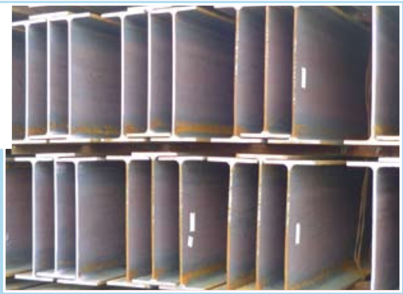
HTVB

HIAP TECK VENTURE BERHAD

421340-U



Annual Report 2013

OUR

VISION
- To be the leading steel company in the region

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

CONTENTS

CORPORATE **STRUCTURE**

H T V B

HIAP TECK VENTURE BERHAD
421340-U

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

100%
Tiek Hong Hardware (B'worth) Sdn Bhd
(278478-T)
Dormant

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

55%
Eastern Steel Sdn Bhd
(557033-V)
Manufacturing, selling and dealing in a range of steel products using blast furnace plant (under construction)

100%
Hiap Teck Management Services Sdn Bhd
(409923-P)
Provision of management services to related companies

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

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

100%
Hiap Teck Property Sdn Bhd
(313284-V)
Dormant

100%
Huatraco Industries Sdn Bhd
(164409-A)
Dormant

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

100%
Huatraco Investment Pte. Ltd
(201102260E)
Investment Holdings

100%
Huatraco Singapore Pte Ltd
(201103457N)
Scaffolding works and wholesale of industrial, construction and related machinery and equipment

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Tan Sri Abdul Rahman Bin Mamat

EXECUTIVE DEPUTY CHAIRMAN
Tan Sri Dato' Law Tien Seng

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ng Soon Lai @ Ng Siek Chuan
Mr. Leow Hoi Loong @ Liow Hoi Loong

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lee Ching Kion
Mr. Lu Zongyu

EXECUTIVE DIRECTORS
Mr. Low Choong Sing
Mr. Foo Kok Siew

SENIOR INDEPENDENT DIRECTOR
Mr. Ng Soon Lai @ Ng Siek Chuan

AUDIT COMMITTEE

CHAIRMAN
Mr. Ng Soon Lai @ Ng Siek Chuan

MEMBERS
Tan Sri Abdul Rahman Bin Mamat
Mr. Leow Hoi Loong @ Liow Hoi Loong
Mr. Lee Ching Kion

REMUNERATION COMMITTEE

CHAIRMAN
Tan Sri Abdul Rahman Bin Mamat

MEMBERS
Mr. Leow Hoi Loong @ Liow Hoi Loong
Mr. Foo Kok Siew

NOMINATION COMMITTEE

CHAIRMAN
Tan Sri Abdul Rahman Bin Mamat

MEMBERS
Mr. Leow Hoi Loong @ Liow Hoi Loong
Mr. Lee Ching Kion

RISK MANAGEMENT COMMITTEE

CHAIRMAN
Mr. Leow Hoi Loong @ Liow Hoi Loong

MEMBERS
Mr. Lee Ching Kion
Mr. Foo Kok Siew

ESOS COMMITTEE

CHAIRMAN
Tan Sri Abdul Rahman Bin Mamat

MEMBERS
Mr. Leow Hoi Loong @ Liow Hoi Loong
Mr. Foo Kok Siew

COMPANY SECRETARY
Ng Yim Kong (LS 0009297)
c/o Strategy Corporate Secretariat Sdn. Bhd.
Unit 07-02, Level 7, Persoft Tower
6B, Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : (6)03-7804 5929
Fax No. : (6)03-7805 2559

HEAD OFFICE & REGISTERED OFFICE
Lot 6096, Jalan Haji Abdul Manan
Batu 5 ½ , Off Jalan Meru
41050 Klang
Selangor Darul Ehsan, Malaysia
Tel No. : (6)03-3377 8888
Fax No. : (6)03-3392 9741
website : www.htgrp.com.my

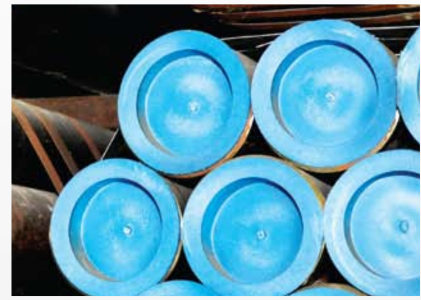
REGISTRAR
Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : (6)03-7841 8000
Fax No. : (6)03-7841 8008

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad (88103-W)
AmBank (M) Berhad (8515-D)
Hong Leong Bank Berhad (97141-X)
Malayan Banking Berhad (3813-K)
OCBC Bank (Malaysia) Berhad (295400-W)
RHB Bank Berhad (6171-M)

AUDITORS
KPMG (AF : 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

STOCK EXCHANGE
Bursa Malaysia Securities Berhad
(Main Market)





TAN SRI ABDUL RAHMAN BIN MAMAT

Chairman / Independent Non-Executive Director

Y. Bhg. Tan Sri Abdul Rahman Bin Mamat, age 61, a Malaysian, was appointed as Independent Non-Executive Director of Hiap Teck Venture Berhad ("HTVB") on 28 January 2011. He was then appointed as Chairman of the Company on 12 December 2012. Tan Sri Rahman also serves as a Chairman of the Remuneration, Nomination and ESOS Committee and also a member of Audit Committee of the Company.

Tan Sri Abdul Rahman currently sits on the board of Parkson Holdings Berhad.

Tan Sri Abdul Rahman graduated with a Bachelor of Economics (Honours) from University of Malaya and has an Advanced Management Programme qualifications from Harvard Business School, Boston, the United States of America.

Tan Sri Abdul Rahman joined the Ministry of International Trade and Industry ("MITI") as an Assistant Director on April 18, 1975 and served in various capacities in MITI for 35 years before retiring in December 2010. The positions held : (1) Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; (2) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (3) Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; (4) Special Assistant to the Minister of International Trade and Industry; (5) Director, Export Promotion Bureau, Malaysia External Trade Development Corporation (MATRADE); (6) Director of Industries; (7) Senior Director, Policy and Industry, Services Division; (8) Deputy Secretary-General (Industry); and (9) Secretary-General.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority (MIDA), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA) and Lembaga Kenaf dan Tembakau Negara. Tan Sri Abdul Rahman has represented Malaysia in a number of international meetings, bilateral, regional and multilateral negotiations, conferences and symposiums. He had also contributed towards formulating, implementing and monitoring policies and programs on international trade, industrial growth and entrepreneurship development. He is an honorary member of the ASEAN Federation of Engineering Organisations and a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration.

Tan Sri Rahman has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended all of the 6 board meetings of HTVB held during the financial year ended 31 July 2013.



TAN SRI DATO' LAW TIEN SENG

Executive Deputy Chairman

Tan Sri Dato' Law Tien Seng, age 60, a Malaysian, was appointed as the Deputy Chairman and Non-Independent Non-Executive Director of HTVB on 1 June 2010. He was re-designated as Executive Deputy Chairman on 3 August 2011.

Tan Sri Dato' Law Tien Seng is currently sitting on the boards of several private limited companies in Malaysia.

He is a businessman and owns a group of companies which are diversified in various industries engaged in mining, manufacturing of steel products, property development and investment.

Tan Sri Dato' Law has no family relationship with any Directors of the Company. He is deemed to have interest in HTVB via his indirect interest in TS Law Investments Limited, a major shareholder of HTVB. He has no conflict of interest with the Company and has not been convicted of any offences within the past ten years.

He has attended all of the 6 board meetings of HTVB held during the financial year ended 31 July 2013.

NG SOON LAI @ NG SIEK CHUAN

Independent Non-Executive Director

Mr. Ng Soon Lai @ Ng Siek Chuan, age 59, a Malaysian, was appointed as Independent Non-Executive Director of HTVB on 18 August 2009. He is the Chairman of the Audit Committee of the Company.

Mr. Ng is presently a Director of Deutsche Bank (Malaysia) Berhad, S P Setia Berhad, Unico-Desa Plantations Berhad, Tune Insurance Malaysia Berhad, Tune Ins Holdings Berhad and ELK Desa Resources Berhad.

He is a member of the Institute of Chartered Accountants in England & Wales since 1977. He gained his audit and accounting experience with Coopers & Lybrand in London and Kuala Lumpur before embarking his career path in the financial sector.

Mr. Ng had served in various positions in a leading local merchant bank and a finance company before joining Alliance Bank Malaysia Berhad in 1991. He was appointed as the Chief Executive Director of Alliance Bank Malaysia Berhad on 21 January 1994 and to the Board of Alliance Merchant Bank Berhad on 22 July 2002 until his resignation on 31 August 2005.

Mr. Ng has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended 5 out of the 6 board meetings of HTVB held during the financial year ended 31 July 2013.

LEOW HOI LOONG @ LIOW HOI LOONG

Independent Non-Executive Director

Mr. Leow Hoi Loong @ Liow Hoi Loong, age 59, a Malaysian, was appointed as Independent Non-Executive Director of HTVB on 13 December 2012. He is the Chairman of the Risk Management Committee and member of the Audit Committee, Remuneration Committee, Nomination Committee and the ESOS Committee of the Company.

Mr. Leow owns and manages several private companies involved in property investment, retailing business and industrial property development locally and abroad and he is also an Independent Non-Executive Director of Perduren (M) Bhd.

He is a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom. Mr. Leow started his career with American International Assurance Co. Ltd. in 1977 as Marketing Executive in marketing of financial services. In 1979, he joined Pacific Bank Berhad as Regional Credit Officer and was later made the Accountant at the Bank's Head Office until 1982. From 1982 to 1988, Mr. Leow was the Group Financial Controller and Company Secretary of the Low Yat Group of Companies and AP Land Berhad. He was a Corporate and Institutional Dealer with TA Securities Berhad from 1988 to 2002. Currently, he is holding a dealer's representative licence from M&A Securities Berhad.

Mr. Leow has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended 3 out of the 6 board meetings of HTVB held during the financial year ended 31 July 2013. The other 3 board meetings that he did not attend were held before his appointment as Director of HTVB.

LEE CHING KION

Non-Independent Non-Executive Director

Mr. Lee Ching Kion, age 59, a Malaysian, was appointed as the Group Chief Operating Officer of HTVB on 1 June 2010. Mr. Lee was re-designated as Non-Independent Non-Executive Director on 29 March 2012. He is a member of the Audit Committee, Risk Management Committee and Nomination Committee of the Company.

Mr. Lee Ching Kion is presently a Director of Hua Joo Enterprise Berhad.

Mr. Lee obtained his Bachelor of Science with Honours Degree in Metallurgy and Materials Science from the University of Nottingham, England.

He started his career in 1979 as an Engineer. He was with Yodoshi Malleable (M) Sdn Bhd and Jebsen-Jessen Engineering Sdn Bhd before he joined Amsteel Mills Sdn Bhd. He was the Sales Engineer of Amsteel Mills Sdn Bhd and later became the Head of Research & Development and Quality Control Department. He spent seven (7) years in Amsteel Mills Sdn Bhd and left in 1990. Mr. Lee then joined Wuthelam Holding (M) Group of Companies as General Manager in 1990 and he was appointed as a Director in 1991 and held the position until he left in 1997.

Mr. Lee Ching Kion was the Head of Property/Business Division of DNP Holdings Berhad from 1997 to 2001. He was concurrently the Managing Director of Posim Berhad, the Chief Executive Officer of Bright Steel Sdn Bhd and the Commercial Director of Steel Division of Lion Group from 2001 - 2003. He resigned from all his positions within the Lion Group in June 2003. Mr. Lee was a Director of Midwest Corporation Ltd., an Australian company from 2003 - 2005. He was also a Director of Malayawata Steel Berhad, Magna Prima Berhad and Melewar Industrial Group Berhad.

Mr. Lee has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended all the 6 board meetings of HTVB held during the financial year ended 31 July 2013.



LU ZONGYOU

Non-Independent Non-Executive Director

Mr Lu Zongyou, age 49, a Chinese, was appointed as Executive Director of HTVB on 17 January 2012. He was re-designated to Non-Independent Non-Executive Director on 12 December 2012. He is also the Chief Executive Officer of Eastern Steel Sdn. Bhd..

Mr. Lu, a Senior Mechanical Engineer and Senior Economist, holds a Bachelor of Engineering degree from Anhui University of Technology, China and MBA from Tsinghua University, China. His working relationship with Shougang started in 1988. He was involved in Shougang's ferroalloy works, Shougang Group General Office secretariat, Shougang overseas headquarters and China Shougang International Trade & Engineering Corporation. Mr. Lu was then appointed as Vice President in International Project Contract with China Shougang International Trade & Engineering Corporation from 1997 to 2011.

Mr. Lu has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended 4 out of the 6 board meetings of HTVB held during the financial year ended 31 July 2013.

FOO KOK SIEW

Executive Director

Mr. Foo Kok Siew, age 52, a Malaysian, was appointed as Independent Non-Executive Director of HTVB on 24 February 2010. He was re-designated as Executive Director on 1 January 2013. Mr. Foo is a member of the Risk Management Committee, the Remuneration Committee and the ESOS Committee of the Company.

Mr. Foo holds a Bachelor of Economics Degree from Monash University, Melbourne. He started his career at the Chase Manhattan Bank, Kuala Lumpur in 1985 and since then, he has held senior positions with various corporations including Carr Indosuez Asia Limited, Hong Kong, Insas Berhad, HLG Capital Berhad and Kejora Harta Berhad. He was the Chief Executive Director of Alliance Investment Bank Berhad (2004 to 2006) and is currently an Independent Non-Executive Director of Inari Amertron Berhad and he also sits on the board of several other private limited companies.

Mr. Foo has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended all of the 6 board meetings of HTVB held during the financial year ended 31 July 2013.

LOW CHOONG SING

Executive Director

Mr. Low Choong Sing, age 54, a Malaysian, was appointed as Non-Independent Non-Executive Director of HTVB on 24 February 2010 and was re-designated to Executive Director on 24 May 2010.

Mr. Low holds a Bachelor of Economics, majoring in Accounting from La Trobe University, Melbourne in 1982. He is a Fellow Member of Certified Practicing Accountant, Australia and a Chartered Accountant of the Malaysian Institute of Accountants. He has more than 25 years of financial and operation management experience in the steel industry. He was attached to Maruichi Malaysia Steel Tube Berhad from 1983 to 2002 and his last position held was Group Finance Manager. From 2003 to 2009, he was with Melewar Industrial Group Berhad and his last position held was Group Chief Financial Officer.

Mr. Low has no family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten years.

He has attended 5 out of the 6 board meetings of HTVB held during the financial year ended 31 July 2013.

THIS marks my first year in office as Chairman of the Board of Hiap Teck Venture Berhad ("HTVB") and it is my pleasure to present, on behalf of the Board of Directors, the Annual Report and Financial Statements of the Company and of the Group for the financial year ended 31 July 2013.

OPERATING ENVIRONMENT

My first year in office has indeed been most challenging. The operating environment in FY 2013 has been difficult for the local steel industry. Global steel demand softened while raw materials prices displayed greater volatility as a result of a sluggish global economy, the European debt crisis and the slow-down of the Chinese economy. The local steel industry was further affected by the influx of imported steel products into Malaysia which put pressure on prices and margins. Other challenges faced by the industry include AFTA and the resulting competition from other Asean countries.

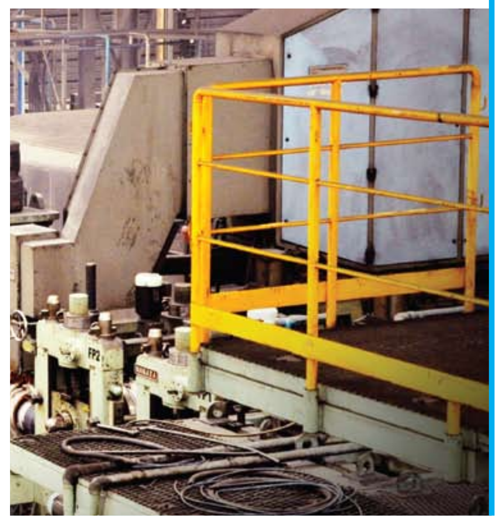
FINANCIAL PERFORMANCE

Despite such a difficult operating environment, the Group posted a much improved performance compared to the previous financial year.

For FY 2013, our Group posted revenue of RM1.11 billion as compared to RM1.12 billion in FY 2012. Whilst revenue was flat as a result of lower steel prices, earnings grew 64% with a reported profit before tax of RM34.2 million as compared to RM20.9 million in the previous financial year. Profit after tax rose 56% to RM24.3 million from RM15.6 million previously.

With improvement in production efficiency and changes to product mix, the Manufacturing Division turned around remarkably to post a profit before tax of RM25.7 million in FY 2013 (2012: RM4.5 million) on revenue of RM599 million (FY 2012: RM593 million).

Growing competition exacerbated by greater price volatility saw the margins of the Trading Division being compressed. The Trading Division posted revenue of RM572 million and a profit before tax of RM6.6 million in FY 2013, compared to RM562 million and RM18 million, respectively in FY 2012. The Group is committed to improving the performance of this Division by working its assets harder, enhancing procurement practices and to focus on volume growth and product mix to achieve higher margins.



DIVIDENDS

The Board of Directors has proposed, subject to shareholders' approval at the forthcoming Annual General Meeting, a single tier final dividend of RM0.60 per share for the Financial Year ended 31 July 2013.

CORPORATE DEVELOPMENT

In recognising the role of the employees in the development of the company and to inculcate a sense of belonging amongst the employees, the Company has during FY 2013 offered a total number of 48,800,000 options to its eligible directors and employees under its Employees' Share Options Scheme at an Exercise Price of RM0.50 per HTVB share.

The Company's investment in an integrated steel mill in Teluk Kalung Industrial Estate, Kemaman, Terengganu, a joint-venture project with China Shougang International Trade and Engineering Corporation is progressing well and is expected to complete by 2014.

PROSPECTS

The challenges facing the steel industry remains in the year ahead amidst the difficult external environment. Concerns over China's slow down, the European debt crisis and now, the prospect of the Federal Reserve tapering its Quantitative Easing will continue to cloud the industry outlook.

On a positive note, the Government is aware of the plight of the local steel players and has appointed Boston Consulting Group to carry out a comprehensive study on the competitiveness of the sector and to recommend a roadmap to enhance its competiveness for the future. This clearly highlights the importance of the industry as fundamentally strategic for the country to achieve high income status.

On the local front, domestic demand for steel products will continue to be well supported by the continued rollout of projects under the Economic Transformation Programme, Tenth Malaysia Plan and robust demand for properties in key growth areas.

Nonetheless, the Group's key focus will be to continuously review our core strategies to improve our delivery and efficiencies in cost and operations and to put the Group at the forefront of the industry.

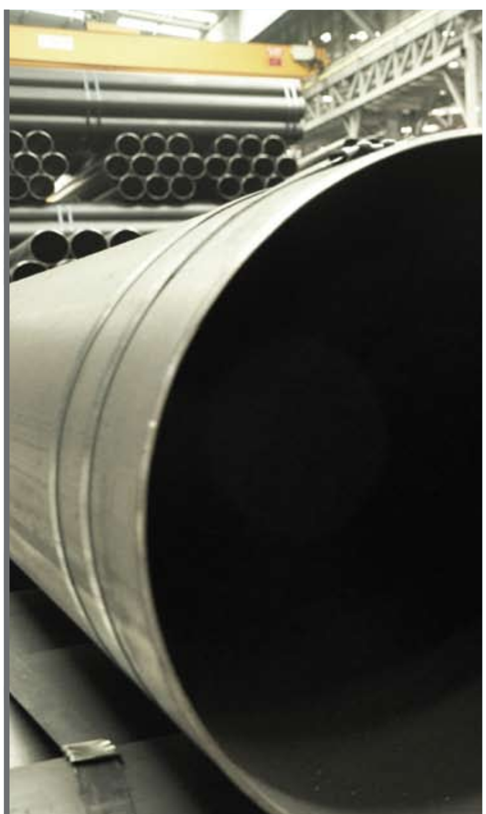
ACKNOWLEDGEMENT

In compliance with the Malaysian Code on Corporate Governance 2012, Tan Sri Dato' Alwi Jantan retired as Chairman of the Company and did not seek for re-election during the last Annual General Meeting, and Mr. Cheah Shu Boon resigned as Director of the Company during the Financial Year ended 31 July 2013. The Board of Directors of HTVB would like to extend its appreciation and gratitude to Tan Sri Dato' Alwi and Mr. Cheah for their invaluable contributions to the Company throughout their tenure.

On behalf of the Board, I wish to welcome Mr. Leow Hoi Loong as Independent Non-Executive Director and the re-designation of Mr. Foo Kok Siew as Executive Director of the Company. Both Mr. Leow and Mr. Foo bring with them a wealth of experience and I look forward to their contributions.

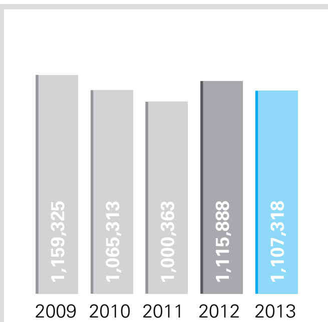
I would also like to express my sincere appreciation to our valued shareholders, employees, financiers, customers, suppliers and business partners who have contributed significantly to our success and for their continuous support and confidence in our Group.

TAN SRI ABDUL RAHMAN BIN MAMAT
Chairman

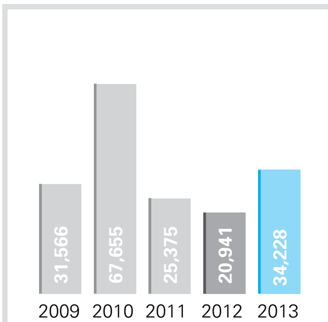


FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

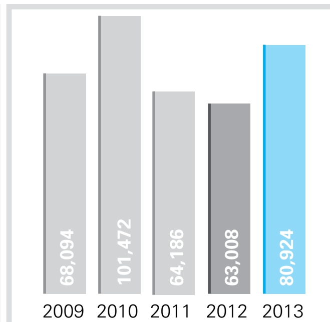
	2009	2010	2011	2012	2013
Revenue (RM'000)	1,159,325	1,065,313	1,000,363	1,115,888	1,107,318
Profit Before Taxation (RM'000)	31,566	67,655	25,375	20,941	34,228
EBITDA (RM'000)	68,094	101,472	64,186	63,008	80,924
Profit After Taxation (RM'000)	43,361	50,508	25,538	15,625	24,292
Shareholders' Funds (RM'000)	601,140	695,425	716,747	886,837	909,013
NTA Per Share (RM)	1.87	2.16	2.23	1.25	1.28
Earnings Per Share (sen)	13.45	15.74	8.52	3.10	3.43
Dividend (sen)	1.50	1.50	1.50	0.60	0.60



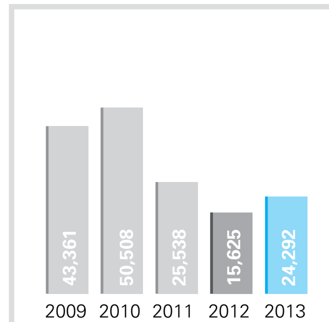
REVENUE (RM'000)



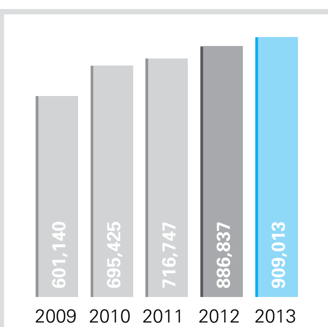
PROFIT BEFORE TAXATION (RM'000)



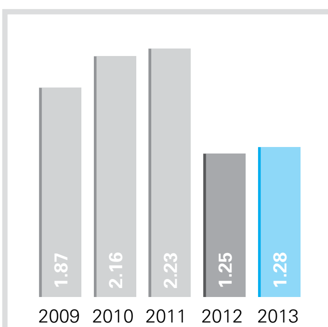
EBITDA (RM'000)



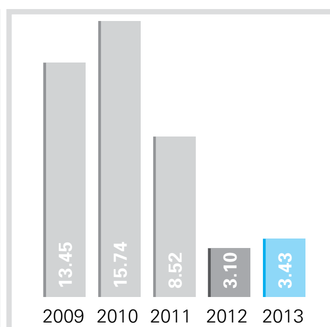
PROFIT AFTER TAXATION (RM'000)



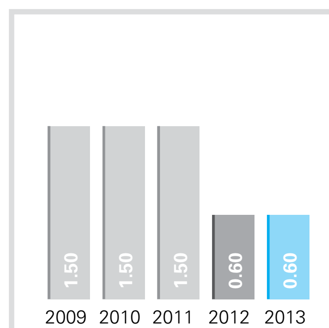
SHAREHOLDERS' FUNDS (RM'000)



NTA PER SHARE (RM)



EARNINGS PER SHARE (SEN)



DIVIDEND (SEN)

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Hiap Teck Venture Berhad ("HTVB") fully supports the recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") issued by the Securities Commission and Bursa Malaysia Securities Berhad ("BMSB") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to apply the recommendations of the Code in ensuring and maintaining that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders' value and those of the other stakeholders.

Emphasising its commitment to good corporate governance practices of the Code, the Board will establish and formalise a Board Charter that will set out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and the shareholders of the Company. The Board will also establish and formalise its ethical standards and code of conduct and corporate disclosure policies and procedures in line with the recommendation of the Main Market Listing Requirements.

The Board of Directors is, therefore, pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of the Code for financial year ended 31 July 2013.

A. BOARD OF DIRECTORS

Board Responsibilities

The Board is primarily responsible for determining the strategic direction of the Group, monitoring and overseeing the performance of the Group's business. The Board members meet regularly to review corporate strategies, operations and the performance of business segments and bring to bear independent judgment on issues of strategy, performance, resources, governance and code of conduct and ethics to ensure that decisions made and actions taken will promote sustainability of the Group. The Board as a whole is dedicated to practise clear demarcation of duties, responsibilities and authority within the Company.

Board Balance

The Board comprising eight (8) Directors; namely one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors, is therefore, in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"), which stipulates that at least one-third (1/3) of the Board comprises Independent Directors. The brief profiles of the Board members are set out in pages 4 to 7 of this Annual Report.

The Company is led and managed by an experienced Board comprising members with a wide range of qualifications, knowledge and experience in the relevant fields such as finance, accounting, metallurgy, material science, management, economics, corporate affairs, entrepreneurship and management. Collectively, the Directors bring a broad range of skills, expertise, knowledge and independent judgment to successfully direct and supervise the attainment of the Group's corporate strategies and business activities.

There is a clear demarcation of responsibility and role between the Independent Non-Executive Chairman and the Executive Deputy Chairman to ensure the balance of power and authority. The Chairman's main responsibility is to ensure effective conduct of the Board and Board meetings and unrestricted and timely access by all Directors to all relevant information necessary for decision making. The Chairman leads the discussion on the strategies and policies recommended by the Management. The Executive Deputy Chairman assisted by the two Executive Directors, is responsible for the implementation of the Board's policies and decisions as well as supervising the operation of the Group and the development and implementation of business strategies.

The Independent Directors as defined under Paragraph 1.01 of BMSB's Listing Requirements are independent of management and are free from any business or other relationships that could interfere with the exercise of their independent judgment or the ability to act in the best interests of the Company. The roles of Independent Directors are particularly important in bringing an independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The Code recommends that the tenure of an Independent Director shall not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Executive Director. In the event the Board decides to retain an Independent Director who has served in that capacity for more than nine years, the Board must justify and seek shareholders' approval. Both Tan Sri Dato' Alwi Jantan and Mr Cheah Shu Boon retired and resigned on 12 December 2012 and 1 January 2013 respectively after serving on the Board of Directors for more than nine (9) years.

Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when necessary, to inter-alia approve quarterly financial results, business plans, budgets, governance matters and other business development activities. Special Board meetings may be convened to consider urgent proposals or matters which require the expeditious review or consideration by the Board. Senior Management is invited to attend the Board meetings to advise on relevant agenda items to enable the Board to arrive at a considered decision. Strategic issues such as acquisition and disposal of the Group's investments or assets; announcements to regulators; corporate and restructuring exercises are presented to the Board for its decision to ensure that the direction and control of the Group is firmly in the Board's control. Besides Board meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors' resolutions.

Board meetings for the ensuing financial year are scheduled in advance to facilitate the Directors to plan ahead.

During the financial year ended 31 July 2013, six (6) board meetings were held. Details of the Board of Directors' Meetings and their attendances at these meetings are set out below. All Directors in office during the said period have complied with the minimum 50% meeting attendances requirement under the Main Market Listing Requirements of BMSB.

Name of Directors	Total Meetings Attended by Directors	Percentage of Attendance
Tan Sri Abdul Rahman Bin Mamat *(Chairman/Independent Non-Executive Director)* *(Appointed as Chairman on 12 December 2012)*	6/6	100
Tan Sri Dato' Alwi Jantan *(Chairman/Independent Non-Executive Director)* *(Retired on 12 December 2012)*	3/3	100
Tan Sri Dato' Law Tien Seng *(Executive Deputy Chairman)*	6/6	100
Mr. Ng Soon Lai @ Ng Siek Chuan *(Independent Non-Executive Director)*	5/6	83
Mr Leow Hoi Loong @ Liow Hoi Loong *(Independent Non-Executive Director)* *(Appointed on 13 December 2012)*	3/3	100
Mr. Cheah Shu Boon *(Independent Non-Executive Director)* *(Resigned on 1 January 2013)*	3/3	100
Mr. Lee Ching Kion *(Non-Independent Non-Executive Director)*	6/6	100
Mr. Lu Zongyou *(Non-Independent Non-Executive Director)*	4/6	67
Mr. Foo Kok Siew (Executive Director) *(Re-designated from Independent Non-Executive Director to Executive Director on 1 January 2013)*	6/6	100

Name of Directors	Total Meetings Attended by Directors	Percentage of Attendance
Mr. Low Choong Sing *(Executive Director)*	5/6	83

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings as set out in the table above.

Appointment to the Board

There is a formal and transparent procedure which has been endorsed by the Board for the appointment of new Directors. To facilitate appointments to the Board, the Company had set up the Nomination Committee to provide a formal and transparent procedure for the appointment of new Directors to the Board.

The Nomination Committee shall be primarily responsible for identifying and recommending to the Board new candidates to be appointed as Directors to the Board and also recommending Directors to fill the seats on Board committees.

The Board, through the Nomination Committee, assesses the effectiveness of the Board as a whole, the committees of the Board and the contributions of each Director on an ongoing basis. The Board also annually reviews the required mix of skills, experiences and other qualities including core competencies, which Non-Executive Directors should bring to the Board. The Company Secretary assists the Board in ensuring that all appointments are properly made and all the necessary information is obtained from Directors for the purposes of meeting statutory obligations and other regulatory requirements.

During the financial year under review, the Nomination Committee had reviewed the Board effectiveness, its size and structure, and also evaluated the performance of the Directors.

The Board has no immediate plan to implement a gender diversity policy or target as it is of the view that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender. Nevertheless, the Board does not consider gender to be a bar to Board membership.

Retirement and Re-election

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in every three (3) years, but shall be eligible for re-election. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Any Director who is retiring, and is eligible to be re-elected, is required to confirm in writing to the Board if he is or is not offering himself for re-election at the Annual General Meeting where he will retire.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors over seventy (70) years of age shall hold office until the next Annual General Meeting but shall be eligible for re-appointment.

Details of the Directors who submit themselves for re-election this year are found in pages 5 and 6 of this Annual Report.

Company Secretary

The Company Secretary provides support to the Chairman of the Company to ensure the effective functioning of the Board. The Company Secretary also organises and attends all Board Meetings and Board Committees' Meetings ensuring that the accurate and proper record of deliberation of issues discussed, decisions made and conclusions taken.

The Company Secretary maintains all secretarial and statutory records of the Company.

The Board has unrestricted access to the advice and services of the Company Secretary who is responsible for providing Directors with the Board papers and related matters.

The Company Secretary also updates the Board of Directors regularly on amendments to the Main Market Listing Requirements, practices and guidance notes or circulars issued by Bursa Malaysia Securities Berhad from time to time and on the development of or amendments to the Companies Act, 1965.

The Company Secretary is appointed and can be removed by the Board of Directors.

Supply of Information

The Directors are supplied with and have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively. This information includes both verbal and written details.

All scheduled meetings held during the year were preceded by a formal agenda issued by the Company Secretary in consultation with the Chairman. Prior to the meetings, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to all members. All Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings which in turn enhances the decision making process.

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

Directors' Training

Directors are encouraged to attend seminars and/or conferences to keep abreast with development in the industry and market place. All members of the Board have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn. Bhd.

The Directors had during the financial year ended 31 July 2013, evaluated their own training needs and attended seminars, conferences and forums which they considered as relevant and useful and would strengthen their contribution to the Group. Append below are some of the training/seminars attended by the Directors:

1. Governance, Risk Management and Compliance : What Directors Should Know
2. Bank Negara Malaysia FIDE : Training Programme on Insurance
3. Nominating Committee Program
4. Board Oversight Responsibilities for Merger and Acquisition - Passion Beyond Numbers
5. The International Sustainable Energy Summit, Putrajaya - Empowering Nations via Sustainable Energy
6. Bursa Malaysia - Sustainability Training for Directors & Practitioners
7. Dialogue session on " The Revised Shariah Screening Methodology of Securities Commission "
8. Understanding the Governance Framework for Boardroom Excellence - MCCG 2012 & Amended Listing Requirements
9. Corporate Governance / Enterprise Risk Management - Personal Data Protection Act 2010, Competition Act 2010
10. The Governance Framework on Related Party Transaction & Board Effectiveness & Challenges on Related Party Transaction
11. Continuous Listing Obligations of Listing Corporations and Common Pitfalls under Chapter 10 of Listing Requirements - Transactions
12. The Anatomy of Financial Crisis - Distilling Lessons from the Past for the Future

Board Committees

The Board delegates certain responsibilities to the respective committees of the Board which operate with clearly defined terms of reference. These committees have the authority to examine particular issues and report to the Board with their proceedings and deliberations.

The following Board Committees have acted within the framework of the remit specified by the Board. These committees have sporadically made proposals to improve and enhance the role of the Board in good governance processes.

The Company has four (4) principal Board committees. Below is a general description of some of the basic functions of the respective committee.

(A) Audit Committee

The Audit Committee which comprises exclusively of Non-Executive Directors, the majority of whom are independent, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors and the integrity of the Group's financial statement. It is also responsible for reviewing the effectiveness of internal controls system. Further details of the Audit Committee are contained in the Audit Committee's Report on page 32 to 37 of this Annual Report.

(B) Nomination Committee

All members of the Nomination Committee are Non-Executive Directors; the majority of whom are independent.

The members of the Nomination Committee are:

Name	Designation	Directorship
Tan Sri Abdul Rahman Bin Mamat	Chairman	Independent Non-Executive Director
Mr Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Lee Ching Kion	Member	Non-Independent Non-Executive Director
Tan Sri Dato' Alwi Jantan *(Retired on 12 December 2012)*	Chairman	Independent Non-Executive Director
Mr. Foo Kok Siew *(Re-designated from Independent Non-Executive Director to Executive Director on 1 January 2013)*	Member	Executive Director

The Nomination Committee has been entrusted with the responsibility of proposing and recommending new nominees to the Board and of assessing Directors on an on-going basis. However, the actual decision as to who shall be appointed remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

The Nomination Committee serves to ensure that the Company has an effective Board comprising Directors of required mix of skill, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board. The Nomination Committee assesses annually the effectiveness of the Board, its Committees and the contribution of each individual Director including Independent Non-Executive Directors via a self evaluation process moderated by the Chairman.

The Company engages the service of the Company Secretary to ensure the appointment of each of its Directors is properly made. The Nomination Committee has met four (4) times during the financial year ended 31 July 2013; i.e. on 27 September 2012, 5 November 2012, 12 December 2012 and 27 June 2013.

The Terms of Reference of the Nomination Committee are as follows:-

1. Composition

   The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent.

   The Committee shall consist of at least three (3) members.

2. Quorum

   Two (2) members shall form a quorum for meetings provided that two (2) are Independent Directors.

3. Chairman

   The members of the Committee shall elect a Chairman from among their members who shall be an Independent Director. In the absence of the Chairman of the Nomination Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

4. Secretary

   The Secretary to the Nomination Committee shall be the Company Secretary.

5. Meetings and Minutes

   (a) The Nomination Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary.

   (b) Minutes of meeting shall be recorded and kept.

   (c) Question arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

   (d) Other Directors or persons may attend a Nomination Committee Meeting only at the invitation of the Committee.

6. Scope of Responsibilities

   (a) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee should consider the candidates' :-

   - skills, knowledge, expertise and experience;
   - professionalism;
   - integrity; and
   - in the case of candidates for the position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors.

   (b) To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.

   (c) To identify and propose new nominees for appointment to the Board of Directors.

   (d) To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Chief Executive Officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.

   (e) To recommend to the Board, the Directors to fill the seats on Board Committees.

   (f) To annually review the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

   (g) To determine annually whether or not a Director is Executive, Non-Executive or Independent.

   h) To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.

   (i) To consider candidates for directorships proposed by the Executive Deputy Chairman and, within the bounds of practicability, by any other Senior Executive or any Director or shareholder.

7. Reporting Procedures

   (a) The actual decision as to who shall be appointed to the Board shall be the responsibility of the full Board after considering the recommendation of the Committee.

   (b) The Nomination Committee should report to the full Board for its consideration and implementation.

(C) Remuneration Committee

The members of the Remuneration Committee are:

Name	Designation	Directorship
Tan Sri Abdul Rahman Bin Mamat	Chairman	Independent Non-Executive Director
Mr Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Executive Director
Tan Sri Dato' Alwi Jantan *(Retired on 12 December 2012)*	Chairman	Independent Non-Executive Director

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors and Senior Management, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. The individual Directors concerned abstain from decision in respect of their individual remuneration.

The remuneration of Directors is determined based on the responsibility, contribution and performance of each Director. It is the Company's policy to link the Executive Directors' rewards to individual and corporate performance whilst the remuneration of the Non-Executive Directors including the Non-Executive Chairman is determined in accordance with their experience and the level of responsibilities assumed. Fees payable to all Non-Executive Directors are proposed at the Annual General Meeting for the shareholders' approval.

The members of the Remuneration Committee have met two (2) times during the financial year, i.e. on 12 December 2012 and 27 June 2013. The Terms of Reference of the Remuneration Committee are as follows:-

1. Composition

   The Committee shall be appointed by the Board from amongst the Directors of the Company consisting wholly or mainly of Non-Executive Directors.

   It shall consist of not less than three (3) members.

2. Quorum

   Two (2) members shall form a quorum for meetings.

3. Chairman

   The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

4. Secretary

   The Secretary to the Remuneration Committee shall be the Company Secretary or his representative(s).

5. Meetings and Minutes

   (i) The Remuneration Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary.

   (ii) Minutes of meetings should be recorded and kept.

   (iii) Question arising shall be decided by a majority of votes and determination by a majority of members shall for all purposes be deemed a decision of the Remuneration Committee.

   (iv) In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

6. Scope of Responsibilities

   (i) To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.

   (ii) To recommend to the Board, guidelines for determining remuneration of Non-Executive Directors.

   (iii) To recommend to the Board any performance related pay schemes for Executive Directors.

   (iv) To review Executive Directors' scope of service contracts.

   (v) To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions.

7. Reporting Procedures

   (i) The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee.

   (ii) Executive Directors do not participate in discussion on their own remunerations.

   (iii) The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole.

   (iv) Level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully.

   (v) Membership of the Remuneration Committee.

   (vi) Decisions and recommendations of the Committee shall be reported to the Board.

(D) Risk Management Committee

The Risk Management Committee ("RMC") has been delegated by the Board to assume responsibility for the Group's risk oversight. The RMC was established in March 2012 and the RMC's terms of reference were reviewed and approved by the Board.

The RMC provides oversight, direction and counsel to the Group risk management process and shall consider any matter relating to the identification, assessment, monitoring and management of any risk associated with the Group that it deems appropriate.

The RMC meets quarterly with additional meetings convened to attend to urgent matters that require its deliberation. The Members of RMC have met four (4) times during the financial year; i.e. on 25 September 2012, 6 December 2012, 25 March 2013 and 26 June 2013.

The members of the RMC are as follows:

Name	Designation	Directorship
Mr. Leow Hoi Loong @ Liow Hoi Loong	Chairman	Independent Non-Executive Director
Mr. Lee Ching Kion	Member	Non-Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Executive Director

The Terms of Reference of the RMC are as follows:-

1. Objective

   The objective of the Committee is to support the Board in fulfilling its responsibilities on risk oversight and to satisfy itself that the integrated risk management functions within the Group are effectively discharged.

2. Composition and Appointment

   (i) The Committee members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, out of which, at least one (1) of the Committee members shall be an Independent Director.

   (ii) The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.

   (iii) In the absence of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.

   (iv) In the event of any vacancies resulting in the number of members falling below three (3), the vacancy shall be filled within three (3) months of its arising.

3. Quorum

   The quorum for the Committee shall be two (2) members comprising a minimum of one (1) Independent Non-Executive Director.

4. Secretary

   (i) The Company Secretary shall be the Secretary of the Committee and shall ensure that proper minutes are kept of each meeting for approval of the Committee.

   (ii) The Minutes shall be circulated to all members of the Board at the next scheduled Board Meeting.

5. Meetings

   (i) The Committee shall meet four (4) times a year.

   (ii) In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion or if so directed by the Board.

   (iii) Notice of Committee meetings shall be circulated to all committee members at least one (1) week prior to each meeting unless the Committee waives such requirement.

   (iv) The Chairman may require the attendance of any officer of the Group at any part of any meeting.

   (v) The Chairman shall report on each meeting to the Board.

6. Authority

   (i) The Committee is authorised by the Board to have direct communications with and unrestricted access to all information and documents/resources as well as to officers of the Group which are necessary for the Committee to discharge its duties and responsibilities.

   (ii) The Committee shall have the authority to obtain independent professional or other advice and to invite outsiders with relevant experience to attend the meeting, as necessary.

   (iii) The Committee shall make recommendations to the Board but shall have no executive powers with regards to its findings and/or recommendations.

7. Duties and Responsibilities

   The Committee shall provide oversight, direction and counsel to the Group risk management process and shall consider any matters relating to the identification, assessment, monitoring and management of any risks associated with the Group that it deems appropriate. In addition, the Committee shall examine any other matters as directed by the Board.

   The duties of the Committee shall include, but not limited to:

   (i) Review, assess, formulate and recommend risk management strategies, framework, policies, processes, tolerance and risk appetite limits to the Board.

   (ii) Monitoring of Group risk exposures to ensure implementation and compliance with approved risk policies and processes of the Group, and to ensure that significant risks identified are being responded to appropriately.

   (iii) Review status of management action in mitigating significant risks identified.

   (iv) Review and assess the adequacy and effectiveness of the risk management structure, approved risk policies, processes, and support system and to recommend such changes as may be deemed necessary to the Board.

   (v) Review and assess the risks associated with all proposed strategic transactions of the Group and report the same to the Board for its deliberation of the transaction.

   (vi) Promote a "risk-aware" culture within the Group.

(E) Employees' Share Option Scheme ("ESOS") Committee

At an extraordinary general meeting held on 23 November 2011, the Company's shareholders approved the establishment of ESOS to eligible Directors and employees of the Group. An ESOS Committee is set up to administer the ESOS Scheme which is governed by ESOS By-Laws.

The members of the ESOS Committee are :

Name	Designation	Directorship
Tan Sri Abdul Rahman Bin Mamat	Chairman	Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Executive Director

The member of ESOS Committee have met once (1) during the financial year ended 31 July 2013, i.e. on 25 March 2013. Purpose of the meeting was to:

- approve the Maximum Allowable Allotment and Offer of Options to eligible Directors and Employees.
- approve the maximum percentage limit at which the Option may be exercised for each year within the Option Period.
- approve the performance target for FYE 31 July 2013 which is required to met before the Options granted can be exercised.
- propose to the Board of the Directors for approval of the Options to be granted to members of the ESOS Committee.
- recommend to the Board of Directors for approval of the Option Price.

B. DIRECTORS' REMUNERATION

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

The Non-Executive Directors' remuneration comprises only fees and meeting allowances. Determination of the said remuneration is balanced with their experience, expertise and level of responsibilities.

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM Nil - RM50,000	-	4*
RM50,001 - RM100,000	-	3
RM500,001 - RM550,000	1	-
RM950,001 - RM1,000,000	1	-

*Some Directors have retired, resigned or re-designated during the financial year.

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	-	1,770,785	-	1,770,785
Non-Executive Directors	353,333	30,000	-	383,333

C. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

The Board recognises the importance of effective communication with shareholders and investors.

Information is disseminated through various disclosures and announcements made to Bursa Securities which includes financial results and corporate developments. The Company's website at www.htgrp.com.my provides shareholders and investors the overview information of the Group's business, the latest updates of the Company and the announcement of the quarterly financial results made via Bursa Link. Shareholders and investors may contact the persons identify in the website to enquire more about the Company and the Group. The Company will continue to look for ways to leverage on information technology for broader and effective dissemination of the Company's information and to ensure equal and fair access of such information to all its stakeholders.

The Company meets financial analysts, as and when requested, to give them an overview of the Group's performance and operations. Through these channels, the Company has the opportunity to directly address, explain or clarify issues that investors and analysts may have regarding the business, operations and prospects of the Group.

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

The Code recommends that the Board should encourage poll voting for its resolutions. However, the Board is of the view that with the current level of shareholders' attendance at its AGM, voting by way of a show of hands continues to be efficient although poll voting will be carried out in resolutions involving related party transactions.

The Board has identified Mr. Ng Soon Lai @ Ng Siek Chuan as the Senior Independent Director to whom concerns may be conveyed. The Senior Independent Director provides a secure and confidential channel to address any concerns conveyed to him directly on matters relating to the Company through e-mail (ngsiekchuan@htgrp.com.my).

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board is responsible for ensuring that the financial statements of the Company and of the Group are made out in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board also ensures 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 accounting period. The Board through the review by the Audit Committee and in consultation with the External Auditors, presents a balanced and understandable assessment of the Group's financial position and prospect to the shareholders, investors and regulatory authorities.

(ii) Statement of Directors' Responsibility For Preparing The Financial Statements

The Board of Directors is required under Paragraph 15.26(a) of BMSB's Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual financial statements. The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year, which have been made out in accordance with the approved accounting standards and to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year.

The Directors are responsible for keeping proper accounting records, which are disclosed with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In preparing these financial statements, the Directors have:-

1. selected appropriate accounting policies and applied them consistently;

2. made judgements and estimates that are reasonable and prudent;

3. ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

4. prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

(iii) Internal Control

The Board acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' interest and the Group's assets. An internal audit function was established to assist the Audit Committee in reviewing the state of risk management and internal control of the Group and to highlight areas for Management's improvement. The internal audit function reports directly to the Audit Committee. The state of internal control of the Group is explained in greater detail in the enclosed Statement on Risk Management and Internal Control.

(iv) Relationship with Auditors

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

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

The Audit Committee had met with the External Auditors on 25 September 2012 and 26 June 2013 without the presence of the Executive Directors, the Management and the Company Secretary.

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

Detail of shares buy-back during the financial year ended 31 July 2013 are as follows:

Month	No. of Shares Buy-Back	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration (RM)
Dec' 12	10,000	0.470	0.470	0.470	4,700
July '13	10,000	0.555	0.555	0.555	5,550
Total	20,000			0.513	10,250

As at end of the financial year:

a. A total of 5,480,000 buy-back shares were held as treasury shares and carried at cost; and

b. No shares had been cancelled.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year ended 31 July 2013.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 July 2013.

4. IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or public penalties imposed on the Company and its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year ended 31 July 2013.

5. NON-AUDIT FEES

A non-audit fees of RM48,000.00 was incurred for services rendered to HTVB or its subsidiaries for the financial year ended 31 July 2013 by the External Auditors or a firm or company affiliated to the External Auditors.

6. VARIATION IN RESULTS

There was no material variance between the results for the financial year ended 31 July 2013 and the unaudited quarterly results previously announced.

7. PROFIT GUARANTEE

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

8. UTILISATION OF PROCEEDS

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

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

On 15 March 2012, HTVB entered into the Shareholders' Agreement with other shareholders of Eastern Steel Sdn. Bhd. ("ESSB"), namely Orient Steel Investment Pte. Ltd. ("Orient Steel") and Chinaco Investment Pte. Ltd. ("Chinaco") which set out the primary rights and obligations and regulate the relationship of the three parties in respect of dealing with ESSB on the project.

On 6 July 2012, HTVB entered into Loan Agreement with the other shareholders of the ESSB where the agreement stipulated that the shareholders of ESSB shall provide a shareholder loan to ESSB for the construction of the integrated steel mill project in accordance with the Co-operation Agreement dated 22 July 2011.

On 18 June 2013, HTVB and its wholly-owned subsidiaries, Alpine Pipe Manufacturing Sdn. Bhd. ("APM") and Hiap Teck Hardware Sdn. Bhd. ("HTH") entered into the Settlement Agreement with the defendants namely Kua Hock Lai (the former Managing Director of the Company), Xinsteel Sdn. Bhd. and 13 other former employees of APM and HTH. The salient terms of the Settlement Agreement are, amongst others, that Kua Hock Lai shall pay to the Company a sum of RM2.8 million as the settlement sum to the Company for the withdrawal of the Suit subject to the terms and conditions of the Settlement Agreement.

Saved as disclosed above and those disclosed as recurrent related party transactions of revenue or trading nature or related party transactions, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests as at 31 July 2013.

10. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The Company has on its AGM held on 12 December 2012 sought approval for a shareholders' mandate for the Group to enter into recurrent related party transactions of revenue or trading nature.

The aggregate value of recurrent related party transactions conducted during the financial year ended 31 July 2013 in accordance with the shareholders' mandate obtained in the last Annual General Meeting were as follows:

Related Parties involved with HTVB and/or its Subsidiaries	Nature of Transaction	Relationship and Nature of Interest	Value of Transaction (RM.000)
S.B. Cheah & Associates ("SBCA")	Provisions of legal services	Mr. Cheah Shu Boon is directly interested in SBCA by virtue of him being the partner of SBCA.	1
JK Ji Seng Sdn Bhd ("JKJS")	Purchase of prime Hot Rolled Steel Plates	Tan Sri Dato' Law Tien Seng is deemed interested in JKJS by virtue of him being a Director and Shareholder of T.S. Law Holdings Sdn Bhd ("TS Law") which in turn is the major shareholder of JKJS.	153,105

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Board of Directors is required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the year then ended.

The Directors, in preparing the financial statements, have adopted and applied consistently suitable accounting policies and made judgments and estimates that are reasonable and prudent. The Directors also ensured that all applicable financial reporting standards have been followed and the financial statements are prepared on a going concern basis as the Directors have reasonable expectation, having made enquiries that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 24 October 2013.

The Board of Directors ("the Board') is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 July 2013. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the latest "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("the Guideline") endorsed by the Bursa Malaysia Securities Berhad.

Board Responsibility

The Board acknowledges that risk management and systems of internal control are integral parts of corporate governance and believes that Board's risk oversight is critical to set the right tone and culture towards effective risk management and internal control in the Group.

Principally, the responsibilities of the Board as provided in the Guideline for risk governance are:

- To embed risk management in all aspects of the Group's activities, which also encompasses subsidiaries of the Company; and

- To review risk management framework, processes, responsibilities and assessing whether the present policies and systems provide reasonable assurance that risk is managed appropriately.

The Board understands the principal risks of the business that the Group is engaged in and accepts that business decisions require the balancing of risk and return in order to reward the shareholders.

The Board has established its Risk Management Committee ("RMC"). The key function of RMC is to review and report to the Board the risks faced by the Group and the effectiveness of management measures in identification and assessment of risks as well as the design, management and monitoring of internal controls to mitigate risks.

The present composition of the RMC is as follows. The RMC meets at least once every quarter and on other occasions, as and when necessary.

(i)	Mr. Leow Hoi Loong @ Liow Hoi Loong	-	Independent Non-Executive Director	-	Chairman of RMC
(ii)	Mr. Foo Kok Siew	-	Executive Director	-	Member
(iii)	Mr. Lee Ching Kion	-	Non-independent Non-Executive Director	-	Member

Risk Management

The key macro and micro risks of steel industry are fluctuation of steel prices and foreign currency, changes in global and local economic conditions, changes in local and overseas government policies, anti-dumping pressures as well as trade competitions, supply of labour, credit risk or risk of default by customers, high working capital holding cost, plant interruption and monopoly of raw material supply in the local front.

In addition, the Group faces contemporary risks arising from its expansion plan. Primarily, these contemporary risks come from the challenges of funding and managing the cost of construction and deadline for completion. The incidental risks of these challenges are changes of availability of sources of fund, interest rates, construction material costs, weather condition, labour supply, site and safety conditions, machinery deployment, contractors performance and natural disasters.

In order to address these risks and challenges, the senior management has formed the Risk Management Working Committee ("RMWC"). Functionally, the objectives of RMWC are to identify, measure and prioritise risks and challenges and to ensure that adequate attention and focus for risk management are placed appropriately and timely in accordance with the perceived and anticipated risk magnitude. Quarterly, the RMWC re-assesses, summarises and reports the emerging risks and its profiles to the RMC for review and deliberation. The status of key risks and management actions are further presented to the Board for deliberation to ensure risks are contained so that shareholders' interests are safeguarded.

Board and Management Review Mechanism

Whilst the RMC has oversight over risk management and assisted by the RMWC, at the operational level, various management review meetings are held on a regular basis. Presently, the management organizes weekly Senior Management Meeting, monthly Group Management Committee Meeting and monthly operation meetings at the respective key subsidiaries. The objective of these meetings is to ensure policies, decisions and expected operational performance targets and objectives set by the top executives are communicated, understood and executed by line management. At the same time, these meetings re-enforce the monitoring and supervision controls at the line management levels.

In order to ensure the objectivity of the review of the systems of internal control and risk management framework in the Group is achieved, the Audit Committee is instituted by the Board to undertake this role. In conducting its review, the Audit Committee is assisted by the Internal Auditors who report to the Audit Committee quarterly on the state of control of the selected key functions. Additionally,the Audit Committee evaluates the financial reporting and internal control matters highlighted by the External Auditors in the course of their statutory audit.

Management further supplements the Audit Committee review on control and risk assessment when presenting their quarterly financial performance and results to the Audit Committee. With the management consultation, the Audit Committee deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders and public investors.

Key Elements of Internal Control

Apart from the above, the other key internal controls processes practiced in the Group presently are as follows:

i. The Purchasing Committee that reviews, monitors and approves purchases;

ii. Budgetary control involving the review and approval of annual budget for the new financial year;

iii. Organisation structure that defines the management responsibilities and its hierarchy structure of reporting lines and accountability;

iv. Authority limits and approval processes that facilitate the delegation of authority and management succession;

v. Centralized enterprise resource planning information system that provides on-line information and produces periodic performance reports to management for monitoring purposes; and

vi. ISO 9001:2008 Quality Management System, EC Certification on Factory Production Control and American Petroleum Institutes ("API") manufacturing procedures in the manufacturing operations of the Group. Internal quality audits are carried out and annual surveillance audits are conducted by external certification body to provide assurance of compliance with the ISO requirements.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa's Guidelines, management is responsible to the Board for:

- identifying risks relevant to the business of the Group's objectives and strategies implementation;
- designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, taking action as appropriate and promptly bringing these to the attention of the Board.

Before producing this Statement, the Board has received assurance from Executive Director and Chief Financial Officer that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses.

Nonetheless, the Board wishes to reiterate that risk management and systems of internal control should be continuously improved in line with the evolving business development. However, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Review of Statement on Risk Management and Internal Control by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 July 2013 and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") assists the Board in ensuring the effectiveness of the Group's risk management and internal control systems and financial reporting practices, and ensuring that the Group's financial statements comply with applicable financial reporting standards and are a reliable source of financial information.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee was established on 17 July 2003.
All members of the Audit Committee are Non-Executive Directors, with the majority of them being Independent Directors.

Members of the Audit Committee	Designation	Directorship
Mr. Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director
Tan Sri Abdul Rahman Bin Mamat	Member	Independent Non-Executive Chairman
Mr. Lee Ching Kion (Appointed on 12 December 2012)	Member	Non-Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong (Appointed on 13 December 2012)	Member	Independent Non-Executive Director
Mr. Cheah Shu Boon (Resigned as member of AC on 12 December 2012, and resigned as Director on 01 January 2013 after attaining nine (9) years as Independent Director)	Member	Independent Non-Executive Director
Mr. Foo Kok Siew (Resigned as member of AC on 12 December 2012 and re-designated from Independent Non-Executive Director to Executive Director on 01 January 2013)	Member	Executive Director

TERMS OF REFERENCE OF THE COMMITTEE

1. Appointment/Composition:

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

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

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

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

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

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

(iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

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

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

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

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

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

2. Procedures of Audit Committee

An Audit Committee may regulate its own procedure, in particular:-

(a) the calling of meetings;

(b) the notice to be given of such meetings;

(c) the proper agenda of meeting;

(d) the voting and proceedings of such meetings;

(e) the keeping of minutes; and

(f) the custody, production and inspection of such minutes.

3. Meetings:

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

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

3.3 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 Department, Internal Auditors and External Auditors.

4. Authority:

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

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

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

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

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

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

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

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

5. Functions and Responsibilities:

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

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

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

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

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

- to review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- to review any appraisal or assessment of the performance of the outsourced internal audit function;
- to approve any appointment or termination of the outsourced internal audit function; and
- to take cognizance of resignations of the outsourced internal auditors and provide an opportunity to submit the reasons for resigning.

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

(i) changes in or implementation of major accounting policy changes;

(ii) significant and unusual events; and

(iii) compliance with accounting standards and other legal requirements.

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

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

5.8 to review and monitor the independence and suitability of External Auditors;

5.9 to obtain at least once a year written assurance from the External Auditors confirming that they are and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

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

5.11 prompt reporting to Bursa Securities on any matter reported by the Audit Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Listing Requirements;

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

6. Minutes:

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

7. Audit Committee Report:

The Audit Committee shall ensure that an audit committee report is prepared at the end of each financial year that complies with subparagraph (7.1) and (7.2) below:

7.1 The Audit Committee Report shall be clearly set out in the Annual Report of the Company;

7.2 The Audit Committee Report shall include the following:

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

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

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

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

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

SUMMARY OF ACTIVITIES

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

During the financial year ended 31 July 2013, the Audit Committee convened a total of five (5) meetings. The details of the attendance of the meetings are as follows:-

Members	Total Meetings Attended
Mr. Ng Soon Lai @ Ng Siek Chuan	5/5
Tan Sri Abdul Rahman Bin Mamat	5/5
Mr. Lee Ching Kion	1/2
Mr. Leow Hoi Loong @ Liow Hoi Loong	2/2
Mr. Cheah Shu Boon	2/3
Mr. Foo Kok Siew	3/3

There is a total of five Audit Committee Meetings held during the financial year ended 31 July 2013 and these were held on: 19 September 2012, 27 September 2012, 11 December 2012, 25 March 2013 and 26 June 2013.

The Group Chief Financial Officer attended all the Audit Committee meetings during the financial year ended 31 July 2013. The Internal Auditors attended all the scheduled quarterly Audit Committee meetings. Representatives of the External Auditors attended meetings where matters relating to the audit of the statutory accounts were discussed. Other Board members may attend meeting upon the invitation of the Audit Committee. The Company Secretary and/or his representatives attended all the Audit Committee meetings.

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

- Reviewed and recommended the quarterly financial results of the Company and the Group to the Board of Directors for their consideration and approval prior to its release to Bursa Securities.
- Reviewed and recommended to the Board for approval, the Group's audited financial statements and the audit report on the financial statements.
- Reviewed and approved the internal audit plan, strategy and scope of work.
- Reviewed the internal audit reports and consideration of the findings and recommendations and management's responses thereto.
- Reviewed the Recurrent Related Party Transactions of the Group.
- Reviewed the external audit planning memorandum which covers the scope of the statutory audit and the audit plan prior to the commencement of audit of the Group's financial statements.
- Reviewed and discussed with External Auditors the issues arising from the statutory audit, the audit report and the management letters including management's responses.
- Reviewed the Statement on Risk Management and Internal Control prior to its inclusion in the Annual Report.
- Meeting with the External Auditors in the absence of the Executive Directors and management.
- Met with the External Auditors on 27 September 2012 and 26 June 2013 without the presence of the Executive Directors and Management and the Company Secretary.

INTERNAL AUDIT FUNCTION

The internal audit function has been established to assist the Audit Committee in discharging its duties and responsibilities. The role of the Internal Auditors is to provide the Audit Committee with independent and objective reports on the state of internal control and compliance to policies and procedures.

The internal audit function of the Group is outsourced to a professional firm, and this mitigates the risk of factors affecting the independence of Internal Auditors as it has no involvement in the operation of the Group. The Group has appointed IA Essential Sdn Bhd at an annual fees of RM65,000.00 to carry out its internal audit function. The outsourced Internal Auditors report directly to the Audit Committee and the Audit Committee has full and direct access to the Internal Auditors.

The main role of the internal audit function is to undertake regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such system continues to operate satisfactory and effectively and to minimise risks area. The internal audit function is carried out with impartiality, proficiently and due professional care. It provides the Audit Committee with independent and objective reports on the state of internal control of the various operating units of the Group. The internal audit reports are reviewed by the Audit Committee and the Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

During the financial year, the internal auditors undertook audit review based on the annual internal audit plan which was approved by the Audit Committee. A summary of activities carried out included :

- Performed internal audit review on the Group's subsidiaries, Alpine Pipe Manufacturing Sdn Bhd and Hiap Teck Hardware Sdn. Bhd., focusing on inventory management, production cost, maintenance, safety and health.
- Reviewed the control procedures taken by the management on recurrent related party transactions.
- Issued reports on the results of the internal review, identifying weaknesses with suggested recommendations for improvements to management for further action to improve the system of internal control.
- Followed-up on the implementation of corrective action plans agreed by management.
- Attended Audit Committee meetings to table and discuss the internal audit reports.

During the year, the Audit Committee has met the Internal Auditors four (4) times to carry out its responsibility in reviewing the internal audit function and to assure itself on the soundness of internal control system.

Our Group subscribes to the principles of a socially responsible corporate citizenship. Great effort and emphasis have been placed to seek out ways for the Group to help our staff and the community and to enhance the environment in which we operate.

We endeavor to comply with all applicable laws, regulations and rules, and conduct our business in accordance with established best practices.

The Workplace

The Group believes that employees are the backbone of the business. Essentially, employees are the central to the smooth functioning of business operations and play a vital role in the success and sustainability of the Group. It is always the philosophy of the Group to ensure the reward packages remain competitive to attract, retain and motivate the right talents. The Group places great emphasis on building long lasting relationship with its employees.

In addition to monetary reward, the Group aims to ensure that the health, safety and welfare of our employees are well taken care of all the time. The Group has set up an Occupational Safety and Health Committee to develop policies and guidelines to provide and maintain a safe and healthy workplace for all its employees, contractors and visitors. The committee has initiated various health and safety programs such as fire drills and fire safety briefings. Safety gears are provided to relevant employees to reduce the consequences of serious accidents.

The Group seeks to promote and develop its human assets to be competent to increase their career advancement opportunities. Employees are provided with the necessary job related training, seminars and workshops regularly to further enhance their technical knowledge and skill. The Group also participated in the international trade fairs and exhibitions locally and overseas, to broaden the knowledge base and exposure of the employees, to keep abreast of new developments in their respective field and expertise.

The Group's jointly-controlled entity Eastern Steel Sdn. Bhd. has signed a Memorandum of Understanding with Shougang Institute of Technology ("SGIT"), China and TATI University College ("TATIUC"), Malaysia to provide aspiring young locals with international standard Metallurgical Science and Technology course. It is structured from both theoretical and practical aspect, as well as working in partnership on research areas to fulfill the current Iron and Steel Industry needs. The 6 months course for the local students will be taught by flown-in SGIT China lecturers on the topic of global iron and steel making technology. Subsequently, the students will be equipped with local industry knowledge, standard and requirements from TATIUC lecturers. This contributes positive externalities to the Iron and Steel Industry by leveraging local knowledge, skills and technologies to meet the Steel Industry requirement.

Eastern Steel Sdn. Bhd. also prides itselfs by providing its employee with ongoing training and development courses. By cooperation and collaboration together with SGIT, Eastern Steel Sdn. Bhd. has sent 3 bathches of staffs to China for training in SGIT Iron and Steel Making Technology Programme with specialization in the Metallurgical Engineering. It includes classroom training, on-the-field training, lab training, real-life project work and soft skills training. These personnel are exposed to international teaching and development method, thus providing them with a global view of steel making knowledge and practical daily job application techniques.

The Group maintains a work environment free from discrimination, where employees are treated with dignity, honour and respect.

The Community

The Group views education and life-long learning as vital pillars of human resource and community development. Taking the first step achieving this CSR's objective, our staff and their family members are encouraged to continue to improve and uplift themselves through continuing education. Our staff's children are given a yearly allowance to enable them to buy books and other education aids for their use.

The Group acknowledges that a good work-life balance will lead to a more productive workforce. In order to cultivate balanced work-life and create a caring harmonious and cohesive working environment, employees are encouraged to participate in sports and recreational activities. A Sports and Recreation Committee has been set up to organize various recreational activities for the employees. The Group's futsal team has participated in the futsal competition organized by the local community.

Health is another key area of focus for the Group. A healthy community is one that functions better as a complete unit and is better equipped to overcome other challenges that it may face. A series of activities are in the pipeline to create health awareness and provide our employees with practical health tips, such as wellness talk and blood donation.

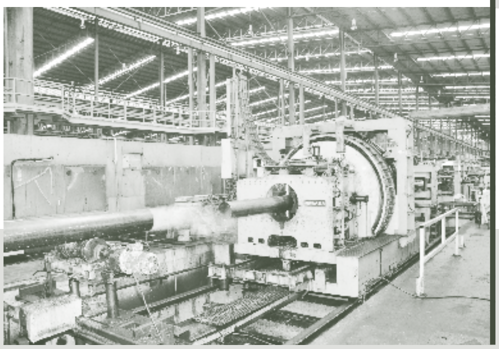
The Market Place

The Group promotes good ethical business culture and honesty and integrity in all business dealing, and respect for the interest of the relevant stakeholders.

We ensure timely information of the Group reaches the stakeholders. Hence, all material activities and event, key developments of our business and financial performance of the Group are announced timely to Bursa Securities. The Group's website at www.htgrp.com.my is updated regularly so as to provide the public the latest information and development of the Group.

Whilst profits will remain of paramount importance to any enterprise's performance, the Group holds steadfast with aims for a balanced approach of business performance and social responsibility. The Group will continue to implement effective corporate responsibility initiatives now and into the future.

continuously
develop human asset



OUR

VISION

- To be the leading steel company in the region

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

FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 July 2013.

Principal activities

The Company is principally engaged in investment and property holdings and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	24,292	96,756

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a single tier final dividend of 0.6 sen per ordinary share totalling RM4,249,632 in respect of financial year ended 31 July 2012 on 18 January 2013.

The single tier final dividend recommended by the Directors in respect of the financial year ended 31 July 2013 is 0.6 sen per ordinary share totalling RM4,249,572. The dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abdul Rahman Bin Mamat *(Redesignated as Chairman on 12 December 2012)*
Tan Sri Dato' Law Tien Seng
Ng Soon Lai @ Ng Siek Chuan
Lee Ching Kion
Low Choong Sing
Lu Zongyou *(Redesignated as Non-Independent Non-Executive Director on 12 December 2012)*
Foo Kok Siew (Redesignated as Executive Director on 1 January 2013)
Leow Hoi Loong @ Liow Hoi Loong *(Appointed as Independent Non-Executive Director on 13 December 2012)*
Tan Sri Dato' Alwi Jantan *(Retired on 12 December 2012)*
Cheah Shu Boon *(Resigned on 1 January 2013)*

Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.8.2012	**Bought**	**Sold**	**At 31.7.2013**
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng	187,582,048	-	-	187,582,048
Lee Ching Kion	41,864	-	-	41,864

	Number of options over ordinary shares of RM0.50 each			
	At 1.8.2012	**Granted**	**Exercised**	**At 31.7.2013**
Interest in the Company:				
Tan Sri Abdul Rahman Bin Mamat				
- own	-	800,000	-	800,000
Tan Sri Dato' Law Tien Seng				
- own	-	5,000,000	-	5,000,000
Ng Soon Lai @ Ng Siek Chuan				
- own	-	500,000	-	500,000
Lee Ching Kion				
- own	-	500,000	-	500,000
Foo Kok Siew				
- own	-	3,000,000	-	3,000,000
Low Choong Sing				
- own	-	1,500,000	-	1,500,000

By virtue of his shareholdings in the Company, Tan Sri Dato' Law Tien Seng is also deemed to be interested in shares in all the subsidiaries of the Company.

None of the other Directors holding office at 31 July 2013 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor 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 disclosed in Note 20 to the financial statements or the fixed salary of a full time employee of the Company or of the related corporations) 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 interest except as disclosed in Note 31.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid up capital of the Company during the financial year.

Treasury shares

During the financial year, the Company repurchased 20,000 of its issued ordinary shares from the open market at an average price of approximately RM0.51 per share. The total consideration paid for the repurchases including transaction costs was RM10,344.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 14 to the financial statements.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employees Share Option Scheme ("ESOS") which governed by ESOS By-Laws.

At an extraordinary general meeting held on 23 November 2011, the Company's shareholders approved the establishment of ESOS to eligible Directors and employees of the Group.

The salient terms of the ESOS are as follows:

(a) Eligible Director named in the register of directors of the Group or an employee who is a confirmed full time employee of the Group and must attained the age of eighteen (18) years;

(b) For employee other than Directors, he must have been confirmed and must have served the Group on a continuous basis for a period of not less than one year on the 12 April 2012 ("Effective Date");

(c) The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company;

(d) The Scheme shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date;

(e) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than par value of the shares of the Company of RM0.50;

(f) An option holder may, in a particular year, exercise up to such maximum number of shares in the offer letter at vesting date at 2 January 2014, 2015, 2016 and 2017 subject to the yearly performance targets set by the Board of Directors of the Company;

(g) The option granted to eligible Directors/employees will lapse when they are no longer in employment of the Group.

During the financial year, no option was exercised and the outstanding options as at financial year end were 46,530,000 (1,480,000 were forfeited; 790,000 were rejected) at exercise price of RM0.50 per share.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

Other statutory information *(Cont'd)*

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(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, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 July 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

The details of the significant events are disclosed in Note 32 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

………………………………………………………..
Tan Sri Dato' Law Tien Seng

………………………………………………………..
Foo Kok Siew

Kuala Lumpur,

Date: 24 October 2013

STATEMENTS OF FINANCIAL POSITION
as at 31 July 2013

	Note	Group 31.7.2013 RM'000	Group 31.7.2012 RM'000	Group 1.8.2011 RM'000	Company 31.7.2013 RM'000	Company 31.7.2012 RM'000	Company 1.8.2011 RM'000
Assets							
Property, plant and equipment	3	307,627	314,680	457,971	843	881	1,781
Investment properties	4	7,952	5,537	5,641	103,365	104,680	105,995
Goodwill on consolidation	5	-	-	50,556	-	-	-
Investment in subsidiaries	6	-	-	-	93,970	93,970	201,570
Investment in jointly controlled entity	7	132,385	136,157	-	139,618	139,618	-
Available-for-sale financial assets	8	3,247	2,637	3,090	-	-	-
Deferred tax assets	9	2,677	6,487	2,988	-	-	-
Trade and other receivables	10	367,562	-	-	401,693	32,123	-
Total non-current assets		821,450	465,498	520,246	739,489	371,272	309,346
Inventories	11	406,983	421,978	443,184	-	-	-
Trade and other receivables	10	264,781	376,871	232,484	105	149,088	1,696
Derivative assets	12	-	49	107	-	-	-
Tax recoverable		1,902	6,288	11,326	-	-	96
Available-for-sale financial assets	8	56,759	173,163	83,221	2,808	124,923	-
Cash and cash equivalents	13	51,449	62,574	48,696	3,639	3,442	1,574
Total current assets		781,874	1,040,923	819,018	6,552	277,453	3,366
Total assets		1,603,324	1,506,421	1,339,264	746,041	648,725	312,712
Equity							
Share capital		356,871	356,871	163,700	356,871	356,871	163,700
Share premium		37,973	37,986	25,341	37,973	37,986	25,341
Reserves		514,169	491,980	480,908	130,171	36,628	4,489
Total equity attributable to owners of the Company		909,013	886,837	669,949	525,015	431,485	193,530
Non-controlling interests		-	-	46,798	-	-	-
Total equity	14	909,013	886,837	716,747	525,015	431,485	193,530
Liabilities							
Loans and borrowings	15	124,451	121,412	27,443	124,451	121,412	-
Deferred tax liabilities	9	12,772	14,164	41,483	5,637	6,397	-
Total non-current liabilities		137,223	135,576	68,926	130,088	127,809	-
Loans and borrowings	15	509,440	434,620	479,152	2,235	2,211	-
Trade and other payables	16	47,648	49,183	73,789	87,605	87,054	119,182
Current tax payable		-	-	-	1,098	166	-
Derivative liabilities	12	-	205	650	-	-	-
Total current liabilities		557,088	484,008	553,591	90,938	89,431	119,182
Total liabilities		694,311	619,584	622,517	221,026	217,240	119,182
Total equity and liabilities		1,603,324	1,506,421	1,339,264	746,041	648,725	312,712

The notes set out on pages 53 to 109 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 July 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	17	1,107,318	1,115,888	99,360	47,724
Cost of sales	18	(1,016,920)	(1,016,732)	-	-
Gross profit		90,398	99,156	99,360	47,724
Other operating income		25,933	14,416	14,984	1,992
Operating costs in respect of income generating investment properties		(157)	(104)	(1,315)	(1,315)
Administrative expenses		(26,940)	(28,529)	(4,105)	(6,791)
Selling and marketing expenses		(21,443)	(30,357)	-	-
Other operating expenses		(4,999)	(13,473)	(1,134)	(343)
Profit from operations		62,792	41,109	107,790	41,267
Finance costs	21	(24,792)	(20,183)	(9,679)	(3,200)
Share of (loss)/profit of equity accounted investee, net of tax		(3,772)	15	-	-
Profit before tax		34,228	20,941	98,111	38,067
Income tax expense	22	(9,936)	(5,316)	(1,355)	(741)
Profit for the year	19	24,292	15,625	96,756	37,326
Other comprehensive income/(expense), net of tax					
Foreign currency translation differences for foreign operation		500	57	-	-
Fair value of available-for-sale financial assets		610	(215)	-	-
Total other comprehensive income/(expense) for the year		1,110	(158)	-	-
Total comprehensive income for the year		25,402	15,467	96,756	37,326
Profit attributable to:					
Owners of the parent		24,292	16,579	96,756	37,326
Non-controlling interests		-	(954)	-	-
		24,292	15,625	96,756	37,326
Total comprehensive income attributable to:					
Owners of the parent		25,402	16,421	96,756	37,326
Non-controlling interests		-	(954)	-	-
		25,402	15,467	96,756	37,326
Earnings per share (sen):					
Basic	23	3.43	3.10		

The notes set out on pages 53 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 July 2013

		Attributable to shareholders of the Group									
		Non distributable						Distributable			
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 August 2011		163,700	25,341	(7,479)	-	420	-	487,967	669,949	46,798	716,747
Foreign currency translation differences for foreign operations		-	-	-	-	57	-	-	57	-	57
Net change in fair value of available-for-sale financial assets		-	-	-	-	(215)	-	-	(215)	-	(215)
Total other comprehensive income		-	-	-	-	(158)	-	-	(158)	-	(158)
Profit for the year		-	-	-	-	-	-	16,579	16,579	(954)	15,625
Total comprehensive income for the year		-	-	-	-	(158)	-	16,579	16,421	(954)	15,467
Purchase of treasury shares		-	-	(5)	-	-	-	-	(5)	-	(5)
Issue of ordinary shares via private placement		16,098	16,098	-	-	-	-	-	32,196	-	32,196
Issue of ordinary shares pursuant to rights issue		177,073	-	-	18,459	-	-	(18,459)	177,073	-	177,073
Issue of redeemable convertible secured bonds, net of tax		-	-	-	-	(353)	-	-	(353)	-	(353)
Derecognition of subsidiary		-	-	-	-	-	-	-	-	(45,792)	(45,792)
Expenses incurred on issuance of equity securities		-	(3,453)	-	-	-	-	-	(3,453)	-	(3,453)
Acquisition of non-controlling interest		-	-	-	-	-	-	(162)	(162)	(52)	(214)
Dividends to owners of the Company	24	-	-	-	-	-	-	(4,829)	(4,829)	-	(4,829)
Total contribution from/(distribution to) owners		193,171	12,645	(5)	18,459	(353)	-	(23,450)	200,467	(45,844)	154,623
At 31 July 2012		356,871	37,986	(7,484)	18,459	(91)	-	481,096	886,837	-	886,837
		Note 14	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14			

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY Cont'd

for the year ended 31 July 2013

	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to shareholders of the Group									
		← Non distributable					→ Distributable				
At 31 July 2012/1 August 2012		356,871	37,986	(7,484)	18,459	(91)	-	481,096	886,837	-	886,837
Foreign currency translation differences for foreign operations		-	-	-	-	500	-	-	500	-	500
Net change in fair value of available-for-sale financial assets		-	-	-	-	610	-	-	610	-	610
Total other comprehensive income		-	-	-	-	1,110	-	-	1,110	-	1,110
Profit for the year		-	-	-	-	-	-	24,292	24,292	-	24,292
Total comprehensive income for the year		-	-	-	-	1,110	-	24,292	25,402	-	25,402
Purchase of treasury shares		-	-	(10)	-	-	-	-	(10)	-	(10)
Expenses incurred on issuance of equity securities		-	(13)	-	-	-	-	-	(13)	-	(13)
Equity-settled share based payments	32(a)	-	-	-	-	-	1,047	-	1,047	-	1,047
Dividends to owners of the Company	24	-	-	-	-	-	-	(4,250)	(4,250)	-	(4,250)
Total contribution from/(distribution to) owners		-	(13)	(10)	-	-	1,047	(4,250)	(3,226)	-	(3,226)
At 31 July 2013		356,871	37,973	(7,494)	18,459	1,019	1,047	501,138	909,013	-	909,013
		Note 14	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14			

COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 July 2013

Company	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM'000
	← Non-distributable					→	Distributable	
At 1 August 2011	163,700	25,341	(7,479)	-	-	-	11,968	193,530
Profit and total comprehensive income for the year	-	-	-	-	-	-	37,326	37,326
Purchase of treasury shares	-	-	(5)	-	-	-	-	(5)
Issue of ordinary shares via private placement	16,098	16,098	-	-	-	-	-	32,196
Issue of ordinary shares pursuant to rights issue	177,073	-	-	18,459	-	-	(18,459)	177,073
Issue of redeemable convertible secured bonds, net of tax	-	-	-	-	(353)	-	-	(353)
Expenses incurred on issuance of equity securities	-	(3,453)	-	-	-	-	-	(3,453)
Dividends to owners of the Company (Note 24)	-	-	-	-	-	-	(4,829)	(4,829)
Total contribution from/ (distribution to) owners	193,171	12,645	(5)	18,459	(353)	-	(23,288)	200,629
At 31 Jul 2012/1 Aug 2012	356,871	37,986	(7,484)	18,459	(353)	-	26,006	431,485
Profit and total comprehensive income for the year	-	-	-	-	-	-	96,756	96,756
Purchase of treasury shares	-	-	(10)	-	-	-	-	(10)
Equity-settled share based payments	-	-	-	-	-	1,047	-	1,047
Expenses incurred on issuance of equity securities	-	(13)	-	-	-	-	-	(13)
Dividends to owners of the Company (Note 24)	-	-	-	-	-	-	(4,250)	(4,250)
Total contribution from/ (distribution to) owners	-	(13)	(10)	-	-	1,047	(4,250)	(3,226)
At 31 July 2013	356,871	37,973	(7,494)	18,459	(353)	1,047	118,512	525,015
	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14	

The notes set out on pages 53 to 109 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 July 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	34,228	20,941	98,111	38,067
Adjustments for:				
Gain on disposal of available-for-sale financial assets	-	(770)	-	-
Net unrealised foreign exchange loss/(gain)	3,856	(1,043)	-	-
Reversal of impairment loss of trade receivables	(23)	(33)	-	-
Bad debts recovered	-	(56)	-	-
Depreciation of property, plant and equipment	21,747	21,780	206	317
Depreciation of investment properties	157	104	1,315	1,315
Property, plant and equipment written off	2	27	-	-
Interest expense	24,792	20,183	9,679	3,200
Finance income:				
Deposits	(248)	(109)	(72)	-
Available-for-sale financial assets	(2,177)	(3,195)	(1,282)	(1,993)
Jointly controlled entity	(8,822)	-	(8,822)	-
Subsidiary	-	-	(2,008)	-
Net overdue interest income	(101)	(44)	-	-
Change in fair value of derivatives	(156)	(387)	-	-
Dividends income	(330)	-	(91,440)	(38,520)
(Gain)/loss on disposal of property, plant and equipment	(680)	(1,013)	87	343
Write-down of inventories	-	12,490	-	-
Equity-settled share based payments	1,047	-	1,047	-
Share of loss/(profit) of equity accounted investee, net of tax	3,772	(15)	-	-
Operating profit before changes in working capital	77,064	68,860	6,821	2,729
Changes in working capital:				
Inventories	14,995	8,716	-	-
Trade and other receivables	(34,941)	7,794	(1,111)	(60,535)
Trade and other payables	(1,534)	(21,346)	(348)	(2,127)
Cash generated from/(used in) operations	55,584	64,024	5,362	(59,933)
Interest paid	(25,045)	(20,451)	(6,614)	-
Net overdue interest income	101	44	-	-
Income tax paid	(3,132)	(3,917)	(1,183)	(726)
Net cash from/(used in) operating activities	27,508	39,700	(2,435)	(60,659)

for the year ended 31 July 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from investing activities				
Proceeds from disposal of available-for-sale financial assets	-	3,306	-	-
Proceeds from withdrawal of available-for-sale financial assets	116,404	-	122,115	-
Dividend received	330	-	91,440	38,520
Proceeds from disposal of property, plant and equipment	4,152	3,113	334	240
Finance income:				
Deposits	248	109	72	1,993
Available-for-sale financial assets	2,177	3,195	1,282	-
Jointly controlled entity	8,822	-	8,822	-
Subsidiary	-	-	2,008	-
Purchase of property, plant and equipment	(20,736)	(21,609)	(589)	-
Investment in available-for-sale financial assets	-	(92,240)	-	(124,923)
Additional investment in subsidiary	-	-	-	(2,400)
Acquisition of non-controlling interests	-	(214)	-	-
Additional investment in jointly controlled entity	-	(29,617)	-	(29,617)
Advances to jointly controlled entity	(218,579)	(148,983)	(218,579)	(148,983)
Net cash (used in)/from investing activities	(107,182)	(282,940)	6,905	(265,170)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	209,269	-	209,269
Proceeds from issue of redeemable convertible secured bonds	-	129,169	-	129,169
Expenses incurred on issuance of equity securities	(13)	(5,907)	(13)	(5,907)
Repayment of term loans	-	(32,123)	-	-
Drawdown/(Repayment) of bankers' acceptances and offshore foreign currency loan	71,703	(39,853)	-	-
Purchase of treasury shares	(10)	(5)	(10)	(5)
Dividends paid to owners of the Company	(4,250)	(4,829)	(4,250)	(4,829)
Net cash from/(used in) financing activities	67,430	255,721	(4,273)	327,697
Net (decrease)/increase in cash and cash equivalents	(12,244)	12,481	197	1,868
Effect of exchange rate changes	1,119	1,397	-	-
Cash and cash equivalents at beginning of year	62,574	48,696	3,442	1,574
Cash and cash equivalents at end of year	51,449	62,574	3,639	3,442

The notes set out on pages 53 to 109 are an integral part of these financial statements.

Hiap Teck Venture Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Registered office and principal place of business
Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 July 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in a jointly controlled entity. The financial statements of the Company as at and for the financial year ended 31 July 2013 do not include other entities.

The Company is principally engaged in investment and property holdings and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of the principal activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 24 October 2013.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on transition to MFRSs are disclosed in Note 33 to the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

1. **Basis of preparation** *(Cont'd)*

(a) **Statement of compliance** *(Cont'd)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, Levies

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 August 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013;

- from the annual period beginning on 1 August 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014; and

- from the annual period beginning on 1 August 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the above standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) **Use of estimates and judgements**

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 9 - Recognition of deferred tax assets
- Note 30 - Contingent liabilities

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and in preparing the opening MFRS statements of financial position of the Group and the Company at 1 August 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 August 2011

For acquisitions on or after 1 August 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions before 1 August 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e 1 August 2011.

2. Significant accounting policies *(Cont'd)*

(a) Basis of consolidation *(Cont'd)*

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Interest in jointly controlled entity

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Investments in joint ventures are stated in the Company's statement of financial position at cost less impairment losses.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

2. Significant accounting policies *(Cont'd)*

(b) Foreign currency *(Cont'd)*

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies *(Cont'd)*

(c) Financial instruments *(Cont'd)*

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. Significant accounting policies *(Cont'd)*

(c) Financial instruments *(Cont'd)*

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

2. **Significant accounting policies** *(Cont'd)*

(d) **Property, plant and equipment** *(Cont'd)*

(ii) **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed. If a component has a useful life that is different from the remainder of the asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	60 years
• Buildings	50 years
• Plant and machinery	5 - 12 years
• Motor vehicles	5 years
• Other assets	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) **Leased assets**

(i) **Finance lease**

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

2. Significant accounting policies *(Cont'd)*

(e) Leased assets *(Cont'd)*

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Investment properties

Investment properties at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the lease term and their useful lives of 60 years.

Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of 50 years.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

2. Significant accounting policies *(Cont'd)*

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in jointly controlled entity) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. Significant accounting policies *(Cont'd)*

(i) Impairment *(Cont'd)*

(ii) Other assets *(Cont'd)*

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(k) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise redeemable convertible secured bonds that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2. Significant accounting policies *(Cont'd)*

(k) Compound financial instruments *(Cont'd)*

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(l) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. Significant accounting policies *(Cont'd)*

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount, volume rebates and sales taxes. Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Service income

Revenue is recognised when the services have been performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Rental income

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

(vi) Management fees

Management fees are recognised when services are rendered.

2. Significant accounting policies *(Cont'd)*

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise warrants, ESOS and redeemable convertible secured bonds.

2. Significant accounting policies *(Cont'd)*

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director and Group Operation Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Leasehold land RM'000	Plant and machinery RM'000	Capital-in progress RM'000	Motor vehicles RM'000	Others assets RM'000	Total RM'000
Cost								
At 1 August 2011	69,558	139,260	150,080	207,783	3,824	9,171	32,411	612,087
Additions	6,859	-	-	2,494	3,847	634	7,775	21,609
Disposals	-	-	-	(2,435)	-	(1,332)	(2,849)	(6,616)
Written off	-	-	-	(3)	-	-	(90)	(93)
Transfers	-	-	-	3,706	(3,868)	-	162	-
Adjustment	-	-	-	-	-	-	6,188	6,188
Derecognition of subsidiary	-	-	(145,060)	-	(1,225)	-	(2,325)	(148,610)
At 31 July 2012/ 1 August 2012	76,417	139,260	5,020	211,545	2,578	8,473	41,272	484,565
Additions	-	-	-	1,198	1,276	790	17,472	20,736
Disposals	-	-	-	(9,823)	-	(1,694)	(3,546)	(15,063)
Written off	-	-	-	-	-	-	(8)	(8)
Transfers	-	-	-	2,447	(2,805)	-	358	-
Effect of movement in exchange rates	-	-	-	1	-	1	2	4
Reclassification to investment property	-	-	(3,950)	-	-	-	-	(3,950)
At 31 July 2013	76,417	139,260	1,070	205,368	1,049	7,570	55,550	486,284
Accumulated depreciation								
At 1 August 2011	-	15,657	8,029	109,936	-	5,773	14,721	154,116
Charge for the year	-	2,758	889	12,240	-	715	5,178	21,780
Disposals	-	-	-	(2,255)	-	(632)	(1,629)	(4,516)
Written off	-	-	-	(2)	-	-	(64)	(66)
Adjustment	-	-	-	-	-	-	6,188	6,188
Derecognition of subsidiary	-	-	(7,318)	-	-	-	(299)	(7,617)
At 31 July 2012/1 August 2012	-	18,415	1,600	119,919	-	5,856	24,095	169,885
Charge for the year	-	2,810	18	12,556	-	669	5,694	21,747
Disposals	-	-	-	(8,854)	-	(1,143)	(1,594)	(11,591)
Written off	-	-	-	-	-	-	(6)	(6)
Reclassification to investment property	-	-	(1,378)	-	-	-	-	(1,378)
At 31 July 2013	-	21,225	240	123,621	-	5,382	28,189	178,657
Carrying amounts								
At 1 August 2011	69,558	123,603	142,051	97,847	3,824	3,398	17,690	457,971
At 31 July 2012/ 1 August 2012	76,417	120,845	3,420	91,626	2,578	2,617	17,177	314,680
At 31 July 2013	76,417	118,035	830	81,747	1,049	2,188	27,361	307,627

3. Property, plant and equipment *(Cont'd)*

Company	Motor vehicles RM'000	Renovation RM'000	Office equipment RM'000	Capital-in progress RM'000	Total RM'000
Cost					
At 1 August 2011	2,111	242	-	-	2,353
Disposal	(921)	-	-	-	(921)
At 31 July 2012/ 1 August 2012	1,190	242	-	-	1,432
Addition	-	109	123	357	589
Disposal	(766)	-	-	-	(766)
Transfer	-	350	7	(357)	-
At 31 July 2013	424	701	130	-	1,255
Accumulated depreciation					
At 1 August 2011	540	32	-	-	572
Charge for the year	269	48	-	-	317
Disposal	(338)	-	-	-	(338)
At 31 July 2012/ 1 August 2012	471	80	-	-	551
Charge for the year	136	57	13	-	206
Disposal	(345)	-	-	-	(345)
At 31 July 2013	262	137	13	-	412
Carrying amounts					
At 1 August 2011	1,571	210	-	-	1,781
At 31 July 2012/ 1 August 2012	719	162	-	-	881
At 31 July 2013	162	564	117	-	843

Other assets of the Group comprise equipment for hire, office renovations, furniture and fittings, heavy equipment, office equipment, tools, carpet, computer software, electrical installation, forklift, dies and jigs and container.

4. Investment properties

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 August 2011/31 July 2012/1 August 2012	-	485	6,429	6,914
Reclassification from property, plant and equipment	3,950	-	-	3,950
At 31 July 2013	3,950	485	6,429	10,864
Accumulated depreciation				
At 1 August 2011	-	-	1,273	1,273
Charge for the year	-	-	104	104
At 31 July 2012/1 August 2012	-	-	1,377	1,377
Charge for the year	54	-	103	157
Reclassification from property, plant and equipment	1,378	-	-	1,378
At 31 July 2013	1,432	-	1,480	2,912
Carrying amounts				
At 1 August 2011	-	485	5,156	5,641
At 31 July 2012/1 August 2012	-	485	5,052	5,537
At 31 July 2013	2,518	485	4,949	7,952

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 August 2011/31 July 2012/1 August 2012/31 July 2013	48,062	65,740	113,802
Accumulated depreciation			
At 1 August 2011	-	7,807	7,807
Charge for the year	-	1,315	1,315
At 31 July 2012/1 August 2012	-	9,122	9,122
Charge for the year	-	1,315	1,315
At 31 July 2013	-	10,437	10,437
Carrying amounts			
At 1 August 2011	48,062	57,933	105,995
At 31 July 2012/1 August 2012	48,062	56,618	104,680
At 31 July 2013	48,062	55,303	103,365

4. Investment properties *(Cont'd)*

During the financial year, a leasehold land has been transferred from property, plant and equipment to investment property, since the building attached to the land was no longer used by the Group and leased to third party. The estimated fair value of investment properties of the Group and of the Company are RM10,600,000 and RM144,240,000 (31.7.2012: RM7,720,000 and RM144,240,000; 1.8.2011: RM7,482,000 and RM140,555,000) respectively. Investment properties are stated at cost and are not revalued.

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental income	878	766	7,920	7,860
Direct operating expenses:				
- income generating investment properties	(157)	(104)	(1,315)	(1,315)

5. Goodwill on consolidation

	Group		
	2013 RM'000	2012 RM'000	2011 RM'000
At 1 August	-	50,556	50,556
Derecognition of subsidiary	-	(50,556)	-
At 31 July	-	-	50,556

6. Investment in subsidiaries

	Company		
	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
At cost:			
Unquoted shares in Malaysia	93,970	93,970	201,570

The movement of cost of investment in subsidiaries are as follows:

	2013 RM'000	2012 RM'000
At 1 August	93,970	201,570
Derecognition of subsidiary	-	(110,000)
Share subscription in subsidiary	-	2,400
At 31 July	93,970	93,970

6. Investment in subsidiaries *(Cont'd)*

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 31.7.2013 %	31.7.2012 %	1.8.2011 %
Hiap Teck Hardware Sdn. Bhd.	Malaysia	Importer, exporter and general dealer of steel products, hardware and building materials	100	100	100
Tiek Hong Hardware (B'worth) Sdn. Bhd.	Malaysia	Dormant	100	100	100
Alpine Pipe Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and selling of pipes, hollow sections and other steel products	100	100	100
Briliant Decade Transport Agency Sdn. Bhd.	Malaysia	Provision of transportation services	100	100	100
Huatraco Scaffold Sdn. Bhd.	Malaysia	Manufacturing, selling and renting of scaffolding equipment and range of steel products	100	100	100
Hiap Teck Management Services Sdn. Bhd.	Malaysia	Provision of management services to related companies	100	100	100^
Subsidiary of Hiap Teck Hardware Sdn. Bhd.					
Hiap Teck Property Sdn. Bhd.	Malaysia	Dormant	100	100	100
Subsidiaries of Huatraco Scaffold Sdn. Bhd.					
Huatraco Contracts Sdn. Bhd.	Malaysia	Selling and renting of scaffolding components and accessories	100	100	100
Huatraco Industries Sdn. Bhd.	Malaysia	Dormant	100	100	100
Huatraco Natscreen Sdn. Bhd. #	Malaysia	Dormant	-	100	100
Huatraco Investment Pte. Ltd. **	Singapore	Investment holding	100	100	100
Subsidiary of Huatraco Investment Pte. Ltd.					
Huatraco Singapore Pte. Ltd. **	Singapore	Scaffolding works and wholesale of industrial, construction and related machinery and equipment	100	100	55

^ The Company was wholly-owned subsidiary of Hiap Teck Hardware Sdn. Bhd. in previous financial year
** Audited by a firm other than KPMG
# The Company has been struck off during the year.

7. Investment in jointly controlled entity

	Group 31.7.2013 RM'000	Group 31.7.2012 RM'000	Group 1.8.2011 RM'000	Company 31.7.2013 RM'000	Company 31.7.2012 RM'000	Company 1.8.2011 RM'000
Unquoted shares in Malaysia, at cost	139,618	139,618	-	139,618	139,618	-
Share of post-acquisition reserves	(7,233)	(3,461)	-	-	-	-
	132,385	136,157	-	139,618	139,618	-

Details of the jointly controlled entity are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 31.7.2013 %	Effective ownership interest 31.7.2012 %	Effective ownership interest 1.8.2011 %
Eastern Steel Sdn. Bhd. ("ESSB")	Malaysia	Manufacturing, selling and dealing in a range of steel products using blast furnace plant (under construction)	55	55	55

On 15 March 2012, the Company entered into the Shareholders' Agreement with the shareholders of a jointly controlled entity, Eastern Steel Sdn. Bhd. ("ESSB"), namely Orient Steel Investment Pte. Ltd. ("Orient Steel") and Chinaco Investment Pte. Ltd. ("Chinaco"). The agreement set out the rights and obligations and to regulate the shareholders' relationship of the three parties in respect of dealing with ESSB.

The agreement gives the Company and Orient Steel joint control over ESSB and hence, ESSB is considered as a jointly controlled entity of the Company.

Summary of financial information for jointly controlled entity, not adjusted for the percentage ownership held by the Group:

	31.7.2013 RM'000	31.7.2012 RM'000
Assets and liabilities:		
Non-current assets	746,660	370,444
Current assets	120,339	104,267
Total assets	866,999	474,711
Non-current liabilities	16,583	34,791
Current liabilities	701,637	284,282
Total liabilities	718,220	319,073
Result:		
Revenue	-	-
Loss for the year	6,859	1,767

8. Available-for-sale financial assets

Group	31.7.2013 Carrying amount RM'000	31.7.2013 Market value of quoted investments RM'000	31.7.2012 Carrying amount RM'000	31.7.2012 Market value of quoted investments RM'000	1.8.2011 Carrying amount RM'000	1.8.2011 Market value of quoted investments RM'000
Non-current						
Club membership, unquoted	140	-	140	-	140	-
Equity instruments, quoted in Malaysia	3,107	3,107	2,497	2,497	2,950	2,950
	3,247	3,107	2,637	2,497	3,090	2,950
Current						
Unit trust fund of licensed financial institution within Malaysia	56,759	56,759	173,163	173,163	83,221	83,303
	60,006	59,866	175,800	175,660	86,311	86,253
Company						
Current						
Unit trust fund of licensed financial institution within Malaysia	2,808	2,808	124,923	124,923	-	-

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets 31.7.2013 RM'000	Assets 31.7.2012 RM'000	Assets 1.8.2011 RM'000	Liabilities 31.7.2013 RM'000	Liabilities 31.7.2012 RM'000	Liabilities 1.8.2011 RM'000	Net 31.7.2013 RM'000	Net 31.7.2012 RM'000	Net 1.8.2011 RM'000
Group									
Property, plant and equipment	5	5,551	2,237	(20,705)	(22,003)	(21,838)	(20,700)	(16,452)	(19,601)
Investment properties	-	-	-	(75)	(55)	(35)	(75)	(55)	(35)
Loans and borrowings	1,007	247	-	(6,644)	(6,644)	-	(5,637)	(6,397)	-
Other payables	10,210	6,946	7,453	-	-	-	10,210	6,946	7,453
Tax loss carry-forwards	1	9	-	-	-	-	1	9	-
Reinvestment allowance	11,633	15,095	14,194	-	-	-	11,633	15,095	14,194
Revaluation reserve	-	-	-	(6,491)	(6,490)	(40,398)	(6,491)	(6,490)	(40,398)
Other items	964	-	-	-	(333)	(108)	964	(333)	(108)
Tax assets/ (liabilities)	23,820	27,848	23,884	(33,915)	(35,525)	(62,379)	(10,095)	(7,677)	(38,495)
Set off of tax	(21,143)	(21,361)	(20,896)	21,143	21,361	20,896	-	-	-
Net tax assets/ (liabilities)	2,677	6,487	2,988	(12,772)	(14,164)	(41,483)	(10,095)	(7,677)	(38,495)
Company									
Loans and borrowings	1,007	247	-	(6,644)	(6,644)	-	(5,637)	(6,397)	-

9. **Deferred tax assets/(liabilities)** *(Cont'd)*

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group			Company		
	31.7.2013 RM'000	**31.7.2012 RM'000**	**1.8.2011 RM'000**	**31.7.2013 RM'000**	**31.7.2012 RM'000**	**1.8.2011 RM'000**
Unabsorbed capital allowances	6,132	6,010	6,889	-	-	-
Tax loss carry-forwards	921	926	5	-	-	-
Other deductible temporary differences	910	542	608	-	-	-
	7,963	7,478	7,502	-	-	-

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Movement in temporary differences during the year

Group	**At 1.8.2011 RM'000**	**Recognised in profit or loss RM'000 (Note 22)**	**Derecognition of subsidiary RM'000**	**Recognised directly in equity RM'000 (Note 22)**	**At 31.7.2012 RM'000**	**Recognised in profit or loss RM'000 (Note 22)**	**At 31.7.2013 RM'000**
Property, plant and equipment	(19,601)	3,149	-	-	(16,452)	(4,248)	(20,700)
Investment properties	(35)	(20)	-	-	(55)	(20)	(75)
Loan and borrowings	-	247	-	(6,644)	(6,397)	760	(5,637)
Other payables	7,453	(506)	-	-	6,947	3,263	10,210
Tax loss carry-forwards	-	9	-	-	9	(8)	1
Reinvestment allowance	14,194	901	-	-	15,095	(3,462)	11,633
Revaluation reserves	(40,398)	84	33,823	-	(6,491)	-	(6,491)
Other items	(108)	(225)	-	-	(333)	1,297	964
	(38,495)	3,639	33,823	(6,644)	(7,677)	(2,418)	(10,095)
Company							
Loan and borrowings	-	247	-	(6,644)	(6,397)	760	(5,637)

10. Trade and other receivables

	Group 31.7.2013 RM'000	Group 31.7.2012 RM'000	Group 1.8.2011 RM'000	Company 31.7.2013 RM'000	Company 31.7.2012 RM'000	Company 1.8.2011 RM'000
Non-current						
Non-trade						
Amount due from subsidiary	-	-	-	34,131	32,123	-
Amount due from jointly controlled entity	367,562	-	-	367,562	-	-
	367,562	-	-	401,693	32,123	-
Current						
Trade						
Trade receivables	252,114	216,280	200,621	-	-	-
Less: Allowance for impairment loss	(691)	(4,300)	(5,005)	-	-	-
	251,423	211,980	195,616	-	-	-
Non-trade						
Other receivables	28,221	24,074	22,798	-	-	-
Less: Allowance for impairment loss	(22,014)	(22,014)	(22,014)	-	-	-
	6,207	2,060	784	-	-	-
Advance payment to suppliers	2,946	9,630	30,995	-	-	-
Deposits	569	550	147	30	30	30
Prepayments	3,636	3,668	4,942	75	75	16
Amount due from subsidiary	-	-	-	-	-	1,650
Amount due from jointly controlled entity	-	148,983	-	-	148,983	-
	13,358	164,891	36,868	105	149,088	1,696
	264,781	376,871	232,484	105	149,088	1,696
	632,343	376,871	232,484	401,798	181,211	1,696

The Group's normal trade credit term ranges from 14 to 90 (31.7.2012: 14 to 90; 1.8.2011: 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The allowance for impairment loss in other receivables of the Group relate to the quantity discounts receivable from a supplier in prior years. In assessing the recoverability of these debts, the management has given due consideration to all pertinent information and development of the claims, including assessing the outcomes of the various discussions and negotiations with the supplier in the previous financial year. Management is of the opinion that the recoverability of quantity discounts receivable is uncertain and accordingly provided for impairment loss on the amounts.

Amount due from subsidiary and jointly controlled entity (current)

The amount due from subsidiary and jointly controlled entity are unsecured, non-interest bearing and repayable upon demand.

Amount due from subsidiary and jointly controlled entity (non-current)

The amount due from subsidiary is unsecured, subject to interest rate of 5% per annum. The amount due from jointly controlled entity is unsecured, subject to interest rates of 4.6% and 9.2% per annum. Both amounts due from subsidiary and jointly controlled entity are repayable in 2017.

11. Inventories

	Group		
	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Raw materials	98,326	99,573	109,576
Work-in-progress	20,572	24,874	20,458
Finished goods	95,326	104,444	101,754
Merchandise goods	190,728	191,608	210,019
Spare parts	2,031	1,479	1,377
	406,983	421,978	443,184

12. Derivative financial assets/(liabilities)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
31 July 2013			
Derivatives held for trading at fair value through profit or loss			
- Forward exchange contracts	26,760	-	-
31 July 2012			
Derivatives held for trading at fair value through profit or loss			
- Forward exchange contracts	19,540	49	205
1 August 2011			
Derivatives held for trading at fair value through profit or loss			
- Forward exchange contracts	19,700	107	650

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD and SGD for which firm commitments existed at the reporting date. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

13. Cash and cash equivalents

	Group			Company		
	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Deposits placed with licensed banks	17,742	55,261	1,922	3,453	-	-
Cash and bank balances	33,707	7,313	46,774	186	3,442	1,574
	51,449	62,574	48,696	3,639	3,442	1,574

14. Capital and reserves

	Group and Company					
	Amount 31.7.2013 RM'000	Number of shares 31.7.2013 '000	Amount 31.7.2012 RM'000	Number of shares 31.7.2012 '000	Amount 1.8.2011 RM'000	Number of shares 1.8.2011 '000
Authorised:						
Ordinary shares of RM0.50 each	1,000,000	2,000,000	1,000,000	2,000,000	200,000	400,000
Issued and fully paid:						
Ordinary shares of RM0.50 each						
At 1 August	356,871	713,742	163,700	327,400	163,700	327,400
Issued via private placement	-	-	16,098	32,196	-	-
Issued pursuant to rights issue	-	-	177,073	354,146	-	-
At 31 July	356,871	713,742	356,871	713,742	163,700	327,400

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

Reserves

	Note	Group 31.7.2013 RM'000	Group 31.7.2012 RM'000	Group 1.8.2011 RM'000	Company 31.7.2013 RM'000	Company 31.7.2012 RM'000	Company 1.8.2011 RM'000
Non-distributable:							
Share premium		37,973	37,986	25,341	37,973	37,986	25,341
Warrant reserves	14.1	18,459	18,459	-	18,459	18,459	-
Other reserves							
Translation reserves	14.2.1	563	63	6	-	-	-
Fair value reserves	14.2.2	809	199	414	-	-	-
Capital reserves	14.2.3	(353)	(353)	-	(353)	(353)	-
Share option reserves	14.3	1,047	-	-	1,047	-	-
Treasury shares	14.4	(7,494)	(7,484)	(7,479)	(7,494)	(7,484)	(7,479)
		51,004	48,870	18,282	49,632	48,608	17,862
Distributable:							
Retained earnings	14.5	501,138	481,096	487,967	118,512	26,006	11,968
		552,142	529,966	506,249	168,144	74,614	29,830

14.1 Warrant reserves

The warrant reserves arose from the allocation of the proceeds received from the issuance of the warrants by reference to the fair value of the warrants and net of expenses incurred in relation to the rights issue in the previous financial year.

Warrants 2012/2017
In the previous financial year, 88,536,500 warrants were issued pursuant to the rights issue of new ordinary shares. The number of warrants outstanding as at 31 July 2013 was 88,536,425.

14. Capital and reserves *(Cont'd)*

14.1 Warrant reserves *(Cont'd)*

The salient terms of the Warrants 2012/2017 are as follows:

(a) The Warrants can be exercised any time during the tenure of 5 years commencing from the date of issue of 10 January 2012 to 9 January 2017 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid; and

(b) Each warrant entitles holder to subscribe for one new ordinary share in the Company at the exercise price of RM0.69 at any time during the Exercise Period.

14.2 Other reserves

14.2.1 Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.2.2 Fair value reserves

The fair value reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

14.2.3 Capital reserves

The capital reserves comprise the equity component of redeemable convertible secured bonds. It represents the residual amount of the convertible bonds after deducting the fair value of the liability component. The amount is presented net of transaction costs and deferred tax liabilities.

14.3 Share option reserves

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

14.4 Treasury shares

During the financial year, the Company repurchased 20,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.51 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares. As at 31 July 2013, a total of 5,480,000 buy-back shares were held as treasury shares and carried at cost.

14.5 Retained earnings

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

15. Loans and borrowings

	Group			Company		
	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Non-current						
Secured:						
Term loan	-	-	27,443	-	-	-
Redeemable convertible bonds	124,451	121,412	-	124,451	121,412	-
	124,451	121,412	27,443	124,451	121,412	-
Current						
Secured:						
Term loan	-	-	14,159	-	-	-
Redeemable convertible bonds	2,235	2,211	-	2,235	2,211	-
Unsecured:						
Bankers' acceptances	375,121	377,555	434,993	-	-	-
Revolving credit	30,000	30,000	30,000	-	-	-
Onshore foreign currency loan	102,084	24,854	-	-	-	-
	509,440	434,620	479,152	2,235	2,211	-
Total	633,891	556,032	506,595	126,686	123,623	-

Security

(a) The redeemable convertible bonds are secured by the first legal charge over property of a subsidiary with carrying amount of RM68,858,000 (31.7.2012: RM69,911,000) and the lands and buildings of the Company with carrying amount of RM103,365,000 (31.7.2012: RM104,680,000)

(b) The Company has extended corporate guarantees amounting to RM507,205,000 (31.7.2012: RM432,409,000; 1.8.2011: RM506,595,000) as at the reporting date to financial institutions for banking facilities granted to certain subsidiaries. The Directors have assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the subsidiaries concerned are in positive financial standings to meet their obligations as and when they fall due.

Redeemable convertible secured bonds ("the Bonds")

On 5 April 2012 ("Issue date"), the Company issued a 7-year RM147 million nominal value of 4.5% redeemable convertible secured bonds. The liability component of the Bonds is recognised in statements of financial position as follows:

	Group and Company	
	2013 RM'000	2012 RM'000
At 1 August	123,623	-
Proceeds from issue of redeemable convertible secured bonds	-	129,169
Transaction costs	-	(2,455)
Net proceeds	123,623	126,714
Amount classified as equity	-	(6,291)
Accreted interest	3,063	3,200
At 31 July	126,686	123,623

15. Loans and borrowings *(Cont'd)*

Redeemable convertible secured bonds ("the Bonds") *(Cont'd)*

The holder of the Bonds may on 5th anniversary of the Issue date (ie. 5 April 2017) require the Company to redeem all or part of the Bonds by giving no less than 90 days irrevocable prior written notice to the Company.

Unless previously redeemed, converted, purchased and cancelled, the Bonds shall be redeemed by the Company at its nominal value on the 7th anniversary of the Issue date (ie. 5 April 2019) ("Maturity date").

The Bonds are convertible into ordinary shares of RM0.50 each at the option of the holder at conversion price of RM0.70 at any time between issuance up to Maturity date.

The Bonds carry a coupon rate of 4.5% per annum on the nominal value payable semi-annually in arrears.

16. Trade and other payables

	Group			Company		
	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Current						
Trade						
Trade payables	13,366	14,038	44,349	-	-	-
Amount due to a related party	-	6,012	-	-	-	-
	13,366	20,050	44,349	-	-	-
Non trade						
Other payables	10,499	6,983	8,115	95	-	-
Accruals	16,325	11,846	14,261	1,168	1,611	3,497
Deposits received	3,769	2,856	2,341	-	-	240
Advances from customers	3,689	7,448	4,723	-	-	-
Amount due to subsidiaries	-	-	-	86,342	85,443	115,445
	34,282	29,133	29,440	87,605	87,054	119,182
	47,648	49,183	73,789	87,605	87,054	119,182

Amount due to a related party

The amount due to a related party was subject to normal trade terms.

Amount due to subsidiaries

The amount due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable upon demand. The amount due to subsidiaries will be offset against future dividends and rental receivable from these subsidiaries.

17. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods and services	1,095,309	1,106,446	-	-
Rental of scaffolding equipment	11,889	9,382	-	-
Dividend income	-	-	91,440	38,520
Rental of properties	120	60	7,920	7,860
Management fees	-	-	-	1,344
	1,107,318	1,115,888	99,360	47,724

18. Cost of sales

	Group	
	2013 RM'000	2012 RM'000
Cost of inventories sold	1,013,171	1,013,910
Depreciation of scaffolding equipment for hire	3,749	2,822
	1,016,920	1,016,732

Included in the cost of inventories sold are the following:

Direct and indirect labour costs	11,603	9,412
Upkeep of property, plant and equipment	4,187	4,961
Depreciation of property, plant and equipment	14,557	14,158

19. Profit for the year

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit for the year is arrived after charging/(crediting):				
Personnel expenses:				
Salaries, wages and others	31,606	27,645	1,612	2,937
Defined contribution plan	2,984	2,755	160	342
Auditors' remuneration:				
Statutory audits:				
- current year	306	271	80	68
- under provision in prior year	-	-	-	10
Other services	48	10	48	10
Reversal of impairment loss of trade receivables	(23)	(33)	-	-
Bad debts recovered	-	(56)	-	-
Depreciation of property, plant and equipment	21,747	21,780	206	317
Depreciation of investment properties	157	104	1,315	1,315
Equity-settled share based payments	1,047	-	1,047	-
Fair value gain on derivatives	(156)	(387)	-	-
Minimum lease payments recognised as operating lease expense for:				
- Land and buildings	677	251	-	-
- Office equipment	9	13	-	-
- Gas tank	11	13	-	-
Property, plant and equipment written off	2	27	-	-
Write down of inventories	-	12,490	-	-
Gain on disposal of available-for-sale financial assets	-	(770)	-	-
(Gain)/loss on disposals of property, plant and equipment	(680)	(1,013)	87	343
Compensation from lawsuit	(2,800)	-	(2,800)	-
Rental income from investment properties	(878)	(766)	(7,920)	(7,860)
Gross dividend income	(330)	-	(91,440)	(38,520)
Net foreign exchange (gain)/loss:				
- Realised	(4,586)	(1,121)	-	-
- Unrealised	3,856	(1,043)	-	-
Net overdue interest income	(101)	(44)	-	-
Finance income:				
- Deposits	(248)	(109)	(72)	-
- Available-for-sale financial assets	(2,177)	(3,195)	(1,282)	(1,993)
- Jointly controlled entity	(8,822)	-	(8,822)	-
- Subsidiary	-	-	(2,008)	-

20. Key management personnel compensation

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Executive directors				
- Remuneration	3,694	4,787	1,771	3,279
- Other short term employee benefits	69	136	-	56
	3,763	4,923	1,771	3,335
Non-executive directors:				
- Fees	382	383	353	383
- Other emoluments	30	27	30	27
	412	410	383	410
	4,175	5,333	2,154	3,745

21. Finance costs

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Interest expense on:				
Bank overdrafts	104	116	-	-
Bankers' acceptances	13,329	14,362	-	-
Term loans	-	1,466	-	-
Revolving credit	1,119	783	-	-
Onshore foreign currency loan	561	256	-	-
Redeemable convertible secured bonds	9,679	3,200	9,679	3,200
	24,792	20,183	9,679	3,200

22. Income tax expense

Recognised in profit or loss

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current tax				
Malaysian - current	7,971	9,179	2,146	988
- prior year	(453)	(224)	(31)	-
	7,518	8,955	2,115	988
Deferred tax				
Origination and reversal of temporary differences	1,476	(3,237)	(760)	(247)
Under/(Over) provision in prior year	942	(402)	-	-
	2,418	(3,639)	(760)	(247)
Total income tax expense	9,936	5,316	1,355	741

Income tax recognised directly in equity

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Redeemable convertible secured bonds				
- deferred tax	6,644	6,644	6,644	6,644

22. Income tax expense *(Cont'd)*

Reconciliation of tax expense

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	34,228	20,941	98,111	38,067
Income tax calculated using Malaysian tax rate of 25% (2012: 25%)	8,557	5,235	24,528	9,517
Effect of tax rates in foreign jurisdictions	-	42	-	-
Income not subject to tax	(1,058)	(991)	(23,180)	(10,128)
Non-deductible expenses	2,636	2,829	798	1,599
Double deduction expenses	(31)	(88)	-	-
Temporary difference for which no deferred tax assets recognised	121	(6)	-	-
Deferred tax recognised on reinvestment allowances	-	(832)	-	-
Under/(Over) provision of deferred tax in prior years	942	(402)	-	
Over provision of current tax in prior years	(453)	(224)	(31)	-
Others	(778)	(247)	(760)	(247)
Income tax expense	9,936	5,316	1,355	741

23. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 July 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2013	2012
Profit attributable to ordinary shareholders (RM'000)	24,292	16,579
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 August	713,742	327,400
Effect of treasury shares held	(5,467)	(5,451)
Effect of ordinary shares issued	-	20,905
Effect of rights issue of ordinary shares	-	191,142
Weighted average number of ordinary shares at 31 July	708,275	533,996
Basic earnings per share (sen)	3.43	3.10

Diluted earnings per ordinary share

There was no dilution effect on earnings per share for the current period as the exercise price of warrants and ESOS, and conversion price of redeemable convertible secured bonds were higher than the average market price.

24. Dividends

Dividends recognised by the Company:

2013	Sen per share	Total amount RM'000	Date of payment
Final 2012 ordinary	0.60	4,250	18 January 2013
2012			
Final 2011 ordinary	1.50	4,829	16 January 2012

After the reporting period, the following dividends were proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

	Sen per share	Total amount RM'000
Final 2013 ordinary	0.60	4,250

25. Operating segments

(a) Business Segments

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) The trading segment is importers, exporters and general dealers in steel products, hardware and building materials;

(ii) The manufacturing segment involved in manufacturing, renting and distributing of steel pipes, hollow sections, scaffolding equipment, accessories and other steel products;

(iii) The property and investment segment involved in investment in and renting out property and investment holding; and

(iv) The transportation segment involved in provision of transportation of goods by lorries.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Group income taxes are managed on a group basis and are not allocated to operating segments.

(b) Geographical Segments

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

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

25. Operating segments *(Cont'd)*

Performance is measured based on segment profit before tax, interest and depreciation as included in the internal management reports that are reviewed by the Executive Director and Group Operation Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Director and Group Operation Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is included in the internal management reports and provided regularly to the Executive Director and Group Operation Director. Hence disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

2013	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Eliminations RM'000	Total RM'000
Revenue						
External customers	566,538	540,654	120	6	-	1,107,318
Inter-segment	5,459	58,703	102,840	4,047	(171,049)	-
Total segment revenue	571,997	599,357	102,960	4,053	(171,049)	1,107,318
Results						
Segment profit	6,600	25,677	5,046	677	(3,772)	34,228
Included in the measure of segment profit are:						
Finance income	529	506	12,205	15	(2,008)	11,247
Dividend income	-	-	330	-	-	330
Finance cost	7,115	10,006	9,679	-	(2,008)	24,792
Depreciation	1,962	17,856	1,908	178	-	21,904
Share of profit of jointly controlled entity	-	-	-	-	-	(3,772)
Assets						
Segment assets	426,967	676,674	693,355	3,678	(205,176)	1,595,498
Unallocated assets						7,826
Total assets						1,603,324
Liabilities						
Segment liabilities	304,700	366,236	215,940	497	(205,834)	681,539
Unallocated liabilities						12,772
Total liabilities						694,311
Other information						
Addition to non-current assets other than financial instruments and deferred tax assets	13,014	6,379	589	754	-	20,736
Property, plant and equipment written off	-	2	-	-	-	2
Reversal of impairment loss of trade receivables	23	-	-	-	-	23

25. Operating segments *(Cont'd)*

2012	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Eliminations RM'000	Total RM'000
Revenue						
External customers	552,909	562,913	60	6	-	1,115,888
Inter-segment	8,972	30,455	47,724	4,345	(91,496)	-
Total segment revenue	561,881	593,368	47,784	4,351	(91,496)	1,115,888
Results						
Segment profit	18,067	4,516	36,058	820	(38,520)	20,941
Included in the measure of segment profit are:						
Finance income	678	627	1,992	7	-	3,304
Dividend income	1,200	6,254	38,520	-	(45,974)	-
Finance cost	6,926	10,057	3,200	-	-	20,183
Depreciation	1,348	17,564	2,862	110	-	21,884
Share of profit of jointly controlled entity						15
Assets						
Segment assets	422,529	603,221	567,364	4,017	(106,120)	1,491,011
Unallocated assets						15,410
Total assets						1,506,421
Liabilities						
Segment liabilities	256,636	278,571	178,600	470	(108,857)	605,420
Unallocated liabilities						14,164
Total liabilities						619,584
Other information						
Addition to non-current assets other than financial instruments and deferred tax assets	710	19,387	-	5	-	20,102
Property, plant and equipment written off	-	27	-	-	-	27
Write down of inventories	-	12,490	-	-	-	12,490

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL");
(c) Available-for-sale financial assets ("AFS"); and
(d) Other financial liabilities measured at amortised cost ("OL").

26. Financial instruments *(Cont'd)*

26.1 Categories of financial instruments *(Cont'd)*

31 July 2013	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000	AFS RM'000
Financial assets				
Group				
Available-for-sale financial assets	60,006	-	-	60,006
Trade and other receivables (excluding prepayments)	628,707	628,707	-	-
Cash and cash equivalents	51,449	51,449	-	-
	740,162	680,156	-	60,006
Company				
Available-for-sale financial assets	2,808	-	-	2,808
Trade and other receivables (excluding prepayments)	401,723	401,723	-	-
Cash and cash equivalents	3,639	3,639	-	-
	408,170	405,362	-	2,808
Financial liabilities				
Group				
Loans and borrowings	(633,891)	(633,891)	-	-
Trade and other payables	(47,648)	(47,648)	-	-
	(681,539)	(681,539)	-	-
Company				
Loans and borrowings	(126,686)	(126,686)	-	-
Trade and other payables	(87,605)	(87,605)	-	-
	(214,291)	(214,291)	-	-

26. Financial instruments *(Cont'd)*

26.1 Categories of financial instruments *(Cont'd)*

31 July 2012	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000	AFS RM'000
Financial assets				
Group				
Available-for-sale financial assets	175,800	-	-	175,800
Derivative assets	49	-	49	-
Trade and other receivables (excluding prepayments)	373,203	373,203	-	-
Cash and cash equivalents	62,574	62,574	-	-
	611,626	435,777	49	175,800
Company				
Available-for-sale financial assets	124,923	-	-	124,923
Trade and other receivables (excluding prepayments)	181,136	181,136	-	-
Cash and cash equivalents	3,442	3,442	-	-
	309,501	184,578	-	124,923
Financial liabilities				
Group				
Loans and borrowings	(556,032)	(556,032)	-	-
Trade and other payables	(49,183)	(49,183)	-	-
Derivative liabilities	(205)	-	(205)	-
	(605,420)	(605,215)	(205)	-
Company				
Loans and borrowings	(123,623)	(123,623)	-	-
Trade and other payables	(87,054)	(87,054)	-	-
	(210,677)	(210,677)	-	-

26. Financial instruments *(Cont'd)*

26.1 Categories of financial instruments *(Cont'd)*

1 August 2011	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000	AFS RM'000
Financial assets				
Group				
Available-for-sale financial assets	86,311	-	-	86,311
Derivative assets	107	-	107	-
Trade and other receivables (excluding prepayments)	227,542	227,542	-	-
Cash and cash equivalents	48,696	48,696	-	-
	362,656	276,238	107	86,311
Company				
Trade and other receivables (excluding prepayments)	1,680	1,680	-	-
Cash and cash equivalents	1,574	1,574	-	-
	3,254	3,254	-	-
Financial liabilities				
Group				
Loans and borrowings	(506,595)	(506,595)	-	-
Trade and other payables	(73,789)	(73,789)	-	-
Derivative liabilities	(650)	-	(650)	-
	(581,034)	(580,384)	(650)	-
Company				
Trade and other payables	(119,182)	(119,182)	-	-

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains/(losses) on:				
Fair value through profit or loss	156	387	-	-
Available-for-sale financial assets	3,117	3,949	1,282	1,993
Loans and receivables	13,016	2,406	8,894	-
Financial liabilities measured at amortised cost	(27,883)	(20,736)	(9,679)	(3,200)
	(11,594)	(13,994)	497	(1,207)

26. Financial instruments *(Cont'd)*

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and jointly controlled entity and corporate guarantees given to banks for credit facilities granted to subsidiaries and jointly controlled entity.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

		Group	
	31.7.2013	**31.7.2012**	**1.8.2011**
	RM'000	**RM'000**	**RM'000**
Domestic	221,931	183,982	173,660
Asia	28,054	24,557	15,312
Australia/New Zealand	267	1,882	6,644
United States	862	1,559	-
Canada	309	-	-
	251,423	211,980	195,616

26. Financial instruments *(Cont'd)*

26.4 Credit risk*(Cont'd)*

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 July 2013				
Not past due	192,526	-	-	192,526
Past due 1 - 30 days	49,658	-	-	49,658
Past due 31 - 60 days	5,490	-	-	5,490
Past due 61 - 90 days	1,154	-	-	1,154
Past due more than 90 days	3,286	(691)	-	2,595
	252,114	(691)	-	251,423
31 July 2012				
Not past due	177,209	-	-	177,209
Past due 1 - 30 days	4,388	-	-	4,388
Past due 31 - 60 days	32,838	(2,455)	-	30,383
Past due 61 - 90 days	623	(623)	-	-
Past due more than 90 days	1,222	(1,222)	-	-
	216,280	(4,300)	-	211,980
1 August 2011				
Not past due	165,926	-	-	165,926
Past due 1 - 30 days	5,172	-	-	5,172
Past due 31 - 60 days	24,518	-	-	24,518
Past due 61 - 90 days	5,003	(5,003)	-	-
Past due more than 90 days	2	(2)	-	-
	200,621	(5,005)	-	195,616

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2013 RM'000	Group 2012 RM'000
At 1 August	4,300	5,005
Impairment loss reversed	(23)	(33)
Impairment loss written off	(3,586)	(672)
At 31 July	691	4,300

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

26. Financial instruments *(Cont'd)*

26.4 Credit risk *(Cont'd)*

Available-for-sale financial assets and derivatives assets

Risk management objectives, policies and processes for managing the risk

Investments in available-for-sale financial assets are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The available-for-sale financial assets and derivatives assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the investments and other financial assets are not recoverable.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM507,205,000 (2012: RM432,409,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and jointly controlled entity. The Company monitors the results of these entities regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries and jointly controlled entity are not recoverable.

26. Financial instruments *(Cont'd)*

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
31 July 2013							
Non-derivative financial liabilities							
Secured bank loans and facilities	507,205	3.40% - 4.10%	507,992	507,992	-	-	-
Redeemable convertible secured bonds	126,686	4.50%	186,708	6,651	6,597	19,845	153,615
Trade and other payables*	47,648	-	47,648	47,648	-	-	-
	681,539		742,348	562,291	6,597	19,845	153,615
31 July 2012							
Non-derivative financial liabilities							
Secured bank loans and facilities	432,409	3.40% - 4.10%	432,661	432,661	-	-	-
Redeemable convertible secured bonds	123,623	4.50%	193,323	6,615	6,651	19,827	160,230
Trade and other payables*	49,183	-	49,183	49,183	-	-	-
	605,215		675,167	488,459	6,651	19,827	160,230
Derivative financial liabilities							
Forward exchange contracts (net settled)	205	-	205	205	-	-	-
	605,420		675,372	488,664	6,651	19,827	160,230
1 August 2011							
Non-derivative financial liabilities							
Secured bank loans and facilities	506,595	3.37% - 5.35%	506,595	479,152	14,160	13,283	-
Trade and other payables*	73,789	-	73,789	73,789	-	-	-
	580,384		580,384	552,941	14,160	13,283	-
Derivative financial liabilities							
Forward exchange contracts (net settled)	650	-	650	650	-	-	-
	581,034		581,034	553,591	14,160	13,283	-

26. Financial instruments *(Cont'd)*

26.5 Liquidity risk *(Cont'd)*

Company	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
31 July 2013							
Non-derivative financial liabilities							
Redeemable convertible secured bonds	126,686	4.50%	186,708	6,651	6,597	19,845	153,615
Trade and other payables*	87,605	-	87,605	87,605	-	-	-
	214,291		274,313	94,256	6,597	19,845	153,615
31 July 2012							
Non-derivative financial liabilities							
Redeemable convertible secured bonds	123,623	4.50%	193,323	6,615	6,651	19,827	160,230
Trade and other payables*	87,054	-	87,054	87,054	-	-	-
	210,677		280,377	93,669	6,651	19,827	160,230
1 August 2011							
Non-derivative financial liabilities							
Trade and other payables*	119,182	-	119,182	119,182	-	-	-

* *The contractual cash flows of trade and other payables exclude derivatives, and where applicable, accruals for interest on borrowings have been included in the contractual cash flows of the respective financial liabilities.*

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Singapore Dollars (SGD).

Risk management objectives, policies and processes for managing the risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

26. Financial instruments *(Cont'd)*

26.6 Market risk *(Cont'd)*

26.6.1 Currency risk *(Cont'd)*

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
Group	**USD RM'000**	**SGD RM'000**
31 July 2013		
Trade receivables	3,200	23,302
Cash and cash equivalents	9,421	7,033
Forward exchange contract	(26,760)	-
Onshore foreign currency loan	(102,084)	-
Total exposure	(116,223)	30,335
31 July 2012		
Trade receivables	4,019	23,898
Cash and cash equivalents	32,494	2,490
Forward exchange contract	(16,534)	(3,006)
Onshore foreign currency loan	(24,854)	-
Total exposure	(4,875)	23,382

Currency risk sensitivity analysis

A 5% and 5% (2012: 5% and 5%) strengthening of the SGD and USD respectively against the functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
Group	**2013 RM'000**	**2012 RM'000**
SGD	*1,138*	*990*
USD	(3,355)	431

A 5% and 5% (2012: 5% and 5%) weakening of the SGD and USD respectively against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

26. Financial instruments *(Cont'd)*

26.6 Market risk *(Cont'd)*

26.6.2 Interest rate risk

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities, available-for sale financial assets and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group			Company		
	31.7.2013 RM'000	**31.7.2012 RM'000**	**1.8.2011 RM'000**	**31.7.2013 RM'000**	**31.7.2012 RM'000**	**1.8.2011 RM'000**
Fixed rate instruments						
Financial liabilities						
Revolving credit	30,000	30,000	30,000	-	-	-
Bankers' acceptances	375,121	377,555	434,993	-	-	-
Onshore foreign currency loan	102,084	24,854	-	-	-	-
Redeemable convertible secured bonds	126,686	123,623	-	126,686	123,623	-
	633,891	556,032	464,993	126,686	123,623	-
Floating rate instruments						
Financial liabilities						
Term loan	-	-	41,602	-	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

26. Financial instruments *(Cont'd)*

26.6 Market risk *(Cont'd)*

26.6.3 Other price risk

Equity price risk arises from the Group's investments in quoted equity securities. The quoted equity securities is listed on the Bursa Malaysia Securities Berhad. The instrument is classified as available-for-sale investments.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on an individual basis and all buy and sell decisions are approved by the management.

Equity price risk sensitivity analysis

At the reporting date, if the share price had been 5% higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM155,000 higher/lower, arising as a result of an increase/ decrease in the fair value of equity instruments classified as available-for-sale.

Investment in unit trust funds

The Group's investment in unit trust funds in licensed financial institution within Malaysia is a fixed income fund which provides regular income stream and stable investment returns. The Group invested in the fund for cash management purpose. The exposure to the equity risk is not material and hence sensitivity analysis is not presented.

26.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31.7.2013		31.7.2012		1.8.2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group						
Quoted shares	3,107	3,107	2,497	2,497	2,950	2,950
Forward exchange contracts:						
Assets	-	-	49	49	107	107
Liabilities	-	-	(205)	(205)	(650)	(650)
Amount due from jointly controlled entity	367,562	367,562	-	-	-	-
Term loan	-	-	-	-	(27,443)	(27,443)
Redeemable convertible secured bonds	(124,451)	(124,451)	(121,412)	(121,412)	-	-
Company						
Amount due from subsidiaries	34,131	34,131	32,123	32,123	-	-
Amount due from jointly controlled entity	367,562	367,562	-	-	-	-
Redeemable convertible secured bonds	(124,451)	(124,451)	(121,412)	(121,412)	-	-

26. Financial instruments *(Cont'd)*

26.7 Fair value of financial instruments *(Cont'd)*

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Derivatives

The fair value of forward exchange contracts is based on their quoted price.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible bonds, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

26.7.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2013				
Financial assets				
Investment in quoted shares	3,107	-	-	3,107
Investment in unit trust funds	-	56,759	-	56,759
	3,107	56,759	-	59,866
2012				
Financial assets				
Investment in quoted shares	2,497	-	-	2,497
Investment in unit trust funds	-	173,163	-	173,163
Forward exchange contracts	-	49	-	49
	2,497	173,212	-	175,709
Financial liabilities				
Forward exchange contracts	-	205	-	205
Company				
2013				
Financial assets				
Investment in unit trust funds	-	2,808	-	2,808
2012				
Financial assets				
Investment in unit trust funds	-	124,923	-	124,923

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with bond covenants and regulatory requirements.

During 2013, the Group's strategy, which was unchanged from 2012, was to maintain the debt-to-equity ratio of less than 1.0. The debt-to-equity ratios were as follows:

		Group		
	Note	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Loans and borrowings	15	633,891	556,032	506,595
Less: Cash and cash equivalents	13	(51,449)	(62,574)	(48,696)
Less: Available-for-sales financial assets	8	(56,759)	(173,163)	(83,221)
Net debt		525,683	320,295	374,678
Total equity		909,013	886,837	716,747
Debt-to-equity ratios		0.58	0.36	0.52

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain minimum debt service cover ratio of 1.5 and debt-to-equity ratio of less than 1.0 to comply with bond covenant, failing which, the bank may call it an event of default. The Group has complied with the requirement.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	Group		
	31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Less than one year	135	59	95
Between one and five years	56	42	12
	191	101	107

Operating lease payments represent rental payable by the Group for use of buildings and gas tank.

28. Operating leases *(Cont'd)*

Leases as lessor

The Group lease out their investment properties under operating leases (see Note 4). The future minimum lease receivables under non-cancellable leases are as follows:

	Group 31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Less than one year	588	752	701
Between one and five years	37	-	-
	625	752	701

29. Capital commitment

	Group 31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
Plant and equipment:			
Approved and contracted for	-	-	646,501
Approved but not contracted for	-	-	107,809
Share of capital commitments of the jointly controlled entity:			
Approved and contracted for	135,339	230,582	-
Approved but not contracted for	15,688	34,193	-

30. Contingent liabilities

	Group 31.7.2013 RM'000	31.7.2012 RM'000	1.8.2011 RM'000
In respect of indemnity provided for bank guarantees issued	27,331	17,562	16,687
In respect of guarantees issued in favour of Royal Customs and Excise Department	3,000	6,000	6,000

31. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

31. Related parties *(Cont'd)*

Identity of related parties *(Cont'd)*

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 20), are as follows:

Transaction with related parties

	2013 RM'000	2012 RM'000
Group		
Sales of steel products to a company in which certain directors of the Company have significant interests:		
Power Concord Sdn. Bhd.	-	(2)
Purchases of steel products from a company in which certain directors of the Company have significant interests:		
JK Ji Seng Sdn. Bhd.	153,105	144,026
Legal fee paid to a company in which certain directors of the Company have significant interests:		
S.B. Cheah & Associates	-	1
Sales of steel products to jointly controlled entity		
Eastern Steel Sdn. Bhd.	(35)	-
Rental income from jointly controlled entity		
Eastern Steel Sdn. Bhd.	(120)	(60)
Company		
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn. Bhd.	(3,120)	(3,120)
Huatraco Scaffold Sdn. Bhd.	(1,560)	(1,560)
Hiap Teck Hardware Sdn. Bhd.	(3,120)	(3,120)
Management fees from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	-	(504)
Alpine Pipe Manufacturing Sdn. Bhd.	-	(574)
Huatraco Scaffold Sdn. Bhd.	-	(266)
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	(44,400)	(14,400)
Alpine Pipe Manufacturing Sdn. Bhd.	(12,000)	(9,000)
Huatraco Scaffold Sdn. Bhd.	(34,200)	(7,200)
Tiek Hong Hardware (B'worth) Sdn. Bhd.	-	(6,480)
Briliant Decade Transport Agency Sdn. Bhd.	(840)	(1,440)

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and the terms have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

31. Related parties *(Cont'd)*

Intercompany balances with the related parties

	Group 2013 RM'000	Group 2012 RM'000
Amount due (from)/to related parties		
JK Ji Seng Sdn. Bhd.	-	6,012
Amount due from jointly controlled entity		
Eastern Steel Sdn. Bhd.	(367,562)	(148,983)

	Company 2013 RM'000	Company 2012 RM'000
Amount due (from)/to subsidiaries		
Alpine Pipe Manufacturing Sdn. Bhd.	(17,776)	(31,268)
Huatraco Scaffold Sdn. Bhd.	4,434	35,434
Hiap Teck Hardware Sdn. Bhd.	65,258	48,260
Briliant Decade Transport Agency Sdn. Bhd.	295	894
Amount due from jointly controlled entity		
Eastern Steel Sdn. Bhd.	(367,562)	(148,983)

32. Significant events

(a) On 19 April 2013, the Company has offered share options to eligible Directors and employees under Employee Share Option Scheme ("ESOS"). Total numbers of options offered is 48,800,000 units at exercise price of RM0.50 per share.

The salient terms of the ESOS are as follows:

(i) Eligible Director named in the register of directors of the Group or an employee who is a confirmed full time employee of the Group and must attained the age of eighteen (18) years;

(ii) For employee other than Directors, he must have been confirmed and must have served the Group on a continuous basis for a period of not less than one year on the 12 April 2012 ("Effective Date");

(iii) The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company;

(iv) The Scheme shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date;

(v) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than par value of the shares of the Company of RM0.50;

(vi) An option holder may, in a particular year, exercise up to such maximum number of shares in the offer letter at vesting date at 2 January 2014, 2015, 2016 and 2017 subject to the yearly performance targets set by the Board of Directors of the Company;

(vii) The option granted to eligible Director/employee will lapse when they are no longer in employment of the Group.

32. Significant events *(Cont'd)*

The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price 2013	Number of options ('000) 2013
Granted during the year	RM0.50	48,800
Forfeited during the year	RM0.50	(1,480)
Rejected during the year	RM0.50	(790)
Outstanding at 31 July	RM0.50	46,530
Exercisable at 31 July	-	-

The options outstanding at 31 July 2013 have an exercise price of RM0.50 and a weighted average contractual life of 4 years. No option has been exercised during the year until fulfilment of vesting condition. The vesting date is on 2 January each year until expiry of the scheme.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

Fair value of share options and assumptions	**2013**
Fair value at grant date	RM0.04
Weighted average share price	RM0.48
Share price at grant date	RM0.41
Option life (expected weighted average life)	4 years
Risk-free interest rate	3.0%

Value of employee services received for issue of share options

	Group and Company 2013 RM'000
Share options granted in 2013	1,047
Total expense recognised as share based payments	1,047

32. Significant events *(Cont'd)*

(b) During the financial year, the Company had entered into the following agreements:

(i) Settlement Agreement

On 2 April 2013, the Company and its wholly-owned subsidiaries, Alpine Pipe Manufacturing Sdn. Bhd. and Hiap Teck Hardware Sdn. Bhd. (collectively, "the Plaintiffs") have filed and served a Writ of Summons and Statement of Claim dated 21 March 2013 on Kua Hock Lai (the former Managing Director of the Company), Xinsteel Sdn. Bhd. and 13 other former employees of the Plantiffs (collectively, "the Defendants") premised on the Defendants jointly and/or respectively had, at various times and situations, inter alia fraudulently, dishonestly, knowingly, recklessly, intentionally and/or otherwise committed, assisted, aided or abetted in breach of trust and confidence, and of contractual, statutory, fiduciary, and/or common law duties and/or obligations owed to the Plaintiffs. The Plaintiffs are seeking, amongst others, a sum of RM2.42 million, damages and costs.

On 20 May 2013, the Plaintiffs have been served with a Defence and Counterclaim for RM37.6 million and costs. The Company has been advised by its solicitors from the facts of its case that, the Plaintiffs have a good claim and a good defence to the Defendant's counterclaim and does not expect any losses arising therefrom.

On 19 June 2013, the Company has filed a Notice of Discontinuance to withdraw the Suit with no order as to costs and no liberty to file afresh. The Notice of Discontinuance was filed at the Shah Alam High Court on 19 June 2013 upon the execution of a Settlement Agreement between the Plaintiffs and the Defendants on 18 June 2013.

The salient terms of the Settlement Agreement are, amongst others, that the 1st Defendant, Kua Hock Lai shall pay to the 1st Plaintiff, Hiap Teck Venture Berhad the sum of RM2.8 million as the settlement sum to the Company for the withdrawal of the Suit subject to the terms and conditions of the Settlement Agreement.

The Board of Directors of the Company, after due considerations on the various aspects of the Settlement Agreement, are of the opinion that the Settlement Agreement is fair and reasonable to the Company and also in the best interest of the Company.

33. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 July 2013, the comparative information presented in these financial statements for the financial year ended 31 July 2012 and in the preparation of the opening MFRS statement of financial position at 1 August 2011 (the Group's date of transition to MFRSs).

In preparing the opening statement of financial position at 1 August 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position is set out as follows:

33. Explanation of transition to MFRSs *(Cont'd)*

33.1 Reconciliation of financial position

	1 August 2011			31 July 2012		
	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Assets						
Property, plant and equipment	457,971	-	457,971	314,680	-	314,680
Investment properties	5,641	-	5,641	5,537	-	5,537
Goodwill on consolidation	50,556	-	50,556	-	-	-
Investment in jointly controlled entity	-	-	-	136,157	-	136,157
Available-for-sale financial assets	3,090	-	3,090	2,637	-	2,637
Deferred tax assets	2,988	-	2,988	6,487	-	6,487
Total non-current assets	520,246	-	520,246	465,498	-	465,498
Inventories	443,184	-	443,184	421,978	-	421,978
Trade and other receivables	232,484	-	232,484	376,871	-	376,871
Derivative assets	107	-	107	49	-	49
Tax recoverable	11,326	-	11,326	6,288	-	6,288
Available-for-sale financial assets	83,221	-	83,221	173,163	-	173,163
Cash and cash equivalents	48,696	-	48,696	62,574	-	62,574
Total current assets	819,018	-	819,018	1,040,923	-	1,040,923
Total assets	1,339,264	-	1,339,264	1,506,421	-	1,506,421
Equity						
Share capital	163,700	-	163,700	356,871	-	356,871
Share premium	25,341	-	25,341	37,986	-	37,986
Reserves	480,908	-	480,908	491,980	-	491,980
Total equity attributable to owners of the Company	669,949	-	669,949	886,837	-	886,837
Non-controlling interests	46,798	-	46,798	-	-	-
Total equity	716,747	-	716,747	886,837	-	886,837
Liabilities						
Loans and borrowings	27,443	-	27,443	121,412	-	121,412
Deferred tax liabilities	41,483	-	41,483	14,164	-	14,164
Total non-current liabilities	68,926	-	68,926	135,576	-	135,576
Loans and borrowings	479,152	-	479,152	434,620	-	434,620
Trade and other payables	73,789	-	73,789	49,183	-	49,183
Derivative liabilities	650	-	650	205	-	205
Total current liabilities	553,591	-	553,591	484,008	-	484,008
Total liabilities	622,517	-	622,517	619,584	-	619,584
Total equity and liabilities	1,339,264	-	1,339,264	1,506,421	-	1,506,421

33. Explanation of transition to MFRSs *(Cont'd)*

33.2 Notes to the reconciliation

(a) Property, plant and equipment – Deemed cost exemption – previous revaluation

Under FRSs, the Group measured its property comprising land and buildings at valuation. The last valuation was carried out on 4 July 2008.

Upon transition to MFRSs, the Group elected to apply the optional exemptions to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM31,635,000 at 1 August 2011 and 31 July 2012 was reclassified to retained earnings.

The aggregate fair value of the building at financial year 2008 was determined to be RM122,370,000 compared to the carrying amount of RM117,169,150 under FRSs.

	1 August 2011 RM	31 July 2012 RM
Consolidated statement of financial position		
Revaluation reserve	31,635	31,635
Adjustment to retained earnings	31,635	31,635

34. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 July, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	566,037	549,710	117,752	25,759
- unrealised	(11,442)	11,119	760	247
	554,595	560,829	118,512	26,006
Total share of accumulated losses of the jointly controlled entity				
- realised	(6,043)	(6,301)	-	-
- unrealised	(22,128)	(18,098)	-	-
Less: Consolidation adjustments	(25,286)	(55,334)	-	-
Total retained earnings	501,138	481,096	118,512	26,006

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENTS BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 46 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 on page 109 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....

Tan Sri Dato' Law Tien Seng

....

Foo Kok Siew

Kuala Lumpur,

Date: 24 October 2013

STATUTORY DECLARATION

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

I, **Ooi Ai Leng**, the officer primarily responsible for the financial management of Hiap Teck Venture Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 109 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 24 October 2013.

....

Ooi Ai Leng

Before me:

Lee Chin Hin
Commissioner for Oaths
(No. W493)

INDEPENDENT AUDITORS' REPORT

To the members of Hiap Teck Venture Berhad
(Company No. 421340-U)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Hiap Teck Venture Berhad, which comprise the statements of financial position as at 31 July 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 108.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

To the members of Hiap Teck Venture Berhad
(Company No. 421340-U)
(Incorporated in Malaysia)
(Cont'd)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 34 on page 109 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Adrian Lee Lye Wang
Approval Number: 2679/11/13(J)
Chartered Accountant

Petaling Jaya,

Date: 24 October 2013

PROPERTIES OF THE GROUP

As at 31 July 2013

Location	Description and Extisting Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2013 (RM)	Date of Acquisition	Date of Last Revaluation
Company and its subsidiaries								
Lot 6085, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	15.5	9	19,005	27,804,600	29-May-03	30-Dec-11
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	15.5	9	18,732	27,706,600	29-May-03	30-Dec-11
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	14.5	9	18,516	29,078,600	29-May-03	30-Dec-11
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	14	10.013	22,341	33,126,600	5-Jul-96	30-Dec-11
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse with 4 storey office building	Freehold	14	9.483	12,179	25,016,200	5-Jan-95	30-Dec-11
Lot 6097, Mukim of Kapar District of Klang Selangor Darul Ehsan	Agricultural Land	Freehold	-	5.0	-	6,858,961	14-Jan-12	-
Lot 54959 (formerly PT40530), Mukim of Kapar, District of Klang, Selangor Darul Ehsan	Single storey detached factory with a double storey office building	Freehold	7	18.0	53,243	71,309,000	23-Oct-08	30-Dec-11
51-C, Tingkat Dua Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	13	-	144.929	160,000	20-Aug-99	30-Dec-11
4727-01, Jalan Sri Putri 5/7 Taman Putri Kulai 81000 Kulai Johor Darul Takzim	Shop office apartment	Freehold	15	-	143.07	90,000	2-Aug-99	30-Nov-11
No.8, Jalan Firma 3, Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey detached factory building	Leasehold (60 years) expiring 31-Jan-2060	10	1	2,536.30	3,428,811	27-Feb-07	28-Dec-11
No. 6, Jalan Firma 3, Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey factory with a 2 storey office	Leasehold (60 years) expiring 31-Jan-2060	11	1.554	3,995.76	5,633,158	6-Jun-07	22-Dec-11

As at 31 July 2013

Location	Description and Extisting Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2013 (RM)	Date of Acquisition	Date of Last Revaluation
Company and its subsidiaries *(Cont'd)*								
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural land	Freehold	-	5.1	-	1,100,000	9-Jun-95	6-Jan-12
Lot 296, Mukim 13 District of Seberang Perai Tengah, Pulau Pinang	Single storey warehouse with 2 storey office	Leasehold (60 years) expiring 10-Mar-2058	7	2.241	2,453	3,915,445	6-Jul-96	29-Nov-11
Jointly controlled entity								
Lot 6293 & Lot 6294 Mukim Teluk Kalung Kemaman, Terengganu	Industrial land (Under construction for blast furnace plant)	Leasehold (60 years) expiring 1-Apr-2068	-	608.62	-	135,962,879	2-Apr-08	20-Oct-11
PT 60129, 60130 & 60131 Mukim Teluk Kalung Kemaman, Terengganu	Vacant industrial land	Leasehold (60 years) expiring 14-Apr-2073	-	600	-	5,346,468	3-Apr-13	-
PT 8973 Mukim Teluk Kalung Kemaman, Terengganu	Staff housing (under construction)	Leasehold (99 years) expiring 29-Jul-2111	-	50	-	526,000	28-May-12	-

ANALYSIS OF SHAREHOLDINGS
as at 31 October 2013

Authorised Share Capital	: RM1,000,000,000.00
Issued and Fully Paid-Up Share Capital	: RM356,871,037.50 (713,742,075 Ordinary Shares of RM0.50 each) *
Class of shares	: Ordinary shares of RM0.50 each
Voting right	: One vote per Ordinary Share held

* Includes treasury shares of 5,480,000 Ordinary Shares of RM0.50 each

Analysis By Size Of Shareholdings As At 31 October 2013

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	109	1.78	3,831	0.00
100 - 1,000	445	7.27	399,547	0.06
1,001 - 10,000	2,876	46.97	16,813,917	2.37
10,001 - 100,000	2,177	35.55	76,410,928	10.79
100,001 to less than 5% of issued shares	513	8.38	264,316,404	37.32
5% and above of issued shares	3	0.05	350,317,448	49.46
Total	**6,123**	**100.00**	**708,262,075**	**100.00**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2013

No.	Names	No. of Shares	Percentage (%)
1.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	237,162,048	33.49
2.	HLIB Nominees (Asing) Sdn Bhd Shougang International (Singapore) Pte Ltd	64,392,000	9.09
3.	Lembaga Tabung Haji	48,763,400	6.88
4.	K. H. L. Sdn Bhd	35,300,000	4.98
5.	Sim Ah Seng	12,172,900	1.72
6.	Lim Wan Loo	9,085,700	1.28
7.	Phuah Guk Shue @ Pua Guk Shue	4,200,000	0.59
8.	Yap Kim Foong	3,890,000	0.55
9.	AMSEC Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad for Pacific Pearl Fund (UT-PM-PPF)	3,885,600	0.55
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ah Nyuk Len (MQ0340)	3,261,400	0.46
11.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	3,160,000	0.45
12.	HSBC Nominees (Asing) Sdn Bhd Exempt An For BNP Paribas Wealth Management Singapore Branch (A/C Clients-FGN)	3,060,000	0.43
13.	Ng Soon Tong	2,500,000	0.35

No.	Names	No. of Shares	Percentage (%)
14.	Loo Chee Lain	2,239,000	0.32
15.	Chin Chin Seong	2,200,000	0.31
16.	CIMB Islamic Trustee Berhad For TR1061	2,000,000	0.28
17.	HDM Nominees (Tempatan) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For Teoh New Mei	2,000,000	0.28
18.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad For Amanah Saham Sarawak)	2,000,000	0.28
19.	Mary Ang Poh Chan	2,000,000	0.28
20.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Ng Aik Cheng	2,000,000	0.28
21.	Pacific Strike Sdn Bhd	1,982,638	0.28
22.	Lee See Leong	1,900,001	0.27
23.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lee Har	1,900,000	0.27
24.	Kong Sai Keong	1,873,500	0.26
25.	Teoh Peir Song	1,653,030	0.23
26.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For HSBC Amanah LifeSelect Equity Fund (Pacific 6467-701)	1,651,900	0.23
27.	Lee Chui Chin	1,530,000	0.22
28.	Tan Chin Teong	1,425,000	0.20
29.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Oh Kim Sun	1,416,400	0.20
30.	Yang Ling	1,410,000	0.20
	Total:	**462,014,517**	**65.21**

Directors' Shareholdings as at 31 October 2013
(As per the Register of Directors' Shareholdings of the Company)

Names	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
1. Tan Sri Abdul Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	187,582,048 [(a)]	26.48
3. Mr. Lee Ching Kion	-	-	41,864 [(b)]	0.01
4. Mr. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
5. Mr. Foo Kok Siew	-	-	-	-
6. Mr. Low Choong Sing	-	-	-	-
7. Mr. Lu Zongyou	-	-	-	-
8. Mr. Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-

Notes:

(a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.
(b) Deemed interest by virtue of his spouse, Madam Mok Quee Hwa's direct shareholdings in the Company.

Substantial Shareholdings as at 31 October 2013

Names	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
Tan Sri Dato' Law Tien Seng	-	-	187,582,048 [(a)]	26.48
Puan Sri Datin Saw Geok Ngor	-	-	187,582,048 [(b)]	26.48
TS Law Investments Limited	187,582,048	26.48	-	-
Amardale Offshore Inc.	-	-	187,582,048 [(c)]	26.48
Lembaga Tabung Haji	48,763,400	6.88	-	-
Shougang International (Singapore) Pte Ltd	64,392,000	9.09	-	-
China Shougang International Trade & Engineering Corporation	-	-	64,392,000 (d)	9.09
Shougang Corporation	-	-	64,392,000 (d)	9.09

Notes:

(a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 ("the Act") by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.
(b) Deemed interest by virtue of her spouse, Tan Sri Dato' Law Tien Seng's indirect shareholding in the Company vide his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.
(c) Deemed interest by virtue of its shareholdings in TS Law Investments Limited which is a substantial shareholder the Company.
(d) Deemed interest pursuant to Section 6A(4) of the Act by virtue of Shougang Corporation being the holding company of China Shougang International Trade & Engineering Corporation which in turn controls Shougang International (Singapore) Pte Ltd.

ANALYSIS OF WARRANT HOLDINGS
as at 31 October 2013

No. of Warrants in Issue	: 88,536,425		
No. of Warrant Holders	: 2,638		
Exercise Price of Warrants	: RM0.69 per share		
Voting Rights	: One (1) Vote per warrant holder on show of hands	}	in the meeting
	One (1) Vote per warrant holder on a poll of warrant	}	of warrant
	holders	}	holders

Analysis By Size Of Warrant Holdings As At 31 October 2013

Size of Warrant holdings	No. of Warrant holders	%	No. of Warrants	%
Less than 100	153	5.80	6,627	0.01
100 - 1,000	736	27.90	392,153	0.44
1,001 - 10,000	1,121	42.50	4,126,016	4.66
10,001 - 100,000	533	20.20	17,685,462	19.97
100,001 to less than 5% of issued shares	93	3.53	27,256,371	30.78
5% and above of issued shares	2	0.07	39,069,796	44.13
Total	**2,638**	**100.00**	**88,536,425**	**100.00**

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 31 OCTOBER 2013

No.	Names	No. of Warrants	Percentage (%)
1.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	31,020,796	35.04
2.	HLIB Nominees (Asing) Sdn Bhd Shougang International (Singapore) Pte Ltd	8,049,000	9.09
3.	Tan Chin Teong	1,000,700	1.13
4.	K. H. L. Sdn Bhd	1,000,000	1.13
5.	Lim Wan Keong	995,800	1.12
6.	George Lee Sang Kian	966,400	1.09
7.	Lim Wan Loo	911,450	1.03
8.	Yeo Tiong San	881,000	1.00
9.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yeap Yee Boon (MY0586)	838,000	0.95
10.	Chin Chin Seong	737,900	0.83
11.	Lau Chwee Kim	700,000	0.79
12.	Tan Kok Keat	653,000	0.74
13.	Yeo Ann Seck	600,000	0.68
14.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	578,200	0.65

No.	Names	No. of Warrants	Percentage (%)
15.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Yeh May (REM 166)	564,250	0.64
16.	Lim Cheng Ten	550,000	0.62
17.	Lyncher Wong Wei Fong	550,000	0.62
18.	Tan Kok Keat	550,000	0.62
19.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Chumpon Chantharakulpongsa	500,000	0.56
20.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Chin Dong (REM166)	476,525	0.54
21.	Kuan Eng Lai	466,000	0.53
22.	HSBC Nominees (Asing) Sdn Bhd Exempt An For BNP Paribas Wealth Management Singapore Branch (A/C Clients-FGN)	400,000	0.45
23.	Chor Kin Keong	393,117	0.44
24.	Phuah Guk Shue @ Pua Guk Shue	375,000	0.42
25.	Beh Choo Sim	350,000	0.40
26.	Yap Kim Foong	348,750	0.39
27.	Lyncher Wong Wei Fong	310,000	0.35
28.	Chaang Kok Leong	300,000	0.34
29.	Pang Sue Giam	290,000	0.33
30.	Pacific Strike Sdn Bhd	278,159	0.31
	Total:	**55,634,047**	**62.84**

Directors' Warrant Holdings as at 31 October 2013
(As per the Register of Directors' Warrant Holdings of the Company)

	Direct		Indirect	
Names	No. of Warrants	%	No. of Warrants	%
1. Tan Sri Abdul Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	31,020,796 [(a)]	35.04
3. Mr. Lee Ching Kion	-	-	-	-
4. Mr. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
5. Mr. Foo Kok Siew	-	-	-	-
6. Mr. Low Choong Sing	-	-	-	-
7. Mr. Lu Zongyou	-	-	-	-
8. Mr. Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-

Notes:

(a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 by virtue of his warrant holdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company will be held at Setia City Convention Centre, Function Room 8, 1st Floor, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 17 December 2013 at 3.00 p.m. for the following purposes:-

A G E N D A

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company for the year ended 31 July 2013 together with the Directors' and Auditors' Reports attached thereon. **Please refer to Note B on this Agenda**

2. To approve the payment of Directors' fees of RM 353,333 for the year ended 31 July 2013. **Ordinary Resolution 1**

3. To approve a Single Tier Final Dividend of 0.6 sen per share for the year ended 31 July 2013. **Ordinary Resolution 2**

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

   4.1 Tan Sri Dato' Law Tien Seng **Ordinary Resolution 3**
   4.2 Mr. Lee Ching Kion **Ordinary Resolution 4**

5. To re-elect Mr. Leow Hoi Loong @ Liow Hoi Loong who is retiring in accordance with Article 84 of the Company's Articles of Association. **Ordinary Resolution 5**

6. To re-appoint Messrs KPMG as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

7. **AS SPECIAL BUSINESS:-**

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

   7.1 **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 7**

   "**THAT** subject always to the approvals of the relevant authorities, the Directors be hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company at the time of issue **AND THAT** the Directors be hereby also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

   7.2 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")** **Ordinary Resolution 8**

   "**THAT** the Company and/or its subsidiaries be hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 22 November 2013, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

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

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

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

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

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

whichever is the earlier."

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

"**THAT** the Company and/or its subsidiaries be hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 22 November 2013, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and on prices and terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

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

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

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

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

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

whichever is the earlier."

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

"**THAT** subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the Sixteenth Annual General Meeting of the Company held on 12 December 2012, authorising the Company to purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits and share premium reserves of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits and share premium reserves of the Company stood at RM118,511,718 and RM37,973,491 respectively for the financial year ended 31 July 2013.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three (3).

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

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

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

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

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

7.5 **Proposed Granting of Options to Mr. Leow Hoi Loong @ Liow Hoi Loong under the Company's Employees' Share Option Scheme ("ESOS")** **Ordinary Resolution 11**

"**THAT** pursuant to the Company's ESOS approved by the shareholders of the Company at the Extraordinary General Meeting held on 23 November 2011, authority be and is hereby given to the Board of the Company to, at any time from time to time during the duration of the ESOS, to offer and grant to Mr. Leow Hoi Loong @ Liow Hoi Loong, an Independent Non-Executive Director of the Company, options to subscribe for Hiap Teck Venture Berhad's ("HTVB") shares under the ESOS

PROVIDED THAT :

(i) the number of new HTVB Shares allocated, in aggregate, to the Directors and senior management of the HTVB Group does not exceed 50% of the total number of new HTVB Shares available under the Scheme; and

(ii) the number of new HTVB Shares allocated to any eligible Director and eligible employee who, either singly or collectively through persons connected with them, holds 20% or more of the issued and paid-up share capital of the Company, does not exceed 10% of the total new Hiap Teck Shares available under the Scheme,

And subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the ESOS By-Laws of the Scheme".

7.6 **Proposed Granting of Options to Mr. Lu Zongyou under the Company's Employees' Share Option Scheme ("ESOS")** **Ordinary Resolution 12**

"THAT pursuant to the Company's ESOS as approved by the shareholders at the Extraordinary General Meeting held on 23 November 2011, authority be and is hereby given to the Board of the Company to, at any time from time to time during the duration of the ESOS, to offer and grant to Mr. Lu Zongyou, a Non-Independent Non-Executive Director of the Company, options to subscribe for Hiap Teck Venture Berhad's ("HTVB") shares under the ESOS

PROVIDED THAT :

(i) the number of new HTVB Shares allocated, in aggregate, to the Directors and senior management of the HTVB Group does not exceed 50% of the total number of new HTVB Shares available under the Scheme; and

(ii) the number of new HTVB Shares allocated to any eligible Director and eligible employee who, either singly or collectively through persons connected with them, holds 20% or more of the issued and paid-up share capital of the Company, does not exceed 10% of the total new Hiap Teck Shares available under the Scheme,

And subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the ESOS By-Laws of the Scheme".

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Single Tier Final Dividend of 0.6 sen per share in respect of the financial year ended 31 July 2013 will be payable on 22 January 2014 to depositors registered in the Record of Depositors at the close of business on 27 December 2013.

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 27 December 2013 in respect of transfers;

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

BY ORDER OF THE BOARD
HIAP TECK VENTURE BERHAD

....

NG YIM KONG (LS 0009297)
Company Secretary

Selangor Darul Ehsan

22 November 2013

Notes:

A. Appointment of Proxy

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.
3. The Form of Proxy shall be signed by the appointer or of his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.
5. A proxy appointed to attend and vote at a meeting of a company shall have the same right as the member to speak at the meeting.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

B. Audited Financial Statements for the Financial Year ended 31 July 2013

This Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS OF THE AGENDA

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

The proposed Resolution 7 under item 7.1 of the Agenda, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The general mandate seeks to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Sixteenth Annual General Meeting held on 12 December 2012. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

The Company has not issued any new share pursuant to Section 132D of the Act under the general mandate which was approved at the Sixteenth AGM of the Company.

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

The Proposed Ordinary Resolution 8 and 9 under item 7.2 and 7.3 above, if passed, will enable the Company and its subsidiaries ("the Group") to continue entering into the specified Recurrent Related Party Transactions as set out in Section 2.3.2 of the Circular to Shareholders dated 22 November 2013 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day-to-day operations. For further information on the Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 22 November 2013 enclosed together with the Company's 2013 Annual Report.

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

The Proposed Ordinary Resolution 10 under item 7.4 above, is to seek the renewal of authority for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad. For further information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, please refer to the Circular to Shareholders dated 22 November 2013 enclosed together with the Company's 2013 Annual Report.

(d) Resolution on the proposed Granting of Options to Mr. Leow Hoi Loong @ Liow Hoi Loong under the Company's Employees' Share Option Scheme ("ESOS")

The establishment of the ESOS was approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 23 November 2011.

The proposed Resolution 11, if passed will enable the Company to grant ESOS to Mr. Leow Hoi Loong @ Liow Hoi Loong, an Independent Non-Executive Director of the Company in accordance with the ESOS By-Laws as approved by the shareholders of the Company.

(e) Resolution on the proposed Granting of Options to Mr. Lu Zongyou under the Company's Employees' Share Option Scheme ("ESOS")

The establishment of the ESOS was approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 23 November 2011.

The proposed Resolution 12, if passed will enable the Company to grant ESOS to Mr. Lu Zongyou, a Non-Independent Non-Executive Director in accordance with the ESOS By-Laws as approved by the shareholders of the Company.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 10 December 2013. Only a depositor whose name appears on the Record of Depositors as at 10 December 2013 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

ACCOMPANYING NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in accordance with Article 79 of the Company's Articles of Association in Agenda 4.1 (Tan Sri Dato' Law Tien Seng) and Agenda 4.2 (Mr. Lee Ching Kion) of the Notice of the Seventeenth Annual General Meeting are laid out in the Directors' Profile appearing on page 5 and 6 of this Annual Report.

Details of Director who is standing for re-election in accordance with Article 84 of the Company's Articles of Association in Agenda 5 (Mr. Leow Hoi Loong @ Liow Hoi Loong) of the Notice of the Seventeenth Annual General Meeting is laid out in the Directors' Profile appearing on page 6 of this Annual Report.

FORM OF PROXY

HTVB
HIAP TECK VENTURE BERHAD
421340-U

SEVENTEENTH ANNUAL GENERAL MEETING
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. ....) of
(FULL NAME)

.... or
(FULL ADDRESS)

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

.... as
(FULL ADDRESS)

*my/*our Proxy(ies) to vote for *me/*us and on *my/*our behalf at the Seventeenth Annual General Meeting of the Company to be held at the Setia City Convention Centre, Function Room 8, 1st Floor, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 17 December 2013 at 3.00 p.m. and at any adjournment thereof for or against the resolution(s) to be proposed thereat.

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

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Directors' fees of RM353,333 for the year ended 31 July 2013.		
2	To approve a Single Tier Final Dividend of 0.6 sen per share for the year ended 31 July 2013.		
3	To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association: Tan Sri Dato' Law Tien Seng		
4	Mr. Lee Ching Kion		
5	To re-elect Mr. Leow Hoi Loong @ Liow Hoi Loong who is retiring in accordance with Article 84 of the Company's Articles of Association.		
6	To re-appoint Messrs KPMG as the Company's Auditors for the ensuring year and to authorise the Directors to fix their remuneration.		
7	To grant authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965		
8	To approve the proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9	To approve the proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10	To approve the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.		
11	To approve the Proposed Granting of Options to Mr. Leow Hoi Loong @ Liow Hoi Loong under the Company's Employees' Share Option Scheme ("ESOS")		
12	To approve the Proposed Granting of Options to Mr. Lu Zongyou under the Company's Employees' Share Option Scheme ("ESOS")		

[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..2013

Number of Ordinary shares held :	

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

Notes:

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.*
3. *The Proxy Form shall be signed by the appointer or of his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
4. *The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.*
5. *A proxy appointed to attend and vote at a meeting of a company shall have the same right as the member to speak at the meeting.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

Fold here

Affix
STAMP

The Company Secretary
HIAP TECK VENTURE BERHAD (421340-U)
Lot 6096, Jalan Haji Abdul Manan
Batu 5 ½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

Fold here

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