Yeoh Chong Keat **Resolution 9**
 - h) Mr Kua Swee Leong **Resolution 10**
- 4) To appoint Messrs Ernst & Young, as Auditors of the Company in place of the retiring Auditors, Messrs Wong Yow Seng & Co and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto has been received by the Company for the nomination of Messrs Ernst & Young who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution:

"THAT Messrs Ernst & Young be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Wong Yow Seng & Co and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors."

Resolution 11

SPECIAL BUSINESS

- 5) To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolutions :-

ORDINARY RESOLUTION NO. 1

SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Shareholders' Mandate")

"THAT the Company and 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 the shareholders dated 21 November 2003, 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 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 such authority shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting

whichever is the earlier.

AND THAT disclosure will be made in the Annual Report 2004 of the Company of the aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate during the financial year, amongst others, on the type of transactions made and the names of the Related Parties involved in each type of the transactions made and their relationship with the Company.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

Resolution 12

ORDINARY RESOLUTION NO. 2

AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES

"THAT subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the

> Notice of Seventh Annual General Meeting

(Continued)

pg> 4

HIAP TECK VENTURE BERHAD [421340-U]

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 ten per centum (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 the Kuala Lumpur Stock Exchange and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 13

- 6) To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD
HIAP TECK VENTURE BERHAD

Lim Phooi Kee
Ng Yim Kong
Company Secretaries

21 November 2003

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 proportions of his (her) holdings to be represented by each Proxy.
3. The Proxy Form shall be signed by the appointor or his (her) attorney duly authorised in writing or, if the member 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 48 hours before the time set for the Meeting or at any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

- a) Resolution Pursuant To The Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The proposed Ordinary Resolution No. 1 under item 5 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 of the Circular to shareholders dated 21 November 2003 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day to day operations.

- b) Resolution Pursuant To The Authority For Directors To Allot And Issue Shares

The proposed Ordinary Resolution No. 2 under item 5 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 not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

> Letter of Nomination of Auditors

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HIAP TECK VENTURE BERHAD [421340-U]

Hsu Eng Thye, 17 Corfe Place, Singapore 558 149

31 October, 2003

The Board of Directors
Hiap Teck Venture Berhad
Lot 6096, Jalan Haji Abdul Manan
Batu 5 1/2, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

Dear Sirs

HIAP TECK VENTURE BERHAD - NOMINATION OF AUDITORS

I, Hsu Eng Thye, being a shareholder of **HIAP TECK VENTURE BERHAD**, do hereby give notice that I wish to nominate Messrs Ernst & Young as Auditors of the Company in place of the present Auditors, Messrs Wong Yow Seng & Co.

“That Messrs Ernst & Young be and is hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Wong Yow Seng & Co and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors.”

Yours faithfully



Hsu Eng Thye

> Statement Accompanying Notice of Seventh Annual General Meeting

HIAP TECK VENTURE BERHAD [421340-U]

1. Directors who are standing for re-election in accordance to Article 84 of the Company's Articles of Association at the Seventh Annual General Meeting of Hiap Teck Venture Berhad.
 - a) Tan Sri Dato' Alwi bin Jantan Resolution 3
 - b) Encik Mohamed Nizam bin Abdul Razak Resolution 4
 - c) Mr Kua Hock Lai Resolution 5
 - d) Ms Law Sook Teng Resolution 6
 - e) Mr Tee Tuang Siong Resolution 7
 - f) Mr Ong Eng Choon Resolution 8
 - g) Mr Yeoh Chong Keat Resolution 9
 - h) Mr Kua Swee Leong Resolution 10

Further details of the above Directors who are standing for re-election as Directors are presented in pages 10 to 13

2. Details of attendance of Directors at the Board of Directors' Meetings.

There were five (5) Board of Directors' Meetings held during the financial year ended 31 July 2003 prior to the Company's listing on the Main Board of the Kuala Lumpur Stock Exchange on 2 September 2003.

Details of the Board of Directors' Meetings and Attendance of each Director in the Board of Directors' Meetings held during the financial year ended 31 July 2003 are shown below:

Board of Directors' Meeting:	1 October 2002
	27 January 2003
	11 March 2003
	6 May 2003
	17 July 2003

Name of Directors	Attendance	Date of Appointment
(i) Mr Cheah Shu Boon	5/5	20 March 1997
(ii) Ms Toh Su Lin* (Alternate Director to Mr Cheah Shu Boon)	N/A	12 June 2003
(iii) Tan Sri Dato' Alwi bin Jantan	1/1	6 June 2003
(iv) Encik Mohamed Nizam bin Abdul Razak	1/1	6 June 2003
(v) Mr Kua Hock Lai	1/1	6 June 2003
(vi) Ms Law Sook Teng	1/1	6 June 2003
(vii) Mr Lu Kang Eing**	1/1	6 June 2003
(viii) Mr Tee Tuang Siong	1/1	6 June 2003
(ix) Mr Ong Eng Choon	1/1	6 June 2003
(x) Mr Yeoh Chong Keat	1/1	6 June 2003
(xi) Mr Kua Swee Leong	N/A	12 November 2003

* Ms Toh Su Lin was appointed as Director of the Company on 20 March 1997. She subsequently resigned as Director and was appointed as Alternate Director to Mr Cheah Shu Boon on 12 June 2003. She has, during her tenure as Director of the Company, attended all four out of four meetings of the Company.

** Mr Lu Kang Eing has resigned on 12 November 2003.

3. Place, date and time of the Seventh Annual General Meeting.

Date of Meeting	Time of Meeting	Place of Meeting
15 December 2003	2.30 p.m.	Kristal Suite 1 & 2, 1st Floor West Wing, Hilton Petaling Jaya No. 2, Jalan Barat 46200 Petaling Jaya Selangor Darul Ehsan

> Notice of Dividend Entitlement

pg> 8

HIAP TECK VENTURE BERHAD [421340-U]

> NOTICE IS HEREBY GIVEN THAT the Final Dividend of 1.5 sen per share less tax 28% in respect of the financial year ended 31 July 2003 will be payable on 15 January 2004 to depositors registered in the Record of Depositors at the close of business on 22 December 2003.

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 22 December 2003 in respect of ordinary transfers;
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD
HIAP TECK VENTURE BERHAD

Lim Phooi Kee
Ng Yim Kong
Company Secretaries

21 November 2003

> BOARD OF DIRECTORS

CHAIRMAN

Tan Sri Dato' Alwi bin Jantan

MANAGING DIRECTOR

Kua Hock Lai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mohamed Nizam bin Abdul Razak

Ong Eng Choon

Yeoh Chong Keat

NON-INDEPENDENT & NON-EXECUTIVE DIRECTOR

Cheah Shu Boon

EXECUTIVE DIRECTORS

Law Sook Teng

Tee Tuang Siong

Kua Swee Leong

ALTERNATE DIRECTOR

Toh Su Lin

(Alternate Director to Cheah Shu Boon)

> AUDIT COMMITTEE

CHAIRMAN

Yeoh Chong Keat

MEMBERS

Kua Hock Lai

Ong Eng Choon

> REMUNERATION COMMITTEE

CHAIRMAN

Tan Sri Dato' Alwi bin Jantan

MEMBERS

Kua Hock Lai

Yeoh Chong Keat

Cheah Shu Boon

> NOMINATION COMMITTEE

CHAIRMAN

Tan Sri Dato' Alwi bin Jantan

MEMBERS

Cheah Shu Boon

Mohamed Nizam bin Abdul Razak

> COMPANY SECRETARIES

Lim Phooi Kee (MIA2759)

Ng Yim Kong (LS0008343)

> REGISTERED OFFICE

Lot 6096, Jalan Haji Abdul Manan

Batu 5-1/2, Off Jalan Meru

41050 Klang

Selangor Darul Ehsan

Tel No. : 03-33928888

E-mail address : admin@htgrp.com.my

> REGISTRAR

Signet Share Registration Services Sdn Bhd
(506293-D)

11th Floor, Tower Block

Kompleks Antarabangsa

Jalan Sultam Ismail

50250 Kuala Lumpur

Tel No. : 03-21454337

E-mail address : ssrs@signet.com.my

> PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W)

Hong Leong Bank Berhad (97141-X)

RHB Bank Berhad (6171-M)

> AUDITORS

Wong Yow Seng & Co.

Chartered Accountants

110, 2nd Floor

Jalan Pudu

55100 Kuala Lumpur

> SOLICITORS

S.B. Cheah & Associates

Unit 8-16-2, Menara Mutiara Bangsar

Jalan Liku, Bangsar

59100 Kuala Lumpur

> STOCK EXCHANGE

The Kuala Lumpur Stock Exchange
(Main Board)

> Profile of Board of Directors

pg> 10

HIAP TECK VENTURE BERHAD [421340-U]

> TAN SRI DATO' ALWI BIN JANTAN

Aged 68, Malaysian, is the Independent Non-Executive Chairman of Hiap Teck Venture Berhad ("HTVB"). He was appointed to the Board of HTVB on 6 June 2003.

He 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 University in 1980. He joined the Malayan Civil Service in 1958. In a career spanning 32 years, he had served as Assistant Secretary, Ministry of Transport from 1958 to 1961, Assistant Secretary in the Prime Minister's Department from 1961 to 1963 and was also concurrently the Private Secretary to His Royal Highness the Timbalan Yang Dipertuan Agong from 1961 to 1962 and in 1965, Director of National Archives, Malaysia between 1966 and 1970 and Director General of National Archives and Library, Malaysia from 1971 to 1972.

Thereafter, he served as State Secretary, Selangor from 1972 to 1976, Secretary General, Ministry of Local Government and Federal Territory from 1976 to 1977 and Secretary General, Ministry of Health from 1977 to 1981. In March 1981, he was appointed as the Deputy Secretary in the Prime Minister's Department and in 1984, he became the Secretary General, Ministry of Agriculture. He retired on 16 April 1990 as the Director General of Public Service, Malaysia after having served three and a half years in that position.

Tan Sri Dato' Alwi currently serves as the Chairman of the Remuneration Committee and Nomination Committee of HTVB. He currently sits on the boards of Resorts World Bhd, Fal Bhd, Genting Golf Course Bhd, Genting Highlands Bhd, Guinness Anchor Bhd and United Overseas Australia Ltd and he also sits on the boards of several other private companies. He has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> KUA HOCK LAI

Aged 55, Malaysian, is the Managing Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

He is a businessman by profession and has over 30 years of experience in hardware products and the building materials industry. Prior to joining the HTVB Group, he was one of the founder members of the Wing Tiek Group of Companies which was listed on the Kuala Lumpur Stock Exchange ("KLSE") in 1990. He was the Managing Director of Wing Tiek Holdings Berhad from 1975 to 1994. After he left Wing Tiek Holdings Berhad, he established several private limited companies. He was then invited to join the HTVB Group and become a major shareholder.

The overall management and day-to-day affairs of the HTVB Group are managed by him with the assistance of his able and dedicated management team. He is responsible for formulating business strategies within the Group to enhance profitability and for the continuous growth of the Group. With his long and in-depth experience, he plays an important role in guiding the Group's direction and future growth.

Mr. Kua Hock Lai is currently a member of the Audit Committee and Remuneration Committee of HTVB. He also sits on the boards of several subsidiary companies of HTVB and other private limited companies. He has never been charged for any criminal offence nor any conflict of interest with the Company. He is the father of Mr Kua Swee Leong, an Executive Director of HTVB and the spouse of Madam Lim Ah Eng, a substantial shareholder of HTVB.

> MOHAMED NIZAM
BIN ABDUL RAZAK

Aged 45, Malaysian, is an Independent Non-Executive Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

En. Mohamed Nizam bin Abdul Razak graduated in Politics, Philosophy and Economics from Oxford University, United Kingdom, in 1980. He began his career in 1981 when he joined the Corporate Finance Department in Bumiputera Merchant Bankers Berhad. In 1984, he joined GP Securities Sdn Bhd (now known as PB Securities Sdn Bhd) as general manager. He became the Chief Executive Officer in 1992 and held the position until his retirement in 1998.

En. Nizam is a member of the Nomination Committee of HTVB. He currently sits on the boards of Mamee-Double Decker (Malaysia) Berhad, Dolomite Corporation Berhad (previously known as Sunway Building Technology Berhad), Delloyd Ventures Berhad, PK Resources Berhad, Yeo Hiap Seng (Malaysia) Berhad, Deutsche Bank (Malaysia) Berhad, Synergy Track Berhad and several private companies. He is also a trustee on several charitable foundations such as the Noah Foundation, The Yayasan Dana Pendidikan Tan Sri Khalil, The Yayasan Rahah, the Hong Leong Foundation and the National Children Welfare Foundation and sits on the Board of Governors of Nilai College.

En. Nizam has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> ONG ENG CHOON

Aged 51, Malaysian, is an Independent Non-Executive Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

He graduated from the Tunku Abdul Rahman College, Kuala Lumpur with the Diploma of Business Administration and has 23 years of tax experience of which 3 years were spent with the Inland Revenue Board, 10 years with one of the top four international accounting firms before becoming Managing Director of Taxnet Consultants Sdn Bhd. He is a Chartered Accountant (Malaysia), a Fellow of the Chartered Association of Certified Accountants (FCCA), an Associate member of the Institute of Chartered Secretaries and Administrators (ICSA) and an Associate Member of the Malaysian Institute of Taxation. Mr Ong is also a director of Chinwell Holdings Berhad, a public listed company.

Mr. Ong currently serves as an Independent Non-Executive Member of the Audit Committee of HTVB. He has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> YEOH CHONG KEAT

Aged 45, Malaysian, is an Independent Non-Executive Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

He did his foundation course in accountancy in Birmingham Polytechnic, United Kingdom and is a Chartered Accountant (Malaysia), a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Malaysian Institute of Taxation and Member of the Malaysian Institute of Certified Public Accountants and is currently in practice as President/Chief Executive Officer of Archer Corporate Services Sdn Bhd, Archer Tax Services Sdn Bhd and Archer Consulting Group Sdn Bhd.

He is also a licensed auditor practicing under the Firm of C.K.Yeoh & Co, Chartered Accountants. Prior to setting up the Archer Group, Mr Yeoh had been in audit, tax and consulting practice upon his return from the United Kingdom in 1982 where he trained and qualified as a Chartered Accountant with the firm now known as PricewaterhouseCoopers, UK. He was also formerly the Head of the Corporate Secretarial Division of a top four international accounting firm in Kuala Lumpur for over 10 years.

Currently, Mr Yeoh is the external company secretary of a number of public listed companies listed on the Main and Second Boards of the KLSE and also a member of the MIA Company Law Practice Board Committee. He also sits on the boards of Lien Hoe Corporation Berhad and Polymate Holdings Berhad.

Mr. Yeoh also serves as an Independent Non-Executive Chairman of the Audit Committee and a Member of the Remuneration Committee of HTVB. He has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> Profile of Board of Directors

(Continued)

pg> 12

HIAP TECK VENTURE BERHAD [421340-U]

> CHEAH SHU BOON

Aged 43, Malaysian, is a Non-Independent and Non-Executive Director of HTVB. He was appointed to the Board of HTVB on 20 March 1997.

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 a practising advocate and solicitor of the High Court of Malaya.

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. In addition, he has undertaken property development projects and currently sits on the boards of three private property development and investment holding companies.

Mr. Cheah is also a Member of the Nomination and Remuneration Committees of HTVB. He has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> TOH SU LIN

Aged 32, Malaysian, is the Alternate Director of HTVB to Mr. Cheah Shu Boon. She was first appointed to the Board of HTVB on 20 March 1997 and subsequently resigned and appointed as the Alternate Director to Mr Cheah Shu Boon on 12 June 2003.

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

She has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> LAW SOOK TENG

Aged 35, Malaysian, is an Executive Director of HTVB. She was appointed to the Board of HTVB on 6 June 2003.

She graduated with a Bachelor of Economics degree from Universiti Malaya in 1992. Prior to joining Alpine Pipe Manufacturing Sdn Bhd, presently a subsidiary of HTVB, in 1994 as the Sales Manager, she was the Assistant Sales Manager of Wing Tiek Steel Pipes Sdn Bhd from 1992 to 1994. She was appointed to the board of Alpine Pipe Manufacturing Sdn Bhd in 1994, where she is responsible for the overall production, sales and administrative functions.

She has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> TEE TUANG SIONG

Aged 45, Malaysian, is an Executive Director of HTVB. He was appointed to the Board of HTVB on 6 June 2003.

He joined Tiek Hong Hardware (B'worth) Sdn Bhd, presently a subsidiary of HTVB, as General Manager in 1994 and was appointed as the Director of Tiek Hong Hardware (B'worth) Sdn Bhd in October 1994. Based in Butterworth, he is in charge of the management and the marketing of the Group's products in the northern region.

He obtained a Diploma of Marketing from the Malaysian Institute of Training and Development, and Marketing Confederation of Australia in 1993. He was with Robert Newton Timber Products Sdn Bhd as an Administration and Purchasing Assistant from 1980 to 1981. He joined Wing Tiek Hardware Sdn Bhd in 1981 as Sales Executive and was transferred to Butterworth as Branch Manager in 1983 responsible for the operations of Wing Bee Hardware Sdn Bhd. He was later promoted to General Manager in 1990, a position he assumed until 1994. His experience in the marketing capacity has accorded him familiarity with the hardware trading business in the northern region.

He has never been charged for any criminal offence and has no family relationship with any Director and/or substantial shareholder of the Company nor any conflict of interest with the Company.

> KUA SWEE LEONG

Aged 29, Malaysian, is an Executive Director of HTVB. He was appointed to the Board of HTVB on 12 November 2003.

He graduated with a Bachelor of Business Administration and Management degree from University of Kansas, United States of America in 1995. Since graduating from university, he has been actively involved in the marketing of the Group's products and general administration of the group's affairs. He sits on the boards of several private limited companies.

Mr Kua Swee Leong is the son of both Mr Kua Hock Lai, the Managing Director and substantial shareholder and Madam Lim Ah Eng, a substantial shareholder of the Company. Mr Kua Swee Leong has never been charged for any criminal offence and has no conflict of interest with the Company.

> Corporate Structure

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HIAP TECK VENTURE BERHAD [421340-U]

HIAP TECK VENTURE BERHAD (421340-U)

Investment Holdings

100%

HIAP TECK HARDWARE SDN BHD (276336-A)

Importer and Exporter, general dealer in steel products, hardware and building material

100%

ALPINE PIPE MANUFACTURING SDN BHD (276844-V)

Manufacturing and trading of steel and iron products

100%

BRILIANT DECADE TRANSPORT AGENCY SDN BHD (270261-D)

Provision of transportation of goods by lorries

100%

TIEK HONG HARDWARE (B'WORTH) SDN BHD (278478-T)

General merchant and dealer in metal hardware, building equipment and materials

100%

HUATRACO MARKETING SDN BHD (240510-T)

Manufacturing, selling, dealing and renting of scaffolding equipment, slitting and forming process for pipes and range of steel products

100%

H.T. PROPERTY SDN BHD (313284-V)

Investment and renting out of properties

100%

H.T. STEEL MANUFACTURING SDN BHD (409923-P)

Manufacturing of steel bars and sections. Expected to commence operations in 2004

100%

H.T. SCAFFOLDING MANUFACTURING SDN BHD (282720-D)

Manufacturing and dealing in and renting out scaffolding components and accessories and metal stamping

100%

HIAP TECK HOLDINGS SDN BHD (336742-U)

Dormant

100%

HUATRACO INDUSTRIES SDN BHD (164409-A)

Manufacturing, selling and dealing in scaffolding and a range of steel products

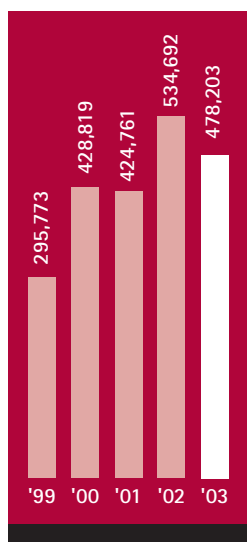
> Financial Highlights

for the financial year ended 31 July, 2003

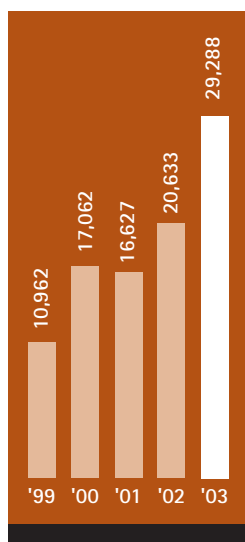
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HIAP TECK VENTURE BERHAD [421340-U]

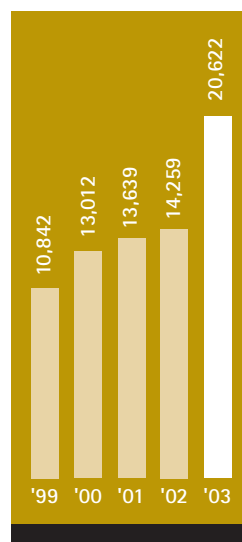
The table below sets out a summary of the proforma consolidated audited results of HTVB Group for the past five financial years, prepared for illustration purposes only based on the audited accounts of HTVB and its subsidiaries and on the assumptions that the current structure of the Group has been in existence throughout the period under review, and after making any such adjustments considered necessary.



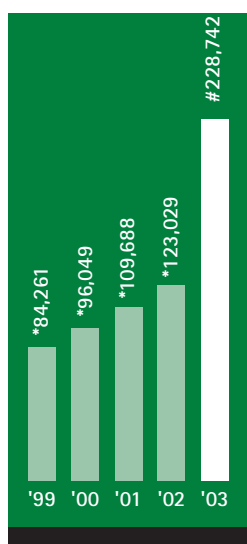
Revenue
(RM'000)



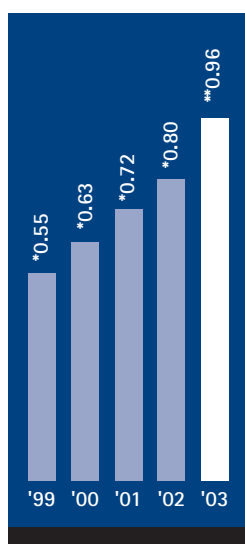
Profit Before Taxation
(RM'000)



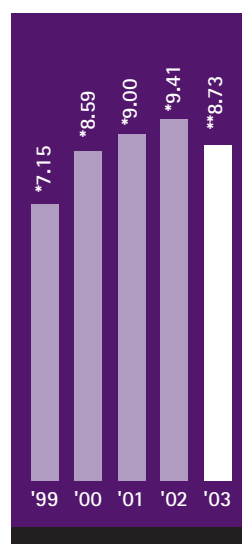
Profit After Taxation
(RM'000)



Shareholders' Funds
(RM'000)



NTA Per Share
(RM'000)



Earnings Per Share
(Sen)

* This is based on 151,547,812 shares, assuming the acquisition of subsidiaries have been implemented and the Group has been in existence throughout the financial years under review.

This is based on 236,200,000 shares upon completion of the acquisition of subsidiaries and properties.

** This is based on 236,200,000 shares.

> Chairman's Statement

pg> 16

HIAP TECK VENTURE BERHAD [421340-U]

> **ON BEHALF** of the Board of Directors, I have the pleasure in presenting the annual report and the financial statements of Hiap Teck Venture Berhad and its group of companies for the financial year ended 31 July 2003. The Group has achieved a significant milestone when it was listed on the Main Board of the Kuala Lumpur Stock Exchange on 2 September 2003.

> FINANCIAL PERFORMANCE

For the year under review ended 31 July 2003, the Group posted a consolidated revenue of RM478.203 million, representing a 10.6% decrease as compared to the Group's proforma consolidated revenue for the year 2002. Despite the reduction in revenue, the Group recorded a net profit after tax of RM20.622 million for the year 2003, an increase of RM6.363 million compared to year 2002.

Factors that contributed to the increased profits include improvement in production efficiency, continuous cost saving measures and reduction in interest expense. The Group has continuously worked towards reducing borrowings and improving gearing.

The manufacturing division remains the major contributor to the Group's revenue and net profit, contributing 62.4% and 89.5% to the Group's revenue and net profit respectively. Steel pipes and related products (core products of the Group), contributed approximately 53.3% of the Group's total revenue.

> DIVIDENDS

The Board is pleased to propose a first and final dividend of 3% less Malaysian Income Tax of 28% totaling RM3,535,920 in respect of the financial year 2003, subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 15 December 2003.

> CORPORATE DEVELOPMENT

Acquisition of Subsidiaries

On 27 March 2003, the Company completed the acquisition of the entire issued and paid-up share capital of Hiap Teck Hardware Sdn Bhd, Tiek Hong Hardware (B'worth) Sdn Bhd, Alpine Pipe Manufacturing Sdn Bhd, Huatraco Marketing Sdn Bhd and Brilliant Decade Transport Agency Sdn Bhd for a total purchase consideration of RM99,596,759 satisfied by the issuance of 150,947,808 new ordinary shares of RM0.50 each in the Company at an issue price of approximately RM0.66 per share.

Acquisition of Properties

On 29 May 2003, the Company acquired from United Coconut Fibre Products Sdn Bhd, a property known as Lot 6085, District of Klang for a purchase consideration of RM21,100,000 satisfied by the issue of 28,396,839 ordinary shares of RM0.50 each in the Company at an issue price of approximately RM0.74 per share.

On the same day, the Company also acquired from K.H.L. Sdn Bhd, 2 pieces of properties known as Lot 6088 and Lot 6089, District of Klang for a purchase consideration of RM19,800,000 and RM22,000,000 respectively, satisfied by the issue of 26,647,270 and 29,608,079 ordinary shares of RM0.50 each in the Company at an issue price of approximately RM0.74 per share.





> Listing on the Main Board of the Kuala Lumpur Stock Exchange

The Company made its debut on the Main Board of the Kuala Lumpur Stock Exchange on 2 September 2003, opening at RM0.70 per share against the initial public offering price of RM0.55.

> PROSPECTS

The Group will place more emphasis on the manufacturing division that can add on more value on the products and give higher margin. The Group will continue focusing on upgrading its existing manufacturing facilities to produce a wider range of products. In line with its mission to be a "One Stop Steel Centre", the Group has put in place a strategy of complementing its own products with other trading products.

The Board is confident that the performance of the Group for the coming financial year will likely meet expectation.

> ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our valued customers, suppliers, bankers, business partners 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 would also like to take this opportunity to extend my sincere appreciation to the Board of Directors, the management and all staff for their unwavering dedication and commitment in carrying out their duties. Our achievements are the result of concerted efforts by the entire team and I look forward to your continued support.

Tan Sri Dato' Alwi bin Jantan
Chairman



> **SAYA BAGI PIHAK** Lembaga Pengarah dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Hiap Teck Venture Berhad dan kumpulan syarikatnya bagi tahun kewangan berakhir 31 Julai 2003. Kumpulan berjaya mencatatkan detik kegemilangan dengan penyenaian pada Papan Utama Bursa Saham Kuala Lumpur pada 2 September 2003.

> PRESTASI KEWANGAN

Bagi tahun berakhir 31 Julai 2003 yang ditinjau, Kumpulan mencatatkan hasil disatukan sebanyak RM478.203 juta, iaitu penurunan sebanyak 10.6% berbanding dengan hasil disatukan proforma Kumpulan bagi tahun 2002. Walau bagaimanapun, Kumpulan mencatatkan untung bersih selepas cukai sebanyak RM20.622 juta bagi tahun 2003, peningkatan sebanyak RM6.363 juta berbanding dengan tahun 2002.

Faktor-faktor yang menyumbangkan kepada peningkatan untung Kumpulan termasuk peningkatan efisiensi pengeluaran, penjimatan kos yang berterusan dan pengurangan dalam perbelanjaan faedah. Kumpulan HTVB selama ini berusaha untuk mengurangkan peminjaman dan memperbaiki pengedaran.

Bahagian pengilangan masih menjadi penyumbang utama hasil dan untung bersih Kumpulan dengan sumbangan sebanyak 62.4% dan 89.5% masing-masing. Paip keluli dan produk yang berkaitan (produk teras Kumpulan) menyumbang lebih kurang 53.3% daripada jumlah hasil Kumpulan.

> DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan dividen pertama dan akhir sebanyak 3% ditolak dengan 28% Cukai Pendapatan Malaysia, iaitu berjumlah RM3,535,920 bagi tahun berakhir 2003 tertakluk kepada kelulusan pemegang saham pada Mesyuarat Agung Tahunan yang akan diadakan pada 15 Disember 2003.

> PERKEMBANGAN KORPORAT

Pengambilalihan Anak Syarikat

Pada 27 Mac 2003, Syarikat telah menyempurnakan pengambilalihan seluruh modal berbayar dan terbit Hiap Teck Hardware Sdn Bhd, Tiek Hong Hardware (B'worth) Sdn Bhd, Alpine Pipe Manufacturing Sdn Bhd, Huatraco Marketing Sdn Bhd dan Brilliant Decade Transport Agency Sdn Bhd dengan pertimbangan belian sebanyak RM99,596,759 melalui penerbitan 150,947,808 saham biasa baru pada RM0.50 sesaham Syarikat dengan harga terbitan lebih kurang RM0.66 sesaham.

Pengambilalihan Hartanah

Pada 29 Mei 2003, Syarikat mengambilalih daripada United Coconut Fibre Products Sdn Bhd sebidang hartanah yang dikenali sebagai Lot 6085, Daerah Klang, dengan pertimbangan belian sebanyak RM21,100,000 melalui penerbitan 28,396,839 saham biasa baru pada RM0.50 sesaham Syarikat dengan harga terbitan lebih kurang RM0.74 sesaham.

Pada hari yang sama, Syarikat juga mengambilalih daripada K.H.L. Sdn Bhd 2 bidang hartanah yang dikenali sebagai Lot 6088 dan Lot 6089, Daerah Klang, dengan pertimbangan belian sebanyak RM19,800,000 dan RM22,000,000 melalui penerbitan 26,647,270 dan 29,608,079 saham biasa baru pada RM0.50 sesaham Syarikat dengan harga terbitan lebih kurang RM0.74 sesaham.





Penyenaiaan di Papan Utama Bursa Saham Kuala Lumpur

Syarikat mula disenaraikan di Papan Utama Bursa Saham Kuala Lumpur pada 2 September 2003 dengan harga dibuka pada RM0.70 sesaham berbanding dengan harga tawaran awam awal pada RM0.55.

> PROSPEK

Kumpulan akan memberikan lebih penekanan kepada bahagian pengilangan yang boleh menambahkan lebih nilai kepada produk dan memberikan margin untung yang lebih tinggi. Kumpulan akan terus berfokus kepada memperbaiki kemudahan dan kelengkapan pengilangan yang sedia ada bagi memperbagaikan produk keluaran. Sejajar dengan misi Kumpulan sebagai "Pusat Setempat Keluli" atau "One Stop Steel Centre", Kumpulan telah menyediakan strategi untuk melengkapkan produknya sendiri dengan produk perdagangan lain.

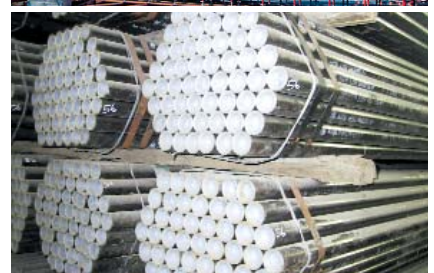
Lembaga yakin bahawa prestasi Kumpulan untuk tahun kewangan akan datang boleh menepati jangkaan kami.

> PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih kepada pelanggan, pembekal, jurubank, rakan perniagaan dan pemegang saham yang dihargai atas sokongan padu dan keyakinan mereka terhadap kami. Tanpa anda, kejayaan Kumpulan mungkin tidak kesampaian. Kami mengharapkan perhubungan kerjasama yang lebih erat dan kami bertekad mengamanahkan kepercayaan anda.

Saya ingin mengambil kesempatan ini untuk mengucapkan penghargaan kepada Lembaga Pengarah, pihak pengurusan dan semua kakitangan atas dedikasi mereka yang tidak berbelah bagi dan komitmen mereka semasa menjalankan tugas masing-masing. Pencapaian kami adalah hasil usaha padu seluruh pasukan. Akhir kata, saya mengharapkan sokongan anda yang berterusan kepada Kumpulan.

Tan Sri Dato' Alwi bin Jantan
Pengerusi



> Corporate Governance Statement

pg> 20

HIAP TECK VENTURE BERHAD [421340-U]

> **THE BOARD** of Hiap Teck Venture Berhad acknowledges the importance of maintaining good corporate governance in the Group. To achieve this objective, the Board has initiated moves to ensure that the principles of corporate governance are being applied. During the year under review, the Board has complied with most of the best practices as set out under Part 2 of the Malaysian Code on Corporate Governance ("the Code") and is pleased to present its report on the extent of its compliance with the Code.

> THE BOARD OF DIRECTORS

The Company is led and controlled by an effective board comprising a balanced mix of directors with both professional and business experience. The Board currently has 10 members comprising an Independent Non-Executive Chairman, 4 Executive Directors, 3 Independent Non-Executive Directors, a Non-Independent Non-Executive Director and an Alternate Director.

The role of the Chairman and the Managing Director is separate to ensure a balance of power. Currently, the Board is chaired by Tan Sri Dato' Alwi bin Jantan, an Independent Non-Executive Director whereas Mr Kua Hock Lai, the Managing Director, leads the management in the operation and implementation of Board policies and decisions.

The Board is provided with sufficient and timely information to enable it to discharge its 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 Group's investments or assets; announcement 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.

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 access to the advice and services of the Company Secretary, whose removal may only be made with the approval of the Board.

There were 5 Board of Directors' Meetings held during the financial year ended 31 July 2003 prior to the Company's listing on the Main Board of the Kuala Lumpur Stock Exchange on 2 September 2003 and the Board is committed to meet regularly, at quarterly intervals, with additional meetings convened as and when required.

Details of the Board of Directors Meetings and their attendance at these meetings are shown in pages 6 to 7 of this report.

> DIRECTORS' TRAINING

Orientation will be provided to new Directors and training needs for each Director are identified to enable Directors to attain the appropriate skills and knowledge to contribute effectively for the achievement of the aims and aspiration of the Company.

> APPOINTMENT TO THE BOARD

The Company applied a formal and transparent procedure in appointing new directors through the Nomination Committee. This Committee was established on 24 September 2003. The members of this Nomination Committee are:

1. Tan Sri Dato' Alwi bin Jantan (Chairman)
2. Mohamed Nizam bin Abdul Razak
3. Cheah Shu Boon

The Nomination Committee is responsible for proposing new candidates for the Board. Nevertheless, the decision as to who shall be nominated remains the responsibility of the full Board. The Nomination Committee will perform an assessment on the effectiveness of the Board, Committee and the contribution of each Director.

Prior to establishing the Nomination Committee, the Executive Directors were responsible for identifying, recruiting, nominating and appointing a new Director to the Board. With the Nomination Committee in place, the Committee will ensure that it will carry out its functions within the scope of its terms of reference.

The Company's Articles of Association provides that all directors are required to submit themselves for re-election at least once every three years.

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

Mr. Yeoh Chong Keat, acts as the Senior Independent Non-Executive Director. Any queries from the shareholders relating to the Company can be directed to him.

> DIRECTORS' REMUNERATION

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

1. Tan Sri Dato' Alwi bin Jantan (Chairman)
2. Cheah Shu Boon
3. Kua Hock Lai
4. Yeoh Chong Keat

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of 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 Committee to structure the remuneration of the Executive Directors so as to link his rewards to the 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 Directors are proposed at the Annual General Meeting for the shareholders' approval.

Subsequent to the establishment of the Remuneration Committee, the members of the Remuneration Committee have met once to review and discuss on the remuneration of the Directors. The Committee, having determined on the respective remuneration of the Executive and Non-Executive Directors, recommended its proposals to the Board for approval.

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive
RM50,000 and below	-	4
RM50,001 - RM100,00	-	-
RM100,001 - RM150,000	3*	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	-	-
RM300,000 - RM350,000	1	-

*An Executive Director has resigned on 12 November 2003.

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	-	855,873	45,083	900,956
Non-Executive Directors	60,000	-	-	60,000

> SHAREHOLDERS

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 the Kuala Lumpur Stock Exchange which includes the quarterly reports, annual report and press releases. Where applicable, the Board is prepared to enter into a dialogue with institutional shareholders.

The Annual General Meeting is used as a principal forum for dialogue with all shareholders. Extraordinary General Meetings are held as and when required. 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. The Chairman of the meeting will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries.

> ACCOUNTABILITY AND AUDIT

The Board through the review of 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 public in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The Audit Committee of the Company consists of 2 Independent Non-Executive Directors (one of whom is the Chairman) and the Managing Director.

The current composition of the Audit Committee is in compliance with the requirement of paragraph 15.10 (b) of the Listing Requirements that is a majority of the members should be Independent Directors. The Audit Committee Report is set out in pages 27 to 30 of this report.

An internal audit function was established on 1 November 2003 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 details in the enclosed Statement on Internal Control.

The Board maintains formal and transparent relationships with its external Auditors through the review of their audit plans, scope of audit and audit report as well as their professional fees and appointment by the Audit Committee. The external Auditors are expected to report their findings to the Audit Committee and to discuss with the Board of Directors on matters that necessitate the Board's attention.

> RELATIONSHIP OF THE BOARD TO MANAGEMENT

The Board recognizes the importance for the Company to maintain a dynamic nature of 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.

> STATEMENT ON DIRECTORS' RESPONSIBILITY IN PREPARING THE ANNUAL ACCOUNTS

Pursuant to paragraph 15.27(a) of the Listing Requirements of the Kuala Lumpur Stock Exchange, the Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flow for the year then ended. The Directors have ensured the financial statements are drawn up to comply with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In preparing the financial statements, the Directors have adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors have a general responsibility for ensuring that the Company and the Group keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Company and the Group.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

> Statements on Internal Control

pg> 24

HIAP TECK VENTURE BERHAD [421340-U]

> **THE BOARD** of Directors of Hiap Teck Venture Berhad acknowledges the importance of the systems of internal control and affirms that it is their primary responsibility to maintain a sound system of internal control including review of its adequacy and integrity in order to safeguard the shareholders' investment in the company and therefore its assets. However, it should be noted that such system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, the system can only provide reasonable and not absolute assurance against material misstatements or losses. With the engagement of the internal Auditors on 1 November 2003, the Board will be developing a proper risk management framework to mitigate risks that will be faced by the Group.

The process of identifying, evaluating and managing significant risks faced by the Group is dealt with as part of the business operations. Meetings are held regularly at the management level to monitor changes in the business environment and their impact on the operations. Business strategies are reviewed and refined at the same time to ensure that operations are in accordance with the corporate expectation. Significant risks and issues are brought to the Board for information and approval of policies adopted. This process is on going for the year under review and in accordance with the Guidance on Statement on Internal Control.

The Group's key controls include:

- Management structure, which defines the functions and responsibilities and segregation of duties;
- Timely generation of financial information for Audit Committee's review and Board approval. Announcement of financial information is subjected to Audit Committee's reviews with management;

- Independent review of financial reporting and internal control system by the statutory Auditors and internal Auditors (internal audit function being outsourced with the appointment of a professional service firm on 1 November 2003).

The statutory Auditors have reviewed this Statement and they have reported to the Board that the contents of this Statement were consistent with their understanding.

The following information is provided in compliance with the Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements:

1. UTILISATION OF LISTING PROCEEDS

The gross proceeds of RM50.16 million accruing to the Company from the Company's listing on the Main Board of the KLSE on 2 September 2003 has been utilized in the following manner as at the date of this report as approved by the relevant authority:

	RM'000
Repayment of Bank Borrowing	19,802
Working Capital	27,077
Listing Expenses	3,281
Total	50,160

2. SHARE BUYBACKS

There was no share buyback during the financial year ended 31 July 2003.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year ended 31 July 2003.

4. 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 2003.

5. 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 2003.

6. NON-AUDIT FEES

The amount of non-audit fees amounting to RM130,000 paid to the external Auditors of the Group for the financial year ended 31 July 2003.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year and the profit estimates previously included in the prospectus issued on 29 July 2003 in conjunction with the Company's listing on the Main Board of the KLSE.

8. PROFIT GUARANTEE

There was no profit guarantee included in the prospectus issued in conjunction with the Company's listing on the KLSE on 2 September 2003.

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

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interests as at 31 July 2003 except for those disclosed as recurrent related party transactions of revenue or trading nature or related party transactions.

10. REVALUATION POLICY

The leasehold land, freehold land and buildings were revalued on 26 March 2003 by the Directors based on independent professional valuation carried by M/s Khong & Jaafar Sdn Bhd.

The valuation were prepared for inclusion in the prospectus of Hiap Teck Venture Berhad issued on 29 July 2003 in conjunction with the Company's listing on the Main Board of the KLSE.

Surplus arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In any other cases, a decrease in carrying amount is charged to the income statement.

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

The Company proposes to seek shareholders' mandate in respect of recurrent related party transactions of revenue or trading nature during the forthcoming Annual General Meeting.

> Audit Committee Report

pg> 27

HIAP TECK VENTURE BERHAD [421340-U]

The Audit Committee was established on 17 July 2003.

> MEMBERSHIP

The members of the Committee are:

Name	Designation	Directorship
Yeoh Chong Keat	Chairman	Independent Non-Executive Director
Kua Hock Lai	Member	Managing Director
Ong Eng Choon	Member	Independent Non-Executive Director

> 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) a majority shall be Independent Directors;
 - b) at least one (1) member of the 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.
- 1.3 No Alternate Director shall be appointed as a member of the Committee.
- 1.4 A quorum shall be two (2) members and composed of a majority of Independent Directors.
- 1.5 The Chairman of the Committee shall be appointed by the members of the Committee among their number who is an Independent Director.
- 1.6 The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such 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 Committee if a request is made by any Committee members, the Company's Executive Chairman/CEO or the internal or external Auditors if they consider it necessary.

2.2 Meeting will be attended by the members of the Committee and the Company Secretary who shall act as the Secretary, or any representative of 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 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 Committee to discharge its duties.

3.2 The 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 (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external Auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

4. Functions and Responsibilities:

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

- (a) 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;
- (b) to review the assistance given by employees of the Group to the external Auditors;
- (c) to review the external Auditor's management letter and management's response;

- (d) to do the following where an internal audit function exists:-
- to review the adequacy of the scope, functions 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;
- (e) to review quarterly report 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;
- (f) to review any related party transactions and conflict of interest situation that may rise within the Company and the Group including any transaction, procedure or course of conduct that raise questions of management integrity;
- (g) 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;
- (h) to make recommendations concerning the appointment of the external Auditors and their remuneration to the Board;

The reports of the Committee and the external and internal Auditors and corrective action taken shall be tabled for discussion by the Board of Directors.

5. Minutes:

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

6. Audit Committee Report:

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

- (d) a summary of activities of the 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 Committee to discharge its functions effectively.

> SUMMARY OF ACTIVITIES

The Audit Committee did not meet prior to the listing of the Company on the Main Board of the Kuala Lumpur Stock Exchange on 2 September 2003. However, the Audit Committee has subsequently on 24 September 2003 and 16 October 2003 met to review the following matters:-

1. unaudited fourth quarter results of the Group for the financial year ended 31 July 2003 before submissions to the Board and announcement to the Kuala Lumpur Stock Exchange.
2. annual audited financial statements of the Group for the financial year ended 31 July 2003 before submissions to the Board and the Kuala Lumpur Stock Exchange.
3. draft circular to shareholders in relation to the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.
4. appointment and remuneration of the external Auditors.

All members of the Audit Committee attended the abovementioned meetings.

The Audit Committee plans to have four (4) meetings a year at quarterly intervals with additional meetings convened as and when required.

> INTERNAL AUDIT FUNCTION

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

The Board has decided to outsource its internal audit functions and has engaged a professional service firm on 1 November 2003, which will assist the Audit Committee in discharging their duties and responsibilities. The internal auditors' role is to perform internal audits over the operation areas of the Group and to provide an independent assurance on the Group's state of internal control system.

> Financial Statements

for the year ended 31st July, 2003

HIAP TECK VENTURE BERHAD [421340-U]



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> Directors' Report

for the year ended 31st July, 2003

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HIAP TECK VENTURE BERHAD [421340-U]

Your Directors take pleasure in submitting the Directors' report and audited financial statements of the Group and of the Company for the year ended 31st July, 2003.

1. Results for the year

	Group RM'000	Company RM'000
Profit /(Loss) for the year before exceptional items & taxation	29,642	(54)
Exceptional items	(354)	-
Profit /(Loss) for the year after exceptional items but before taxation	29,288	(54)
Taxation	(8,666)	8
Profit /(Loss) for the year after exceptional items & taxation	20,622	(46)

Share capital

The Company issued the following ordinary shares of RM0.50 sen during the year under review:-

On	Number of shares	Purpose
27.3.2003	150,947,808	In consideration for the acquisition of the entire paid up and issued share capital in five companies.
29.5.2003	84,652,188	In consideration for the acquisition of three properties.

Reserves & provisions

There were no material transfers to or from reserves or provisions during the year under review except as disclosed in the statement of changes in equity set out on pages 43 to 45.

Dividend

No amount has been paid or declared by the Company by way of dividend since the end of the previous financial year.

For the current financial year ended 31st July, 2003, the Company has proposed, subject to Shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 1.5 sen per share less 28% tax amounting to net

RM3,535,920

Such dividend if approved by the Shareholders, will be accounted for in Shareholders' equity as an appropriation of retained profits in the next financial year ending 31st July, 2004.

2. Principal activities

The Company during the year commenced operations in investment holding and the renting out of properties. The principal activities of Subsidiaries acquired are indicated in note 26 to the financial statements. There have been no significant changes in the nature of the activities of these Subsidiaries acquired during the year.

3. Other statutory information

- (a) Before the Income Statement and Balance Sheet of the Group and of the Company were made out, the Directors took reasonable steps:-
- i. to ascertain what 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 realize in the ordinary course of business their value as shown in the accounting records were written down to an amount which they might be expected so to realize.
- (b) At the date of this report, the Directors are not aware of any circumstances:-
- i. which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) There is no charge on the assets of any company in the Group which has arisen since the end of the financial year which secures the liabilities of any other person.
- (d) No contingent liabilities have been undertaken by any Company in the Group since the end of the financial year which have not been discharged and no contingent liabilities other than that disclosed in Note 32 to the financial statements have become enforceable or are likely to become enforceable within the succeeding period of twelve months which will materially affect the Company and its Subsidiaries in their ability to meet their obligations as and when they fall due.
- (e) The Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements which would render any amount stated in the financial statements or consolidated financial statements misleading.
- (f) In the opinion of the Directors, the results of the operations of the Group and of the Company in the year ended 31st July, 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature.

> Directors' Report

for the year ended 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

- (g) 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 in the opinion of the Directors is likely to affect substantially the results of the current financial year.
- (h) Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Group) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interests other than that disclosed in Note 30 to the financial statements.
- (i) Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.
- (k) The Directors who served since the date of the last report were:-
Cheah Shu Boon
Toh Su Lin (f) (resigned on 12.06.2003)
Tan Sri Dato' Alwi Bin Jantan (appointed on 6.06.2003)
Kua Hock Lai (appointed on 6.06.2003)
Mohamed Nizam Bin Abdul Razak (appointed on 6.06.2003)
Lu Kang Eing (appointed on 6.06.2003)
Tee Tuang Siong (appointed on 6.06.2003)
Law Sook Teng (f) (appointed on 6.06.2003)
Ong Eng Choon (appointed on 6.06.2003)
Yeoh Chong Keat (appointed on 6.06.2003)
Toh Su Lin (f) (alternate director to Cheah Shu Boon) (appointed on 12.06.2003)
- (k) The following Directors who held office at the end of the financial year have according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Company and its related corporations as stated below:

Shareholdings registered in
the name of Directors:

	Number of shares			
	Balance 1.8.2002	Bought	Sold	Balance 31.7.2003
Hiap Teck Venture Berhad				
Cheah Shu Boon	-	-	-	-
Toh Su Lin	-	-	-	-
Tan Sri Dato' Alwi Bin Jantan	-	26,788,464	-	26,788,464
Kua Hock Lai	-	13,904,566	-	13,904,566
Mohamed Nizam Bin Abdul Razak	-	11,256,247	-	11,256,247
Lu Kang Eing	-	1,832,961	-	1,832,961
Tee Tuang Siong	-	2,674,609	-	2,674,609
Law Sook Teng	-	1,587,615	-	1,587,615
Ong Eng Choon	-	-	-	-
Yeoh Chong Keat	-	-	-	-

> Directors' Report

for the year ended 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

Hiap Teck Hardware Sdn. Bhd.				
Tan Sri Dato' Alwi Bin Jantan	4,138,746	-	4,138,746	-
Kua Hock Lai	210,000	-	210,000	-
Mohamed Nizam Bin Abdul Razak	2,062,500	-	2,062,500	-
Law Sook Teng	60,000	-	60,000	-
Tee Tuang Siong	300,000	-	300,000	-
Tiek Hong Hardware (B'worth) Sdn. Bhd.				
Kua Hock Lai	352,001	-	352,001	-
Tee Tuang Siong	40,000	-	40,000	-
Tan Sri Dato' Alwi Bin Jantan	1,390,400	-	1,390,400	-
Alpine Pipe Manufacturing Sdn. Bhd.				
Kua Hock Lai	1,020,000	-	1,020,000	-
Lu Kang Eing	160,000	-	160,000	-
Law Sook Teng	110,000	-	110,000	-
Tee Tuang Siong	80,000	-	80,000	-
Brilliant Decade Transport Agency Sdn. Bhd.				
Kua Hock Lai	5,000	-	5,000	-

Shareholdings in the following companies in which Mr Kua Hock Lai is deemed to have interests in 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:

	Number of shares			Balance 31.7.2003
	Balance 1.8.2002	Bought	Sold	
Hiap Teck Venture Berhad	-	135,017,485	-	135,017,485
Hiap Teck Hardware Sdn. Bhd.	944,254	-	944,254	-
Tiek Hong Hardware (B'worth) Sdn. Bhd.	587,601	-	587,601	-
Alpine Pipe Manufacturing Sdn. Bhd.	2,104,002	-	2,104,002	-
Huatraco Marketing Sdn. Bhd.	3,600,006	-	3,600,006	-
Brilliant Decade Transport Agency Sdn. Bhd.	334,999	-	334,999	-

4. Retirement of directors

Pursuant to Article 84 of the Company's Articles of Association, Y. Bhg. Tan Sri Dato' Alwi Bin Jantan, Encik Mohamed Nizam Bin Abdul Razak, Messrs Kua Hock Lai, Lu Kang Eing, Tee Tuang Siong, Law Sook Teng, Ong Eng Choon and Yeoh Chong Keat who were appointed subsequent to the date of the last Annual General Meeting retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

> Directors' Report

for the year ended 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

5. Auditors

The retiring auditors, Messrs Wong Yow Seng & Co, Chartered Accountants, decline to offer themselves for re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution,

Law Sook Teng
DIRECTOR

Kua Hock Lai
DIRECTOR

Meru
16 October 2003

> Statement by Directors

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HIAP TECK VENTURE BERHAD [421340-U]

In the opinion of the Directors, the financial statements set out on pages 39 to 78 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31st July, 2003, of the results of the operations, the changes in equity and the cash flow for the Group and for the Company for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution,

Law Sook Teng
DIRECTOR

Kua Hock Lai
DIRECTOR

Meru
16 October 2003

> Statutory Declaration

I, Ooi Ai Leng, being the officer primarily responsible for the financial management of HIAP TECK VENTURE BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements set out on pages 39 to 78 are 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)
at Kuala Lumpur)
this 16 October 2003)

Ooi Ai Leng

Before me:

K.Mariasosay (W344)
Commissioner for Oaths

> Report of the Auditors

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

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HIAP TECK VENTURE BERHAD [421340-U]

We have audited the consolidated financial statements set out on pages 39 to 78 of HIAP TECK VENTURE BERHAD, comprising the Balance Sheet of the Group and of the Company and the notes to the financial statements as at 31st July, 2003 and of the Income Statement, the Statement Of Changes In Equity and the Cash Flow Statement for the Group and for the Company for the year ended 31st July, 2003.

The preparation of the financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the above mentioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of
 - i. the state of affairs of the Group and of the Company as at 31st July, 2003 and of the results of the operations, the changes in equity and the cash flow for the Group and for the Company for the year ended 31st July, 2003; and
 - ii. the matters required by Section 169 of the Act to be dealt with in the financial statements of the Group and of the Company.
- b) 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.

We are satisfied that the financial statements of the Subsidiaries that have been consolidated 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.

No Auditors' report on the financial statements of the Subsidiaries was made subject to any qualification nor included any comment required under subsection (3) of Section 174 of the Act.

WONG YOW SENG & CO
No. AF 0252
Chartered Accountants

Kuala Lumpur
16 October 2003

WONG YOW SENG
C.A.(M), C.P.A.
No. 694/03/05(J/PH)

> Consolidated Balance Sheet

as at 31st July, 2003 (in Malaysian Ringgit)

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HIAP TECK VENTURE BERHAD [421340-U]

	2003 RM	Proforma 2002 RM
Shareholders' equity		
Share capital (Note 4)	118,100,000	75,773,906
Share premium	20,573,906	-
Share application account	22,990,000	-
Merger deficit (Note 5)	-	(49,969,888)
Revaluation reserve (Note 6)	17,844,985	-
Retained profits	49,233,235	79,499,187
	228,742,126	105,303,205
Long term liabilities		
Loans payable (Note 7)	131,834	-
Bank borrowings (Note 8)	14,000,000	1,846,348
Deferred taxation (Note 9)	6,207,291	5,277,500
	249,081,251	112,427,053
<i>Represented by:-</i>		
Goodwill (Note 10)	891,020	943,433
Expenditure carried forward (Note 11)	1,337,749	504,136
Property, plant & equipment (Note 12)	157,481,044	80,134,632
Deferred taxation benefit (Note 9)	46,504	465,000
Current assets		
Inventory (Note 14)	146,294,547	117,420,620
Receivables (Note 15)	113,630,839	143,380,300
Taxation recoverable	1,449,729	2,040,055
Deposit with licensed banks	3,531,444	90,000
Cash in hand & at banks	24,079,350	3,229,198
	288,985,909	266,160,173
Less: Current liabilities		
Payables & accruals (Note 17)	22,200,229	13,161,871
Loans payable (Note 7)	557,984	67,141
Bank borrowings (Note 8)	173,478,630	220,035,549
Taxation	3,424,132	2,515,760
	199,660,975	235,780,321
Net current assets	89,324,934	30,379,852
	249,081,251	112,427,053

The notes referred to form an integral part of these financial statements.

> Balance Sheet

as at 31st July, 2003 (in Malaysian Ringgit)

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HIAP TECK VENTURE BERHAD [421340-U]

	2003 RM	2002 RM
Shareholders' equity		
Share capital (Note 4)	118,100,000	300,002
Share premium	20,573,906	-
Share application account	22,990,000	-
Accumulated loss	(460,900)	(414,634)
	161,203,006	(114,632)
Represented by:-		
Expenditure carried forward (Note 11)	1,337,749	504,136
Property (Note 12)	64,125,101	-
Subsidiaries (Note 13)	75,473,904	-
Deferred taxation benefit (Note 9)	19,068	-
Current assets		
Receivables (Note 15)	43,808	-
Cash in hand & at banks	23,027,404	82
	23,071,212	82
Less: Current liabilities		
Sundry payables & accruals (Note 17)	669,833	618,850
Taxation	11,532	-
Amount owing to related company (Note 18)	2,142,663	-
	2,824,028	618,850
Net current assets / (liabilities)	20,247,184	(618,768)
	161,203,006	(114,632)

The notes referred to form an integral part of these financial statements.

> Consolidated Income Statement

for the year ended 31st July, 2003 (in Malaysian Ringgit)

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HIAP TECK VENTURE BERHAD [421340-U]

	2003 RM	Proforma 2002 RM
Revenue (Note 19)	478,203,117	534,692,232
Cost of sales (Note 20)	(415,927,145)	(482,450,264)
Gross profit	62,275,972	52,241,968
Other operating income	4,776,644	3,098,305
Pre-operating cost	(26,885)	-
Property operating cost	(1,611,414)	(439,783)
Factory overhead cost	(458,269)	(362,485)
Marketing & distribution cost	(10,150,861)	(8,967,634)
Administration cost	(5,955,646)	(6,386,790)
Other operating cost	(706,515)	(313,971)
Financial cost	(6,265,635)	(3,161,068)
Operating profit (Note 21)	41,877,391	35,708,542
Finance cost (Note 22)	(12,235,395)	(14,476,138)
Profit for the year before exceptional items & taxation	29,641,996	21,232,404
Exceptional items (Note 23)	(353,937)	(602,300)
Profit after exceptional items but before taxation	29,288,059	20,630,104
Taxation (Note 24)	(8,665,979)	(6,493,165)
Profit for the year after exceptional items & taxation	20,622,080	14,136,939
Earnings per share (sen) (Note 25)	31.71	81.38

The notes referred to form an integral part of these financial statements.

> Income Statement

for the year ended 31st July, 2003 (in Malaysian Ringgit)

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HIAP TECK VENTURE BERHAD [421340-U]

	2003 RM	2002 RM
Revenue	785,000	-
Other operating income	41,183	-
Property operating cost	(832,941)	-
Administration cost	(20,159)	(33,685)
Pre-operation cost	(26,885)	-
Loss for the year before taxation	(53,802)	(33,685)
Taxation	7,536	-
Loss for the year after taxation	(46,266)	(33,685)

The notes referred to form an integral part of these financial statements.

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> Statement of Changes in Equity

for the year ended 31st July, 2003 (in Malaysian Ringgit)

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HIAP TECK VENTURE BERHAD [421340-U]

	Share capital RM	Share premium RM	Sub-total c/forward RM
Group			
Balance as at 31st July, 2001	75,773,906	-	75,773,906
Prior year's adjustment - Taxation underprovided	-	-	-
As restated	75,773,906	-	75,773,906
Final dividend of 5% less 28% tax for year ended 31.7.2001 to former shareholders	-	-	-
Profit for the year after exceptional item & taxation	-	-	-
Balance as at 31st July, 2002	75,773,906	-	75,773,906
Final dividend of 5% less 28% tax for year ended 31.7.2002 to former shareholders	-	-	-
Revaluation surplus on properties	-	-	-
Transfer to retained profits	-	-	-
Acquisition of properties			
- Shares issued in consideration	42,326,094	-	42,326,094
- Premium on shares issued	-	20,573,906	20,573,906
Share application	-	-	-
Profit for the year after exceptional items & taxation	-	-	-
Balance as at 31st July, 2003	118,100,000	20,573,906	138,673,906

	Sub-total b/forward RM	Share Application RM	Merger deficit RM	Sub-total c/forward RM
Group				
Balance as at 31st July, 2001	75,773,906	-	(49,969,888)	25,804,018
Prior year's adjustment - Taxation underprovided	-	-	-	-
As restated	75,773,906	-	(49,969,888)	25,804,018
Final dividend of 5% less 28% tax for year ended 31.7.2001 to former shareholders	-	-	-	-
Profit for the year after exceptional item & taxation	-	-	-	-
Balance as at 31st July, 2002	75,773,906	-	(49,969,888)	25,804,018

The notes referred to form an integral part of these financial statements.

> Statement of Changes in Equity

for the year ended 31st July, 2003 (in Malaysian Ringgit)
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

	Sub-total b/forward RM	Share Application RM	Merger deficit RM	Sub-total c/forward RM
Final dividend of 5% less 28% tax for year ended 31.7.2002 to former shareholders	-	-	-	-
Revaluation surplus on properties	-	-	-	-
Transfer to retained profits	-	-	49,969,888	49,969,888
Acquisition of properties				
- Shares issued in consideration	42,326,094	-	-	42,326,094
- Premium on shares issued	20,573,906	-	-	20,573,906
Share application	-	22,990,000	-	22,990,000
Profit for the year after exceptional items & taxation	-	-	-	-
Balance as at 31st July, 2003	138,673,906	22,990,000	-	161,663,906
	Sub-total b/forward RM	Revaluation reserve RM	Retained profits RM	Total RM
Group				
Balance as at 31st July, 2001	25,804,018	-	69,120,392	94,924,410
Prior year's adjustment				
- Taxation underprovided	-	-	(2,840,000)	(2,840,000)
As restated	25,804,018	-	66,280,392	92,084,410
Final dividend of 5% less 28% tax for year ended 31.7.2001 to former shareholders	-	-	(918,144)	(918,144)
Profit for the year after exceptional item & taxation	-	-	14,136,939	14,136,939
Balance as at 31st July, 2002	25,804,018	-	79,499,187	105,303,205
Final dividend of 5% less 28% tax for year ended 31.7.2002 to former shareholders	-	-	(918,144)	(918,144)
Revaluation surplus on properties	-	17,844,985	-	17,844,985
Transfer to retained profits	49,969,888	-	(49,969,888)	-
Acquisition of properties				
- Shares issued in consideration	42,326,094	-	-	42,326,094
- Premium on shares issued	20,573,906	-	-	20,573,906
Share application	22,990,000	-	-	22,990,000
Profit for the year after exceptional items & taxation	-	-	20,622,080	20,622,080
Balance as at 31st July, 2003	161,663,906	17,844,985	49,233,235	228,742,126

The notes referred to form an integral part of these financial statements.

> Statement of Changes in Equity
for the year ended 31st July, 2003 (in Malaysian Ringgit)
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

	Share capital RM	Share premium RM	Sub-total c/forward RM
Balance as at 31.7.2001	300,002	-	300,002
Loss for the year	-	-	-
Balance as at 31.7.2002	300,002	-	300,002
Shares issued for acquisition of Subsidiaries	75,473,904	-	75,473,904
Acquisition of properties			
- Shares issued in consideration	42,326,094	-	42,326,094
- Premium on shares issued	-	20,573,906	20,573,906
Share application	-	-	-
Loss for the year after taxation	-	-	-
Balance as at 31.7.2003	118,100,000	20,573,906	138,673,906

	Sub-total b/forward RM	Share Application RM	Accumulated loss RM	Total RM
Balance as at 31.7.2001	300,002	-	(380,949)	(80,947)
Loss for the year	-	-	(33,685)	(33,685)
Balance as at 31.7.2002	300,002	-	(414,634)	(114,632)
Shares issued for acquisition of Subsidiaries	75,473,904	-	-	75,473,904
Acquisition of properties				
- Shares issued in consideration	42,326,094	-	-	42,326,094
- Premium on shares issued	20,573,906	-	-	20,573,906
Share application	-	22,990,000	-	22,990,000
Loss for the year after taxation	-	-	(46,266)	(46,266)
Balance as at 31.7.2003	138,673,906	22,990,000	(460,900)	161,203,006

The notes referred to form an integral part of these financial statements.

> Consolidated Cash Flow Statement

for the year ended 31st July, 2003 (in Malaysian Ringgit)

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HIAP TECK VENTURE BERHAD [421340-U]

	2003 RM	Proforma 2002 RM
Cash flows from operating activities		
Profit for the year after exceptional items but before taxation as per Income Statement	29,288,059	20,630,104
<i>Adjustments for:-</i>		
Other creditor written off	(186)	(63,969)
Revaluation deficit on leasehold land	353,763	-
Share flotation expenses	(833,613)	(186,536)
Deposit forfeited	-	10,000
Goodwill amortised	52,413	52,413
Gain in foreign exchange - unrealised	(109,975)	(711,739)
Plant & equipment written off	28	6,769
Allowance for bad & doubtful debts	6,593,790	2,934,271
Allowance for bad & doubtful debts written back	(75,000)	(8,808)
Depreciation	10,617,069	10,249,841
Interest expense	11,841,758	14,117,415
Interest income - current year	(312,986)	(203,674)
- prior year's	232,804	-
Gain on sale of property, plant & equipment	(3,987,280)	(914,661)
Operating profit before working capital changes	53,660,644	45,911,426
(Increase) / Decrease in inventory	(28,873,927)	29,284,921
Decrease in receivables	24,803,199	57,650,358
Increase / (Decrease) in payables	8,366,904	(74,256,957)
Cash flows from operations	57,956,820	58,589,748
Interest paid	(11,510,360)	(14,006,875)
Interest income - current year	150,024	200,748
- prior year's	(232,804)	-
Taxation paid	(6,710,993)	(5,067,483)
Net cash flows from operating activities	39,652,687	39,716,138
Cash flows from investing activities		
Proceeds from sale of property, plant & equipment	4,235,023	5,621,513
Fixed deposit interest	157,669	2,926
Cost incidental to sale of property	(3,000)	(99,130)
Purchase of property, plant & equipment	(6,801,856)	(4,020,465)
RPG tax paid	-	(70,124)
Net cash flows from investing activities	(2,412,164)	1,434,720

The notes referred to form an integral part of these financial statements.

> Consolidated Cash Flow Statement

for the year ended 31st July, 2003 (in Malaysian Ringgit)
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

	2003 RM	Proforma 2002 RM
Cash flows from financing activities		
Proceeds from term loans	20,000,000	-
Share applications	22,990,000	-
Repayment by former holding company	370,000	-
Repayment of loans	(61,723,038)	(23,056,441)
Dividend paid to former shareholders of subsidiaries company	(918,144)	(918,144)
Net cash flows from financing activities	(19,281,182)	(23,974,585)
Net increase in cash & cash equivalents	17,959,341	17,176,273
Currency translation differences	806	411
Cash & cash equivalents brought forward	(2,342,083)	(19,518,767)
Cash & cash equivalents carried forward (Note 16)	15,618,064	(2,342,083)

The notes referred to form an integral part of these financial statements.

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> Cash Flow Statement

for the year ended 31st July, 2003 (in Malaysian Ringgit)

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HIAP TECK VENTURE BERHAD [421340-U]

	2003 RM	2002 RM
Cash flows from operating activities		
Loss for the year as per Income Statement	(53,802)	(33,685)
<i>Adjustment for:-</i>		
Depreciation - Building	778,011	-
Share flotation expenses	(833,613)	(186,536)
Interest income	(41,183)	-
Operating loss before working capital changes	(150,587)	(220,221)
Increase in sundry receivables	(38,515)	-
Increase in sundry payables	665,488	220,134
Increase in amount owing to related company	1,528,158	-
Cash flows from operations	2,004,544	(87)
Interest received	35,890	-
Net cash flows from operations	2,040,434	(87)
Cash flows from investing activities		
Purchase of properties	(2,003,112)	-
Cash flows from financing activities		
Share application received	22,990,000	-
Net increase / (decrease) in cash & cash equivalents	23,027,322	(87)
Cash & cash equivalents brought forward	82	169
Cash & cash equivalents carried forward (Note 16)	23,027,404	82

The notes referred to form an integral part of these financial statements.

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003

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HIAP TECK VENTURE BERHAD [421340-U]

1. Principal activities and general information

The Company's principal activities is in investment holding and renting out of properties and those of the subsidiaries are disclosed in Note 26 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is at Lot 6096, Jalan Haji Abdul Manan, Batu 5 1/2, 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 16 October 2003.

2. Basis of preparation of the financial statements

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

3. Significant accounting policies

All significant accounting policies set out below are adopted by the Group and the Company and are consistent with those applied in the previous years.

Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention as modified by the revaluation of the freehold and leasehold (long-term) land and the buildings thereon.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies made up to 31st July, 2003. The subsidiary companies are consolidated using the merger method of accounting in accordance with MASB No 21. Under the merger method of accounting, the results of the subsidiary companies are combined throughout the current year and previous financial years. The excess of the nominal value of the shares issued by the Company over the nominal value of the shares in subsidiaries exchanged for has been recorded as a merger deficit. This merger deficit is adjusted against the retained profits brought forward during the current financial year.

The consolidated financial statements includes that of the Company and all its Subsidiaries, made up to the end of the financial year as at 31st July, 2003, including the Group financial statements of Hiap Teck Hardware Sdn. Bhd. and Huatraco Marketing Sdn. Bhd. comprising the financial statements of both these companies and all their subsidiaries which have been consolidated using the acquisition method of accounting whereby the cost of investment in the shares being greater than the underlying net asset value results in a goodwill upon consolidation. The goodwill is being amortised over a period of 20 years.

All inter-company balances and transactions have been eliminated upon consolidation and the consolidated financial statements reflect external transactions only.

Property, plant & equipment and depreciation

The freehold land, leasehold land, and buildings (other than buildings held for sale) were revalued on 26 March 2003 by the Directors based on independent professional valuation carried out by Mr Elvin Fernandez, FISM, registered valuer of M/s Khong & Jaafar Sdn. Bhd., a company of licensed valuers with the address of 57-1, Jalan Telawi Tiga, Bangsar Baru, 59100 Kuala Lumpur.

Property, plant & equipment are stated at valuation/cost less accumulated depreciation and impairment losses. The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. When such indication exists, the carrying amount of the assets are assessed and will be written down immediately to its recoverable amount.

No amortisation and depreciation have been provided for on the leasehold land and buildings that have not been put into use yet.

Depreciation, calculated to write off the costs of the assets over their expected economic lives, has been provided for on all other property, plant & equipment on the straight line basis at the following annual rates:-

Asset	Rate
Buildings	2%
Plant & machinery	10 - 20%
Electrical installation	10%
Motor vehicles	20%
Equipment for hire	40%
Dies & jigs	20%
Tools & equipment	20%
Heavy equipment	20%
Renovation	10 - 20%
Containers	10%
Signboard	10%
Furniture & fittings	10 - 20%
Office equipment	10 - 20%
Forklift	20%
Air conditioners	10%
Carpet	10%
Software	20%

Revaluations

The Group's policy is to revalue the land & buildings held as property, plant & equipment at least once in every five years or such shorter periods whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surplus arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In any other cases, a decrease in carrying amount is charged to the income statement.

Assets under hire purchase

Plant and equipment acquired under hire purchase arrangement are capitalised at their purchase cost and depreciated on the same basis as owned assets. The corresponding obligations relating to the remaining capital payments are treated as a liability. Interest expense is charged to income statement over the duration of the hire purchase based on the sum of digits method.

Expenditure carried forward

This refers to the Company expenses incurred to date on the current on going exercise to float the Company's shares on the Kuala Lumpur Stock Exchange as part of the Group's restructuring scheme.

Inventories

All categories of inventories are valued at the lower of cost and net realisable value. Cost of merchandise and raw materials is determined on the weighted average basis after adequate provision has been made for all old, damaged, obsolete or slow moving and obsolete stocks. Cost in the case of finished goods and work-in-progress includes overheads and manufacturing expenses.

Receivables

Known bad debts are written off and specific allowances are made for debts considered to be doubtful of collection.

Financing cost

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Deferred taxation

Deferred taxation is provided for using the balance sheet liability method on all timing differences except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future. Deferred taxation benefit from deductible temporary timing differences where there is reasonable expectation of realisation has been recognised in the financial statements.

Currency translations

Transactions in foreign currencies are recorded in Malaysian ringgit at the approximate rate of exchange ruling at the date of transaction or at contracted rate where applicable. Foreign currency assets and liabilities are reported at the rates of exchange ruling at the balance sheet date. Gains or losses on exchange are dealt with in the Income Statement. The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:-

	31.7.2003	31.7.2002
1 US dollar	RM3.775/RM3.8000	RM3.800
1 SG dollar	RM2.1400/RM2.1615/RM2.1804	RM2.1485/2.1500

Revenue recognition

Revenue from the sale of goods is recognised upon delivery of the goods while revenue from transport charges is recognised when the services have been performed.

Income from the rental of properties & scaffolding and overdue interest have been accounted for in the Income Statement and are recognised on a time apportionment basis.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand, at banks, time deposits with banks (excluding pledged deposits) and bank overdraft balances.

Impairment of assets

There is no material impact on the financial statements as a result of applying the standard imposed by MASB statement no 23 other than that already adopted.

The preparation of these financial statements to comply with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make accounting estimates and assumptions that may affect the disclosed amount of such assets and liabilities and the disclosure of such contingent assets and liabilities as at the date of the financial statements and the reported amount of revenues and expenses for the period ended on that date. In this instant, based on the assumptions made by the Directors, no other accounting estimates need to be provided for. Actual results may differ from such estimates and assumptions made by the Directors.

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including market risk, interest rate risk, foreign exchange risk, credit risk, liquidity and cash flow risk. The overall financial risk management objective is to ensure that the Group creates value for its shareholders. This is done through regular risk reviews, internal control systems and adherence to Group financial risk management policies to managing these risks and minimising any potential adverse effects on the financial performance of the Company in accordance with prevailing economic and operating conditions.

Financial instruments are classified as liabilities or equity in accordance with substance of the contractual arrangements and are recognised in the balance sheet where the Group has become a party to the contractual provisions of the instrument. The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual accounting policy associated with each item.

Market risks are inherent in both the purchase and sale of merchandise goods. The Group ensures that materials are being sourced at competitive prices and as well as in sufficient quantities.

Credit risk is the potential risk of financial loss from the failure of a customer or counterparty to settle their financial and contractual obligations to the Group as and when they fall due. The maximum credit exposure of the Group is represented by carrying amounts of the trade and other receivables as shown on the balance sheet.

The Group's risk from its bank and other borrowings arises from the interest rates being subject to change which will have an adverse effect on the Group's financial condition. The Group does not hedge interest rate risks. It ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions.

The exposure to foreign currency risk arises from the fluctuation in foreign currency exchange rates that may adversely affect its purchases and the Group generally tries to minimise by forward exchange contracts.

Cash flow and liquidity risk is minimised by constant monitoring of funds flow and ensure that adequate credit facilities are in place to meet their obligations as and when they are due.

Fair values

The fair values of financial instruments refer to the amounts at which these instruments could be realised or settled between independent and mutually willing parties in an arm's length transaction.

4. Share capital

	2003 RM	2002 RM
Authorised:		
400,000,000 ordinary shares of RM0.50 each	200,000,000	200,000,000
Issued & fully paid-up:		
Balance as at 1st August, 2002		
- 600,004 ordinary shares of RM0.50 each	300,002	300,002
Issued during the year in consideration for Subsidiaries acquired		
- 150,947,808 ordinary shares of RM0.50 each	75,473,904	-
Properties acquired		
- 84,652,188 ordinary shares of RM0.50 each	42,326,094	-
	118,100,000	300,002

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> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

5. Merger deficit

The merger deficit is arrived at as follows:

	2003 RM	Proforma 2002 RM
Group		
Nominal value of ordinary shares issued for the acquisition of the following subsidiaries		(75,473,904)
Nominal value of subsidiary companies ordinary shares acquired		
- Hiap Teck Hardware Sdn. Bhd.		12,000,000
- Huatraco Marketing Sdn. Bhd.		6,000,012
- Alpine Pipe Manufacturing Sdn. Bhd.		3,904,002
- Brilliant Decade Transport Agency Sdn. Bhd.		1,200,000
- Tiek Hong Hardware (B'worth) Sdn. Bhd.		2,400,002
Balance carried forward		(49,969,888)

Movements in Merger deficit account were as follows:

As at 1st August, 2002	49,969,888	49,969,888
Transfer to Retained profits brought forward	(49,969,888)	-
As at 31st July, 2003	-	49,969,888

6. Revaluation reserve (non - distributable)

	2003 RM	Proforma 2002 RM
Group		
Surplus arising from revaluation of freehold land & buildings	18,736,985	-
Less: Provision for deferred RPG tax on surplus upon revaluation of above properties	892,000	-
	17,844,985	-

7. Loans payable

	2003 RM	Proforma 2002 RM
Group		
Hire purchase payables		
Balance	715,640	69,750
Less: Interest-in-suspense	25,822	2,609
	689,818	67,141
Less: Repayable within 12 months (classified under Current liabilities)	557,984	67,141
Repayable after 12 months (classified under Long term liabilities)	131,834	-

The portion repayable after 12 months is repayable within 2 years.

The hire purchase loans are secured on certain motor vehicles and carry interest at rates ranging from 3.80% to 4.625% (2002 - 5.5%) p.a. flat for the duration of the loans.

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> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

8. Bank borrowings

	2003 RM	Proforma 2002 RM
Group		
Secured		
Term loans	19,824,716	5,048,716
Less: Repayable later than 1 year (classified under Long term liabilities)	14,000,000	1,846,348
Bankers' acceptances	5,824,716	3,202,368
Trust receipts	94,760,000	134,641,000
Revolving credit	13,389,446	34,576,804
Bank overdrafts	3,000,000	6,000,000
	8,991,712	2,887,799
Total secured	125,965,874	181,307,971
Unsecured		
Bankers' acceptances	40,246,000	32,213,000
Trust receipts	4,265,738	3,741,096
Bank overdrafts	3,001,018	2,773,482
Total unsecured	47,512,756	38,727,578
Total repayable within 1 year (classified under Current liabilities)	173,478,630	220,035,549
Amount repayable later than 1 year is payable as follows:-		
- later than 1 year but less than 2 years	4,000,000	1,846,348
- later than 2 years but less than 5 years	10,000,000	-
	14,000,000	1,846,348

Term loans

These are secured on the freehold land of a Subsidiary, certain plant & machinery of a Subsidiary, certain Directors and third parties' guarantees, carry interest at rates ranging from 7.50% to 8.9% (2002 - 7.9% to 9.2%) p.a. during the year under review.

Bankers' acceptances
Trust receipts
Revolving credit
Bills payable
Bank overdrafts

These are secured on certain properties and time deposit of certain Subsidiary Companies, a third party's property and certain Directors and third parties' guarantees. The overdrafts carry interest at rates based on the BLR plus 1.5% to 2% p.a. whilst the trust receipts, revolving credit and bills payable carry interest at a rate based on the BLR plus 1.2% to 2.0% p.a. The banker acceptances carry commission at banker's quoted rate plus 1.25% to 2% p.a.

9. Deferred taxation

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Balance brought forward				
- Benefit	(465,000)	(457,000)	-	-
- Liability	5,277,500	2,552,700	-	-
Current year				
- Transfer to / from Income Statement				
Benefit	418,496	(8,000)	19,068	-
Liability	28,231	2,724,800	-	-
Deferred RPG tax revaluation surplus	892,000	-	-	-
Prior year's				
- Deferred tax liability underprovided	9,560	-	-	-
Balance carried forward - Benefit	(46,504)	(465,000)	19,068	-
- Liability	6,207,291	5,277,500	-	-

The deferred tax balance consists of the effects of the following items:

	RM	RM	RM	RM
Excess of capital allowances claimed over depreciation charge	5,446,609	5,855,833	(19,068)	-
Deferred tax benefit from				
- accrued expenses	(100,800)	(113,537)	-	-
- reinvestment allowance	-	(1,141,350)	-	-
- unutilised capital allowance	(109,814)	-	-	-
Foreign exchange gain - unrealised	32,792	187,503	-	-
Deferred tax adjustment	-	24,051	-	-
Deferred RPG tax on revaluation surplus	892,000	-	-	-
	6,160,787	4,812,500	(19,068)	-

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

10. Goodwill on consolidation

	2003 RM	Proforma 2002 RM
Group		
Total	1,048,259	1,048,259
Less: Amortisation provision		
Balance brought forward	104,826	52,413
Charge for year	52,413	52,413
Total todate	157,239	104,826
Net written down value	891,020	943,433

11. Expenditure carried forward

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Share floatation expenses				
Balance brought forward	504,136	317,600	504,136	317,600
Add: Incurred during the year	833,613	186,536	833,613	186,536
Balance carried forward	1,337,749	504,136	1,337,749	504,136

12. Property, plant & equipment

	Property total b/f RM	Plant & machinery RM	Motor vehicles RM	Other assets RM	Total RM
Group					
Cost / Valuation					
As at 1st Aug., 2002	32,211,010	78,946,695	5,240,160	17,530,948	133,928,813
Additions	64,903,112	317,070	1,978,936	4,113,738	71,312,856
Written off	-	-	-	(280)	(280)
Disposals	(1,650,000)	(6,600)	(1,489,152)	(3,095,235)	(6,240,987)
Revaluation surplus/(deficit)	17,567,504	-	-	-	17,567,504
As at 31st July, 2003	113,031,626	79,257,165	5,729,944	18,549,171	216,567,906
<i>Representing</i>					
Cost	64,903,112	79,257,165	5,729,944	18,549,171	168,439,392
Valuation	48,128,514	-	-	-	48,128,514
	113,031,626	79,257,165	5,729,944	18,549,171	216,567,906
Accumulated depreciation					
As at 1st Aug., 2002	1,368,582	34,772,370	4,638,944	13,014,285	53,794,181
Charge for year	1,310,651	5,682,923	608,859	3,014,636	10,617,069
Written off	-	-	-	(252)	(252)
Adjustments	(815,718)	-	-	-	(815,718)
Disposals	-	(4,620)	(1,489,152)	(3,014,646)	(4,508,418)
As at 31st July, 2003	1,863,515	40,450,673	3,758,651	13,014,023	59,086,862
Net book value					
As at 31st July, 2003	111,168,111	38,806,492	1,971,293	5,535,148	157,481,044

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

12. Property, plant & equipment (Continued)

	Freehold land RM	Leasehold land * RM	Buildings RM	Property total c/f RM
Cost / Valuation				
As at 1st Aug., 2002	13,418,288	4,712,611	14,080,111	32,211,010
Additions	26,002,571	-	38,900,541	64,903,112
Written off	-	-	-	-
Disposals	-	(1,650,000)	-	(1,650,000)
Revaluation surplus/(deficit)	5,099,712	(342,611)	12,810,403	17,567,504
As at 31st July, 2003	44,520,571	2,720,000	65,791,055	113,031,626
<i>Representing</i>				
Cost	26,002,571	-	38,900,541	64,903,112
Valuation	18,518,000	2,720,000	26,890,514	48,128,514
	44,520,571	2,720,000	65,791,055	113,031,626
Accumulated depreciation				
As at 1st Aug., 2002	-	-	1,368,582	1,368,582
Charge for year	-	-	1,310,651	1,310,651
Written off	-	-	-	-
Adjustments	-	-	(815,718)	(815,718)
Disposals	-	-	-	-
As at 31st July, 2003	-	-	1,863,515	1,863,515
Net book value				
As at 31st July, 2003	44,520,571	2,720,000	63,927,540	111,168,111

* long term

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

12. Property, plant & equipment (Continued)

	Property total b/f RM	Plant & machinery RM	Motor vehicles RM	Other assets RM	Total RM
2002					
Cost					
As at 1st Aug., 2001	36,836,178	78,309,653	5,339,759	16,755,204	137,240,794
Additions	-	637,042	290,545	3,172,878	4,100,465
Written off	-	-	-	(22,752)	(22,752)
Disposals	(4,625,168)	-	(390,144)	(2,374,382)	(7,389,694)
As at 31st July, 2002	32,211,010	78,946,695	5,240,160	17,530,948	133,928,813
Accumulated depreciation					
As at 1st Aug., 2001	1,103,162	29,074,734	4,616,838	11,423,856	46,218,590
Charge for year	276,432	5,697,636	412,250	3,863,523	10,249,841
Written off	-	-	-	(15,982)	(15,982)
Disposals	(11,012)	-	(390,144)	(2,257,112)	(2,658,268)
As at 31st July, 2002	1,368,582	34,772,370	4,638,944	13,014,285	53,794,181
Net book value					
As at 31st July, 2002	30,842,428	44,174,325	601,216	4,516,663	80,134,632
	Freehold land RM	Leasehold land * RM	Buildings RM	Capital work- in-progress RM	Property Total c/f RM
Cost					
As at 1st Aug., 2001	13,418,288	8,442,117	14,894,774	80,999	36,836,178
Additions	-	-	-	-	-
Written off	-	-	-	-	-
Disposals	-	(3,729,506)	(814,663)	(80,999)	(4,625,168)
As at 31st July, 2002	13,418,288	4,712,611	14,080,111	-	32,211,010
Accumulated depreciation					
As at 1st Aug., 2001	-	-	1,103,162	-	1,103,162
Charge for year	-	-	276,432	-	276,432
Written off	-	-	-	-	-
Disposals	-	-	(11,012)	-	(11,012)
As at 31st July, 2002	-	-	1,368,582	-	1,368,582
Net book value					
As at 31st July, 2002	13,418,288	4,712,611	12,711,529	-	30,842,428

* Long term

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

12. Property, plant & equipment (Continued)

	Freehold land RM	Buildings RM	Total RM
Company			
Cost			
Additions / As at 31st July, 2003	26,002,571	38,900,541	64,903,112
Depreciation			
Charge for year / As at 31st July, 2003	-	778,011	778,011
Net book value			
As at 31st July, 2003	26,002,571	38,122,530	64,125,101

Other assets comprise equipment for hire, office renovation, furniture & fittings, heavy equipment, office equipment, tools & equipment, carpet, computer software, electrical installation, forklift, dies & jigs, containers, signboard and air-conditioners.

Motor vehicles include assets of RM1,593,330 in net book value for the Subsidiary Companies which are still under hire purchase financing arrangements.

Had the revalued properties been included in the financial statements at cost less accumulated depreciation, the net book value of the revalued properties would have been as follows:

	2003 RM	Proforma 2002 RM
Group		
Freehold land	13,418,288	13,418,288
Leasehold land	1,826,882	4,712,611
Buildings	12,176,583	12,453,015
	27,421,753	30,583,914

13. Subsidiary companies

	2003 RM	2002 RM
Company		
Shares (unquoted) - at cost	75,473,904	-

14. Inventory

	2003 RM	Proforma 2002 RM
Group		
Raw materials	50,373,629	37,107,030
Work-in-progress	9,190,713	7,820,703
Finished goods	47,319,396	30,801,217
Merchandise goods	39,410,809	41,691,670
	146,294,547	117,420,620

15. Receivables

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Trade receivables	120,698,136	143,471,070	-	-
Less: Allowance for doubtful debts	10,440,233	4,015,067	-	-
	110,257,903	139,456,003	-	-
Other receivables, deposits & prepayments	3,372,936	3,924,297	43,808	-
	113,630,839	143,380,300	43,808	-

The currency exposure profile of receivables is as follows:-

	RM	RM	RM	RM
Ringgit Malaysia	91,962,877	119,357,519	43,808	-
Singapore dollar	13,715,984	19,840,432	-	-
US dollar	7,951,978	4,182,349	-	-
	113,630,839	143,380,300	43,808	-

The normal credit term extended by the Group range from 14 days to 90 days.

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

16. Cash flow statement

a. Acquisition of property, plant & equipment

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Cost of acquisition	71,312,856	4,100,465	64,903,112	-
Less: Amount financed by Hire purchase arrangement	1,611,000	80,000	-	-
Issuance of new ordinary shares	62,900,000	-	62,900,000	-
	64,511,000	80,000	62,900,000	-
Cash payment	6,801,856	4,020,465	2,003,112	-

b. Cash & cash equivalents

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Deposit with licensed banks	3,531,444	90,000	-	-
Cash in hand & at banks	24,079,350	3,229,198	23,027,404	82
Bank overdrafts	(11,992,730)	(5,661,281)	-	-
	15,618,064	(2,342,083)	23,027,404	82

The currency exposure profile of cash at banks & in hand is as follows:-

	RM	RM	RM	RM
Ringgit Malaysia	23,982,549	2,652,271	23,027,404	82
Singapore dollar	96,801	576,927	-	-
	24,079,350	3,229,198	23,027,404	82

16. Cash flow statement (Continued)

b. Cash & cash equivalents (Continued)

The weighted average interest rate of deposits that were effective during the year were as follows:-

	%	%	%	%
Deposit with licensed banks	3.00	3.20	-	-
Bank balance	2.20	-	2.20	-

The above deposits for the Company and the Subsidiary Companies have an average maturity of 7 days and 30 days respectively. The bank balance for the Company is in the form of deposit placed with a licensed bank held at call.

17. Payables & accruals

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Trade payables	14,731,517	5,788,778	-	-
Other payables & accruals	7,468,712	7,373,093	669,833	618,850
	22,200,229	13,161,871	669,833	618,850

The currency exposure profile of payables is as follows:-

	RM	RM	RM	RM
Ringgit Malaysia	21,746,781	13,056,410	669,833	618,850
Singapore dollar	44,262	105,461	-	-
United States dollar	360,430	-	-	-
Euro dollar	48,756	-	-	-
	22,200,229	13,161,871	669,833	618,850

The normal credit terms granted to the Subsidiaries and Company range from 7 days to 90 days and 30 days to 60 days respectively.

18. Amount owing to related company

Company

The advance is unsecured, interest-free and without any fixed repayment schedule.

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

19. Revenue

	2003 RM	Proforma 2002 RM
Group		
Sales	475,064,175	532,321,896
Rental of scaffolding	2,866,807	2,179,016
Contract income	-	6,000
Services - Transport charges	272,135	185,320
	478,203,117	534,692,232

20. Cost of sales

	2003 RM	Proforma 2002 RM
Group		
Purchases	230,959,530	220,328,257
Manufacturing cost	186,894,761	226,200,084
Depreciation	5,811,424	5,805,907
(Increase) / Decrease inventory	(14,506,808)	17,790,878
Custom duty	4,944,529	8,211,035
Freight & forwarding	1,017,641	1,813,071
Sub contract charges	-	14,040
Import machine insurance	56,328	106,364
Hire of crane expenses	3,934	3,199
Transportation charges	155,881	101,786
Less: Transfer to fixed asset	(3,984,178)	(3,080,397)
Cost of sales	411,353,042	477,294,224

20. Cost of sales (Continued)

	2003 RM	Proforma 2002 RM
Group		
Cost of rental		
Depreciation - Equipment for hire	2,682,597	3,153,028
Insurance	53,386	56,875
Inspection fee	14,295	9,710
Petrol & diesel	437,967	369,420
Road tax	112,087	118,969
Lorry permit	7,500	2,500
Transportation charges	11,615	63,559
Staff remuneration	698,528	643,265
Upkeep of motor vehicles	428,796	412,205
Depreciation - Motor vehicles	127,332	326,509
Cost of services	1,891,506	2,003,012
	415,927,145	482,450,264

21. Operating profit

This is stated after charging all expenses, including:-

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Directors' fees				
- Hldg Co - current year	36,000	36,000	-	-
- prior year's	24,000	-	24,000	-
- Subsidiary Co - current year	7,000	-	-	-
Directors' other emoluments				
- Hldg Co - current year	762,568	676,555	-	-
- prior year's	93,305	(23,971)	-	-
- Subsidiary Co - current year	617,565	679,667	-	-
- prior year's	139,426	(16,578)	-	-
Auditors' remuneration				
Auditing services				
- current year	124,350	130,200	3,500	1,750
- prior year's	(1,740)	(7,900)	100	100

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

21. Operating profit (Continued)

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Other services				
- current year	24,000	12,000	15,000	-
- prior year's	(2,000)	(2,500)	-	-
Depreciation	10,617,069	10,249,841	778,011	-
Goodwill amortised	52,413	52,413	-	-
Allowance for bad debts	6,593,790	2,934,271	-	-
Rental - office	429,000	154,800	-	-
- store	13,200	13,200	-	-
- hostel	31,819	36,538	-	-
- equipment	19,123	23,674	-	-
- factory - current year	3,616,000	4,495,200	-	-
- prior year's	30,000	-	-	-
- others	14,417	-	-	-
Loss on foreign exchange - realised	94,409	235,605	-	-
- unrealised	7,552	-	-	-
Deposit forfeited	-	10,000	-	-
Plant & equipment written off	28	6,769	-	-
<i>And crediting:-</i>				
Other payable written off	186	63,969	-	-
Rental income	312,267	18,632	785,000	-
Interest on deposits	198,852	2,926	-	-
Allowance for bad debts written back	75,000	8,808	-	-
Bad debts recovered	21,171	87,100	-	-
Overdue interest income - current	114,134	200,748	-	-
- prior year's	(232,804)	-	-	-
Gain on disposal of plant & equip't	3,987,454	1,516,961	-	-
Gain on foreign exchange				
- realised	521,691	239,460	-	-
- unrealised	117,527	711,739	-	-

The estimated monetary value of the benefits-in-kind received and receivable by the Directors otherwise than in cash are as follows:-

	2003 RM	Proforma 2002 RM
Group		
Holding Company's directors	45,083	-
Subsidiary Company's directors	40,178	67,350

The above Other services under Auditors' remuneration does not include RM130,000 (2002 - RM Nil) in fees billed for the Company's share listing exercise being included in the Expenditure carried forward (Note 11).

22. Finance cost

	2003 RM	Proforma 2002 RM
Group		
Interest - hire purchase	58,216	1,196
- bankers' acceptances	7,211,122	8,220,944
- trust receipts	2,108,088	3,291,039
- term loan	1,151,627	242,911
- overdraft	855,250	1,576,711
- revolving credit	264,418	367,517
- overdue	-	148
Finance & administration charges	189,506	-
LC charges	173,002	417,222
Bank charges	224,166	358,450
	12,235,395	14,476,138

These exclude finance cost classified under cost of sales amounting to RM185,697 (2002 - RM384,377) for a subsidiary being term loan interest incurred.

23. Exceptional items

	2003 RM	Proforma 2002 RM
Group		
Sales proceeds	1,650,000	3,619,745
Less: Leasehold land - Cost	1,650,000	3,810,505
Building - Net book value	-	803,651
Deposit forfeited	-	(496,176)
RPG tax thereon	(2,826)	4,935
Incidental costs	3,000	99,130
	1,650,174	4,222,045
Loss on disposal	(174)	(602,300)
Deficit upon revaluation of leasehold land	(353,763)	-
	(353,937)	(602,300)

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
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HIAP TECK VENTURE BERHAD [421340-U]

24. Taxation

	Group		Company	
	2003 RM	Proforma 2002 RM	2003 RM	2002 RM
Provision				
Current year - Income tax	8,406,871	3,887,198	11,532	-
- Deferred tax	(703,093)	2,662,818	(19,068)	-
	7,703,778	6,550,016	(7,536)	-
Prior years' (over)/underprovision				
- Income taxation	(197,179)	(110,833)	-	-
- Deferred taxation	1,159,380	53,982	-	-
	8,665,979	6,493,165	(7,536)	-

Note to the effective tax rate:

	Group				Company			
	2003 RM	%	Proforma 2002 RM	%	2003 RM	%	2002 RM	%
Accounting profit/ (loss)	29,288,059	100.0	20,630,104	100	(53,802)	100.0	(33,685)	100
Statutory tax amount/rate								
- 20%	69,169	0.2	-	-	-	-	-	-
- 28%	8,089,360	27.6	5,776,429	28.0	(15,064)	28.0	(9,432)	(28.0)
Tax effect of:								
- Depreciation less than capital allowance	-	-	(6,163)	(0.0)	-	-	-	-
- Exceptional item	95,778	0.3	100,535	0.5	-	-	-	-
- Non deductible expenses	570,319	1.9	670,917	3.3	7,528	(14.0)	9,432	28.0
- Reinvestment allowance	(1,224,177)	(4.2)	(94,834)	(0.5)	-	-	-	-
- Tax on dividend out of pre-acquisition profit	27,322	0.1	-	-	-	-	-	-
- Depreciation of non-qualifying expenditure	227,284	0.8	113,560	0.6	-	-	-	-
- Gain on disposal not taxable	(99,855)	(0.3)	(551)	(0.0)	-	-	-	-
- Expenses overprovided	-	-	44,874	0.2	-	-	-	-
- Double deduction expenses	(51,786)	(0.2)	(58,087)	(0.3)	-	-	-	-
- Others	364	-	4,080	0.0	-	-	-	-
	7,703,778	26.3	6,550,760	31.8	(7,536)	14.0	-	-

24. Taxation (Continued)

	Group				Company			
	2003		Proforma 2002		2003		2002	
	RM	%	RM	%	RM	%	RM	%
Prior year's								
- C.A. underclaimed	(16,644)	(0.1)	(2,640)	-	-	-	-	-
- Tax under/(over)provision								
Income taxation	(175,016)	(0.6)	(106,097)	(0.5)	-	-	-	-
Deferred taxation	(22,620)	(0.1)	56,654	0.2	-	-	-	-
- Non deductible expenses	-	-	(5,512)	-	-	-	-	-
- Reinvestment allowance overclaimed	1,141,344	3.9	-	-	-	-	-	-
- Deductible expenses over-stated	35,137	0.1	-	-	-	-	-	-
	8,665,979	29.5	6,493,165	31.5	(7,536)	14.0	-	-

25. Earnings per share

Earnings per share of the Group is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year:

	2003 RM	Proforma 2002 RM
Group		
Net profit for the year	20,622,080	14,136,939
Weighted average number of ordinary shares in issue	65,024,638	17,371,983
Basic earnings per share (sen)	31.71	81.38

The Group does not have any dilutive potential ordinary shares outstanding as at 31st July, 2003. Accordingly, no diluted earnings per share is presented.

26. Subsidiary companies

The details of subsidiary companies of Hiap Teck Venture Berhad, all of which are incorporated in Malaysia, are as follows:-

Name	Percentage Shareholding (%)	Principal Activities
+ Hiap Teck Hardware Sdn. Bhd.	100	Importers & exporters and general dealer of steel products, hardware & building materials
# H. T. Scaffolding Manufacturing Sdn. Bhd.	100	Manufacturing, dealing in & renting out scaffolding components and accessories and metal stamping.
# H. T. Property Sdn. Bhd.	100	Renting out & investing in properties
# H. T. Steel Manufacturing Sdn. Bhd.	100	Rerolling steel mill (pre-production)
# Hiap Teck Holdings Sdn. Bhd.	100	Dormant
+ Tiek Hong Hardware (B'worth) Sdn. Bhd.	100	General merchant & dealer in metal hardware, building equipment & materials
+ Alpine Pipe Manufacturing Sdn. Bhd.	100	Manufacturing & trading of steel & iron products
+ Huatraco Marketing Sdn. Bhd.	100	Manufacturing, selling, dealing & renting of scaffolding equipment, slitting & forming process for pipes & range of steel products
## Huatraco Industries Sdn. Bhd.	100	Manufacturing, selling & dealing in scaffolding & a range of steel products
+ Brilliant Decade Transport Agency Sdn. Bhd.	100	Provision of transportation of goods by lorries

Wholly-owned subsidiary of Hiap Teck Hardware Sdn. Bhd.

Wholly-owned subsidiary of Huatraco Marketing Sdn. Bhd.

+ The above subsidiaries were acquired on 27.3.2003

27. Staff cost

	2003 RM	Proforma 2002 RM
Group		
Total for the year	12,829,083	11,551,929
No of employees (including directors) as at 31st July	453	436

28. Directors' remuneration

	2003 No. of directors		Proforma 2002 No. of directors	
	Executive	Non executive	Executive	Non executive
Group				
Range of remuneration				
Below RM50,000	-	-	-	-
RM50,001 to RM100,000	-	-	-	-
RM100,001 to RM150,000	3	-	-	-
RM150,001 to RM200,000	-	-	-	-
RM200,001 to RM250,000	-	-	-	-
RM250,001 to RM300,000	-	-	-	-
RM300,001 to RM350,000	1	-	-	-

29. Segmental information

Segment information is presented in respect of the Group's business segments. No geographical segment analysis is prepared as the Group's business activities are predominantly located in Malaysia.

Inter-segment pricing is determined based on terms that are no less favourable than those arranged with independent third parties.

Segment results, assets and liabilities included items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

> Notes to and Forming Part of the Financial Statements

as at 31st July, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

29. Segmental information (Continued)

	Trading RM'000	Manu- facturing RM'000	Property & investment RM'000	Trans- portation RM'000	Others RM'000	Elimi- nation RM'000	Consoli- dated RM'000
Capital expenditure	1,235	4,921	64,903	80	174	-	71,313
Depreciation	295	8,820	1,317	146	39	-	10,617
Non-cash expenses other than depreciation	5,242	1,412	354	-	-	-	7,008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2002							
Business segment							
Revenue from external customers	216,337	318,170	-	185	-	-	534,692
Inter-segment revenue	25,389	39,414	1,200	2,191	-	68,194	-
Total revenue	241,726	357,584	1,200	2,376	-	68,194	534,692
Segment results							
Operating profit / (loss before exceptional item	12,332	23,124	688	177	(613)	-	35,708
Exceptional item	(243)	-	(359)	-	-	-	(602)
	12,089	23,124	329	177	(613)	-	35,106
Unallocated items:-							
Finance cost							(14,476)
Profit before taxation							20,630
Taxation							(6,493)
Net profit for the year							14,137
Segment assets	101,811	195,581	29,356	646	18,308	-	345,702
Unallocated assets							2,505
Total assets							348,207
Segment liabilities	6,644	5,935	78	185	320	-	13,162
Unallocated liabilities							229,742
Total Liabilities							242,904
Capital expenditure	120	3,649	-	228	103	-	4,100
Depreciation	444	9,156	283	329	38	-	10,250
Non-cash expenses other than depreciation	1,559	1,780	369	-	-	-	3,708

30. Related party transactions

During the year under review, the following were transacted with companies in which certain directors of the Company have significant interests:-

	2003		Proforma 2002	
	Amount of transactions RM'000	Outstanding amount RM'000	Amount of transactions RM'000	Outstanding amount RM'000
Group				
<i>Sales of steel products to</i>				
Hiap Wing Marketing Sdn. Bhd.	2,005	959	3,601	221
Hiap Wing Building Materials Sdn. Bhd.	60	47	224	167
Power Concord Sdn. Bhd.	873	-	232	4
K. H. L Sdn. Bhd.	-	-	11	-
Euro Wide Corporation Sdn. Bhd.	-	-	1,291	582
<i>Purchases of steel products from</i>				
Hiap Wing Marketing Sdn. Bhd.	270	14	-	-
Hiap Wing Building Materials Sdn. Bhd.	12	12	357	14
<i>Rent paid to</i>				
K. H. L Sdn. Bhd.	2,655	-	3,220	-
United Coconut Fibre Products Sdn. Bhd.	1,300	-	1,610	-
<i>Rental income received from</i>				
Power Concord Sdn. Bhd.	180	-	180	-
<i>Legal fee paid to</i>				
S. B. Cheah & Associates	157	-	15	-
Company				
<i>Legal fee paid to</i>				
S. B. Cheah & Associates	134	-	-	-

- Mr Kua Hock Lai is a substantial shareholder of K.H.L. Sdn. Bhd. and United Coconut Fibre Products Sdn. Bhd.
- Mr Kua Lai Shon @ Kuah Ah Kok is a substantial shareholder of Hiap Wing Marketing Sdn. Bhd., Hiap Wing Building Materials Sdn. Bhd. and Euro Wide Corporation Sdn. Bhd. and as well as a shareholder of Hiap Teck Venture Berhad. He is an elder brother of Mr Kua Hock Lai.
- Power Concord Sdn. Bhd. is a company in which Mr. Kua Hock Lai's children have substantial financial interests.
- Messrs S.B. Cheah & Associates is a firm in which a director of the Company, Mr Cheah Shu Boon is a partner.
- The above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

31. Capital commitment

There are no material outstanding capital commitments as at 31st July, 2003.

32. Contingent liabilities

As at 31st July, 2003, there are contingent liabilities in respect of guarantees given to certain banks for credit facilities totalling RM114 million granted to the Subsidiary companies. No loss is expected to arise from this.

33. Fair values

It is not practical to estimate the fair value of the Company's investment in unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Company believes that the carrying amount represents recoverable values.

It is also not practical to estimate the fair value of the amount owing to Subsidiary company due principally to the absence of fixed prepayment schedule. However, the Company does not expect the carrying amount recorded in the balance sheet date to be significantly different from the value that would eventually be settled.

In the opinion of the Directors, the carrying amount of the various other financial assets and financial liabilities reflected on the balance sheet approximate their fair values.

34. Significant events during and subsequent to the financial year

The following events which form integral parts of the Company's public flotation scheme took place during and subsequent to the financial year:

- (a) On 27th March, 2003, the Company acquired 5 subsidiary companies. The consideration for the purchase of the subsidiary companies was satisfied by the issue of new ordinary shares of RM0.50 each by the Company at an issue price of approximately RM0.66 per share. The number of shares and percentage shareholding in each subsidiary company acquired, the purchase consideration and number of shares issued by the Company as consideration are as follows:-

Subsidiary company	No. of shares acquired	Percentage shareholding acquired (%)	Purchase consideration RM	No. of ordinary shares issued as consideration
Hiap Teck Hardware Sdn.Bhd.	12,000,000	100	43,211,494	65,490,890
Tiek Hong Hardware (B'worth) Sdn. Bhd.	2,400,002	100	4,784,514	7,251,359
Alpine Pipe Manufacturing Sdn. Bhd.	3,904,002	100	29,509,489	44,724,273
Huatraco Marketing Sdn. Bhd.	6,000,012	100	20,537,252	31,126,045
Brilliant Decade Transport Agency Sdn. Bhd.	1,200,000	100	1,554,010	2,355,241
			99,596,759	150,947,808

34. Significant events during and subsequent to the financial year (Continued)

- (b) On 29th May, 2003, the Company issued 84,652,188 new ordinary shares of RM0.50 each at an issue price of approximately RM0.74 per share to acquire three properties.

	Total purchase consideration RM	No. of ordinary shares issued as consideration
For property under		
Lot 6085	21,100,000	28,396,838
Lot 6088	19,800,000	26,647,270
Lot 6089	22,000,000	29,608,080
	62,900,000	84,652,188

- (c) Issuance of Prospectus in connection with the Public Issue, Private Placement and Restricted Issue of the Company's shares saw the Company on 29th July, 2003 issuing its Prospectus in connection with the Public Issue of 10,000,000 new ordinary shares of RM0.50 each and the Private Placement of 66,400,000 ordinary shares of RM0.50 each and the Restricted Issue of 14,800,000 ordinary shares of RM0.50 each at the price of RM0.55 per share.

Following the completion of (a), (b) and (c) above, the Company's entire enlarged issued and paid-up share capital is RM163,700,000 comprising 327,400,000 ordinary shares of RM0.50 each and the shares were listed on the Kuala Lumpur Stock Exchange on 2nd September, 2003.

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> Properties of the Group

as at 31st July, 2003

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HIAP TECK VENTURE BERHAD [421340-U]

Location	Description and existing usage	Tenure	Approximate age of building (years)	Approximate land area (acres)	Build Up area (sq. metres)	Net book value as at 31 July 2003 (RM)	Date of Acquisition	Remarks
Lot 6085, Mukim of Kapar District of Klang Selangor Darul Ehsan	single storey factory with a 2 storey office and a guard house	Freehold	5.5	9	19,005	21,507,636	29 May 2003	-
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	single storey factory with a 2 storey office and a guard house	Freehold	5.5	9	18,732	20,195,079	29 May 2003	-
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	single storey factory/warehouse and a guard house	Freehold	4.5	9	18,516	22,422,386	29 May 2003	-
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory & warehouse	Freehold	4	10.013	22,341	25,478,347	5 July 1996	The property has been revalued on 24.03.2003
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory & warehouse with 4 storey office building	Freehold	4	9.483	12,179	17,736,150	5 January 1995	The property has been revalued on 24.03.2003
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural land	Freehold	-	6.531	-	850,000	9 June 1995	The property has been revalued on 24.03.2003
Lot 216, Mukim of Senai - Kulai, District of Johor Bahru Johor Darul Takzim	Vacant industrial land	Leasehold (60 years) (title not issued yet)	-	2.5	-	1,650,000	6 March 1997	The property has been revalued on 24.03.2003
Lot 296, Mukim 13 District of Seberang Perai Tengah, Pulau Pinang	Vacant industrial land	Leasehold (66 years) expiring 10.3.2058	-	2.241	-	1,070,000	6 July 1996	The property has been revalued on 24.03.2003

Location	Description and existing usage	Tenure	Approximate age of building (years)	Approximate land area (acres)	Build Up area (sq. metres)	Net book value as at 31 July 2003 (RM)	Date of Acquisition	Remarks
28635C, Block D Phase 7E, Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop Office	Freehold	3	-	144,929	157,288	20 August 1999	-
Lot 14175 (1st Floor) Putri Town Ctr Kulai Taman Putri Kulai Johor	Shop Office Apartment	Freehold	5	-	143.07	101,226	2 August 1999	-

> Analysis of Shareholdings

as at 15 October, 2003

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HIAP TECK VENTURE BERHAD [421340-U]

Class of Shares : Ordinary Shares of RM0.50 Each

Voting Rights : One Vote per Ordinary Share held

ANALYSIS OF SHAREHOLDINGS

as at 15 October 2003

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	(%)	NO. OF SHARES	(%)
1 - 99	2	0.03	100	0.00
100 - 1,000	1,678	28.69	1,658,800	0.51
1,001 - 10,000	2,922	49.96	15,201,600	4.64
10,001 - 100,000	1,086	18.57	37,638,638	11.50
100,001-16,369,999 (*)	159	2.72	153,999,218	47.04
16,370,000 and above (**)	2	0.03	118,901,644	36.32
Total	5,849	100.00	327,400,000	100.00

Notes : * Less than 5% of the issued and paid-up share capital

** 5% and above of the issued and paid-up share capital

THIRTY (30) LARGEST SHAREHOLDERS

as at 15 October 2003

NAMES	NO. OF SHARES OF RM0.50 EACH	PERCENTAGE (%)
1. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KHL SDN BHD	72,728,000	22.21
2. UNITED COCONUT FIBRE PRODUCTS SDN BHD	46,173,644	14.10
3. KUA HOCK LAI	13,984,570	4.27
4. KHL SDN BHD	11,729,096	3.58
5. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MOHAMED NIZAM BIN ABDUL RAZAK	7,504,165	2.29
6. LOU SWEE YOU	7,462,364	2.28
7. KAK SDN BHD	7,461,927	2.28
8. MIRZAN BIN MAHATHIR	6,714,165	2.05
9. LIM AH ENG	4,468,745	1.36
10. PACIFIC STRIKE SDN BHD	4,292,000	1.31

> Analysis of Shareholdings

as at 15 October, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

NAMES	NO. OF SHARES OF RM0.50 EACH	PERCENTAGE (%)
11. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' ALWI BIN JANTAN	4,000,000	1.22
12. KENANGA NOMINEES (TEMPATAN) SDN BHD KENANGA CAPITAL SDN BHD FOR MOHAMED NIZAM BIN ABDUL RAZAK	3,752,082	1.15
13. ANG KIM SOON	3,470,000	1.06
14. EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR AZIZAH BINTI ABDUL GHANI	3,449,900	1.05
15. KOK KIM SWEE	3,112,598	0.95
16. TAJUL AZAM BIN MOHD TAHIR	2,975,000	0.91
17. SHANMUGHALINGAM A/L MURUGASU	2,802,082	0.86
18. TEE TUANG SIONG	2,674,609	0.82
19. QUAH KIM CHEW	2,602,800	0.79
20. LIM SENG QWEE	2,530,000	0.77
21. LAW SOOK TENG	2,092,615	0.64
22. KHOO SOON IM	1,994,590	0.61
23. LU KANG EING	1,992,961	0.61
24. PHANG CHIN KHIONG	1,667,615	0.51
25. LIM CHAI BENG	1,600,000	0.49
26. KOK KIM SANG	1,556,299	0.48
27. CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SU SEE	1,499,000	0.46
28. CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PLATINUM CAPITAL SDN BHD	1,200,000	0.37
29. CHIENG HOCK LAY	1,200,000	0.37
30. TEOH PEIR SONG	1,171,515	0.36
TOTAL	229,862,342	70.21

> Analysis of Shareholdings

as at 15 October, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

DIRECTORS' SHAREHOLDINGS

as at 15 October 2003

NAMES	DIRECT NO. OF SHARES	PERCENTAGE (%)	INDIRECT NO. OF SHARES	PERCENTAGE (%)
Tan Sri Dato' Alwi Bin Jantan	*4,708,000	1.44	-	-
Mohamed Nizam Bin Abdul Razak	**11,336,247	3.46	-	-
Kua Hock Lai	13,984,570	4.27	***135,099,485	41.26
Cheah Shu Boon	80,000	0.02	-	-
Law Sook Teng	2,172,615	0.66	-	-
Lu Kang Eing [#]	1,992,961	0.61	-	-
Tee Tuang Siong	2,754,609	0.84	-	-
Ong Eng Choon	80,000	0.02	-	-
Yeoh Chong Keat	80,000	0.02	-	-
Toh Su Lin (Alternate Director to Cheah Shu Boon)	80,000	0.02	-	-
Kua Swee Leong ^{##}	N/A	N/A	N/A	N/A

NOTES :

* Out of this block of shares, 4,000,000 ordinary shares of RM0.50 each are held by Alliancegroup Nominees (Tempatan) Sdn Bhd as bare trustee for Tan Sri Dato' Alwi Bin Jantan.

** Out of this block of shares, 7,504,165 and 3,752,082 ordinary shares of RM0.50 each are held by Cimsec Nominees (Tempatan) Sdn Bhd and Kenanga Nominees (Tempatan) Sdn Bhd respectively as bare trustees for Encik Mohamed Nizam Bin Abdul Razak.

*** Deemed interest through his substantial shareholdings in KHL Sdn Bhd, United Coconut Fibre Products Sdn Bhd and his spouse, Madam Lim Ah Eng.

[#] Mr Lu Kang Eing has resigned on 12 November 2003

^{##} Mr Kua Swee Leong was appointed on 12 November 2003 and his direct shareholding as at his date of appointment was 625,757 ordinary shares of RM0.50 each.

> Analysis of Shareholdings

as at 15 October, 2003
(Continued)

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HIAP TECK VENTURE BERHAD [421340-U]

SUBSTANTIAL SHAREHOLDERS

as at 15 October 2003

SUBSTANTIAL SHAREHOLDERS	DIRECT NO. OF SHARES	PERCENTAGE (%)	INDIRECT NO. OF SHARES	PERCENTAGE (%)
1. KHL Sdn Bhd	#84,457,096	25.80	##46,173,644	14.10
2. United Coconut Fibre Products Sdn Bhd	46,173,644	14.10	-	-
3. Kua Hock Lai	13,984,570	4.27	*135,099,485	41.26
4. Lim Ah Eng	4,468,745	1.36	**144,615,310	44.17

NOTES

Out of this block of shares, 72,728,000 ordinary shares of RM0.50 each are held by Alliancegroup Nominees (Tempatan) Sdn Bhd as bare trustee for KHL Sdn Bhd

Deemed interest through its substantial shareholdings in United Coconut Fibre Products Sdn Bhd

* Deemed interest through his substantial shareholdings in KHL Sdn Bhd, United Coconut Fibre Products Sdn Bhd and his spouse, Madam Lim Ah Eng.

** Deemed interest through her substantial shareholdings in KHL Sdn Bhd, United Coconut Fibre Products Sdn Bhd and her spouse, Mr Kua Hock Lai.



HIAP TECK VENTURE BERHAD

(Company No : 421340-U)
(Incorporated in Malaysia)

> Form of Proxy

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./Company No.) _____
(FULL NAME IN CAPITAL LETTERS)

of _____ or
(FULL ADDRESS)

failing whom _____ (NRIC No./Company No.) _____
(FULL NAME IN CAPITAL LETTERS)

of _____ as
(FULL ADDRESS)

my/our Proxy to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at the Kristal Suite 1 & 2, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 15 December 2003 at 2.30 p.m. and at any adjournment thereof, in the manner indicated below:-

No.	Resolution	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resolution 8		
9.	Resolution 9		
10.	Resolution 10		
11.	Resolution 11		
12.	Resolution 12		
13.	Resolution 13		

[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 _____ 2003 Number of shares held : _____

Signature of Member/Common Seal
[* 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 proportions of his (her) holdings to be represented by each Proxy.
3. The Proxy Form shall be signed by the appointor or his (her) attorney duly authorised in writing or, if the member 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 48 hours before the time set for the Meeting or at any adjournment thereof.

Company Secretaries

HIAP TECK VENTURE BERHAD (Company No : 421340-U)

Lot 6096, Jalan Haji Abdul Manan

Batu 5-1/2, Off Jalan Meru

41050 Klang

Selangor Darul Ehsan

AFFIX
STAMP