HTVB

HIAP TECK VENTURE BERHAD

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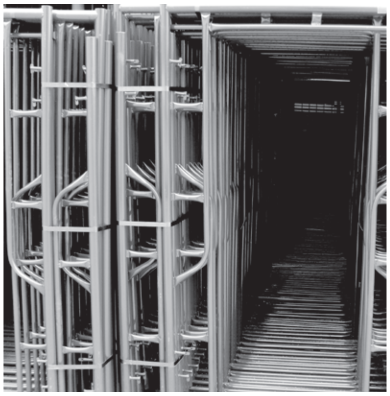
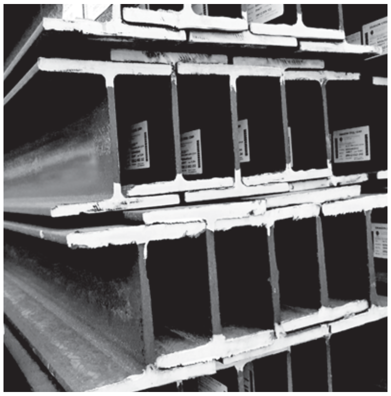




ANNUAL REPORT 2017

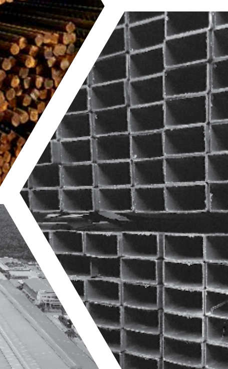
OUR

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



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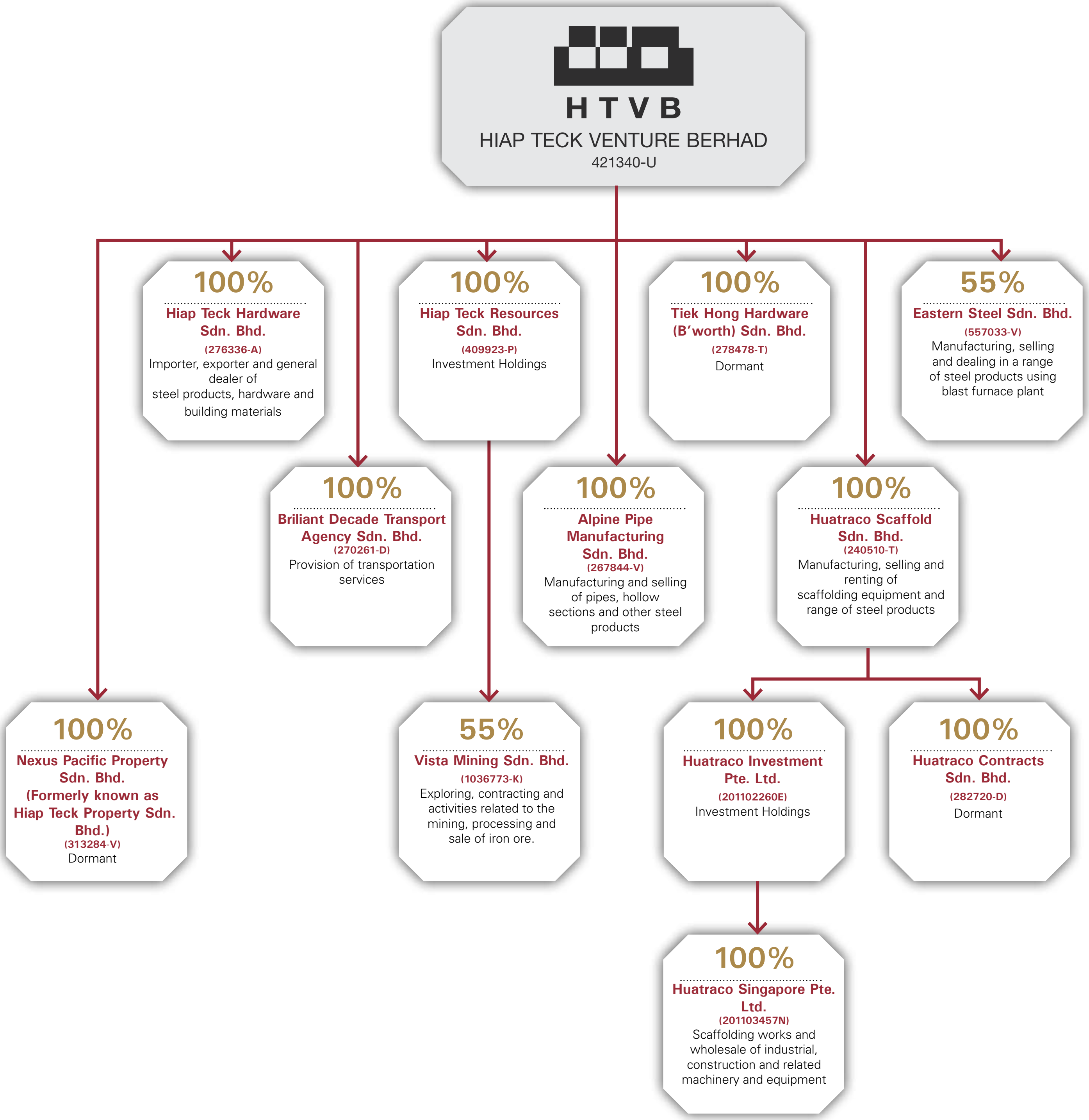


CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Tan Sri Abd 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
Mr. Lee Ching Kion

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
Mr. Wang Shenghua (Resigned w.e.f. from 15 December 2016)

EXECUTIVE DIRECTORS
Mr. Foo Kok Siew
Mr. Tan Shau Ming
Mr. Law Wai Cheong (Appointed w.e.f. from 03 January 2017)

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

AUDIT COMMITTEE

CHAIRMAN
Mr. Ng Soon Lai @ Ng Siek Chuan

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

REMUNERATION COMMITTEE

CHAIRMAN
Tan Sri Abd Rahman Bin Mamat

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

NOMINATING COMMITTEE

CHAIRMAN
Tan Sri Abd 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 Abd 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

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

AUDITORS

KPMG PLT (LLP0010081 - LCA & AF: 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

HEAD OFFICE & REGISTERED OFFICE

Lot 6096, Jalan Haji Abdul Manan
Batu 5-1/2, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan, Malaysia
Tel No.: (6)03-3377 8888
Fax No.: (6)03-3392 9198
Website: www.htgrp.com.my

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W)
AmBank (M) Berhad (8515-D)
Hong Leong Bank Berhad (97141-X)
Kuwait Finance House (Malaysia) Berhad (672174-T)
Malayan Banking Berhad (3813-K)
Industrial and Commercial Bank of China (Malaysia) Berhad (839839-M)

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
(Main Market)
Stock code: 5072

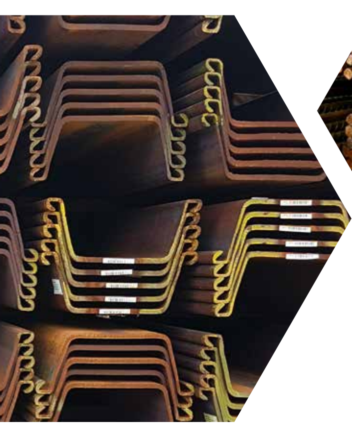
DIRECTORS' PROFILE

Y.BHG. TAN SRI ABD RAHMAN BIN MAMAT
Chairman / Independent Non-Executive Director
Malaysian, age 65
Chairman of the Remuneration Committee
Chairman of the Nominating Committee
Chairman of the ESOS Committee
Member of the Audit Committee

Y. Bhg. Tan Sri Abd Rahman Bin Mamat was appointed to our Board as Independent Non-Executive Director on 28 January 2011. He was then appointed as Chairman of the Company on 12 December 2012.

He joined MITI as Assistant Director in April 1975 and served in various capacities in MITI for 35 years before retiring in December 2010 which included (a) Deputy Trade Commissioner, Malaysian Trade Office, New York, the USA; (b) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (c) Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission, Malaysian Trade Office, Bangkok, Thailand; (d) Special Assistant to the Minister of MITI, Tan Sri Rafidah Aziz; (e) Board of Director, Malaysian Industry-Government Group for High Technology (MIGHT); (f) Director of Industries; (g) Senior Director, Policy and Industry, Services Division; (h) Chairman of Malaysia External Trade Development Corporation ("MATRADE"); (i) Deputy Secretary-General (Industry); and (j) Secretary General of MITI.

During his tenure in MITI, he also served as MITI's representative on the board of various government-linked companies and corporations including Malaysian Investment Development Authority (MIDA), Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation Malaysia, Pahang State Economic Development Corporation, Malaysian Technology Development Corporation and MATRADE.



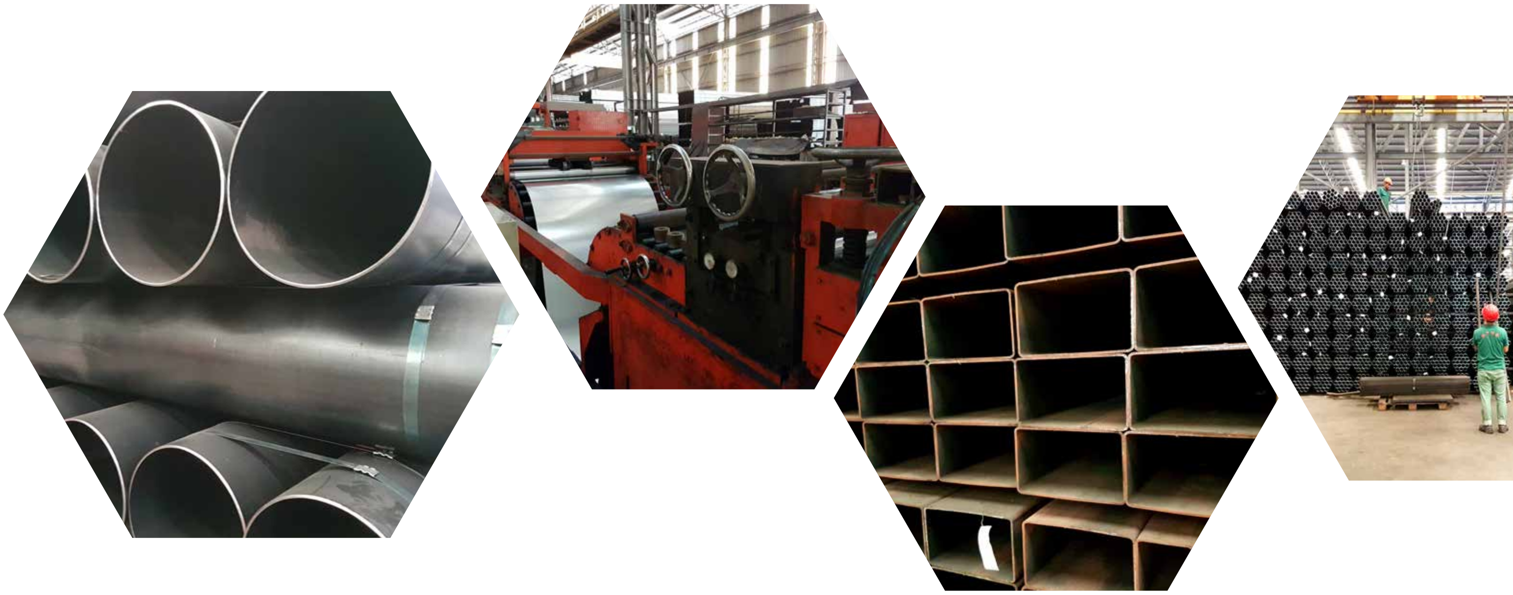
He had represented Malaysia in numerous international meetings, negotiations, conferences and symposiums and had involved in formulating, implementing and monitoring policies and strategies on international trade and industries as well as entrepreneurship development.

He was an honorary member of the ASEAN Federation of Engineering Organisations, a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration and is the Chairman of the Advisory Board of the International Council for SME & Entrepreneurship Malaysia, and Board of Trustees of Enactus Malaysia Foundation, a non-profit organisation aimed at grooming university students into future business leaders.

He sits on the board of directors of several public listed companies in Malaysia including Lotte Chemical Titan Holding Berhad, BioAlpha Holdings Berhad, Malaysian Industrial Development Finance Berhad, Dagang NeXchange Berhad and Parkson Holdings Berhad as well as several private limited companies in Malaysia which are involved in finance, manufacturing, retail and services sectors covering global logistics, healthcare and oil, gas and energy.

Tan Sri Abd Rahman has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2017.



Y. BHG. TAN SRI DATO' LAW TIEN SENG

Executive Deputy Chairman
Malaysian, age 64

Tan Sri Dato' Law Tien Seng was appointed to our Board as the Deputy Chairman and Non-Independent Non-Executive Director on 1 June 2010. He was re-designated as Executive Deputy Chairman on 3 August 2011.

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. He currently serves on the board of several private limited companies in Malaysia.

Tan Sri Dato' Law is the father of Mr. Law Wai Cheong, an Executive Director of Hiap Teck Venture Berhad. Tan Sri Dato' Law 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 no convictions for any offences over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2017.

NG SOON LAI @ NG SIEK CHUAN

Independent Non-Executive Director
Malaysian, age 63
Chairman of the Audit Committee

Mr. Ng Soon Lai was appointed to our Board as Independent Non-Executive Director on 18 August 2009.

He is a fellow member of the Institute of Chartered Accountants in England & Wales. He has had several years of experience in the accounting profession with Coopers & Lybrand in London & Kuala Lumpur before moving on to the financial sector in 1980. Prior to joining Alliance Bank in July 1991 as General Manager of Credit, he had served in various positions in a leading local merchant bank & finance company. He was appointed as the Chief Executive Director of Alliance Bank Malaysia Berhad in 1994 and to the Board of Alliance Merchant Bank Berhad in 2002 until his resignation in 2005. Since then, he has held the post of Independent Director in several public listed companies.

Mr. Ng is presently a Director of China Construction Bank (Malaysia) Berhad, Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) and ELK Desa Resources Berhad and WTC Holdings Berhad.

He has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2017.

LEOW HOI LOONG @ LIOW HOI LOONG

Independent Non-Executive Director
Malaysian, age 63
Chairman of the Risk Management Committee
Member of the Audit Committee
Member of the Remuneration Committee
Member of the Nominating Committee
Member of the ESOS Committee

Mr. Leow Hoi Loong @ Liow Hoi Loong was appointed to our Board as Independent Non-Executive Director on 13 December 2012.

He is a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom. He 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. He then joined the Low Yat Group and AP Land Bhd as Group Financial Controller and Company Secretary and served the position for six years (1982 – 1988). He was a Corporate and Institutional Dealer with TA Securities Berhad from 1988 to 2002.

Mr. Leow owns and manages several private companies involved in property investment, retailing business and industrial property development. He is holding a dealer's representative license from M&A Securities Berhad.

Mr. Leow has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2017.

LEE CHING KION

Independent Non-Executive Director
Malaysian, age 63
Member of the Audit Committee
Member of the Risk Management Committee
Member of the Nominating Committee

Mr. Lee Ching Kion was appointed to our Board as the Executive Director and Group Chief Operating Officer on 1 June 2010. Mr. Lee was then re-designated as Non-Independent Non-Executive Director on 29 March 2012 and on 26 September 2014, he was re-designated as Independent Non-Executive Director.

Mr Lee obtained his Bachelor of Science with Honours degree in Metallurgy and Materials Science from University of Nottingham, England. He was with Yodoshi Malleble (M) Sdn. Bhd. from 1979 to 1981. He then joined Jebsen-Jessen Engineering Sdn. Bhd. as Degussa Sales Engineer in 1981. In 1983, he left to join Amsteel Mills Sdn. Bhd. as Sales Engineer and later as Head of Research & Development and Quality Control Department. He was there for seven (7) years. He joined Wuthelam Holding (M) Group of Companies as General Manager in 1990 and was later appointed as a Director in 1991 until he left in 1997.

Subsequently, he was with DNP Holdings Berhad as Head of Property/Business Division from 1997 to 2001. From 2001 to 2003, 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, all within the Lion Group. He resigned from all his positions within the Lion Group in June 2003. He was also the Director of Malayawata Steel Berhad, Magna Prima Berhad, Melewar Industrial Group Berhad, Hua Joo Seng Enterprise Berhad and Mid West Ltd, an Australian company.

He currently serves on the board of several private limited companies.

Mr. Lee has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2017.

FOO KOK SIEW

Executive Director
Malaysian, age 56
Member of the Risk Management Committee
Member of the Remuneration Committee
Member of the ESOS Committee

Mr. Foo Kok Siew was appointed to our Board as Independent Non-Executive Director on 24 February 2010. He was re-designated as Executive Director on 1 January 2013.

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).

He 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, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2017.

TAN SHAU MING

Executive Director
Malaysian, age 54

Mr. Tan Shau Ming joined Alpine Pipe Manufacturing Sdn Bhd, a wholly-owned subsidiary of our Company, as Chief Production Officer in March 2012 and was subsequently appointed to our Board as Executive Director on 26 September 2014.

Prior to that, Mr. Tan worked at the HSBC Group upon completion of his "A" level examinations in 1982. During his career at HSBC, he has been honored with the "Top Marketing and Retainer Achiever for Personal Banking" and also the "Top Sales Performer" awards until his resignation from HSBC in 1999.

Mr. Tan was an Executive Director of TAP Resources Berhad from 1999 until 2004, and he was also a member of its Remuneration Committee. His responsibilities in the company included Property Development, Human Resources and Administration. Thereafter, he joined Ji Kang Dimensi Sdn. Bhd., a Hot Rolled Steel Plates manufacturing company based in Gebeng, Kuantan as Executive Director until 2012. His responsibilities in the company included Factory Operations, Logistic and Transportations.

Mr. Tan has no family relationship with any Directors and/or Major Shareholders of the Company nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2017.

LAW WAI CHEONG

Executive Director
Malaysian, age 31

Mr. Law Wai Cheong was appointed as Executive Director of Hiap Teck Venture Berhad ("HTVB") on 3 January 2017.

Mr. Law holds a LLB (Hons) Cardiff, U.K; Barrister-at-law, Lincoln's Inn; and Msc in Management (Merit) London, U.K. Having completed his studies, Mr. Law returned to Malaysia in 2010. To gain local industry and finance experience, Mr. Law opted to seek employment with Hong Leong Investment Bank Berhad (HLIB). While in HLIB, he focused on areas of corporate finance and corporate advisory. After HLIB, Mr. Law chambered at the Law Office of KK Chong for 9 months.

Mr. Law is a Director of TS Law Group, a diversified group of companies engaged in steel production and distribution, mining of iron ore, bauxite, tungsten, gold and molybdenum and property development and investments in Malaysia, China, Australia and the United Kingdom.

Mr. Law is a son of Tan Sri Dato' Law Tien Seng, a major shareholder and the Executive Deputy Chairman of Hiap Teck Venture Berhad. He has no convictions for any offences over the past ten years.

He has attended 2 out of the 4 board meetings of HTVB held during the financial year ended 31 July 2017. The 2 meetings that he did not attend were held prior to his appointment.

PHANG CHIN KHIONG
Chief Operating Officer
Malaysian, age 48

Mr. Phang Chin Khiong was appointed as the Group's Chief Operating Officer in August 2017. Prior to that, Mr. Phang was the Chief Commercial Officer of Alpine Pipe Manufacturing Sdn. Bhd. and Hiap Teck Hardware Sdn. Bhd.

Mr. Phang was with Wing Tiek Steel Pipes Sdn. Bhd. as Assistant Sales Manager before he left to pursue a career in the steel industry with Alpine Pipe Manufacturing Sdn. Bhd. With more than 20 years of experience in the industry, he has accumulated invaluable experience and knowledge in the sale and marketing of iron and steel products.

Mr. Phang has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

YEO BEE HWAN
Group Chief Financial Officer
Malaysian, age 49

Ms. Yeo Bee Hwan was appointed as Acting CFO on 10 August 2016 and was confirmed and re-designated as Group CFO in January 2017.

Ms. Yeo is an associate member of the Chartered Institute of Management Accountants (CIMA), UK; Chartered Global Management Accountant (CGMA), powered by CIMA & American Institute of Chartered Public Accountants (AICPA) and a member of MIA.

She started her career as external auditor before joining Hume Industries Division under Hong Leong Group in 1994. She then joined Tuan Sing Holding Limited Group in 2000 and since then, she has held senior positions with various corporations including Wah Seong Corporation Berhad Group; Bumi Armada Berhad Group and Oriental Sheet Piling Group (JV with Steel Division under Arcelor Mittal Group).

Ms. Yeo has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. She has no convictions for any offences over the past ten years.

TAN YUEN HONG, ALEX
Chief Commercial Officer
Malaysian, age 51

Mr. Tan Yuen Hong, was appointed as Chief Commercial Officer of Hiap Teck Hardware Sdn. Bhd. (HTH) – Project Division in 2011. In August 2017, his role as Chief Commercial Officer was expanded to include Huatraco Scaffold Sdn. Bhd.

Mr. Tan started his career in 1985 when he joined the sales department of Wing Tiek Holdings Bhd. He spent 8 years in Wing Tiek Holdings Bhd. before joining HTH, a wholly owned subsidiary of HTVB in 1993. His more than 20 years of experience in marketing has accorded him familiarity with the hardware trading business.

Mr. Tan has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

SEH KWANG WEOI, MICHAEL
Chief Commercial Officer
Malaysian, age 49

Mr. Seh Kwang Weoi was appointed as Chief Procurement Officer for both the Manufacturing and Trading divisions of the Group in 2011. In August 2017, his role was expanded to include the position of Chief Commercial Officer for Hiap Teck Hardware Sdn. Bhd.

Mr. Seh holds a Bachelor of Commerce Degree from the Pittsburgh State University, United States of America and a Master of Business Administration from Pittsburgh State University, United States of America.

He started his career in 1994 as Personal Assistant to General Manager of Bright Steel Sdn. Bhd., a company under Lion Group acting as steel service centre supplying hot-rolled and cold rolled steel sheets and other related steel products. Mr. Seh was delegated to be in charge of purchasing steel material as well as marketing of the company's steel products. In 1998, he was transferred to Megasteel Sdn. Bhd., as its Senior Marketing Officer.

In 2001, he joined Solid Hope Sdn. Bhd. as the Marketing Manager overseeing the operation of the company as well as the marketing of the company's steel products. He was with Solid Hope Sdn. Bhd. from 2001 to 2004. With more than 20 years of experience in the industry, he has accumulated invaluable experience and knowledge in iron and steel products.

Mr. Seh has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I present to you the Annual Report and Audited Financial Statements of Hiap Teck Venture Berhad ("HTVB") and its Subsidiaries ("the Group") for the financial year ended 31 July 2017.

FY 2017 was an eventful year for the Group. As China, the largest steel producing country in the world, progresses with its planned reduction in steel production capacity and the closures of its induction furnaces, steel prices have surged across the world. This has largely benefitted the steel players and is a marked improvement from the earlier years of depressed prices due to the influx of cheap imports.

On the domestic front, the Malaysian economy grew at 4.2% in 2016 while maintaining a modest steel consumption growth of 2.6%. For the first half of 2017, the Malaysian economy grew at a faster pace of 5.7% and in view of the stronger first half, the economy is set to expand at more than 4.8% for the full year, supported by strong domestic demand in the services, manufacturing and construction sectors. This together with expected construction investment growth outlined in the 11th Master Plan (2016-2020), where RM260 billion has been allocated for development expenditure through 2020, will augur well for the steel sector in Malaysia. The Government has also been supportive of the sector and where justified, has undertaken trade measures to help the affected domestic players.

CORPORATE DEVELOPMENT

Eastern Steel Sdn. Bhd. ("ESSB"), a 55%-owned joint venture ("JV") of HTVB and a producer of steel slabs using blast furnace, had in October 2015 suspended operations due to the then difficult market conditions.

On 15 June 2016, ESSB entered into a Memorandum of Understanding (MOU) with Angang Group Hong Kong Company Limited ("Angang-HK), to explore, discuss and negotiate areas of cooperation between ESSB and Angang-HK including the resumption of production of ESSB, future expansion of ESSB's production capacity and product range, and Angang-HK's participation in the equity of ESSB.

Following the MOU, HTVB had on 31 October 2016 entered into a corresponding Cooperation Agreement ("COOP Agreement") with (1) An Steel International Co., Limited; (2) Orient Steel Investment Pte. Ltd.; (3) Chinaco Investment Pte. Ltd.; and (4) ESSB (collectively referred to as "Parties") whereby the Parties shall use their best endeavors to negotiate and finalize the details of the Proposed Transactions therein such that the definitive agreements shall be entered into by 31 December 2016 and the conditions precedent as set out therein to be fulfilled before 28 February 2017.

The COOP Agreement was extended on 30 December 2016, and further extended on 28 February 2017.

On 3 April 2017, HTVB announced that the extended period ending 31 March 2017 will not be extended and added on 6 April 2017, that the decision by the Board of Directors of ESSB not to extend the deadline was because the Parties failed to agree, finalize and enter into definitive agreements for the Proposed Transactions despite the extended period of up to 31 March 2017, and that the negotiations were too long and the continued suspension of ESSB's operations was not in the best interest of the company.

ESSB has since commenced planning to resume production taking into account market conditions and related factors.

FINANCIAL PERFORMANCE

For FY 2017, the Group recorded lower revenue of RM1.07 billion compared to RM1.14 billion in the preceding financial year due to lower sales volume as a result of cautious demand brought about by increased price volatility and the Group's pricing strategy to take advantage of market conditions.

Despite the lower revenue, the Group recorded one of its best performances in years with profit from operations at RM170.76 million for FY 2017, a 61% increase over the RM106.33 million recorded in the previous financial year. Profit before tax and before share of loss of JV was RM140.50 million (FY 2016: RM74.61 million). These remarkable results were attributed to higher average selling prices on top of timely procurement, effective pricing strategies and disciplined cost control to optimise margins.

However, during the year, as its operations remains suspended, the Group's 55%-owned JV took a non-cash impairment of RM266.15 million on its assets and as a result, the Group's share of loss of JV increased to (RM215.32) million in FY 2017 compared to (RM99.22) million in the previous financial year. In totality, the Group registered a loss before tax of (RM74.82) million for the FY 2017. Excluding the impairment, the Group would have registered a profit before tax of RM71.56 million.

The Group's total borrowing as at end of FY 2017 were reduced by 26.5% to RM453.67 million from RM616.90 million in the previous financial year. The reduction was mainly due to the full redemption of the 7-year redeemable convertible secured bonds on 4 April 2017. The redemption will result in an interest savings of RM6.61 million per annum and the Group's current borrowings comprise principally of short term trade facilities to support its working capital requirements.

Moving forward, the Group will focus on the plans to resume production at JV whilst continuing to improve on manufacturing costs, procurement and sales strategies, and working capital management of the wholly-owned operating subsidiaries to stay competitive in the challenging market.

DIVIDENDS

The Board of Directors does not recommend any dividend for the financial year ended 31 July 2017.

ACKNOWLEDGEMENT

On behalf of the Board of the Directors, I would like to welcome Mr. Law Wai Cheong who joined us as Executive Director in January 2017. I would also like to express my appreciation to all our employees for their dedication and contribution to the Group and to my fellow Board members for their guidance, perspective and commitment in carrying out their roles over the year. My sincere gratitude to our valued customers, suppliers, business associates, financiers and relevant regulatory authorities for their continuous support, invaluable guidance and cooperation over the years.

Finally, I like to thank you, our shareholders for your support and confidence in us as we work to take the Group forward.

TAN SRI ABD RAHMAN BIN MAMAT
Chairman

THE OUTLOOK OF THE MALAYSIAN ECONOMY IN 2017

The Malaysian economy grew at a faster pace of 5.8% in the second quarter of 2017 underpinned by the services, manufacturing and construction sectors. Given the strong first half growth of 5.7%, the economy is expected to expand at more than 4.8% for the full year of 2017.

The construction sector recorded moderate growth of 7.4% in 2016 (2015: 8.2%). For the second quarter of 2017, the construction sector grew 8.3%. Growth was mainly led by civil engineering sub-sector driven by the existing multi-year projects particularly in oil and gas (O&G), transportation and utilities segments. The residential sub-sector also registered a strong momentum due to construction of service apartments and affordable housing projects.

Moving forward, growth in the economy will continue to be supported by strong domestic demand and stronger than expected global growth.

REVIEW OF BUSINESS OPERATION

The Hiap Teck Group is primarily engaged in the manufacturing and trading of steel and steel related products with a transportation arm that solely supports internal requirements. The Holding Company is principally engaged in investment and property holdings, and provision of management services.

The Group is a dynamic and leading steel provider in Malaysia with over twenty years of extensive steel industry experience offering steel product solution for steel applications to a diverse customer base in both domestic and international markets and for multiple sectors including building & construction, manufacturing, engineering and oil & gas.

The manufacturing segment is engaged in the manufacturing and distribution of steel pipes, hollow sections, scaffolding equipment and accessories, steel slabs and other steel products. Its pipe manufacturing entity, Alpine Pipe Manufacturing Sdn. Bhd., is regarded as the largest structural pipe and hollow sections manufacturer in Malaysia and Southeast Asia, with an annual capacity of 550,000MT. A newly installed pipe mill will increase product range to include pipes of diameter of up to 1600mm. Its scaffold manufacturing entity, Huatraco Scaffold Sdn. Bhd., has been engaged in the scaffolding business for more than twenty years. Its wealth of experience and expertise has led to its existing position as one of the most reliable and best quality scaffolding equipment provider in both the domestic and regional markets. Huatraco's products are in full compliance with the MS 1462 standards. The Group's joint venture ("JV"), Eastern Steel Sdn. Bhd., currently with operations suspended, has a 600 m3 blast furnace and an initial slab-making capacity of 700,000 tonnes per annum.

The trading business is one of the largest in Malaysia and is involved in the importation and sales of various types of steel products to both hardware companies and project end users in multiple sectors. It has also synergistically combined with the manufacturing segment to become a one-stop steel solution provider for major infrastructure projects.

The investment and property segment solely supports the Group's wholly owned subsidiaries, whilst the transportation segment is engaged in the provision of transport services by trucks or trailers for the Group.

The mining and exploration segment is engaged in exploring, contracting and activities related to mining, processing and sale of iron ore. This segment is in the midst of preparing for commencement of activities.

The Group segments' contribution are summarised below. The detailed segmental performance is disclosed in Note 25 of the financial statements.

SEGMENTS' PERFORMANCE

FY 2017 Segmental Analysis	Trading RM'000	Manufacturing RM'000	Property & Investment RM'000	Transportation RM'000	Mining exploration RM'000	Group RM'000
SALES						
External sales	500,011	573,472	172	2	-	1,073,657
Intersegment sales	-	19,822	17,362	3,161	-	-
Total sales	500,011	593,294	17,534	3,163	-	1,073,657
RESULTS						
Segment profit/(loss) before tax & share of loss of JV	29,201	102,992	8,678	38	(408)	140,502

PERFORMANCE REVIEW

FY 2017 was an eventful year for the Group. The wholly-owned operating subsidiaries of the Group under its Trading and Manufacturing segments recorded one of its best performances. This marked improvement can be attributable to improving market conditions and the Group's swift and proactive response to take advantage of the opportunities presented in the market through decisive procurement and selling strategies to optimise margins.

For the year under review, the Group registered lower revenue of RM1.074 billion, a 5.6% decrease compared to RM1.138 billion reported in the preceding year due to lower sales volume attributed to cautious demand brought about by increased price volatility. Despite lower revenue, the Group achieved profit from operations of RM170.76 million in FY 2017, a 60.6% increase over the RM106.33 million recorded in the previous year. Profit before tax and before share of loss of JV was RM140.50 million (FY 2016: RM74.61 million).

The Manufacturing segment with revenue of RM593.29 million contributed 55.3% of the Group's revenue and continued to be the Group's main driver with an 82.2% increase in profit before tax to RM102.99 million for the year. This remarkable achievement was attributable to a combination of disciplined cost control, continuous quality improvements, strategic procurement and sales decisions.

The Trading segment registered revenue of RM500.01 million in FY 2017, representing a decrease of 15.1% from the previous year. Profit before tax, however, increased by 218.4% to RM29.20 million compared to RM9.17 million previously. The substantial improvement in profit was principally due to Management's swift and proactive response to take advantage of the changes in market conditions.

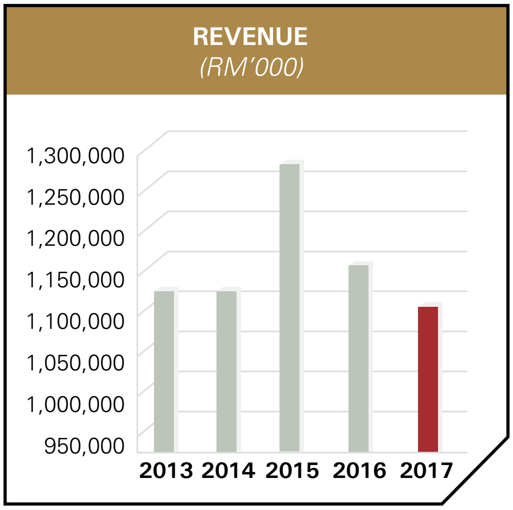
Despite the remarkable achievement of the key wholly-owned operating subsidiaries, the Group registered a loss after tax of RM103.16 million in FY 2017. This was due to the share of loss of JV of RM215.32 million for the year, an increase of 117.0% over the share of loss in JV of RM99.22 million in FY 2016. This substantial increase in losses was because the JV took a non-cash impairment loss of RM266.15 million on its assets in the current year.

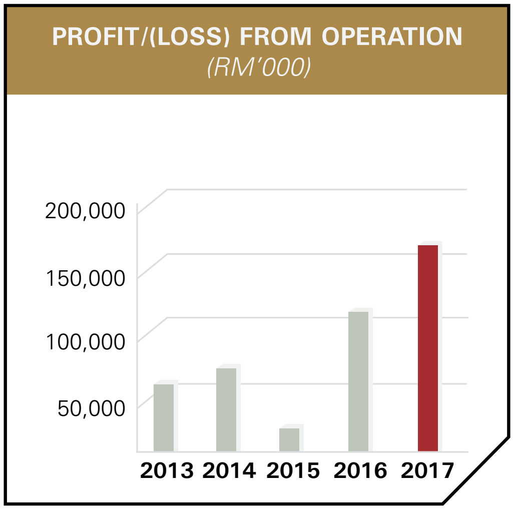
As at the end of FY 2017, inventories were at RM323.85 million, a 27.0% increase over the previous year due to lumpy purchases from imports and timing of shipment arrivals. Trade receivables are strictly monitored and decreased by 10.5% to RM212.17 million as at the financial year end.

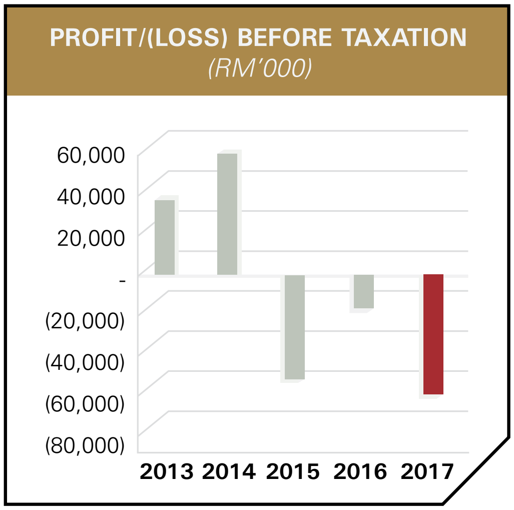
The Group's total borrowings as at end of FY 2017 reduced by 26.5% to RM453.67 million from RM616.90 million in the previous financial year. The reduction was mainly due to the full redemption of the 7-year redeemable convertible bonds on 4 April 2017. The redemption will result in an interest saving of RM6.61 million per annum. The Group's current borrowings comprise principally short term trade facilities to support its working capital requirements.

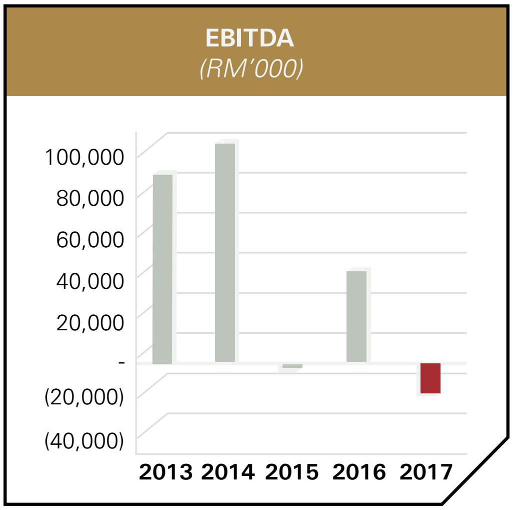
Moving forward, the Group will remain focus in its efforts to increase efficiency by continuously improving on manufacturing costs, procurement strategies, sales and working capital management to stay competitive in the challenging market. Additionally, the JV has also commenced planning to resume production in view of improved market conditions.

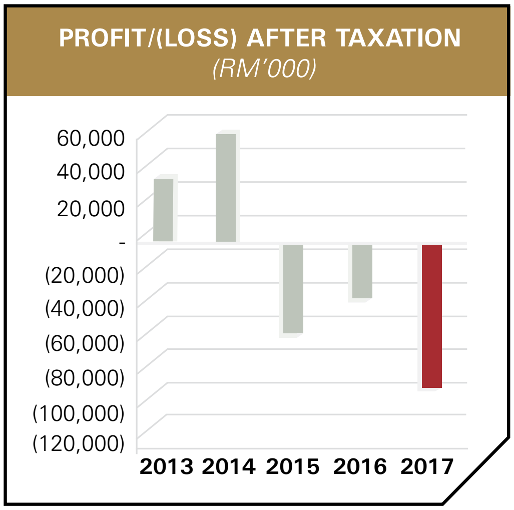
FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

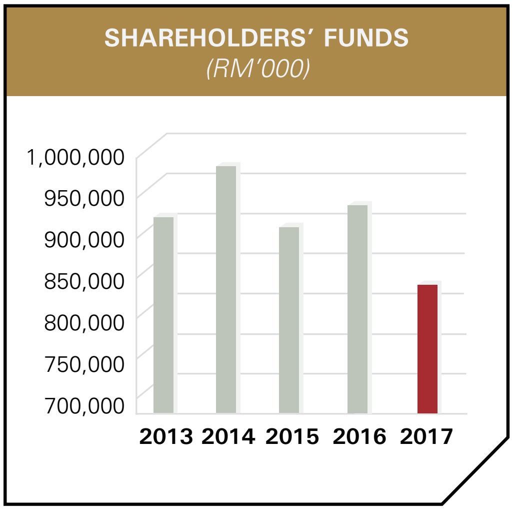




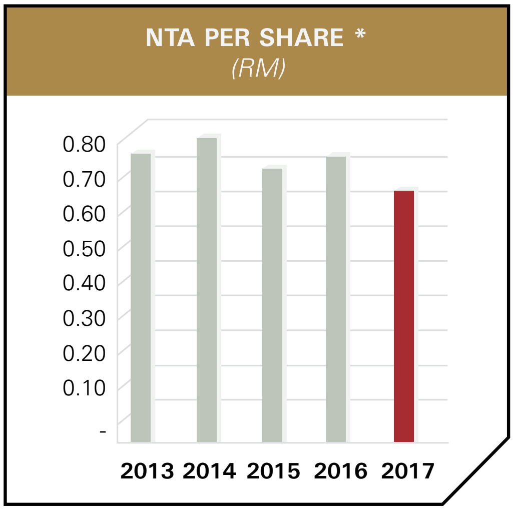


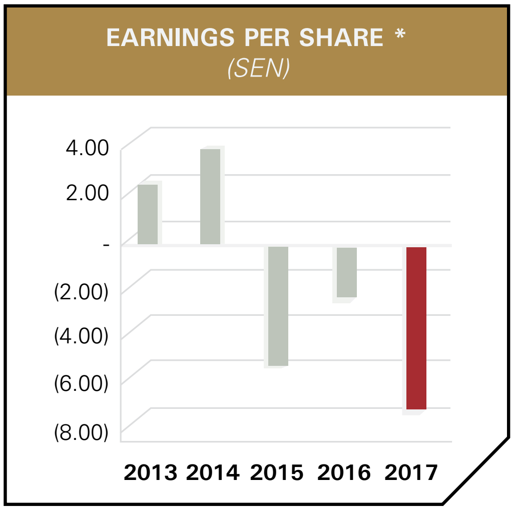


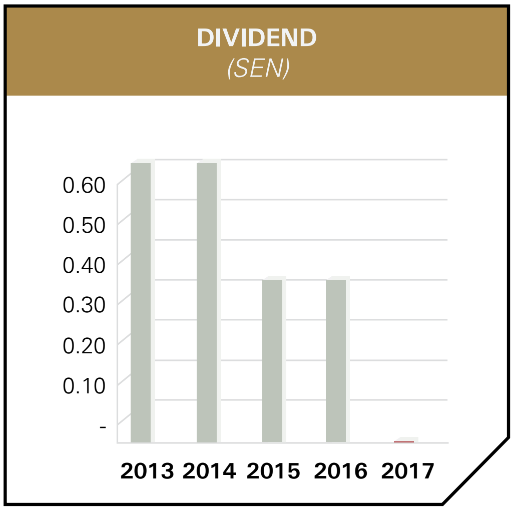


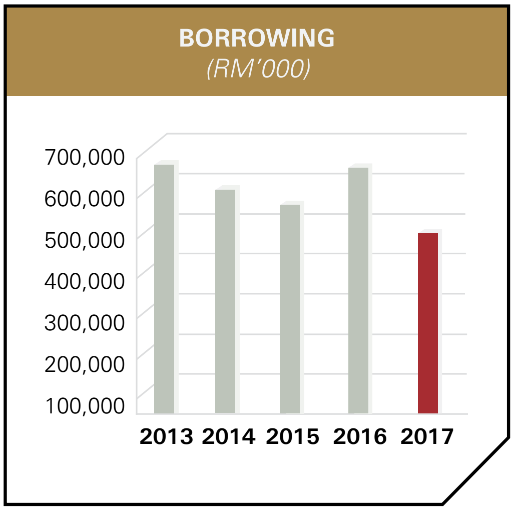


FIVE YEAR GROUP FINANCIAL HIGHLIGHTS









*Notes:

The comparative figures for Net Tangible Assets per share (NTA) and Earnings per share (EPS) have been restated to reflect the adjustments arising from the bonus issue completed during the financial year 2016.

FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
Revenue (RM'000)	1,107,318	1,110,490	1,257,619	1,138,061	**1,073,657**
Profit From Operation (RM'000)	62,792	75,755	25,315	106,328	**170,756**
Profit / (Loss) Before Taxation (RM'000)	34,228	49,851	(66,460)	(24,617)	**(74,821)**
EBITDA (RM'000)	80,924	99,234	(10,358)	28,970	**(29,817)**
Profit / (Loss) After Taxation (RM'000)	24,292	45,565	(76,806)	(42,173)	**(103,161)**
Shareholders' Funds (RM'000)	909,013	952,633	872,941	913,044	**807,371**
NTA Per Share (sen) *	0.71	0.74	0.67	0.70	**0.60**
Earnings Per Share (sen) *	1.90	3.56	(6.03)	(3.24)	**(8.00)**
Dividend (sen)	0.60	0.60	0.30	0.30	-
Borrowing	633,891	577,732	526,726	616,897	**453,672**

MARKET REVIEW

Global Steel Outlook

World crude steel production reached 1,630 million tonnes for the year 2016, up by 1.0% compared to 2015. China is the world's largest steel producing country and accounted for nearly half of global production in 2016 at 49.6% - a total of 808.4 million tonnes. Japan ranked second at 6.4% of global production or 104.8 million tonnes followed by India (5.9% or 95.6 million tonnes) and United States (4.8% or 78.5 million tonnes).

In 2016, steel demand recovery was stronger than expected with the upside mostly coming from China. In 2017, a cyclical upturn in steel demand is forecasted with continuing recovery in the developed economies and an accelerating growth momentum in the emerging and developing economies such as Brazil, Iran and Mexico. However, China, which accounts for about half of global steel demand, is expected to return to a more subdued growth rate after its recent short uplift. For this reason, overall growth momentum will remain modest.

ASEAN-6 Steel Outlook

Steel consumption in ASEAN-6 expanded strongly in 2016, compared with much of the rest of the world. According to the data from SEAISI, total apparent steel consumption in the six ASEAN member countries of SEAISI i.e. Indonesia, Malaysia, Vietnam, Philippines, Thailand and Singapore surged by about 12% year-on-year to reach 77 million tonnes. In the same year, global steel consumption growth was a low 1.0%. In Asia, China's steel consumption growth rate was only 1.3%, India 4.1%, South Korea 2.3% while Japan registered a negative growth rate of 1.3%.

Vietnam, the biggest steel consuming country in ASEAN, continued to lead the region in steel consumption growth in 2016, registering a third consecutive annual growth rate of more than 20%. Vietnam's total steel demand in the year was 22.3 million tonnes, up 22.4% year-on-year. In 2014 and 2015, Vietnam's steel consumption growth rates were 22.7% and 26.4%, respectively.

Malaysia maintained its moderate single digit steel consumption growth rate of 2.6% year-on-year to 10.30 million tonnes in 2016.

BUSINESS OUTLOOK

The outlook for steel industry in Malaysia remains positive as construction investment is expected to grow supported by the 11th Master Plan (2016-2020) where RM260 billion has been allocated for development expenditure through 2020.

Challenges Ahead

There was a 15.5% surge in imports of iron and steel products into Malaysia of 9.13 million tonnes in 2016 compared to previous year. The weakening of the Ringgit, shrinking market share and growing capacities in ASEAN countries mainly Vietnam will further aggravate the concern to the local steel producers. The concern over excess capacity and the influx of cheap imports from China although still a concern has somewhat alleviated with China's planned reduction in excess steel capacity.

On the domestic front, steel demand will continue to be supported by the Malaysian Government plans to increase investment in infrastructure through mega projects such as Greater KL, High Speed Rail Transit, Mass Rapid Transit, East Coast Railway Line as well as new highways, including Pan Borneo Highway. All these projects would boost demand for steel products and sustain a positive outlook for the Malaysian steel industry.

Moving forward, the Group will remain focus and continue to undertake prudent measures to improve efficiencies on manufacturing costs, procurement strategies, sales and working capital management. The Group will further enhance its technical capabilities for higher value added products and continuously expand products range to remain in the forefront of the steel industry in Malaysia as well as Southeast Asia.

The Board 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.

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 the financial year ended 31 July 2017.

A. BOARD OF DIRECTORS

Board Charter and Board Responsibilities

Emphasising its commitment to good corporate governance practices of the Code, the Board had in the financial year 2014 formalised and adopted:-

(a) a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, the relationship between the Board with management and the shareholders of the Company as well as issues and decisions reserved for the Board; and
(b) a Code of Ethics and Conduct for Directors in line with the recommendation of the Code.

The Board Charter and the Code of Ethics and Conduct for Directors which are reviewed annually may be viewed at the Company's website at www.htgrp.com.my.

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 budget, risk management, operations and the performance of business segments and bring to bear independent judgment on issues of strategy, risk management, 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.

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

The Company will formalize a Sustainability Policy which aims to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and senior management are involved in the implementation of this policy, review the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating environmental, social and governance considerations into decision making and the delivery of outcomes.

Board Balance

There are eight (8) Directors on the Board; comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, three (3) Executive Directors, and three (3) Independent Non-Executive Directors. Therefore, the Board is in compliance with Paragraph 15.02 of the MMLR of BMSB, which requires that at least one-third (1/3) of the Board comprises Independent Directors. A brief profile of the Board members are set out in pages 4 to 8 of this Annual Report.

The Company is led and managed by an experienced Board comprising members with a diversity in qualification, knowledge and experience in the relevant fields such as finance, banking, 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 strategy, business and financial oversight.

Separation of positions of Independent Non-Executive Chairman and Executive Deputy Chairman

There is a clear demarcation of responsibility and roles between the Independent Non-Executive Chairman and the Executive Deputy Chairman to ensure the balance of power and authority. The positions of Independent Non-Executive Chairman and Executive Deputy Chairman are held by different individuals. 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 strategies and policies recommended by the Management. The Executive Deputy Chairman assisted by the three (3) Executive Directors who are 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.

Annual Assessment of Independent Directors

The Independent Directors as defined under Paragraph 1.01 of BMSB's MMLR 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 independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberation and decision making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

The assessment of independence of the Directors based on the provisions of the MMLR covers a series of objective tests and is carried out before the appointment of the Independent Directors. Further, the Board with assistance from the Nominating Committee will carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Director can continue to bring independent and objective judgment to the Board deliberations.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decision in any matter concerning the Company is required to immediately disclose to the Board of such an interest and to abstain from participating in any discussion or voting on the matter concerned.

For the financial year ended 31 July 2017, the Board assessed the independence of its Independent Non Executive Directors based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. All the Independent Directors have given written confirmation declaring their independence to the Board.

Tenure of Independent Directors

The Board in its Board Charter provided that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent director. However, the Board may, in exceptional cases and subject to the assessment of the Nominating Committee on an annual basis, recommend for an Independent Director who has served for a consecutive or cumulative term of nine (9) years to remain as an Independent Director subject to Shareholders' approval with justification given.

None of the Independent Directors have served for a cumulative term of more than nine (9) years during the financial year ended 31 July 2017.

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 proposal 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. All meetings are furnished with proper agenda with due notice issued and board papers and reports prepared by the Management which provide updates on financial, operational, legal matters and circulated prior to the meetings to all Directors with sufficient time to review them to ensure for effective discussions and decision making during the meetings.

During the financial year ended 31 July 2017, four (4) 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 attended all the Board Meetings held and therefore, have complied with the minimum 50% meeting attendance's requirement under the MMLR of BMSB.

Name of Directors	Date of Board Meeting				Total Meetings Attended by Directors	Percentage of Attendance
	29.09.2016	15.12.2016	23.03.2017	29.06.2017		
Tan Sri Abd Rahman Bin Mamat (Independent Non-Executive Director)	✓	✓	✓	✓	4/4	100%
Tan Sri Dato' Law Tien Seng (Executive Deputy Chairman)	✓	✓	✓	✓	4/4	100%
Mr. Foo Kok Siew (Executive Director)	✓	✓	✓	✓	4/4	100%
Mr. Tan Shau Ming (Executive Director)	✓	✓	✓	✓	4/4	100%
Mr. Law Wai Cheong (Executive Director) (Appointed on 3 January 2017)	N/A	N/A	✓	✓	2/2	100%
Mr. Ng Soon Lai @ Ng Siek Chuan (Independent Non-Executive Director)	✓	✓	✓	✓	4/4	100%
Mr. Leow Hoi Loong @ Liow Hoi Loong (Independent Non-Executive Director)	✓	✓	✓	✓	4/4	100%
Mr. Lee Ching Kion (Independent Non-Executive Director)	✓	✓	✓	✓	4/4	100%
Mr. Wang Shenghua (Non-Independent Non-Executive Director) (Resigned on 15 December 2016)	X	N/A	N/A	N/A	0/1	0

Note: N/A means Not Applicable

Level of 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 Nominating Committee to provide a formal and transparent procedure for appointment of new Directors to the Board.

The Nominating 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.

For the financial year ended 31 July 2017, the Board through the Nominating Committee, had assessed the effectiveness of the Board as a whole and the Board Committees; contribution and performance of each individual Director; independence of Independent Directors and training courses required by the Directors on an ongoing basis. The Board also reviewed the required mix of skills, experiences and other qualities including core competencies, which Non-Executive Directors should bring to the Board.

The Board agrees with the importance of a gender diversity in the Group's workforce and on the Board. However, it is of the view that the Board membership is dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender, age and ethnicity.

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 until the next Annual General Meeting and shall then be eligible for re-election.

Any Director who is retiring, and is eligible for re-election, 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 is due for retirement. The following Directors who are retiring at this Annual General Meeting have individually confirm in writing to the Board offering themselves for re-election:-

	Article No.
• Tan Sri Abd Rahman Bin Mamat	79
• Mr. Ng Soon Lai @ Ng Siek Chuan	79
• Mr. Lee Ching Kion	79

Details of the Directors who submitted themselves for re-election this year are available on pages 4 to 8 of this Annual Report.

On the other hand, Mr. Law Wai Cheong who was appointed Executive Director on 3 January 2017 retires in accordance with Article 84 of the Company's Articles of Association at the forthcoming Annual General Meeting.

Company Secretary

The Company Secretary provides support to the Chairman of the Company to ensure the effective functioning of the Board. The Company Secretary and/or his representatives also organises and attends all Board Meetings and Board Committees' Meetings ensuring that accurate and proper record 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 service 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 MMLR, practice and guidance notes or circulars issued by BMSB from time to time and on the development of or amendments to the Companies Act 2016. In addition, the Company Secretary serves notices to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR. He also ensures that all appointments and resignation of directors are in accordance with the relevant legislation and the Board Performance Assessment are properly executed.

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

Supply and Access to 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 as required by BMSB.

The Directors had during the financial year ended 31 July 2017, 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. The Velocity of Global Change & Sustainability – The New Business Model
2. Directors Training – Finance for Non Finance – Language in the Board Room
3. B20 Taskforce for G20 Meeting China – Member Trade & Investment Taskforce and SME Development Taskforce
4. B20 China First Joint – Member Trade & Investment Taskforce and SME Development Taskforce, Washington DC
5. B20 OECD PARIS – BIAC – B20 Roundtable on Financing SMEs in Global Value Chains
6. 12th INSME Annual Meeting at Doha/Qatar in collaboration with Qatar Development Bank "Enabling Smart SMEs as Key to Success"
7. Corporate Governance – How to Leverage on AGMs for Better Engagement with Shareholders
8. Why Directors & Management need to ask hard questions
9. Financial Institutions Director's Education Core Programme
10. Share Buy back – impact of new Companies Act 2016
11. Governance Culture – What's Possible?
12. Directors' Liability and Effectiveness
13. Asean Stock Markets and Trends
14. Nomination Committee Guidelines
15. Briefing on Risk Management
16. Briefing on Transfer Pricing
17. Briefing on Corporate Sustainability Reporting
18. Disclosure and Corporate Governance Requirements
19. Future Financial Information Consequential to the Revised Prospectus Guidelines
20. Briefing on Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements
21. The Securities Commission (Amendment) Act 2015 and Capital Markets and Services (Amendment) Act 2015
22. Cryptocurrency, Bitcoin and block chain technology

In addition to the above, the Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates, where applicable, at Board Meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the financial year and the new Audit Report particularly regarding the disclosure of Key Audit Matters or "KAMs". Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements. Talks were also given by the Company Secretary on the following topics:-

- Salient changes of the Companies Act 2016.

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 governance processes.

The Company has five (5) principal Board committees; namely the Audit Committee, Nominating Committee, Risk Management Committee, Remuneration Committee and the Employees' Share Option Scheme ("ESOS") Committee.

a. Audit Committee

The Audit Committee which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors and of the integrity of the Group's financial statements. 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 pages 36 to 38 of this Annual Report.

b. Nominating Committee

The Nominating Committee comprises exclusively of Independent Non-Executive Directors and is responsible to oversee the selection and assessment of Directors for appointment, re-election and re-appointment to the Board and Board Committees. The Members of the Nominating Committee are:

Name	Designation	Directorship
Tan Sri Abd 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	Independent Non-Executive Director

The Terms of Reference of the Nominating Committee may be viewed at the Company's website at www.htgrp.com.my

During the financial year, there were three (3) Nominating Committee meeting held on 29 September 2016, 15 December 2016 and 29 June 2017 and were attended by all members of Nominating Committee. In discharging their duties, the Nominating Committee had carried out the following functions and reported the following to the Board:

(i) The effectiveness of the present size of the Board and Board Committees.
(ii) The effectiveness of the composition of the Board in relation to the mix of skills, experience, age, gender, ethnicity and other qualities.
(iii) The contribution of individual Directors in relation to their time commitment, participation in the Board decision-making process and in Board Committees.
(iv) The independence of the Independent Directors who have declared that they are independent in accordance with the Recommendations 3.3 set out in the Malaysian Code on Corporate Governance 2012.
(v) The continuing education of Directors and the need for each Director to evaluate his own training and/or professional development requirement that will enhance his contribution to the Group.
(vi) The succession planning of the Executive Directors and Senior Management in order for the Board and Company to maintain appropriate experience, expertise and diversity.
(vii) The consideration and recommendation to the Board to accept the resignation and appointment of Non-Independent Non-Executive Director.
(viii) The effectiveness of the Chief Financial Officer of the Company.

c. Remuneration Committee

The members of the Remuneration Committee are:

Name	Designation	Directorship
Tan Sri Abd 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

For the financial year ended 31 July 2017, the Remuneration Committee recommended 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.

There were two (2) Remuneration Committee Meetings held during the financial year i.e. on 15 December 2016 and 29 June 2017 and were attended by all the Remuneration Committee members.

The Terms of Reference of the Remuneration Committee may be viewed at the Company's website at www.htgrp.com.my

d. Risk Management Committee

The Risk Management Committee ("RMC") was formed on 30 March 2010 and has been delegated by the Board to assume responsibility for the Group's risk oversight. The RMC provides oversight, direction and counsel to the Group risk management process and considers 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. There were four (4) RMC Meetings held during the financial year ended 31 July 2017, i.e. on 29 September 2016, 15 December 2016, 23 March 2017 and 29 June 2017 and were attended by all the members of RMC.

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	Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Executive Director

e. Employees' Share Option Scheme ("ESOS") Committee

On 10 January 2017, the Company has extended its existing ESOS which expired on 11 April 2017 for another (5) years from 12 April 2017 to 11 April 2022 pursuant to the terms of the ESOS By-Laws.

An ESOS Committee was set up to administer the ESOS Scheme which is governed by the ESOS By-Laws. The members of the ESOS Committee are:-

Name	Designation	Directorship
Tan Sri Abd 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 ESOS Committee met once (1) during the financial year ended 31 July 2017 i.e. on 15 December 2016 for the following purposes and attended by all the members:-

- to discuss and if appropriate, to recommend the extension of the ESOS for another five (5) years to the Board of Directors for approval.

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 annual fees and meeting allowances that reflect their expected roles and level of responsibilities, including any additional work and contributions required.

B. DIRECTORS' REMUNERATION

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,001 - RM100,000	-	4
RM200,001 – RM300,000	-	1*
RM450,001 – RM500,000	1	-
RM500,001 – RM600,000	1	-
RM1,000,001 – RM1,500,000	1	-
RM2,000,001 – RM3,100,000	1	-

Remarks:-
**Remuneration was paid by the joint venture, Eastern Steel Sdn. Bhd ("ESSB").*

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

	The Group		The Company	
	Executive Directors RM	Non-Executive Directors RM	Executive Directors RM	Non-Executive Directors RM
Salaries & other emoluments	3,180,305	*287,025	2,743,936	*287,025
Bonus	2,220,500	-	2,105,000	-
Allowances	326,000	16,000	284,000	16,000
Fees	-	360,000	-	360,000
Total	5,726,805	663,025	5,132,936	663,025

*Salaries and other emoluments paid by ESSB was RM287,025.

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 BMSB 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 and the quarterly financial results made via Bursa Link. Shareholders and investors may contact the persons identified in the website to enquire more about the Company and the Group.

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 is the principal forum for dialogue with all shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. The Notice of the Annual General Meeting will be circulated at least twenty-one (21) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.

C. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

At the General Meetings, the Board encourages shareholders' participation by providing opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. The Chairman of the meeting will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries. On or after 1 July 2016 and in line with the amendments to Bursa Malaysia Securities Berhad's Main Market Listing Requirements on 24 March 2016, any resolution set out in the notice of general meetings of the Company or notice of resolutions and its related amendments, if any, will be required to be poll voted.

The Board is available at the Annual General Meeting to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

At the start of the last year's Annual General Meeting held on 15 December 2016, the Board's reply to the Minority Shareholders' Watchdog Group's ("MSWG") query Letter dated 15 December 2016 was read out to the Shareholders present at the Meeting. A copy of this reply to MSWG can be found at the Company's website at www.htgrp.com.my.

The Board has identified Mr. Ng Soon Lai @ Ng Siek Chuan as the Senior Independent Non-Executive Director to whom concerns may be conveyed. The Senior Independent Non-Executive 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 upholds integrity in financial reporting by ensuring that shareholders are provided with reliable information of the Company's financial performance, its position and future prospects, in the Annual Audited Financial Statements and quarterly financial reports.

The Board is also 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 2016. 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.

Suitability and Independence of External Auditors

The Audit Committee is responsible for approving audit and non-audit services provided by the External Auditors. In the process, the AC will ensure that the independence and objectivity of the External Auditors are not compromised.

Moreover, the Engagement Partner of the External Auditors will retire every five (5) years as a matter of the External Auditors' internal policy. For the financial year ended 31 July 2017, the new KPMG Engagement Partner who will replace Mr. Lam Shuh Siang is Mr. Chin Shoon Chong.

The External Auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

ii. Statement of Directors' Responsibility in relation to the Financial Statements

The Board of Directors is required under Paragraph 15.26(a) of BMSB's MMLR to issue a statement explaining their responsibility in the preparation of the annual financial statements. The Directors are also required by the Companies Act 2016 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 disclosed with reasonable accuracy at any time the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable approved accounting standards in Malaysia.

In preparing these financial statements, the Directors have:-

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 outsourced 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 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 External 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 Meetings 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 29 September 2016 and 29 June 2017 without the presence of the Executive Directors and the Management.

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

A total number of shares purchased and retained as treasury shares during the financial year ended 31 July 2017 was 10,000.

As at end of the financial year:

a. A total of 5,492,000 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

Other than as disclosed below, there were no options, warrants or convertible securities exercised during the financial year ended 31 July 2017.

	No. of Shares	RM
As at 1 August 2016	1,288,717,434	644,358,717
(+) Ordinary shares issued pursuant to the conversion of RCUIDS	21,011,000	10,505,500
As at 31 July 2017	1,309,728,434	654,864,217

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 July 2017.

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 2017.

5. NON-AUDIT FEES

A non-audit fees of RM20,000 were incurred for services rendered to HTVB or its subsidiaries for the financial year ended 31 July 2017 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 2017 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

As at 31 July 2017, the status of utilisation of proceeds raised from the corporate exercises are as follows:

Corporate Exercise	Purpose	Approved Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Rights Issue	a) Working capital requirement	140,082	140,082	-
	b) Expenses incidental to the rights issue	2,500	2,500	-
Total		142,582	142,582	-

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

There were no material contracts by the Company and/or its subsidiaries involving Directors' and major shareholders' interest.

10. REVALUATON POLICY

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

11. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The Company has on its Annual General Meeting held on 15 December 2016 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 2017 in accordance with the shareholders' mandate obtained in the last Annual General Meeting were as follows:

Related Parties involved with HTVB and/ or its Subsidiaries	**Nature of Transaction**	**Relationship and Nature of Interest**	**Value of Transactions (RM'000)**
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 andShareholder of T.S. Law Holdings Sdn. Bhd. ("TS Law") which in turn is the major shareholder of JKJS.	231,486
Eastern Steel Sdn. Bhd. ("ESSB")	Sales of steel products	HTVB owned 55% of ESSB, a joint venture with Orient Steel Investment Pte. Ltd. and Chinaco Investment Pte. Ltd. Tan Sri Dato' Law Tien Seng is deemed interested in ESSB by virtue of him being a Director of ESSB, major Shareholder and Director of HTVB. Mr. Wang Shenghua is deemed interested in ESSB by virtue of him being a Director of HTVB, a Director and Chief Executive Director of ESSB. Shougang International (Singapore) Pte. Ltd., a substantial shareholder of HTVB, is deemed interested in ESSB by virtue of it being a major shareholder of Orient Steel Investment Pte. Ltd.	-
JK Ji Seng Sdn. Bhd. ("JKJS")	Sales of steel Product by ESSB to JKJS	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.	-
Shougang Group	Purchase of Equipment, Products and Services	Mr. Qiu LiuZhong is deemed interested in Shougang Group by virtue of him being the Director of ESSB, Shougang International (Singapore) Pte. Ltd. and Shougang International (Malaysia) Sdn. Bhd.	-

This statement was approved by the Board on 28 September 2017

The Malaysian Code on Corporate Governance 2012 specifies that the Board of Directors of public listed companies should establish a sound risk management framework and internal control system to safeguard shareholders' investment and Group's assets. 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 2017. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("the Guidelines") endorsed by the Bursa Malaysia Securities Berhad ("BMSB").

BOARD'S COMMITMENT AND RESPONSIBILITY

As the Group operates in a dynamic business environment, a sound risk management and internal control system must be in place to help the Group to achieve its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

Principally, the responsibilities of the Board for the governance of risks and controls as provided in the Guidelines include:

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

- Reviewing risk management framework, processes, responsibilities and assessing whether the present policies and systems provide reasonable assurance that risks are 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 delegated the responsibility of reviewing the effectiveness of risk management to the 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:

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

The RMC meets at least once every quarter and on other occasions, as and when necessary.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of risk management and internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks. The key risk categories of the Group are financial risk associated to corporate funding and gearing, foreign exchange risk, supply chain risk, regulatory risk, market risk, credit risk and inventory risk.

The RMC is assisted by the Risk Management Working Committee ("RMWC"), which is represented by the heads of the various departments of the Group. The roles of RMWC is to identify, measure, prioritize and re-assess the risks and to ensure that adequate attention and focus for risk management are placed in a timely and appropriate manner in accordance with the perceived and anticipated risk magnitude. Quarterly, the RMWC re-assesses, summarizes and reports the emerging risks and their profiles to the RMC for review and deliberation. The status of key risks and management actions are further presented by RMC to the Board for review and deliberation.

In term of the key controls, the Group has presently implemented the following control measures and procedures in its operations:

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

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

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

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

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

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

BOARD AND MANAGEMENT REVIEW MECHANISM

Whilst the RMC oversees risk management and is assisted by the RMWC at the operational level, various management review meetings are held throughout the year. Presently, the management organises weekly Senior Management Meetings, weekly Collections Meetings, monthly Group Management Committee Meetings 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 system of internal control in the Group, 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 audited functions. The Internal audits have identified individual lapses in internal control during the course of its work for the financial year under review, which were addressed by the Management. Additionally, the Audit Committee obtains feedback from the External Auditors on the risk and control issues highlighted by them in the course of their statutory audit.

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

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

- continuously identifying, evaluating and managing risks relevant to the business in achieving 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.

The Board has received assurance from the Executive Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

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 system of internal control and risk management is effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses.

While the Board wishes to reiterate that risk management and internal control system would be continuously improved in line with the evolving business environment, it should be noted that the system of risk management and internal control could only mitigate rather than eliminate risks of failure to achieve business objectives. Therefore, the system 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 INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, 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 2017. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants and they have reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosure required by paragraphs 41 and 42 of the Guidelines, or

(b) is factually inaccurate.

RPG 5 does not require the External Auditors to consider whether this Statement covers all risks and controls or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not recognised to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The Board of Directors of Hiap Teck Venture Berhad is pleased to present the Audit Committee report for the financial year ended 31 July 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee was established on 17 July 2003 to fulfill the principles of accountability, integrity and good corporate governance in assisting the Board in discharging its responsibilities of reviewing and monitoring the Group's financial process, audit process, statutory and regulatory compliance.

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

Members of the Audit Committee	Designation	Directorship
Mr. Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director
Tan Sri Abd Rahman Bin Mamat	Member	Independent Non-Executive Chairman
Mr. Lee Ching Kion	Member	Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director

The Terms of Reference of the Audit Committee may be viewed at the Company's website at www.htgrp.com.my

MEETING AND ATTENDANCE

During the financial year ended 31 July 2017, the Audit Committee convened a total of four (4) meetings.

The details of the attendance of the meetings are as follows:-

Members	Date of Meeting				Total Meetings Attended	Percentage of Attendance
	29.09.2016	15.12.2016	23.03.2017	29.06.2017		
Mr. Ng Soon Lai @ Ng Siek Chuan	✓	✓	✓	✓	4/4	100%
Tan Sri Abd Rahman Bin Mamat	✓	✓	✓	✓	4/4	100%
Mr. Lee Ching Kion	✓	✓	✓	✓	4/4	100%
Mr. Leow Hoi Loong @ Liow Hoi Loong	✓	✓	✓	✓	4/4	100%

SUMMARY OF ACTIVITIES

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

The Executive Director, Mr. Foo Kok Siew and the Group Chief Financial Officer, Miss Yeo Bee Hwan attended the Audit Committee meetings by invitation during the financial year ended 31 July 2017. 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 unaudited quarterly financial results of the Group to the Board of Directors for their consideration and approval prior to its release to Bursa Securities and the Securities Commission.
- 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.
- Met with the External Auditors on 29 September 2016 and 29 June 2017 without the presence of the Executive Directors and Management.

REVIEW OF ALLOCATION OF OPTIONS

- The Audit Committee had reviewed the allocation of the options pursuant to the Employees' Share Option Scheme 'ESOS" which was extended for another 5 years from 12 April 2017 to 11 April 2022. The allocation of the options was in compliance with the By-Laws of The ESOS.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional services firm with an annual fees of RM178,100. Independence is essential to the effectiveness of the 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 internal audit function is established to assist the Audit Committee in discharging its duties and responsibilities. The principal role of the internal audit function is to review the Group's operations, evaluating their efficiency, effectiveness and compliance with corporate policies, procedures, laws and regulations.

The internal audit function is carried out with impartiality, proficiently and due professional care. It provides the Audit Committee with information, appraisals, recommendations and counsel regarding the activities examined and other significant issues. 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 executed the approved audit plan and performed the following tasks in accordance with its overall strategy:

INTERNAL AUDIT FUNCTION

- Performed internal audit review on the Group's operating units for the function of Finance – GST Accounting, Supply Chain Procurement Function, Information Technology General Control, Finance Function, and Inventory Quantity Management.
- Evaluated the effectiveness and adequacy of management controls procedures in managing foreign currency exposure.
- 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 findings and issues.

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.

This statement was approved by the Board on 28 September 2017.

The Group acknowledges the importance of practising and managing Sustainability and we believe in building sustainable businesses that deliver long-term value and growth to all our stakeholders. In our sustainability strategy, we strive to be a socially responsible corporate citizen by addressing the economic, environmental and social issues that are relevant and important to our business and stakeholders.

Our three areas of focus are Our People, Our Community and Our Market Place to provide sustainable value as a whole.

Our People

The greatest asset of the Group is our people – the employees. We believe that employees are the key resources that drive long term and sustainable organizational successes. We are committed to nurturing and developing our employees through continuous training and development.

The Group places priority on cultivating a respectful and harmonious working environment and we promote talent by providing training and career development opportunities and enabling our employees to act with integrity and high morale. We strive to continuously groom and retain a diverse talent pool to ensure our employees are ready for the future succession planning and development as well as being adaptable to change.

The Group is also committed to ensuring a healthy and safe working environment for our employees. We strive to achieve an accident-free work place through continuous education and training to improve safety performance. The Occupational Safety and Health Committee plays a critical role to promote an accident free mindset to all levels of employees with safety measures briefing, training and roadshow to help accomplish the goal of a zero accident working environment.

Gotong Royong is one of the Group's annual events that fosters a clean environment for work place and surrounding areas and community. To promote respectful and friendship among our employees, the Group organizes social gatherings for all festivals, annual dinner, birthday parties, etc.

The Group places great attention on the well-being and benefits of the employees. In order to develop a balanced working life and create a caring, harmonious and cohesive working environment, employees are encouraged to participate in various sports and recreational activities.

Our Community

As a good corporate citizen, we are determined to serving and contributing to the community in which we live and work through our volunteerism. We trust the value of volunteerism to community will help develop caring character and empathy among our employees.

The Group views education and life-long learning as an important pillar of human resources and community development. Our employees and their family members are encouraged to improve and uplift themselves through continuing education. Employees' children are given a yearly allowance to enable them to buy books and other educational aids.

The annual blood donation event provides a reminder to the importance of a caring community and also helps to stock up the blood bank for National Blood Centre. The event has always received a warm response from our employees and local communities.

Over the years, the Group also provided donations and sponsorships to a number of community services and organizations. This year, we have organized and funded various seminars that enhanced knowledge for engineers during their project design stage right up to completion.

On 23 February 2017, the Group organized an Industrial Steel Seminar for 100 civil & structural engineers from Sarawak on the following topics:

i) Steel Material Selection and Compliance with Structural Eurocodes
ii) Design Issues with Selection of Steel Materials
iii) Difference between Hot- Formed and Hot Finished Structural Hollow Sections.
Speaker: Dr. Chiew Sing Ping
iv) Design, installation and safety measures of scaffoldings to MS1462.
Speaker: IR KS NG

The Group also organised two Steel Industry related seminars to help educate and inform contractors on latest code of practice on the following dates:

- 29 March 2017 at Setia City Convention Centre Shah Alam which received overwhelming response with 360 contractors participated.
- 17 May 2017 at Bayu Marina Resort, Johor Baru, attended by 250 contractors.

The topics of discussion and speakers were as follows:

1) Eurocode Applications for the Malaysian Building Industry - by Dr. Chiew Sing Ping
2) The handling, welding, fabrication and inspection of steel pipes - by Ir. Ghazali
3) Safety practice, installation and design of scaffolding - by Ir. KS Ng
4) Compliance of CIDB code of practice for the contractors - by CIDB

To acknowledge that we are an integral part of the communities in which we operate, the Group is committed to be an active member and supporter of these communities in every way we can strategically, financially and socially.

Our Market Place

The Group emphasizes on an ethical business culture amongst our people for the benefit of our stakeholders. Honesty and integrity in all our business dealings, and respect for the interests of the relevant stakeholders are essential business practices throughout the Group.

The Group's corporate website, www.htgrp.com.my, provides up-to-date and reliable information about the Group's business activities. The latest information and development of the Group will be updated regularly to the website.

Moving forward, the Group will continue to boost our efforts to ensure sustainable growth and performance while maintaining a high standard of corporate governance.

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 hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2017.

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.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	(102,977)	(288,277)
Non-controlling interests	(184)	-
	(103,161)	(288,277)

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 0.30 sen per ordinary share totalling RM3,854,140 in respect of financial year ended 31 July 2016 on 25 January 2017.

The Directors do not recommend any dividends for the current financial year.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Sri Abd Rahman Bin Mamat
Tan Sri Dato' Law Tien Seng
Ng Soon Lai @ Ng Siek Chuan
Foo Kok Siew
Leow Hoi Loong @ Liow Hoi Loong
Lee Ching Kion
Tan Shau Ming
Law Wai Cheong (appointed on 03 January 2017)
Wang Shenghua (resigned on 15 December 2016)

Directors' interests in shares

The interests and deemed interests in the ordinary shares and options over ordinary shares 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			
	At 1.8.2016/ Date of appointment	**Bought**	**Sold**	**At 31.7.2017**
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng	337,647,686	-	-	337,647,686
Law Wai Cheong	337,647,686	-	-	337,647,686
Lee Ching Kion	75,354	-	(30,000)	45,354
Tan Shau Ming	792,000	-	-	792,000

	Number of options over ordinary shares			
	At 1.8.2016	**Granted**	**Exercised**	**At 31.7.2017**
Interests in the Company:				
Tan Sri Abd Rahman Bin Mamat				
- own	1,439,999	-	-	1,439,999
Tan Sri Dato' Law Tien Seng				
- own	12,599,995	-	-	12,599,995
Ng Soon Lai @ Ng Siek Chuan				
- own	899,999	-	-	899,999
Lee Ching Kion				
- own	899,999	-	-	899,999
Foo Kok Siew				
- own	7,199,997	-	-	7,199,997
Leow Hoi Loong @ Liow Hoi Loong				
- own	899,999	-	-	899,999
Tan Shau Ming				
- own	3,599,997	-	-	3,599,997

	Number of Warrants 2012/2017			
	At 1.8.2016	**Bought**	**Expired**	**At 31.7.2017**
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng	44,362,418	-	(44,362,418)	-
Tan Shau Ming	99,000	-	(99,000)	-

Directors' interests in shares (Cont'd)

	Number of Warrants 2016			
	At 1.8.2016/ Date of appointment	Bought	Sold	At 31.7.2017
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng	75,032,819	-	-	75,032,819
Law Wai Cheong	75,032,819	-	-	75,032,819
Tan Shau Ming	176,000	-	-	176,000

	Number of RCUIDS			
	At 1.8.2016/ Date of appointment	Bought	Sold	At 31.7.2017
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng	75,032,819	-	-	75,032,819
Law Wai Cheong	75,032,819	-	-	75,032,819
Tan Shau Ming	176,000	-	-	176,000

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 2017 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 remuneration received or due and receivable by Directors as disclosed in Note 22 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 to the financial statements.

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 apart from the options pursuant to the Employees Share Option Scheme ("ESOS").

Issue of shares and debentures

During the financial year, there were conversion of 5-year 5% Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") to 21,011,000 ordinary shares.

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

Treasury shares

As at 31 July 2017, a total of 5,492,000 buy-back shares were held as treasury shares and carried at costs.

The shares repurchased are being held as treasury shares in accordance with Section 127 (4)(b) of the Companies Act 2016 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 financial year apart from the issue of options pursuant to the Employees Share Option Scheme ("ESOS") which are governed by ESOS By-Laws and RCUIDS with free detachable warrants.

Employees Share Option Scheme ("ESOS")

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. On 10 January 2017, the Board of Directors extended the ESOS which is expiring on 11 April 2017 for another five years from 11 April 2017 to 11 April 2022.

The salient terms of the ESOS are disclosed in Note 32 to the financial statements.

The options offered eligible Directors and employees of the Group to take up unissued ordinary shares and the exercise prices are as follows:

		No. of share options over ordinary shares				
Date of offer	Exercise price	At 1.8.2016	Granted	Exercised	Forfeited	At 31.7.2017
19 April 2013	RM0.50	66,769,897	-	-	(10,395,983)	56,373,914
10 January 2014	RM0.67	15,893,961	-	-	(3,383,992)	12,509,969
12 January 2015	RM0.53	14,565,932	-	-	(4,359,994)	10,205,938
		97,229,790	-	-	(18,139,969)	79,089,821

Indemnity and insurance costs

During the financial year, Directors and Officers of Hiap Teck Venture Berhad, together with its subsidiaries are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM20 million. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company was RM19,000.

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

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.

Other statutory information (Cont'd)

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 2017 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

Significant events during the year are disclosed in Note 33 to the financial statements.

Subsequent events

Subsequent events are disclosed in Note 34 to the financial statements.

Auditors

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

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

....
Foo Kok Siew
Director

Date: 25 October 2017

STATEMENTS OF FINANCIAL POSITION
as at 31 July 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Property, plant and equipment	3	252,358	256,486	92	202
Mining exploration and evaluation assets	4	20,484	19,597	-	-
Investment properties	5	7,318	7,476	98,105	99,420
Investment in subsidiaries	6	-	-	94,070	93,970
Investment in joint venture	7	-	55,157	-	220,798
Investment in associate	8	-	475	-	-
Available-for-sale financial assets	9	1,507	909	-	-
Deferred tax assets	10	554	302	-	-
Trade and other receivables	11	90,935	279,612	167,526	303,646
Total non-current assets		373,156	620,014	359,793	718,036
Inventories	12	323,847	254,993	-	-
Trade and other receivables	11	564,402	528,071	352,879	247,587
Tax recoverable		2,348	2,235	-	-
Available-for-sale financial assets	9	4,691	5,189	-	-
Cash and cash equivalents	13	83,350	241,492	4,476	127,199
Total current assets		978,638	1,031,980	357,355	374,786
Total assets		1,351,794	1,651,994	717,148	1,092,822
Equity					
Share capital		654,864	644,358	654,864	644,358
Reserves		152,511	268,506	(173,244)	128,594
Total equity attributable to owners of the Company	14	807,375	912,864	481,620	772,952
Non-controlling interests		(4)	180	-	-
Total equity		807,371	913,044	481,620	772,952
Liabilities					
Deferred tax liabilities	10	36,527	41,080	25,195	29,883
Loans and borrowings	15	25,245	165,537	25,245	165,537
Total non-current liabilities		61,772	206,617	50,440	195,420
Loans and borrowings	15	428,427	451,360	47,110	93,249
Trade and other payables	16	40,607	75,883	136,229	30,728
Current tax payable		13,617	5,090	1,749	473
Total current liabilities		482,651	532,333	185,088	124,450
Total liabilities		544,423	738,950	235,528	319,870
Total equity and liabilities		1,351,794	1,651,994	717,148	1,092,822

The notes set out on pages 55 to 119 are an integral part of these financial statements.

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	17	1,073,657	1,138,061	17,534	188,258
Cost of sales	18	(895,420)	(1,013,680)	-	-
Gross profit		178,237	124,381	17,534	188,258
Other operating income		55,419	39,810	34,364	28,063
Operating costs in respect of income generating investment properties		(392)	(158)	(1,315)	(1,315)
Administrative expenses		(22,011)	(21,230)	(11,053)	(9,796)
Selling and marketing expenses		(28,253)	(32,664)	-	-
Other operating expenses		(12,244)	(3,811)	(314,351)	(3,384)
Results from operating activities		170,756	106,328	(274,821)	201,826
Finance cost	19	(30,255)	(31,722)	(12,868)	(13,676)
Share of loss of equity accounted investees, net of tax		(215,322)	(99,223)	-	-
(Loss)/Profit before tax		(74,821)	(24,617)	(287,689)	188,150
Tax expense	20	(28,340)	(17,556)	(588)	(1,735)
(Loss)/Profit for the year	21	(103,161)	(42,173)	(288,277)	186,415
Other comprehensive expense, net of tax					
Items that are or maybe reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		(55)	(142)	-	-
Fair value of available-for-sale financial assets		598	(1,197)	-	-
Other comprehensive income/(expense) for the year, net of tax		543	(1,339)	-	-
Total comprehensive (expense)/ income for the year		(102,618)	(43,512)	(288,277)	186,415
(Loss)/Profit attributable to:					
Owners of the Company		(102,977)	(41,561)	(288,277)	186,415
Non-controlling interests		(184)	(612)	-	-
(Loss)/Profit for the year		(103,161)	(42,173)	(288,277)	186,415
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(102,434)	(42,900)	(288,277)	186,415
Non-controlling interests		(184)	(612)	-	-
Total comprehensive (expense)/income for the year		(102,618)	(43,512)	(288,277)	186,415
Loss per ordinary share (sen):					
Basic	23	(8.00)	(3.24)		

The notes set out on pages 55 to 119 are an integral part of these financial statements.

	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 1 August 2015		359,195	38,160	(7,496)	18,459	(997)	3,742	461,086	872,149	792	872,941
Foreign currency translation differences for foreign operations		-	-	-	-	(142)	-	-	(142)	-	(142)
Net change in fair value of available-for-sale financial assets		-	-	-	-	(1,197)	-	-	(1,197)	-	(1,197)
Total other comprehensive expense		-	-	-	-	(1,339)	-	-	(1,339)	-	(1,339)
Loss for the year		-	-	-	-	-	-	(41,561)	(41,561)	(612)	(42,173)
Total comprehensive expense for the year		-	-	-	-	(1,339)	-	(41,561)	(42,900)	(612)	(43,512)
Issuance of bonus shares		285,163	(38,160)	-	-	-	-	(247,003)	-	-	-
Issuance of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") (net of tax)	15.2	-	-	-	30,341	54,965	-	-	85,306	-	85,306
Equity-settled share based payments		-	-	-	-	-	448	-	448	-	448
Dividends to owners of the Company	24	-	-	-	-	-	-	(2,139)	(2,139)	-	(2,139)
Total contribution from/(distribution to) owners		285,163	(38,160)	-	30,341	54,965	448	(249,142)	83,615	-	83,615
At 31 July 2016		644,358	-	(7,496)	48,800	52,629	4,190	170,383	912,864	180	913,044

/------ Note 14 ------/

	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 1 August 2016		644,358	-	(7,496)	48,800	52,629	4,190	170,383	912,864	180	913,044
Foreign currency translation differences for foreign operations		-	-	-	-	(55)	-	-	(55)	-	(55)
Net change in fair value of available-for-sale financial assets		-	-	-	-	598	-	-	598	-	598
Total other comprehensive income		-	-	-	-	543	-	-	543	-	543
Loss for the year		-	-	-	-	-	-	(102,977)	(102,977)	(184)	(103,161)
Total comprehensive expense for the year		-	-	-	-	543	-	(102,977)	(102,434)	(184)	(102,618)
Purchase of treasury shares		-	-	(3)	-	-	-	-	(3)	-	(3)
Share options exercised		10,506	-	-	-	(10,506)	-	-	-	-	-
Equity-settled share based payments		-	-	-	-	-	449	-	449	-	449
Redemption of convertible bonds		-	-	-	-	353	-	-	353	-	353
Expiry of Warrants 2012/2017		-	-	-	(18,459)	-	-	18,459	-	-	-
Dividends to owners of the Company	24	-	-	-	-	-	-	(3,854)	(3,854)	-	(3,854)
Total contribution from/(distribution to) owners		10,506	-	(3)	(18,459)	(10,153)	449	14,605	(3,055)	-	(3,055)
At 31 July 2017		654,864	-	(7,499)	30,341	43,019	4,639	82,011	807,375	(4)	807,371
		/------ Note 14						------/			

The notes set out on pages 55 to 119 are an integral part of these financial statements.

COMPANY STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 July 2017

		Attributable to shareholders of the Company							
		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 equity RM'000
At 1 August 2015		359,195	38,160	(7,496)	18,459	(353)	3,742	91,215	502,922
Profit and total comprehensive income for the year		-	-	-	-	-	-	186,415	186,415
Issuance of bonus shares		285,163	(38,160)	-	-	-	-	(247,003)	-
Issuance of RCUIDS (net of tax)	15.2	-	-	-	30,341	54,965	-	-	85,306
Equity-settled share based payments		-	-	-	-	-	448	-	448
Dividends to owners of the Company	24	-	-	-	-	-	-	(2,139)	(2,139)
Total contribution from/(distribution to) owners		285,163	(38,160)	-	30,341	54,965	448	(249,142)	83,615
At 31 July 2016		644,358	-	(7,496)	48,800	54,612	4,190	28,488	772,952
Loss and total comprehensive expense for the year		-	-	-	-	-	-	(288,277)	(288,277)
Purchase of treasury shares		-	-	(3)	-	-	-	-	(3)
Share options exercised		10,506	-	-	-	(10,506)	-	-	-
Equity-settled share based payments		-	-	-	-	-	449	-	449
Redemption of convertible bonds		-	-	-	-	353	-	-	353
Expiry of Warrants 2012/2017		-	-	-	(18,459)	-	-	18,459	-
Dividends to owners of the Company	24	-	-	-	-	-	-	(3,854)	(3,854)
Total contribution from/(distribution to) owners		10,506	-	(3)	(18,459)	(10,153)	449	14,605	(3,055)
At 31 July 2017		654,864	-	(7,499)	30,341	44,459	4,639	(245,184)	481,620
		Note 14							

The notes set out on pages 55 to 119 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 July 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities				
(Loss)/Profit before tax	(74,821)	(24,617)	(287,689)	188,150
Adjustments for:				
Net unrealised foreign exchange loss/(gain)	(1,744)	1,400	(1,558)	226
Allowance for doubtful debts	2,194	634	-	-
Depreciation of property, plant and equipment	14,590	21,706	110	126
Depreciation of investment properties	158	159	1,315	1,315
Property, plant and equipment written off	47	20	-	-
Finance cost	30,255	31,722	12,868	13,676
Finance income:				
Deposits	(2,939)	(1,988)	(2,335)	(1,636)
Available-for-sale financial assets	(1,084)	(787)	-	(10)
Joint venture	(28,997)	(24,245)	(28,997)	(24,245)
Subsidiary	-	-	(1,205)	(1,606)
Net overdue interest income	(485)	(355)	-	-
Dividends income	(33)	(33)	(6,360)	(176,360)
Gain on disposal of property, plant and equipment	(6,803)	(3,868)	-	-
Charge arising from early redemption of convertible secured bonds	9,457	-	9,457	-
Loss on disposal of an associate	2	-	-	-
Loss/(Gain) on disposals of available-for-sale financial assets	2	(103)	-	-
Equity-settled share based payments	449	448	449	448
Reversal of provision for diminutionin value of inventories	-	(4,835)	-	-
Inventories written off	-	3,885	-	-
Write-down on slow moving inventories	7,483	14,485	-	-
Impairment loss on investment in joint venture	-	-	304,372	-
Share of loss of equity accounted investees, net of tax	215,322	99,223	-	-
Operating profit before changes in working capital	163,053	112,851	427	84
Changes in working capital:				
Inventories	(76,337)	24,629	-	-
Trade and other receivables	44,740	21,236	(434)	(27)
Trade and other payables	(34,971)	(22,674)	1,292	25,753
Cash generated from operations	96,485	136,042	1,285	25,810
Interest paid	(34,867)	(27,542)	(17,962)	(9,822)
Net overdue interest income	485	355	-	-
Income tax paid	(24,731)	(9,293)	(4,000)	(2,765)
Net cash generated from/(used in) operating activities	37,372	99,562	(20,677)	13,223

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from investing activities					
Proceeds from withdrawal of available-for-sale financial assets		498	103	-	73
Dividend received		33	33	6,360	6,360
Proceeds from disposal of property, plant and equipment		10,940	4,539	-	-
Proceeds from disposal of an associate		473	-	-	-
Finance income:					
Deposits		2,939	1,988	2,335	1,636
Available-for-sale financial assets		1,084	787	-	10
Subsidiary		-	-	1,205	1,606
Purchase of property, plant and equipment		(14,419)	(2,432)	-	-
Additions to mining exploration and evaluation assets		(887)	(893)	-	-
Advances to joint venture – net of repayment		(25,659)	(122,029)	(25,705)	(122,103)
Advances from subsidiaries		-	-	106,608	-
Investment in a subsidiary		-	-	(100)	-
Investment in available-for-sale financial assets		-	(3,955)	-	-
Net cash (used in)/generated from investing activities		(24,998)	(121,859)	90,703	(112,418)
Cash flows from financing activities					
Redemption of convertible secured bonds		(147,000)	-	(147,000)	-
(Repayment)/Drawdown of borrowings		(19,413)	58,824	(41,892)	63,895
Proceed from issuance of RCUIDS		-	142,582	-	142,582
Purchase of treasury shares		(3)	-	(3)	-
Dividends paid to owners of the Company		(3,854)	(2,139)	(3,854)	(2,139)
Net cash (used in)/generated from financing activities		(170,270)	199,267	(192,749)	204,338
Net (decrease)/increase in cash and cash equivalents		(157,896)	176,970	(122,723)	105,143
Effect of exchange rate changes		(246)	(962)	-	-
Cash and cash equivalents at beginning of year		241,492	65,484	127,199	22,056
Cash and cash equivalents at end of year		83,350	241,492	4,476	127,199

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Deposits placed with licensed banks	13	34,319	59,375	3,651	59,375
Cash and bank balances	13	49,031	182,117	825	67,824
		83,350	241,492	4,476	127,199

Dividend income from subsidiaries

During the previous financial year, the dividend income from subsidiaries amounting to RM170,000,000 were settled against balances due to the subsidiaries.

The notes set out on pages 55 to 119 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 2017 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 joint venture and associate. The financial statements of the Company as at and for the financial year ended 31 July 2017 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 these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 25 October 2017.

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 2016 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs 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 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, Share-based Payment – *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, Insurance Contracts – *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the above mentioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 August 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;

- from the annual period beginning on 1 August 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018; and

- from the annual period beginning on 1 August 2019 for the accounting standard and interpretation that are effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.*

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) **MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

(iii) **MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

(iv) Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of the amendments.

(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 7 - Investment in joint venture
- Note 10 - Recognition of deferred tax assets
- Note 11 - Trade and other receivables
- 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 have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment 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 or distribution. The cost of investment includes transaction costs.

(ii) 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.

For new acquisitions, the Group measures the cost of 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.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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.

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influences ceases.

When the Group's share of losses exceeds its interest in an associate, 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in an associate 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 or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

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

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

(vi) **Joint arrangements (Cont'd)**

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investment in joint venture is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) **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 end of 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)**

(i) **Foreign currency transactions (Cont'd)**

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.

(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 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 gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in 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.

(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.

(ii) **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

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

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

(ii) **Financial instrument categories and subsequent measurement (Cont'd)**

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 debt instruments that are not quoted in an active market.

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(j)(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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

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.

(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.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specific 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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 wherein 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.

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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.

(ii) Subsequent costs

The cost of replacing a component 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 component 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, and 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 component of an item of property, plant and equipment from the date that they are available to use. 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. Upon initial recognition, 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.

2. Significant accounting policies (Cont'd)

(e) Leased assets (Cont'd)

(i) Finance lease (Cont'd)

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, or as investment property if held to earn rental income or for capital appreciation or for both.

(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 for both, is classified as investment property and measured using fair value model.

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) Exploration and evaluation of mineral resources

Exploration and evaluation costs, including the costs of acquiring licenses, are initially capitalised as intangible exploration and evaluation assets ("E&E assets") according to the nature of the assets acquired. The costs are accumulated in cost centres by field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets that are available for use are amortised over their estimated useful lives based on the unit of production method and recognised in profit or loss upon the commencement of commercial production.

E&E assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. A review of each exploration license or field is carried out, to ascertain whether proven reserves have been discovered. Upon determination of proven reserves, intangible E&E assets attributable to those reserves are tested for impairment and then reclassified from E&E assets to a separate category within tangible assets.

Expenditure deemed to be unsuccessful is recognised in profit or loss immediately.

2. Significant accounting policies (Cont'd)

(g) 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 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.

(h) Inventories

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

The cost of inventories is calculated using the weighted average method, 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.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

All financial assets (except for investment in subsidiaries, investment in joint venture and investment in associate) 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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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.

2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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 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 assets) 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 of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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.

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 a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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.

2. Significant accounting policies (Cont'd)

(k) 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) Ordinary shares

Ordinary shares are classified as equity.

(iii) 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 in the statement of changes in equity.

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.

(l) 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 and RCUIDS 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 proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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.

(m) 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Significant accounting policies (Cont'd)

(m) Employee benefits (Cont'd)

(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.

(n) 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.

(o) 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.

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

(o) Revenue and other income (Cont'd)

(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. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(vi) Management fees

Management fees are recognised when services are rendered.

(p) 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.

(q) 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.

2. Significant accounting policies (Cont'd)

(q) Income tax (Cont'd)

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 and 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 assets and liabilities, 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 assets and liabilities 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 incentive 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 which the unutilised tax incentive can be utilised.

(r) 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, redeemable convertible secured bonds and RCUIDS.

(s) 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. Operating segment 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.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Significant accounting policies (Cont'd)

(t) Fair value measurement (Cont'd)

(t) Fair value measurement (cont'd)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the assets or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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	Other assets RM'000	Total RM'000
Cost								
At 1 August 2015	76,417	139,496	1,070	206,134	4,267	6,709	61,089	495,182
Additions	-	-	-	1,103	761	-	568	2,432
Disposals	-	-	-	-	-	(321)	(3,826)	(4,147)
Written off	-	-	-	(1,430)	-	-	(291)	(1,721)
Transfers	-	361	-	2,352	(2,808)	-	-	(95)
Effect of movement in exchange rates	-	-	-	10	-	10	1,484	1,504
At 31 July 2016/1 August 2016	76,417	139,857	1,070	208,169	2,220	6,398	59,024	493,155
Additions	-	784	-	6,699	2,155	-	4,781	14,419
Disposals	-	-	-	-	-	(199)	(18,931)	(19,130)
Written off	-	-	-	-	-	-	(306)	(306)
Transfers	-	420	-	1,143	(1,573)	-	-	(10)
Effect of movement in exchange rates	-	-	-	8	-	6	591	605
At 31 July 2017	76,417	141,061	1,070	216,019	2,802	6,205	45,159	488,733

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

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	Other assets RM'000	Total RM'000
Accumulated depreciation								
At 1 August 2015	-	26,885	277	147,299	-	4,748	40,259	219,468
Charge for the year	-	2,847	18	10,550	-	690	7,601	21,706
Disposals	-	-	-	-	-	(321)	(3,155)	(3,476)
Written off	-	-	-	(1,430)	-	-	(271)	(1,701)
Effect of movement in exchange rates	-	-	-	6	-	8	658	672
At 31 July 2016/1 August 2016	-	29,732	295	156,425	-	5,125	45,092	236,669
Charge for the year	-	2,853	18	5,417	-	577	5,725	14,590
Disposals	-	-	-	-	-	(199)	(14,794)	(14,993)
Written off	-	-	-	-	-	-	(259)	(259)
Effect of movement in exchange rates	-	-	-	5	-	6	357	368
At 31 July 2017	-	32,585	313	161,847	-	5,509	36,121	236,375
Carrying amounts								
At 1 August 2015	76,417	112,611	793	58,835	4,267	1,961	20,830	275,714
At 31 July 2016/1 August 2016	76,417	110,125	775	51,744	2,220	1,273	13,932	256,486
At 31 July 2017	76,417	108,476	757	54,172	2,802	696	9,038	252,358

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

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

Company	Motor vehicles RM'000	Renovation RM'000	Office equipment RM'000	Total RM'000
Cost				
At 1 August 2015/ 31 July 2016/ 31 July 2017	424	657	134	1,215
Accumulated depreciation				
At 1 August 2015	424	398	65	887
Charge for the year	-	99	27	126
At 31 July 2016/ 1 August 2016	424	497	92	1,013
Charge for the year	-	83	27	110
At 31 July 2017	424	580	119	1,123
Carrying amounts				
At 1 August 2015	-	259	69	328
At 31 July 2016/ 1 August 2016	-	160	42	202
At 31 July 2017	-	77	15	92

Security

At 31 July 2016, the redeemable convertible secured bonds ("the Bonds") were secured by a first legal charge over property of a subsidiary with carrying amount of RM65,697,000 and the land and buildings of the Company with carrying amount of RM99,420,000 have been fully discharged in 2017 (see Note 5). The Bonds were fully redeemed during the financial year (see Note 15.1).

4. Mining exploration and evaluation assets

	Group RM'000
At 1 August 2015	18,704
Additions	893
At 31 July 2016/ 1 August 2016	19,597
Additions	887
At 31 July 2017	20,484

5. Investment properties

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 August 2015/ 31 July 2016/ 31 July 2017	3,950	485	6,429	10,864
Accumulated depreciation				
At 1 August 2015	1,540	-	1,689	3,229
Charge for the year	54	-	105	159
At 31 July 2016 / 1 August 2016	1,594	-	1,794	3,388
Charge for the year	54	-	104	158
At 31 July 2017	1,648	-	1,898	3,546
Carrying amounts				
At 1 August 2015	2,410	485	4,740	7,635
At 31 July 2016/ 1 August 2016	2,356	485	4,635	7,476
At 31 July 2017	2,302	485	4,531	7,318

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 August 2015/31 July 2016/ 31 July 2017	48,062	65,740	113,802
Accumulated depreciation			
At 1 August 2015	-	13,067	13,067
Charge for the year	-	1,315	1,315
At 31 July 2016/ 1 August 2016	-	14,382	14,382
Charge for the year	-	1,315	1,315
At 31 July 2017	-	15,697	15,697
Carrying amounts			
At 1 August 2015	48,062	52,673	100,735
At 31 July 2016/ 1 August 2016	48,062	51,358	99,420
At 31 July 2017	48,062	50,043	98,105

Investment properties of the Group comprise a leasehold land which is being leased to third party. The estimated fair value of investment properties of the Group and of the Company are RM14,150,000 and RM196,500,000 (2016: RM10,600,000 and RM144,240,000) respectively. Investment properties are stated at cost and are not revalued.

5. **Investment properties (Cont'd)**

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Rental income	774	998	7,268	7,992
Direct operating expenses:				
- income generating investment properties	(158)	(159)	(1,315)	(1,315)

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2017				
Group				
Land	-	7,600	-	7,600
Buildings	-	6,550	-	6,550
	-	14,150	-	14,150
Company				
Land	-	121,500	-	121,500
Buildings	-	75,000	-	75,000
	-	196,500	-	196,500

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2016				
Group				
Land	-	-	2,880	2,880
Buildings	-	-	7,720	7,720
	-	-	10,600	10,600
Company				
Land	-	-	68,870	68,870
Buildings	-	-	75,370	75,370
	-	-	144,240	144,240

5. Investment properties (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

6. Investment in subsidiaries

	Company	
	2017 RM'000	2016 RM'000
At cost:		
Unquoted shares in Malaysia	94,070	93,970

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2017 %	Effective ownership interest 2016 %
Hiap Teck Hardware Sdn. Bhd.	Malaysia	Importer, exporter and general dealer of steel products, hardware and building materials	100	100
Tiek Hong Hardware (B'worth) Sdn. Bhd.	Malaysia	Dormant	100	100
Alpine Pipe Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and selling of pipes, hollow sections and other steel products	100	100

6. Investment in subsidiaries (Cont'd)

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

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2017 %	Effective ownership interest 2016 %
Briliant Decade Transport Agency Sdn. Bhd.	Malaysia	Provision of transportation services	100	100
Huatraco Scaffold Sdn. Bhd.	Malaysia	Manufacturing, selling and renting of scaffolding equipment and range of steel products	100	100
Hiap Teck Resources Sdn. Bhd.	Malaysia	Dormant	100	100
Nexus Pacific Property Sdn. Bhd.	Malaysia	Dormant	100	-
Subsidiary of Hiap Teck Hardware Sdn. Bhd.				
Nexus Pacific Property Sdn. Bhd.	Malaysia	Dormant	-	100
Subsidiary of Hiap Teck Resources Sdn. Bhd.				
Vista Mining Sdn. Bhd.	Malaysia	Exploring, contracting and activities related to the mining, processing and sale of iron ore	55	55
Subsidiaries of Huatraco Scaffold Sdn. Bhd.				
Huatraco Contracts Sdn. Bhd.	Malaysia	Dormant	100	100
Huatraco Investment Pte. Ltd.#	Singapore	Investment holding	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

Audited by a firm other than KPMG PLT

7. Investment in joint venture

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares in Malaysia at cost		275,798	275,798	275,798	275,798
Share of post-acquisition reserves		(220,798)	(165,641)	-	-
Less: Impairment loss	7.1	(55,000)	(55,000)	(275,798)	(55,000)
		-	55,157	-	220,798

Details of the joint venture are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2017 %	Effective ownership interest 2016 %
Eastern Steel Sdn. Bhd.	Malaysia	Manufacturing, selling and dealing in a range of steel products using blast furnace plant	55	55

On 15 March 2012, the Company entered into the Shareholders' Agreement with the shareholders of a joint venture, 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 joint venture of the Company.

The following tables summarise the financial information of Eastern Steel Sdn. Bhd. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Eastern Steel Sdn. Bhd., which is accounted for using the equity method.

	2017 RM'000	2016 RM'000
Group		
Summarised financial information		
As at 31 July		
Non-current assets	1,049,066	1,314,703
Current assets	48,662	66,653
Non-current liabilities	(668,628)	(593,594)
Current liabilities	(710,686)	(677,853)
Net (liabilities)/assets	(281,586)	109,909
Year ended 31 July		
Loss and total comprehensive expense for the year	(391,494)	(180,399)

7. Investment in joint venture (Cont'd)

	2017 RM'000	2016 RM'000
Summarised financial information		
As at 31 July (Cont'd)		
Included in the total comprehensive income/(expense):		
Interest income	48	107
Interest expense	(64,894)	(59,091)
Income tax credit	410	52
Reconciliation of net assets to carrying amount		
As at 31 July		
Group's share of net assets (net of impairment loss)	-	55,157
Group's share of results		
Year ended 31 July		
Group's share of loss and total comprehensive expense for the year	(215,322)	(99,223)

7.1 Impairment loss

Impairment loss recognised by the joint venture

In view of the depressed market prices and soft demand of steel slabs and the increased volatility of foreign exchange rates, the joint venture has ceased its trial operation in the previous financial year to minimise losses. Accordingly, the management of the joint venture has prepared discounted cash flow projections to assess the recoverable amount of the capital in progress.

The recoverable amount was based on the value in use of the capital in progress, determined by discounting the future cash flows expected to be generated from the capital in progress. The carrying amount of the capital in progress amounting to RM1,310.26 million was determined to be higher than its recoverable amount of RM1,044.11 million and an impairment loss of RM266.15 million (2016: nil) was recognised in the capital in progress of the joint venture.

Cash flow projections used in this calculation were based on two year projections approved by the management of the joint venture. The management plans to commence production in the next financial year with the estimated production volume at 65% of the capacity in the first year and 100% in the second year until the end of the plant's estimated useful life of 25 years.

Key assumptions used in the value in use calculation for the capital in progress during the current financial year include post-tax discount rate of 9.0% (2016: 7.5%) based on an industry average weighted average cost of capital and no changes in the structure of share capital and shareholders' loans in the joint venture.

The impairment loss was subsequently recognised in the Group through the share of loss in the joint venture using the equity method and recognised in the investment in the joint venture and amount due from the joint venture (see Note 11).

The values assigned to the key assumptions represent management's assessment of future trends in the steel industry and are based on both external and internal sources (historical data). Following an impairment in the capital in progress in the joint venture, any adverse change in a key assumption may result in a further impairment loss.

7. Investment in joint venture (Cont'd)

7.1 Impairment loss (Cont'd)

Impairment loss recognised by the joint venture (Cont'd)

The above estimates are particularly sensitive in the following areas:

- An increase of 0.5 percentage point in the discount rate would have increased the share of loss recognised by RM25.9 million; and
- Resumption of production deferred by a year would have increased the share of loss recognised by RM50.6 million, under the base case scenario which applies a post-tax discount rate of 8.5%.

Impairment loss recognised at Group level

As the recoverable amount of the investment in and amount due from the joint venture based on the fair value less costs of disposal estimated using the income approach is higher than their carrying amount in the Group level after applying the equity method, additional impairment loss is therefore not necessary.

Impairment loss recognised at Company level

The recoverable amount was based on the fair value less costs of disposal estimated using the income approach. The carrying amount of the long term interests in the joint venture amounting to RM802.51 million was determined to be higher than its recoverable amount of RM498.14 million, and an impairment loss of RM304.37 million (2016: nil) was recognised in the investment in the joint venture and amount due from the joint venture (see Note 11) in the separate financial statements of the Company.

8. Investment in associate

	Group	
	2017 RM'000	**2016 RM'000**
Unquoted shares in Malaysia at cost	-	480
Share of post-acquisition reserves	-	(5)
	-	475

Details of the associate are as follows:

Name of entity	**Country of incorporation**	**Principal activities**	**Effective ownership interest 2017 %**	**Effective ownership interest 2016 %**
Powerbex Scaffold Sdn. Bhd. (formerly known as Huatraco GES Scaffold Sdn. Bhd.) ("PSSB")	Malaysia	Dormant	-	48

The Group, via its wholly-owned subsidiary, Huatraco Scaffold Sdn. Bhd., had on 23 December 2014 subscribed for 480,000 new ordinary shares of RM1.00 each at par in PSSB representing 48% of the enlarged issued and paid up share capital of PSSB.

8. **Investment in associate (Cont'd)**

The following are the summarised financial information of the associate.

	2017 RM'000	2016 RM'000
As at 31 July		
Total assets	-	996
Total liabilities	-	(6)
Net assets	-	990
Group's share of net assets	-	475
As at 31 July		
Net loss	-	(8)
Group's share of net loss	-	(4)

On 10 October 2016, Huatraco Scaffold Sdn. Bhd. has entered into an agreement with Optimal Credential Holdings Sdn. Bhd. in relation to the disposal of 480,000 ordinary shares of RM1.00 each, representing 48% equity interest in PSSB for a cash consideration of RM472,800, resulted in a loss of RM2,185 which was recognised in profit or loss (refer to Note 21). Subsequent to the disposal, PSSB ceased to be an associate of the Group.

9. **Available-for-sale financial assets**

	2017		2016	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
Group				
Non-current				
Club membership, unquoted	140	-	140	-
Equity instruments, quoted in Malaysia	1,367	1,367	769	769
	1,507		909	
Current				
Unit trust fund of licensed financial institution within Malaysia	4,691	4,691	5,189	5,189
	6,198		6,098	

10. **Deferred tax assets/(liabilities)**

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Group						
Property, plant and equipment	-	-	(18,763)	(19,179)	(18,763)	(19,179)
Investment properties	-	-	(131)	(133)	(131)	(133)
Other borrowings	-	3,817	-	(6,644)	-	(2,827)
Other payables	8,116	6,770	-	-	8,116	6,770
Reinvestment allowance	-	1,530	-	-	-	1,530
RCUIDS	-	-	(25,195)	(26,939)	(25,195)	(26,939)
Tax assets/(liabilities)	8,116	12,117	(44,089)	(52,895)	(35,973)	(40,778)
Set-off of tax	(7,562)	(11,815)	7,562	11,815	-	-
Net tax assets/(liabilities)	554	302	(36,527)	(41,080)	(35,973)	(40,778)
Company						
Other borrowings	-	3,700	-	(6,644)	-	(2,944)
RCUIDS	-	-	(25,195)	(26,939)	(25,195)	(26,939)
Net tax assets/(liabilities)	-	3,700	(25,195)	(33,583)	(25,195)	(29,883)

Unrecognised deferred tax assets

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unabsorbed capital allowances	6,163	6,163	-	-
Tax loss carry-forwards	2,213	781	-	-
Other deductible temporary differences	(1,649)	(290)	-	-
	6,727	6,654	-	-

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. The deductible temporary differences do not expire under the current tax legislation.

10. Deferred tax assets/(liabilities) (Cont'd)

Recognised deferred tax assets/(liabilities) (Cont'd)

Movement in temporary differences during the year

	At 1.8.2015 RM'000	Recognised in profit or loss (Note 20) RM'000	Recognised directly in equity RM'000	At 31.7.2016/ 1.8.2016 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.7.2017 RM'000
Group						
Property, plant and equipment	(22,180)	3,001	-	(19,179)	416	(18,763)
Investment properties	(111)	(22)	-	(133)	2	(131)
Other borrowings	(3,909)	1,082	-	(2,827)	2,827	-
Other payables	7,270	(500)	-	6,770	1,346	8,116
Reinvestment allowance	3,482	(1,952)	-	1,530	(1,530)	-
Allowance for increased export	5,448	(5,448)	-	-	-	-
RCUIDS	-	-	(26,939)	(26,939)	1,744	(25,195)
	(10,000)	(3,839)	(26,939)	(40,778)	4,805	(35,973)
Company						
RCUIDS	-	-	(26,939)	(26,939)	1,744	(25,195)
Other borrowings	(3,909)	965	-	(2,944)	2,944	-
	(3,909)	965	(26,939)	(29,883)	4,688	(25,195)

The deferred tax portion of the RCUIDS amounting to RM26,939,000 was charged to the equity component of the RCUIDS and recognised in equity in previous financial year (see Note 15.2).

11. Trade and other receivables

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current				
Non-trade				
Amount due from a subsidiary	-	-	-	24,034
Amount due from joint venture	251,100	279,612	251,100	279,612
Less: Share of post-acquisition reserves	(160,165)	-	-	-
Less: Allowance for impairment loss	-	-	(83,574)	-
	90,935	279,612	167,526	303,646
Current				
Trade				
Trade receivables	214,707	237,343	-	-
Less: Allowance for impairment loss	(2,828)	(634)	-	-
	211,879	236,709	-	-
Amount due from joint venture	295	341	-	-
	212,174	237,050	-	-
Non-trade				
Other receivables	17,363	39,774	28	52
Amount due from joint venture	330,614	247,392	330,614	247,392
Amount due from an associate	-	2	-	-
Amount due from subsidiaries	-	-	21,668	32
	347,977	287,168	352,310	247,476
Deposits	1,043	768	437	35
Prepayments	3,208	3,085	132	76
	352,228	291,021	352,879	247,587
	564,402	528,071	352,879	247,587
	655,337	807,683	520,405	551,233

The Group's normal trade credit term ranges from 14 to 90 (2016: 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, subject to interest at 5% per annum and repayable on demand (2016: subject to interest at 5% per annum and repayable in 2018).

Amount due from joint venture

The trade amount due from joint venture is subject to normal trade terms.

The non-trade amount due from joint venture is unsecured and subject to interest rates of 4.6% to 9.2% (2016: 4.6% to 9.2%) per annum. The non-current balance is repayable in 2019.

Share of loss recognised using the equity method in excess of the Group's investment in joint venture was applied to the amount due from joint venture which in substance, form part of the Group's long term investment in the joint venture.

12. Inventories

	Group 2017 RM'000	Group 2016 RM'000
Raw materials	105,583	67,369
Work-in-progress	18,443	14,355
Finished goods	106,261	85,970
Merchandise goods	90,985	84,955
Spare parts	2,575	2,344
At 31 July	323,847	254,993
Recognised in profit or loss:		
Inventories recognised as cost of sales	887,629	976,941
Write-down to net realisable value	7,483	14,485
Inventory written off	-	3,885
Reversal of provision for diminution value of inventories	-	(4,835)

13. Cash and cash equivalents

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Deposits placed with licensed banks	34,319	59,375	3,651	59,375
Cash and bank balances	49,031	182,117	825	67,824
	83,350	241,492	4,476	127,199

14. Capital and reserves

Share capital

	Group and Company			
	Amount 2017 RM'000	Number of shares 2017 RM'000	Amount 2016 RM'000	Number of shares 2016 RM'000
Authorised:				
Ordinary shares				
At 1 August	2,000,000	4,000,000	1,000,000	2,000,000
Additions	-	-	1,000,000	2,000,000
At 31 July	2,000,000	4,000,000	2,000,000	4,000,000
Issued and fully paid:				
Ordinary shares				
At 1 August	644,358	1,288,717	359,195	718,390
Conversion of RCUIDS	10,506	21,011	-	-
Bonus issue	-	-	285,163	570,327
At 31 July	654,864	1,309,728	644,358	1,288,717

14. Capital and reserves (Cont'd)

Share capital (Cont'd)

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 Note 14.4), all rights are suspended until those shares are reissued.

The shares issued during the financial year were related to the RCUIDS which were converted into ordinary shares by the holders.

Reserves

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable:					
Warrant reserves					
Warrants 2012/2017	14.1.1	-	18,459	-	18,459
Warrants 2016	14.1.2	30,341	30,341	30,341	30,341
Other reserves					
Translation reserves	14.2.1	(337)	(282)	-	-
Fair value reserves	14.2.2	(1,103)	(1,701)	-	-
Capital reserves	14.2.3	-	(353)	-	(353)
RCUIDS reserves	14.2.4	44,459	54,965	44,459	54,965
Share option reserves	14.3	4,639	4,190	4,639	4,190
Treasury shares	14.4	(7,499)	(7,496)	(7,499)	(7,496)
		70,500	98,123	71,940	100,106
Distributable:					
Retained earnings/(Accumulated losses)		82,011	170,383	(245,184)	28,488
		152,511	268,506	(173,244)	128,594

14.1 Warrant reserves

14.1.1 Warrants 2012/2017

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. The number of warrants outstanding as at 31 July 2016 was 159,360,628.

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.

No warrants were exercised during the financial year (2016: nil) and the warrants subsequently expired and ceased to be exercisable on 10 January 2017 (see Note 33.2).

14. Capital and reserves (Cont'd)

14.1 Warrant reserves (Cont'd)

14.1.2 Warrants 2016

The warrants were issued free to the subscribers for the RCUIDS in the previous financial year.

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

Issuance of 285,163,313 warrants 2016 arose from the subscription of the RCUIDS in the previous financial year. No warrants were exercised during the financial year (2016: nil) and the number of warrants outstanding as at 31 July 2017 was 285,163,313 (2016: 285,163,313).

The salient terms of the warrants 2016 are as follows:

(a) The warrants can be exercised any time during the tenure of 5 years commencing from the date of issue of 24 June 2016 to 23 June 2021 ("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 RM0.50 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.

During the year, the Company had redeemed the redeemable convertible secured bonds after the holder of the Bonds exercised the put option (see Note 15.1 and Note 33.1).

14.2.4 RCUIDS reserves

The RCUIDS reserves comprise the equity component of the Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS"). It represents the residual amount of the RCUIDS after deducting the fair value of the liability component. The amount is presented net of transaction costs and deferred tax liabilities.

During the year, 21,011,000 of RCUIDS (2016: nil) were converted into ordinary shares resulted in the decrease in the reserves. The number of RCUIDS outstanding as at 31 July 2017 was 264,152,313 (2016: 285,163,313).

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. No share options were exercised by the employees during the year (2016: nil).

14.4 Treasury shares

During the financial year, the Company repurchased 10,000 of its issued share capital from the open market at an average price of RM0.30 per share including transaction costs financed by internally generated funds. The shares repurchased were held as treasury shares.

As at 31 July 2017, a total of 5,492,000 (2016: 5,482,000) buy-back shares were held as treasury shares and carried at cost.

15. Loans and borrowings

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current					
Secured:					
Redeemable convertible secured bonds	15.1, 15.3	-	135,200	-	135,200
Unsecured:					
RCUIDS	15.2	25,245	30,337	25,245	30,337
		25,245	165,537	25,245	165,537
Current					
Secured:					
Redeemable convertible secured bonds	15.1, 15.3	-	2,199	-	2,199
Bankers' acceptances	15.3	351,317	328,111	-	-
Revolving credit	15.3	60,000	60,000	30,000	30,000
Unsecured:					
Term loan		17,110	61,050	17,110	61,050
		428,427	451,360	47,110	93,249
		453,672	616,897	72,355	258,786

15.1 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 the statements of financial position as follows:

	Group and Company 2017 RM'000	Group and Company 2016 RM'000
At 1 August	137,399	133,545
Accreted interest	497	3,854
Redemption	(137,896)	-
At 31 July	-	137,399

The Bonds are convertible into ordinary shares at the option of the holder at conversion price of RM0.50 at any time between issuance up to the maturity date on 5 April 2019.

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

During the year, the holder of the Bonds exercised the put option on 5 April 2017, being the 5th anniversary of the Issue date, and the Company had subsequently redeemed the redeemable convertible secured bonds (see Note 33.1).

15. Loans and borrowings (Cont'd)

15.2 RCUIDS

On 24 June 2016 ("Issue date"), the Company issued a 5-year RCUIDS with free detachable warrants for cash consideration of RM142,581,656.50. The RCUIDS and warrants are convertible into ordinary shares at the conversion ratio of one share for each RCUIDS and for each warrant from the issue date of the RCUIDS up to 23 June 2021 at the option of the holder, unconverted RCUIDS will be entitled to receive a coupon of 5% per annum based on the nominal value of RCUIDS held.

The liability component of the RCUIDS is recognised in the statements of financial position as follows:

	Group and Company	
	2017 RM'000	**2016 RM'000**
Carrying amount as at 1 August	30,337	-
Proceeds from issuance of 285,163,313 RCUIDS and free warrants	-	142,582
Amount classified as equity:		
Other reserves	-	(54,965)
Warrant reserves	-	(30,341)
Amount classified as deferred tax liabilities	-	(26,939)
Amortisation of premium	(5,092)	-
Carrying amount as at 31 July	25,245	30,337

15.3 Security

(a) The redeemable convertible bonds are secured by a first legal charge over property of a subsidiary with carrying amount of RM nil (2016: RM65,697,000) and the land and buildings of the Company with carrying amount of RM nil (2016: RM99,420,000) (see Note 5).

(b) The Company has extended corporate guarantees amounting to RM411,317,000 (2016: RM388,111,000) 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.

16. Trade and other payables

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current				
Trade				
Trade payables	4,713	28,127	-	-
Amount due to a related party	5,718	744	-	-
	10,431	28,871	-	-
Non-trade				
Other payables	9,365	22,170	218	175
Accruals	18,938	19,214	4,068	2,833
Deposits received	1,873	2,097	23	12
Amount due to subsidiaries	-	-	131,920	27,708
Amount due to a related party	-	3,531	-	-
	30,176	47,012	136,229	30,728
	40,607	75,883	136,229	30,728

16. **Trade and other payables (Cont'd)**

Amount due to a related party

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

The non-trade amount due to a related party is unsecured, non-interest bearing and repayable upon demand.

Amount due to subsidiaries

The amount due to subsidiaries is 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods and services	1,065,352	1,125,810	-	-
Services rendered	2	2	-	-
Rental of scaffolding equipment	8,101	12,057	-	-
Dividends income	-	-	6,360	176,360
Rental of properties	202	192	7,268	7,992
Management fees	-	-	3,906	3,906
	1,073,657	1,138,061	17,534	188,258

18. **Cost of sales**

	Group	
	2017 RM'000	2016 RM'000
Cost of inventories sold	890,394	1,007,194
Cost of services rendered	3	3
Depreciation of scaffolding equipment for hire	5,023	6,483
	895,420	1,013,680
Included in the cost of inventories sold are the following:		
Direct and indirect labour costs	24,624	21,679
Upkeep of property, plant and equipment	8,743	6,532
Depreciation of property, plant and equipment	11,597	12,014

19. Finance costs

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Interest expense on:				
Bank overdrafts	76	83	-	-
Bankers' acceptances	15,881	16,480	-	-
Term loan	2,252	1,544	2,252	1,544
Revolving credit	3,018	3,145	1,588	1,662
Redeemable convertible secured bonds	7,112	10,470	7,112	10,470
RCUIDS	1,916	-	1,916	-
	30,255	31,722	12,868	13,676

20. Income tax expense

Recognised in profit or loss

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current tax				
Malaysian - current	34,463	13,940	5,364	3,546
- prior years	(1,318)	(223)	(88)	(846)
	33,145	13,717	5,276	2,700
Deferred tax				
Origination and reversal of temporary differences	(5,260)	4,071	(5,084)	(965)
Under/(Over) provision in prior years	455	(232)	396	-
	(4,805)	3,839	(4,688)	(965)
Total income tax expense	28,340	17,556	588	1,735

Reconciliation of tax expense

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(Loss)/Profit before tax	(74,821)	(24,617)	(287,689)	188,150
Share of loss after tax of equity accounted investees	215,322	99,223	-	-
	140,501	74,606	(287,689)	188,150

20. Income tax expense (Cont'd)

Reconciliation of tax expense (Cont'd)

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Income tax calculated using Malaysian tax rate of 24%	33,720	17,905	(69,045)	45,156
Effect of tax rate in foreign jurisdictions	-	(84)	-	-
Income not subject to tax	(5,441)	(103)	(2,511)	(42,329)
Non-deductible expenses	906	337	71,836	(246)
Temporary difference for which no deferred tax assets was recognised	18	(44)	-	-
Under/(Over) provision of deferred tax in prior years	455	(232)	396	-
Over provision of current tax in prior years	(1,318)	(223)	(88)	(846)
Income tax expense	28,340	17,556	588	1,735

21. (Loss)/Profit for the year

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
(Loss)/Profit for the year is arrived after charging/(crediting):				
Personnel expenses:				
Salaries, wages and others	42,485	40,399	7,180	4,920
Defined contribution plan	4,079	3,915	889	632
Auditors' remuneration:				
- Audit fees				
KPMG PLT	334	326	100	90
Other auditors	20	20	-	-
- Non audit fees				
KPMG PLT	20	205	20	205
Allowance for doubtful debts	2,194	634	-	-
Depreciation of property, plant and equipment	14,590	21,706	110	126
Depreciation of investment properties	158	159	1,315	1,315
Equity-settled share based payments	449	448	449	448
Minimum lease payments recognised as operating lease expense for:				
- Land and buildings	718	1,343	-	-
- Office equipment	23	19	-	-
- Gas tank	10	11	-	-
Property, plant and equipment written off	47	20	-	-
Impairment loss - investment in and amount due from joint venture	-	-	304,272	-
Gain on disposals of property, plant and equipment	(6,803)	(3,868)	-	-
Loss on disposal of an associate	2	-	-	-
Loss/(Gain) on disposals of available-for-sale financial assets	2	(103)	-	-
Charge arising from early redemption of convertible secured bonds	9,457	-	9,457	-

21. (Loss)/Profit for the year (Cont'd)

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(Loss)/Profit for this year is arrived after charging/(crediting) :				
Rental income from investment properties	(774)	(998)	(7,268)	(7,992)
Dividends income	(33)	(33)	(6,360)	(176,360)
Net foreign exchange (gain)/loss				
- Realised	(3,173)	(3,772)	-	-
- Unrealised	(1,744)	1,400	(1,558)	226
Net overdue interest income	(485)	(355)	-	-
Finance income:				
- Deposits	(2,939)	(1,988)	(2,335)	(1,636)
- Available-for-sale financial assets	(1,084)	(787)	-	(10)
- Joint venture	(28,997)	(24,245)	(28,997)	(24,245)
- Subsidiary	-	-	(1,205)	(1,606)
Reversal of provision for diminution in value of inventories	-	(4,835)	-	-
Inventories written off	-	3,885	-	-
Write-down on slow moving inventories	7,483	14,485	-	-

22. Key management personnel compensation

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Executive directors				
- Remuneration	5,727	2,675	5,133	2,081
	5,727	2,675	5,133	2,081
Non-executive directors:				
- Fees	427	358	360	315
- Other emoluments	16	24	16	24
	443	382	376	339
	6,170	3,057	5,509	2,420

23. Loss per ordinary share

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 July 2017 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2017	**2016**
Loss attributable to ordinary shareholders (RM'000)	(102,977)	(41,561)
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 August	1,288,717	718,390
Effect of treasury shares held	(5,492)	(5,482)
Effect of ordinary shares issued	4,423	570,327
Weighted average number of ordinary shares at 31 July	1,287,648	1,283,235
Basic loss per ordinary share (sen)	(8.00)	(3.24)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 July 2017 was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

No diluted loss per ordinary share is disclosed as there are no dilutive potential ordinary shares.

24. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2017			
Final 2016 ordinary (single tier)	0.30	3,854	25 January 2017
2016			
Final 2015 ordinary (single tier)	0.30	2,139	26 January 2016

25. Operating segments

(a) Business Segments

For management purposes, the Group is organised into business units based on their products and services, and has five 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;

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

(v) The mining exploration segment involved in exploring, contracting and activities related to the mining, processing and sale of iron ore.

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.

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 Chief Operating Officer. 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 assets 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 Chief Operating Officer. Segment total assets 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 Chief Operating Officer. Hence disclosure is made on segment liabilities.

Segment capital expenditure

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

25. Operating segments (Cont'd)

2017	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Mining exploration RM'000	Eliminations RM'000	Total RM'000
Revenue							
External customers	500,011	573,472	172	2	-	-	1,073,657
Inter-segment	-	19,822	17,362	3,161	-	(40,345)	-
Total segment revenue	500,011	593,294	17,534	3,163	-	(40,345)	1,073,657
Results							
Segment profit	29,201	102,992	8,678	38	(408)	(215,322)	(74,821)
Included in the measure of segment profit are:							
Finance income	697	954	31,332	37	-	-	33,020
Dividends income	-	-	33	-	-	-	33
Finance cost	(7,955)	(9,431)	(12,869)	-	-	-	(30,255)
Depreciation	(2,080)	(8,882)	(3,145)	(411)	(230)	-	(14,748)
Share of loss of joint venture	-	-	-	-	-	-	(215,322)
Assets							
Segment assets	316,377	630,829	624,382	3,257	21,798	(249,259)	1,347,384
Unallocated assets	-	-	-	-	-	-	4,410
Total assets	316,377	630,829	624,382	3,257	21,798	(249,259)	1,351,794
Liabilities							
Segment liabilities	210,284	235,182	209,513	384	21,806	(182,891)	494,278
Unallocated liabilities	-	-	-	-	-	-	50,145
Total liabilities	210,284	235,182	209,513	384	21,806	(182,891)	544,423
Other information							
Addition to non-current assets other than financial instruments and deferred tax assets	841	13,571	-	4	3	-	14,419
Property, plant and equipment written off	-	(47)	-	-	-	-	(47)
Allowance for doubtful debts	(1,437)	(757)	-	-	-	-	(2,194)

25. Operating segments (Cont'd)

2016	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Mining exploration RM'000	Eliminations RM'000	Total RM'000
Revenue							
External customers	589,033	548,834	192	2	-	-	1,138,061
Inter-segment	-	4,955	188,066	3,938	-	(196,959)	-
Total segment revenue	589,033	553,789	188,258	3,940	-	(196,959)	1,138,061
Results							
Segment profit	9,171	56,507	9,853	423	(1,352)	(99,219)	(24,617)
Included in the measure of segment profit are:							
Finance income	568	534	25,892	26	-	-	27,020
Dividends income	-	-	33	-	-	-	33
Finance cost	(9,370)	(8,676)	(13,676)	-	-	-	(31,722)
Depreciation	(2,927)	(15,105)	(3,162)	(441)	(230)	-	(21,865)
Share of loss of joint venture	-	-	-	-	-	-	(99,223)
Share of loss of associate	-	-	-	-	-	-	(4)
Assets							
Segment assets	300,520	558,266	845,145	3,659	20,800	(79,842)	1,648,548
Unallocated assets	-	-	-	-	-	-	3,446
Total assets	300,520	558,266	845,145	3,659	20,800	(79,842)	1,651,994
Liabilities							
Segment liabilities	217,602	243,877	290,392	382	20,394	(79,868)	692,779
Unallocated liabilities	-	-	-	-	-	-	46,171
Total liabilities	217,602	243,877	290,392	382	20,394	(79,868)	738,950
Other information							
Addition to non-current assets other than financial instruments and deferred tax assets	320	2,112	-	-	-	-	2,432
Property, plant and equipment written off	(20)	-	-	-	-	-	(20)
Reversal of provision for diminution in value of inventories	-	4,835	-	-	-	-	4,835
Allowance for doubtful debts	(634)	-	-	-	-	-	(634)

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) Available-for-sale financial assets ("AFS"); and
(c) Financial liabilities measured at amortised cost ("FL").

2017	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets			
Group			
Available-for-sale financial assets	6,198	-	6,198
Trade and other receivables (excluding prepayments)	652,129	652,129	-
Cash and cash equivalents	83,350	83,350	-
	741,677	735,479	6,198
Company			
Trade and other receivables (excluding prepayments)	520,273	520,273	-
Cash and cash equivalents	4,476	4,476	-
	527,749	527,749	-
Financial liabilities			
Group			
Loans and borrowings	(453,672)	(453,672)	-
Trade and other payables	(40,607)	(40,607)	-
	(494,279)	(494,279)	-
Company			
Loans and borrowings	(72,355)	(72,355)	-
Trade and other payables	(136,229)	(136,229)	-
	(208,584)	(208,584)	-

26. Financial instruments (Cont'd)

26.1 Categories of financial instruments (Cont'd)

2016	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets			
Group			
Available-for-sale financial assets	6,098	-	6,098
Trade and other receivables (excluding prepayments)	804,598	804,598	-
Cash and cash equivalents	241,492	241,492	-
	1,052,188	1,046,090	6,098
Company			
Trade and other receivables (excluding prepayments)	551,157	551,157	-
Cash and cash equivalents	127,199	127,199	-
	678,356	678,356	-
Financial liabilities			
Group			
Loans and borrowings	(616,897)	(616,897)	-
Trade and other payables	(75,883)	(75,883)	-
	(692,780)	(692,780)	-
Company			
Loans and borrowings	(258,786)	(258,786)	-
Trade and other payables	(30,728)	(30,728)	-
	(289,514)	(289,514)	-

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets	4,654	1,713	2,335	1,646
Loans and receivables	32,204	26,339	(272,613)	25,903
Financial liabilities measured at amortised cost	(39,711)	(31,722)	(22,325)	(13,676)
	(2,853)	(3,670)	(292,603)	13,873

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 and advances to joint venture. The Company's exposure to credit risk arises principally from loans and advances to joint venture and a subsidiary and corporate guarantees given to banks for credit facilities granted to subsidiaries and joint venture.

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	
	2017 RM'000	**2016 RM'000**
Domestic	184,777	209,665
Asia	27,057	26,674
Australia/New Zealand	340	711
	212,174	237,050

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:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	81,511	-	81,511
Past due 1 - 30 days	38,727	-	38,727
Past due 31 - 60 days	45,541	-	45,541
Past due 61 - 90 days	34,396	-	34,396
Past due more than 90 days	14,827	(2,828)	11,999
	215,002	(2,828)	212,174
2016			
Not past due	143,018	-	143,018
Past due 1 - 30 days	80,589	-	80,589
Past due 31 - 60 days	1,796	-	1,796
Past due 61 - 90 days	3,799	-	3,799
Past due more than 90 days	8,482	(634)	7,848
	237,684	(634)	237,050

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

	Group	
	2017 RM'000	2016 RM'000
At 1 August	634	32
Impairment loss	2,194	634
Impairment loss written off	-	(32)
At 31 July	2,828	634

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.

Available-for-sale financial 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.

26. Financial instruments (Cont'd)

26.4 Credit risk (cont'd)

Available-for-sale financial assets (Cont'd)

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 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 RM411,317,000 (2016: RM388,111,000) 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 its subsidiary and joint venture. 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 subsidiary are not recoverable.

An impairment loss in respect of the advances to the joint venture of the Company amounted to RM83,574,000 (2016: nil) was recognised during the financial year based on the discounted cash flow projections prepared by the management of the joint venture.

26. Financial instruments (Cont'd)

26.4 Credit risk (cont'd)

The movements in the allowance for impairment loss of the amount due from joint venture during the financial year were:

	Group 2017 RM'000	Group 2016 RM'000
At 1 August	-	-
Impairment loss	83,574	-
At 31 July	83,574	-

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
2017							
Non-derivative financial liabilities							
Secured bank loans and facilities	411,317	4.05% - 5.30%	411,317	411,317	-	-	-
Term loan	17,110	5.40%	17,110	17,110	-	-	-
Trade and other payables*	40,607	-	40,607	40,607	-	-	-
RCUIDS	25,245	5.00%	28,516	7,129	7,129	14,258	-
Financial guarantees	-	-	16,829	16,829	-	-	-
	494,279		514,379	492,992	7,129	14,258	-
2016							
Non-derivative financial liabilities							
Secured bank loans and facilities	388,111	4.22% - 5.60%	388,111	388,111	-	-	-
Term loan	61,050	5.40%	61,050	61,050	-	-	-
Redeemable convertible secured bonds	137,399	4.50%	166,845	6,615	6,615	153,615	-
Trade and other payables*	75,883	-	75,883	75,883	-	-	-
RCUIDS	30,337	5.00%	35,645	7,129	7,129	21,387	-
Financial guarantees	-	-	23,017	23,017	-	-	
	692,780		750,551	561,805	13,744	175,002	-

26. Financial instruments (Cont'd)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	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
Company							
2017							
Non-derivative financial liabilities							
Revolving credit	30,000	5.30%	30,000	30,000	-	-	-
Term loan	17,110	5.40%	17,110	17,110	-	-	-
Trade and other payables*	136,229	-	136,229	136,229	-	-	-
RCUIDS	25,245	5.00%	28,516	7,129	7,129	14,258	-
Financial guarantees	-	-	421,636	421,636	-	-	-
	208,584		633,491	612,104	7,129	14,258	-
2016							
Non-derivative financial liabilities							
Redeemable convertible secured bonds	137,399	4.50%	166,845	6,615	6,615	153,615	-
Revolving credit	30,000	5.30% - 5.60%	30,000	30,000	-	-	-
Term loan	61,050	5.40%	61,050	61,050	-	-	-
Trade and other payables*	30,728	-	30,728	30,728	-	-	-
RCUIDS	30,337	5.00%	35,645	7,129	7,129	21,387	-
Financial guarantees	-	-	404,608	404,608	-	-	-
	289,514		728,876	540,130	13,744	175,002	-

* *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. Financial instruments (Cont'd)

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 Dollar (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. The Group and the Company did not enter into any forward foreign exchange contracts in the current and previous financial years. However, this policy is subject to review from time to time.

Exposure to foreign currency risk

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

	Denominated in	
Group	**USD**	**SGD**
2017	**RM'000**	**RM'000**
Trade receivables	5,672	19,092
Cash and cash equivalents	31,667	5,832
Total exposure	37,339	24,924
2016		
Trade receivables	2,388	23,715
Cash and cash equivalents	13,431	20,967
Total exposure	15,819	44,682

Currency risk sensitivity analysis

Foreign currency risk of the Group entities mainly arises from transactions dealing in SGD and USD. The exposure to other currencies is not material and hence sensitivity analysis is not presented for other currencies.

A 10% and 10% (2016: 10% and 10%) strengthening of the SGD and USD respectively against the functional currency 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	
	2017	**2016**
Group	**RM'000**	**RM'000**
SGD	1,894	3,396
USD	2,837	1,202

26. Financial instruments (Cont'd)

26.6 Market risk (Cont'd)

26.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

A 10% and 10% (2016: 10% and 10%) 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.

26.6.2 Interest rate risk

The Group's 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rate instruments				
Financial liabilities				
Revolving credit	60,000	60,000	30,000	30,000
Bankers' acceptances	351,317	328,111	-	-
Term loan	17,110	61,050	17,110	61,050
Redeemable convertible secured bonds	-	137,399	-	137,399
RCUIDS	25,245	30,337	25,245	30,337
	453,672	616,897	72,355	258,786

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do 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.

Cash flow sensitivity analysis for variable rate instruments

The exposure to interest rate risk arising from floating rate instruments is not material, and hence, sensitivity analysis is not presented.

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 instruments are 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% (2016: 5%) higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM68,353 (2016 : RM38,091) 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 of licensed financial institutions within Malaysia is a fixed income fund which provides regular income stream and stable investment returns. The Group invested in the funds for cash management purpose. The exposure to the equity risk is not material and hence sensitivity analysis is not presented.

26.7 Fair value information

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 and the Company'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.

26. Financial instruments (Cont'd)

26.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2017 Group	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair Value RM'000	Carrying Amount RM'000
Financial assets										
Investment in quoted shares	1,367	-	-	1,367	-	-	-	-	1,367	1,367
Investment in unit trust funds	-	4,691	-	4,691	-	-	-	-	4,691	4,691
Amount due from joint venture	-	-	-	-	-	-	421,844	421,844	421,844	421,844
	1,367	4,691	-	6,058	-	-	421,844	421,844	427,902	427,902
Financial liabilities										
RCUIDS	-	-	-	-	-	-	25,245	25,245	25,245	25,245
Company										
Financial assets										
Amount due from joint venture	-	-	-	-	-	-	498,140	498,140	498,140	498,140
Financial liabilities										
RCUIDS	-	-	-	-	-	-	25,245	25,245	25,245	25,245

26. Financial instruments (Cont'd)

26.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2016 Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair Value RM'000**	**Carrying Amount RM'000**
Financial assets										
Investment in quoted shares	769	-	-	769	-	-	-	-	769	769
Investment in unit trust funds	-	5,189	-	5,189	-	-	-	-	5,189	5,189
Amount due from joint venture	-	-	-	-	-	-	527,345	527,345	527,345	527,345
	769	5,189	-	5,958	-	-	527,345	527,345	533,303	533,303
Financial liabilities										
Redeemable convertible secured bonds	-	-	-	-	-	-	137,399	137,399	137,399	137,399
RCUIDS	-	-	-	-	-	-	30,337	30,337	30,337	30,337
	-	-	-	-	-	-	167,736	167,736	167,736	167,736
Company										
Financial assets										
Amount due from a subsidiary	-	-	-	-	-	-	24,034	24,034	24,034	24,034
Amount due from joint venture	-	-	-	-	-	-	527,004	527,004	527,004	527,004
	-	-	-	-	-	-	551,038	551,038	551,038	551,038
Financial liabilities										
Redeemable convertible secured bonds	-	-	-	-	-	-	137,399	137,399	137,399	137,399
RCUIDS	-	-	-	-	-	-	30,337	30,337	30,337	30,337
	-	-	-	-	-	-	167,736	167,736	167,736	167,736

26. Financial instruments (Cont'd)

26.7 Fair value information (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	**Description of valuation technique and inputs used**
Amount due from subsidiaries and joint venture, redeemable convertible secured bonds and RCUIDS	Discounted cash flows using a rate based on the current market rate of bowing of the Company at the reporting date.

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 notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

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.

27. Capital management (Cont'd)

During 2017, the Group's strategy, which was unchanged from 2016, was to maintain the debt-to-equity ratio of less than 1.0. The debt-to-equity ratios were as follows:

		Group	
	Note	2017 RM'000	2016 RM'000
Loans and borrowings	15	453,672	616,897
Less: Cash and cash equivalents	13	(83,350)	(241,492)
Less: Available-for-sale financial assets - current	9	(4,691)	(5,189)
Net debt		365,631	370,216
Total equity		807,371	913,044
Debt-to-equity ratios		0.45	0.41

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.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	Group	
	2017 RM'000	2016 RM'000
Less than one year	391	463
Between one and five years	1,016	177
	1,407	640

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

Leases as lessor

The Group leases out their investment properties under operating leases (see Note 5). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2017 RM'000	2016 RM'000
Less than one year	219	742
Between one and five years	870	-
	1,089	742

29. Capital commitment

	Group	
	2017 RM'000	2016 RM'000
Share of capital commitments of joint venture:		
Approved and contracted for	20,018	22,530

30. Contingent liabilities

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unsecured				
In respect of corporate guarantees issued for subsidiaries	-	-	411,317	388,111
In respect of indemnity provided for bank guarantees issued	6,510	6,520	-	-
In respect of corporate guarantees issued for a joint venture	10,319	16,497	10,319	16,497

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 or jointly 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. 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.

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22), are as follows:

Transaction with related parties

	2017 RM'000	2016 RM'000
Group		
Purchases of steel products from a company in which certain directors of the Company have significant interests:		
JK Ji Seng Sdn. Bhd.	231,486	181,092
Sales of steel products to joint venture		
Eastern Steel Sdn. Bhd.	-	(33)

31. Related parties (Cont'd)

Transaction with related parties (Cont'd)

Company	2017 RM'000	2016 RM'000
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn. Bhd.	(3,900)	(3,120)
Huatraco Scaffold Sdn. Bhd.	(1,560)	(1,560)
Hiap Teck Hardware Sdn. Bhd.	(1,488)	(3,120)
Management fees from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	(1,260)	(1,260)
Alpine Pipe Manufacturing Sdn. Bhd.	(1,260)	(1,260)
Huatraco Scaffold Sdn. Bhd.	(1,260)	(1,260)
Briliant Decade Transport Agency Sdn. Bhd.	(126)	(126)
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	(1,800)	(89,267)
Alpine Pipe Manufacturing Sdn. Bhd.	(3,000)	(73,783)
Huatraco Scaffold Sdn. Bhd.	(1,200)	(12,950)
Briliant Decade Transport Agency Sdn. Bhd.	(360)	(360)
Rental income from joint venture:		
Eastern Steel Sdn. Bhd.	(100)	(120)

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.

Intercompany balances with the related parties

Group	2017 RM'000	2016 RM'000
Amount due to a related party		
JK Ji Seng Sdn. Bhd.	(5,718)	(744)
Wong Chin Dong (shareholder of Vista Mining Sdn. Bhd.)	-	(3,531)
Amount due from joint venture		
Eastern Steel Sdn. Bhd.	421,844	527,345
Company		
Amount due from/(to) subsidiaries (net)		
Alpine Pipe Manufacturing Sdn. Bhd.	(44,319)	24,046
Vista Mining Sdn. Bhd.	21,575	-
Huatraco Scaffold Sdn. Bhd.	14	(3,220)
Hiap Teck Hardware Sdn. Bhd.	(86,441)	(24,175)
Briliant Decade Transport Agency Sdn. Bhd.	12	(295)
Hiap Teck Resources Sdn. Bhd.	(1,025)	-
Tiek Hong Hardware (B'worth) Sdn. Bhd.	(68)	-
Amount due from joint venture		
Eastern Steel Sdn. Bhd.	498,140	527,004

32. Employee benefit

Share option programme (equity-settled)

On 19 April 2013, the Company granted 48,800,000 of share options to eligible Directors and employees under the Employees Share Option Scheme ("ESOS"), approved by the shareholders of the Company on 23 November 2011. On 10 January 2014, the Company further granted 11,020,000 of share options on similar terms (except for exercise price) to eligible Directors and employees. On 12 January 2015, additional 8,950,000 of share options were granted on similar terms (except for exercise price) to eligible Directors and employees. On 24 June 2016, there were additional 43,718,783 share options granted arising from adjustments to the outstanding number of share options pursuant to the rights issue. On 10 January 2017, the Company extended its existing ESOS which expired on 11 April 2017 for another five (5) years from 11 April 2017 to 11 April 2022.

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 have 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 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 2015, 2016 and 2017 subject to the yearly performance targets set by the Board of Directors of the Company;

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

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

	Weighted average exercise price 2017	Number of options ('000) 2017	Weighted average exercise price 2016	Number of options ('000) 2016
Outstanding at 1 August	RM0.53	97,230	RM0.53	56,231
Granted during the year*	-	-	RM0.53	43,719
Forfeited during the year	RM0.54	(18,140)	RM0.57	(2,720)
Rejected during the year		-		-
Exercised during the year		-		-
Outstanding at 31 July	RM0.53	79,090	RM0.53	97,230
Exercisable at 31 July	RM0.53	79,090	RM0.53	97,230

*Issuance of 43,718,783 share options arising from adjustments to the outstanding number of share options pursuant to the rights issue in the previous year.

32. Employee benefit (Cont'd)

The options outstanding at 31 July 2017 have an exercise price in range of RM0.50 to RM0.67 (2016: RM0.50 to RM0.67) and a weighted average contractual life of 5 years (2016: 1 year).

During the current and previous financial years, no share options were exercised.

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:

	2017	2016
Fair value of share options and assumptions		
Fair value at grant date	RM0.07	RM0.07
Weighted average share price	RM0.74	RM0.74
Share price at grant date	RM0.64	RM0.64
Option life (expected weighted average life)	5 years	1 year
Risk-free interest rate	3.8%	3.8%

Value of employee services received for issue of share options

	Group and Company	
	2017 RM'000	2016 RM'000
Share options granted in financial year ended 31 July 2013	192	192
Share options granted in financial year ended 31 July 2014	182	182
Share options granted in financial year ended 31 July 2016	75	74
Total expense recognised as share based payments	449	448

The share options expense is recognised in profit or loss.

33. Significant events

33.1 Redemption of redeemable convertible secured 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 holder of the Bonds may on the 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 (5 April 2019) ("Maturity date").

On 5 April 2017, the Company has redeemed the Bonds after the holder of the Bonds exercised the put option by written notice. The redemption resulted in a pre-tax loss of RM9,457,000 which was recognised in profit or loss (refer to Note 21). The Company ceased to have any liabilities pertaining to the convertible secured bonds after the redemption.

33.2 Expiry of Warrants 2012/2017

On 9 January 2017, the 159,360,628 of outstanding warrants with exercise price of RM0.69 expired and ceased to be exercisable thereafter. No warrants have been exercised by the registered holders during the year.

34. Subsequent events

Subsequent to year end, there were conversions of RCUIDS to ordinary shares as follows:

i. On 8 August 2017, there was conversion of RCUIDS by the registered holders to 420,800 ordinary shares;

ii. On 16 August 2017, there was conversion of RCUIDS by the registered holders to 4,548,000 ordinary shares;

iii. On 30 August 2017, there was conversion of RCUIDS by the registered holders to 358,400 ordinary shares; and

iv. On 18 September 2017, there was conversion of RCUIDS by the registered holders to 815,000 ordinary shares.

The latest issued share capital after the above conversions was RM657,935,000.

35. 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 or losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	204,291	383,441	(246,516)	28,714
- unrealised	(820)	(2,674)	1,332	(226)
	203,471	380,767	(245,184)	28,488
Total share of accumulated losses of equity accounted investees				
- realised	(321,895)	(124,001)	-	-
- unrealised	(59,068)	(41,640)	-	-
Less: Consolidation adjustments	259,503	(44,743)	-	-
Total retained earnings	82,011	170,383	(245,184)	28,488

The determination of realised and unrealised profits or losses is based on 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 on 20 December 2010.

STATEMENT BY DIRECTORS
pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 48 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 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 35 on page 119 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
Director

………………………………………………………..
Foo Kok Siew
Director

Date: 25 October 2017

STATUTORY DECLARATION
pursuant to Section 251(1)(b) of the Companies Act 2016

I, Foo Kok Siew, the Director primarily responsible for the financial management of Hiap Teck Venture Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 119 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Foo Kok Siew, NRIC: 610523-10-6663, at Kuala Lumpur in the Federal Territory on 25 October 2017.

………………………..………..
Foo Kok Siew
Director

Before me:

D. Selvaraj
Commissioner for Oaths
(No. W320)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hiap Teck Venture Berhad, which comprise the statements of financial position as at 31 July 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 118.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017 and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

1. Revenue recognition

Refer to Note 2(o) – significant accounting policy: Revenue and other income – Goods sold and Note 17 – Revenue.

The key audit matter	How the matter was addressed in our audit
Revenue of the Group mainly comprises income generated from manufacturing and selling of steel pipes, hollow sections, scaffolding equipment and accessories and other steel products. Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer, usually in the form of an executed sales agreement and when the goods are delivered to customers. Revenue recognition is identified as a key audit matter as the Group's revenue transactions are voluminous with variety of goods sold and services rendered , with different terms and pricing, for different customers. There is a risk that revenue may be recognised before the significant risks and rewards of ownership of the goods sold have been transferred to the customers.	We performed the following audit procedures, among others: • We evaluated the design and implementation of controls over the accuracy and timing of revenue recognition, and tested their operating effectiveness. • From samples selected, we verified revenue transactions to respective sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of the goods to customers and performance of services. • We analysed the trend of credit notes and sales returns after the year-end date to determine if there was evidence that revenue was recognised in the incorrect financial period. • We selected revenue transactions prior and subsequent to the year-end date and inspected the respective sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of goods and services rendered and checked that these transactions were recognised in the appropriate financial periods.

Key Audit Matters (cont'd)

2. Recoverability of investment in and amount due from joint venture

Refer to Note 2(a)(vi) – significant accounting policy: Basis of consolidation - Joint arrangements, Note 7 – Investment in joint venture and Note 11 - Trade and other receivables - Amount due from joint venture.

The key audit matter	How the matter was addressed in our audit
The Group invested in a joint venture which is principally engaged in manufacturing, selling and dealing in a range of steel products using blast furnace plant. In view of the depressed market prices and soft demand of steel slabs and the increased volatility of foreign exchange rates, the joint venture has ceased its trial operation in the previous financial year to minimise losses. As at 31 July 2017,the gross amounts of the investment cost and amount due from the joint venture were RM275.80 million and RM581.71 million respectively, and the carrying amounts were nil and RM421.55 million respectively after netting off the share of post-acquisition reserves and impairment loss. The recoverability of amount due from the joint venture is identified as a key audit matter in view of the cessation of operation and unfavorable market conditions in which the joint venture operates. The management of the joint venture has prepared discounted cash flow projections to assess the recoverable amount of the amount due from the joint venture.	We performed the following audit procedures, among others: • We engaged corporate finance specialists in assessing the reasonableness of the joint venture's discounted cash flow projections and challenged the key assumptions used. We compared the key assumptions to externally derived data as well as our own assessments which took into account historical trend, future business plans and budgets. • We performed sensitivity analysis on the key assumptions used which include sale prices, sales volume, operating capacity, contribution margins, other operating costs and post-tax discount rate. • We discussed with management of the joint venture on the planned resumption of production, and reviewed minutes of Boards' meetings to corroborate the management's action plans. • We checked the appropriateness of the disclosures made in the financial statements prepared by the management

Recoverability of investment in and amount due from joint venture is also a key audit matter in the audit of the separate financial statements of the Company. We have determined that there are no other key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 35 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chin Shoon Chong
Approval Number: 02823/04/2019 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 25 October 2017

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 2017 (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	19.5	9	19,005	17,809,030	29-May-03	28-Dec-16
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	19.5	9	18,732	16,872,230	29-May-03	28-Dec-16
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	18.5	9	18,516	18,550,694	29-May-03	28-Dec-16
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	18	10.013	22,341	25,704,000	05-Jul-96	28-Dec-16
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse with 4 storey office building	Freehold	18	9.483	12,179	19,170,000	05-Jan-95	28-Dec-16
Lot 6097, Mukim of Kapar District of Klang Selangor Darul Ehsan	Agricultural Land	Freehold	-	5.0	-	6,858,961	14-Jan-12	28-Dec-16
Lot 54959 (formerly PT40530), Mukim of Kapar, District of Klang, Selangor	Single storey detached factory with a double storey office building	Freehold	11	18.0	53,243	64,643,632	23-Oct-08	28-Dec-16
51-C, Tingkat Dua Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	17	-	144,929	157,288	20-Aug-99	05-Jan-17

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 2017 (RM)	Date of Acquisition	Date of Last Revaluation
Company and its subsidiaries (cont'd)								
4727-01, Jalan Sri Putri 5/7 Taman Putri Kulai 81000 Kulai Johor Darul Takzim	Shop office apartment	Freehold	19	-	143.07	101,226	02-Aug-99	22-Dec-16
No.8, Jalan Firma 3, Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey detached factory building	Leasehold (60 years) expiring 31/01/2060	14	1	2,536.30	2,055,715	27-Feb-07	28-Dec-16
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 31/01/2060	15	1.554	3,995.76	4,518,912	06-Jun-07	28-Dec-16
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural land	Freehold	-	5.1	-	670,000	09-Jun-95	28-Dec-16
Lot 296, Mukim 13 District of Seberang Perai Tengah, Pulau Pinang	Single storey warehouse with 2 storey office	Leasehold (60 years) expiring 10/03/2058	11	2.241	2,453	2,051,979	06-Jul-96	28-Dec-16
Joint Venture								
Lot 6293 & Lot 6294 Mukim Teluk Kalung Kemaman, Terengganu	Blast furnance plant	Leasehold (60 years) expiring 01/04/2068	-	608.62	-	123,886,709	02-Apr-08	20-Oct-11
Lot 60129, 60130, 60131 Mukim Teluk Kalung Kemaman, Terengganu	Vacant industrial land	Leasehold (60 years) expiring 14/04/2073	-	600	-	4,960,334	03-Apr-13	-
Lot 50497 Mukim Teluk Kalung Kemaman, Terengganu	Staff housing	Leasehold (99 years) expiring 29/07/2111	-	50	-	499,434	28-May-12	-

Authorised Share Capital	: RM2,000,000,000.00
Issued and Fully Paid-Up Share Capital	: RM655,189,317.00 (1,310,378,634 Ordinary Shares) *
Class of shares	: Ordinary shares
Voting right	: One vote per Ordinary Share held

* Includes treasury shares of 5,492,000 Ordinary Shares

Analysis By Size Of Shareholdings As At 19 October 2017

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	155	2.15	5,214	0.00
100 - 1,000	493	6.83	387,064	0.03
1,001 - 10,000	2,792	38.68	17,154,972	1.31
10,001 - 100,000	2,998	41.52	111,814,292	8.53
100,001 to less than 5% of issued shares	777	10.76	747,493,234	57.05
5% and above of issued shares	4	0.06	433,523,858	33.08
Total	**7,219**	**100.00**	**1,310,378,634**	**100.00**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 OCTOBER 2017

No.	Names	No. of Shares	Percentage (%)
1.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (SG PVB CL AC)	157,647,686	12.03
2.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	119,876,172	9.15
3.	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR TS LAW INVESTMENTS LIMITED (PBCL-0G0069)	90,000,000	6.87
4.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT - MAYBANK INTERNATIONAL LABUAN BRANCH FOR TS LAW INVESTMENT LTD (414886)	66,000,000	5.04
5.	HLIB NOMINEES (ASING) SDN BHD SHOUGANG INTERNATIONAL (SINGAPORE) PTE LTD	64,392,000	4.91
6.	LEMBAGA TABUNG HAJI	61,400,000	4.69
7.	KENANGA NOMINEES (ASING) SDN BHD LAVINGTON INTERNATIONAL LIMITED	43,308,000	3.30
8.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	36,000,000	2.75
9.	K.H.L. SDN BHD	35,300,000	2.69
10.	SHENG HSIA HWEI	20,104,600	1.53

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 OCTOBER 2017 (Cont'd)

No.	Names	No. of Shares	Percentage (%)
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR APEX DANA AL-SOFI-I (ADAS-I) (410325)	14,567,700	1.11
12.	DUSHYANTHI PERERA	13,000,000	0.99
13.	SIM AH SENG	10,303,020	0.79
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR APEX DANA AL-FAIZ-I (ADAF-I) (410324)	9,583,200	0.73
15.	LIM WAN LOO	9,530,300	0.73
16.	YAP KIM FOONG	8,974,800	0.68
17.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	7,702,000	0.59
18.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR AH NYUK LEN (MQ0340)	6,258,600	0.48
19.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	6,113,800	0.47
20.	WONG AH WAH	5,400,000	0.41
21.	LIM SIN SEONG	5,000,000	0.38
22.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	4,749,700	0.36
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (7002516)	4,500,000	0.34
24.	PHUAH GUK SHUE @ PUA GUK SHUE	4,400,000	0.34
25.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD-AMB SHARIAH VALUE PLUS FUND	4,143,000	0.32
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MYBK AM SC E)	4,000,000	0.31
27.	TAN HOCK HUAT	3,800,000	0.29
28.	LIM SOON GUAN	3,750,600	0.29
29.	UOBM NOMINEES (TEMPATAN) SDN BHD UOBM FOR LEE KIM TIONG @ LEE KIM YEW (PBM)	3,700,000	0.28
30.	TAN SOON CHONG	3,600,000	0.27
	Total:	**827,105,178**	**63.12**

Directors' Shareholdings as at 19 October 2017
(As per the Register of Directors' Shareholdings of the Company)

Names	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
1. Tan Sri Abd Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	337,647,686 [(a)]	25.77
3. Lee Ching Kion	-	-	45,354 [(b)]	0.00
4. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
5. Leow Hoi Loong @ Liow Hoi Long	-	-	-	-
6. Foo Kok Siew	-	-	-	-
7. Tan Shau Ming	-	-	792,000 [(c)]	0.06
8. Law Wai Cheong	-	-	337,647,686 [(d)]	25.77

Notes:

(a) Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder in the Company.
(b) Deemed interest interest pursuant to Sections 59(11)(c) and 197 of the Companies Act 2016 by virtue of his spouse, Madam Mok Quee Hwa's direct shareholdings in the Company.
(c) Deemed interest interest pursuant to Sections 59(11)(c) and 197 of the Companies Act 2016 by virtue of his spouse, Madam Ng Siew Cho's direct shareholdings in the Company.
(d) Deemed interest pursuant to Sections 8 and 197 of the Companies Act 2016 by virtue of his father, Tan Sri Dato' Law Tien Seng's shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investment Limited, a substantial shareholder of the Company.

Substantial Shareholdings as at 19 October 2017
(As per the Register of Substantial Shareholders of the Company)

Names	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
Tan Sri Dato' Law Tien Seng	-	-	337,647,686 [(a)]	25.77
Puan Sri Datin Saw Geok Ngor	-	-	337,647,686 [(b)]	25.77
Law Wai Cheong	-	-	337,647,686 [(c)]	25.77
TS Law Investments Limited	-	-	337,647,686	25.77
Amardale Offshore Inc.	-	-	337,647,686 [(d)]	25.77
CIMSEC Nominees (Asing) Sdn Bhd	90,000,000 [(e)]	6.87	-	-
HSBC Nominees (Asing) Sdn Bhd	24,000,000 [(e)]	1.83	-	-
Cartaban Nominees (Asing) Sdn Bhd	157,647,686 [(e)]	12.03	-	-
Maybank Nominees (Asing) Sdn Bhd	66,000,000 [(e)]	5.04		

Notes:

(a) Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder HTVB.
(b) Deemed interest pursuant to Sections 197 of the Companies Act 2016 by virtue of her spouse, Tan Sri Dato' Law Tien Seng's indirect shareholdings in HTVB vide his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder of HTVB.
(c) Deemed interest pursuant to Sections 8 and 197 of the Companies Act 2016 by virtue of his father, Tan Sri Dato' Law Tien Seng's Shareholdings in Amardale Offshore Inc. which has a controlling investment in TS Law Investment Limited, a substantial shareholder of HTVB.
(d) Deemed interest by virtue of its shareholdings in TS Law Investments Limited which is a substantial shareholder of HTVB.
(e) Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of TS Law Investments Limited being the beneficial owners of the HTVB's shares.

Five (5)-year 5% RM0.50 Nominal value of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") As At 19 October 2017

Issue Date	:	24 June, 2016
Maturity Date	:	23 June, 2021
Conversion Price	:	RM0.50

Analysis By Size of RCUIDS Holdings As At 19 October 2017

Size of RCUIDS holdings	No. of RCUIDS holders	%	No. of RCUIDS	%
1 - 99	13	0.76	678	0.00
100 - 1,000	171	10.05	112,060	0.04
1,001 - 10,000	824	48.44	3,690,383	1.43
10,001 - 100,000	546	32.10	19,528,126	7.57
100,001 to less than 5% of issued RCUIDS	143	8.41	89,455,201	34.67
5% and above of issued RCUIDS	4	0.24	145,223,665	56.29
Total	**1,701**	**100.00**	**258,010,113**	**100.00**

LIST OF THIRTY (30) LARGEST OF RCUIDS HOLDERS AS AT 19 OCTOBER 2017

No.	Names	No. of RCUIDS	Percentage (%)
1.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	65,607,586	25.43
2.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (SG PVB CL AC)	35,032,819	13.58
3.	LEMBAGA TABUNG HAJI	24,583,260	9.53
4.	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR TS LAW INVESTMENTS LIMITED (PBCL-0G0069)	20,000,000	7.75
5.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (M02)	12,533,100	4.86
6.	KENANGA NOMINEES (ASING) SDN BHD LAVINGTON INTERNATIONAL LIMITED	9,624,000	3.73
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (7002516)	6,000,000	2.33
8.	OOI CHIENG SIM	4,604,100	1.78
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (007158456)	4,381,900	1.70
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PW BIOTECH ENGINEERING SDN BHD (7002561)	2,660,000	1.03

LIST OF THIRTY (30) LARGEST OF RCUIDS HOLDERS AS AT 19 OCTOBER 2017

No.	Names	No. of RCUIDS	Percentage (%)
11.	LIM WAN LOO	2,508,600	0.97
12.	K.H.L. SDN BHD	2,400,000	0.93
13.	YAP KIM FOONG	1,994,400	0.77
14.	KAF TRUSTEE BERHAD KIFB FOR ALTIMA, INC	1,759,800	0.68
15.	KAF TRUSTEE BERHAD KIFB FOR LAGMUIR HOLDINGS LTD	1,397,700	0.54
16.	WONG AH WAH	1,200,000	0.47
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR KIM HOCK (B B KLANG-CL)	1,172,000	0.45
18.	NG HO FATT	1,116,500	0.43
19.	LIM WAN KEONG	1,098,400	0.43
20.	NG HO FATT	1,086,400	0.42
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR HUE YUEN KEONG (MY0589)	1,010,500	0.39
22.	TEO SIEW LAI	1,000,000	0.39
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG WAI YUAN (MY0867)	798,401	0.31
24.	LOO CHEE LAIN	724,000	0.28
25.	LOW YAN SEONG	713,600	0.28
26.	CHONG CHING YEE	700,000	0.27
27.	PACIFIC STRIKE SDN BHD	669,100	0.26
28.	TAN WOEI KEAK	624,000	0.24
29.	TAN SIEW ONG	612,800	0.24
30.	TAN HUNG CHEW	600,000	0.23
	Total:	**208,212,966**	**80.70**

Directors' RCUIDS Holdings as at 19 October 2017
(As per the Register of Directors' RCUIDS Holdings of the Company)

Names	Direct No. of RCUIDS	Direct %	Indirect No. of RCUIDS	Indirect %
1. Tan Sri Abd Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	75,032,819 [a]	29.08
3. Lee Ching Kion	-	-	-	-
4. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
5. Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-
6. Foo Kok Siew	-	-	-	-
7. Tan Shau Ming	-	-	176,000 [b]	0.07
8. Law Wai Cheong	-	-	75,032,819 [c]	29.08

Notes:

(a) Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his RCUIDS holdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder in the Company.

(b) Deemed interest pursuant to Sections 59(11)(c) and 197 of the Companies Act 2016 by virtue of his spouse, Madam Ng Siew Cho's direct shareholdings in the Company.

(c) Deemed interest pursuant to Sections 8 and 197 of the Companies Act 2016 by virtue of his father, Tan Sri Dato' Law Tien Seng's RCUIDS holdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investment Limited, a substantial shareholder in the Company.

Warrant B

No. of Warrants in Issue	: 285,163,313
No. of Warrant Holders	: 2,282
Exercise Price of Warrants	: RM0.50 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 holders } of warrant } holders

Analysis By Size Of Warrant Holdings As At 19 October 2017

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	24	1.05	1,113	0.00
100 - 1,000	176	7.71	113,720	0.04
1,001 - 10,000	862	37.77	4,228,505	1.48
10,001 - 100,000	923	40.46	37,652,770	13.20
100,001 to less than 5% of issued warrant	294	12.88	142,691,400	50.05
5% and above of issued warrant	3	0.13	100,475,805	35.23
Total	**2,282**	**100.00**	**285,163,313**	**100.00**

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 19 OCTOBER 2017

No.	Names	No. of Warrants	Percentage (%)
1.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	45,442,986	15.94
2.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (SG PVB CL AC)	35,032,819	12.29
3.	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR TS LAW INVESTMENTS LIMITED (PBCL-0G0069)	20,000,000	7.01
4.	TAN CHIN TEONG	12,000,000	4.21
5.	KENANGA NOMINEES (ASING) SDN BHD LAVINGTON INTERNATIONAL LIMITED	9,624,000	3.37
6.	LIM SOON GUAN	6,000,000	2.10
7.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG (MARGIN)	3,000,000	1.05
8.	SI THO YOKE MENG	3,000,000	1.05
9.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN EE LIANG (E-SS2/KDA)	2,800,000	0.98
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (MARGIN)	2,488,000	0.87
11.	NG YING ZHI	2,298,800	0.81

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 19 OCTOBER 2017 (Cont'd)

No.	Names	No. of Warrants	Percentage (%)
12.	HOO WAN FATT	2,172,400	0.76
13.	YAP KIM FOONG	1,994,400	0.70
14.	TAN BOON HAR	1,623,000	0.57
15.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON HAR (TAN8642C)	1,564,800	0.55
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RONIE TAN CHOO SENG (8058147)	1,500,000	0.53
17.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	1,500,000	0.53
18.	LOH LEE HUA	1,450,000	0.51
19.	KONG BEE YEE	1,400,000	0.49
20.	TAN KIM PIAU	1,400,000	0.49
21.	TAI CHANG ENG @ TEH CHANG YING	1,350,000	0.47
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHOO FON (E-TMR)	1,324,800	0.46
23.	WONG AH WAH	1,200,000	0.42
24.	LIM WAN KEONG	1,098,400	0.39
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUAH LIAN HUAT (E-KTU)	1,086,500	0.38
26.	THAM KOK WING	1,010,000	0.35
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MEE FAH @ FEDERICK CHONG	1,000,000	0.35
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR CHAN YIN PENG	1,000,000	0.35
29.	JASON YAW CHEUK HING	1,000,000	0.35
30.	MING KEE CHOY	1,000,000	0.35
	Total:	**167,360,905**	**58.68**

Directors' Warrant Holdings as at 19 October 2017
(As per the Register of Directors' Warrant Holdings of the Company)

Names	Direct No. of Warrants	Direct %	Indirect No. of Warrants	Indirect %
1. Tan Sri Abd Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	75,032,819 [(a)]	26.31
3. Lee Ching Kion	-	-	-	-
4. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
5. Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-
6. Foo Kok Siew	-	-	-	-
7. Tan Shau Ming	-	-	176,000 [(b)]	0.06
8. Law Wai Cheong	-	-	75,032,819 [(c)]	26.31

Notes:

(a) Deemed interest pursuant to Sections 59(11)(c), 8 and 197 of the Companies Act 2016 by virtue of his warrant holdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder in the Company.

(b) Deemed interest pursuant to Sections 59(11)(c) and 197 of the Companies Act 2016 by virtue of his spouse, Madam Ng Siew Cho's direct shareholdings in the Company.

(c) Deemed interest pursuant to Sections 8 and 197 of the Companies Act 2016 by virtue of his father, Tan Sri Dato' Law Tien Seng's warrant holdings in Amardale Offshore Inc. which has a controling interest in TS Law Investments Limited, a substantial Shareholder in the Company.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First 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 Monday, 18 December 2017 at 10.00 a.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 2017 together with the Directors' and Auditors' Reports attached thereon. — **Please refer to Note B on this Agenda**

2. To approve the Directors' fees of RM360,000 for the financial year ended 31 July 2017. — **Ordinary Resolution 1**

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

   3.1 Tan Sri Abd Rahman Bin Mamat — **Ordinary Resolution 2**

   3.2 Mr. Ng Soon Lai @ Ng Siek Chuan — **Ordinary Resolution 3**

   3.3 Mr. Lee Ching Kion — **Ordinary Resolution 4**

4. To re-elect Mr. Law Wai Cheong who is retiring in accordance with Article 84 of the Company's Articles of Association. — **Ordinary Resolution 5**

5. To re-appoint Messrs KPMG PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 6**

6. **AS SPECIAL BUSINESS:-**

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

   6.1 **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — **Ordinary Resolution 7**

   "THAT subject always to the approvals of the relevant authorities, the Directors be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016 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 (excluding treasury shares) 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

6.2 **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 24 November 2017, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

AND THAT 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 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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. 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 2016.

BY ORDER OF THE BOARD
HIAP TECK VENTURE BERHAD

NG YIM KONG (LS 0009297)
Company Secretary

Selangor Darul Ehsan

Date: 24 November 2017

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.

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 the 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 2017

These Audited Financial Statements in Agenda 1 are meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 340(1) of the Companies Act 2016. 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 Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 7 under item 6.1 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 (excluding treasury shares) 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 which 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 Twentieth Annual General Meeting ("AGM") held on 15 December 2016. 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 75 and 76 of the Companies Act 2016 under the general mandate which was approved at the Twentieth Annual General Meeting.

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

The Proposed Ordinary Resolution 8 under item 6.2 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 24 November 2017 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day-to-day operations. For further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 24 November 2017 enclosed together with the Company's 2017 Annual Report.

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 8 December 2017. Only a depositor whose name appears on the Record of Depositors as at 8 December 2017 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

FORM OF PROXY

HTVB
HIAP TECK VENTURE BERHAD
421340-U

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

TWENTY FIRST 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 Twenty-First 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 Monday, 18 December 2017 at 10.00 a.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 Directors' fees of RM360,000 for the year ended 31 July 2017.		
2	To re-elect Tan Sri Abd Rahman Bin Mamat who is retiring in accordance with Article 79 of the Company's Articles of Association:		
3	To re-elect Mr. Ng Soon Lai @ Ng Siek Chuan who is retiring in accordance with Article 79 of the Company's Articles of Association:		
4	To re-elect Mr. Lee Ching Kion who is retiring in accordance with Article 79 of the Company's Articles of Association:		
5	To re-elect Mr. Law Wai Cheong who is retiring in accordance with Article 84 of the Company's Articles of Association.		
6	To re-appoint Messrs KPMG PLT as the Company's Auditors for the ensuring year and to authorise the Directors to fix their remuneration.		
7	To grant the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
8	To approve the proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

[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.. 2017

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.*
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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