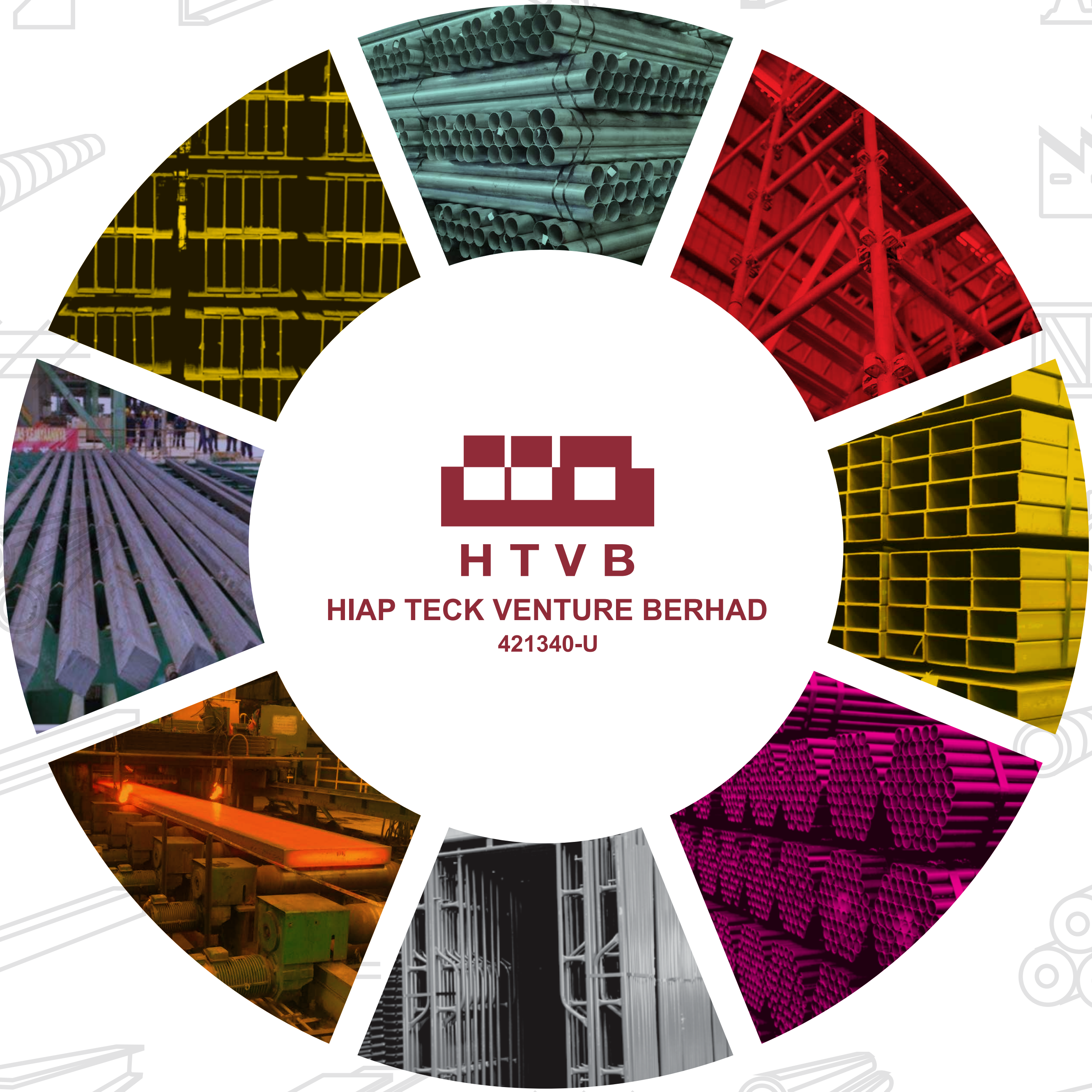
ANNUAL REPORT 2019



HTVB

HIAP TECK VENTURE BERHAD

421340-U

CONTENTS

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

CORPORATE STRUCTURE

HTVB
HIAP TECK VENTURE BERHAD
421340-U

100%
Hiap Teck Resources Sdn. Bhd.
(409923-P)
Investment Holding

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

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

35%
Eastern Steel Sdn. Bhd.
(557033-V)
Manufacturing, selling and dealing in a range of steel products using blast furnace plant

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

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

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

100%
Nexus Pacific Property Sdn. Bhd.
(313284-V)
Dormant

100%
Huatraco Contracts Sdn. Bhd.
(282720-D)
Dormant

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

51%
Geopintar E&C Sdn. Bhd.
(1210417-T)
(*Formerly known as Darul Bakat Sdn. Bhd.*)
Dormant

55%
Vista Mining Sdn. Bhd.
(1036773-K)
Exploring, contracting and all activities related to the mining, processing and sale of iron ore

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN/ INDEPENDENT NON-EXECUTIVE DIRECTOR
- Tan Sri Abd Rahman Bin Mamat

EXECUTIVE DEPUTY CHAIRMAN
- Tan Sri Dato' Law Tien Seng

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
- Mr. Lee Ching Kion

INDEPENDENT NON-EXECUTIVE DIRECTOR
- Mr. Leow Hoi Loong @ Liow Hoi Loong

EXECUTIVE DIRECTORS
- Mr. Foo Kok Siew
- Mr. Tan Shau Ming
- Mr. Law Wai Cheong

AUDIT COMMITTEE

CHAIRMAN
- Mr. Leow Hoi Loong @ Liow Hoi Loong

MEMBERS
- Tan Sri Abd Rahman Bin Mamat
- Mr. Lee Ching Kion

REMUNERATION COMMITTEE

CHAIRMAN
- Tan Sri Abd Rahman Bin Mamat

MEMBERS
- Mr. Leow Hoi Loong @ Liow Hoi Loong
- Mr. Lee Ching Kion (Appointed on 2 January 2019)
- Mr. Foo Kok Siew (Resigned 2 January 2019)

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. Lee Ching Kion

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

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

- Boardroom Share Registrars Sdn Bhd (378993-D)
  (Formerly known as Symphony Share Registrars Sdn. Bhd.)
  11th Floor, Menara Symphony
  No. 5, Jalan Prof. Khoo Kay Kim
  Seksyen 13
  46200 Petaling Jaya
  Selangor Darul Ehsan, Malaysia
  Tel No. : (6)03-7890 4700
  Fax No. : (6)03-7890 4670

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 5½, 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)
- Maybank Islamic Berhad (787435-M)
- 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 67
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 Trustee 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 and Dagang NeXchange 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 4 board meetings of HTVB held during the financial year ended 31 July 2019.

Y. BHG. TAN SRI DATO' LAW TIEN SENG

Executive Deputy Chairman
Malaysian, age 66

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.

Tan Sri Dato' Law is an entrepreneur and he founded the TS Law Group more than 30 years ago. The TS Law Group is engaged in a diversified portfolio of businesses encompassing mining, steel production and distribution, property development and investments in Malaysia, China, Australia and the United Kingdom. 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. He is deemed to have interest in HTVB via his indirect interest in TS Law Investments Limited, a major shareholder of HTVB. He has no conflict of interest with the Company and has 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 2019.

LEOW HOI LOONG @ LIOW HOI LOONG

Independent Non-Executive Director
Malaysian, age 65
Chairman of the Audit Committee
Member of the Risk Management Committee
Member of the Remuneration Committee
Member of the Nominating Committee
Member of the ESOS Committee

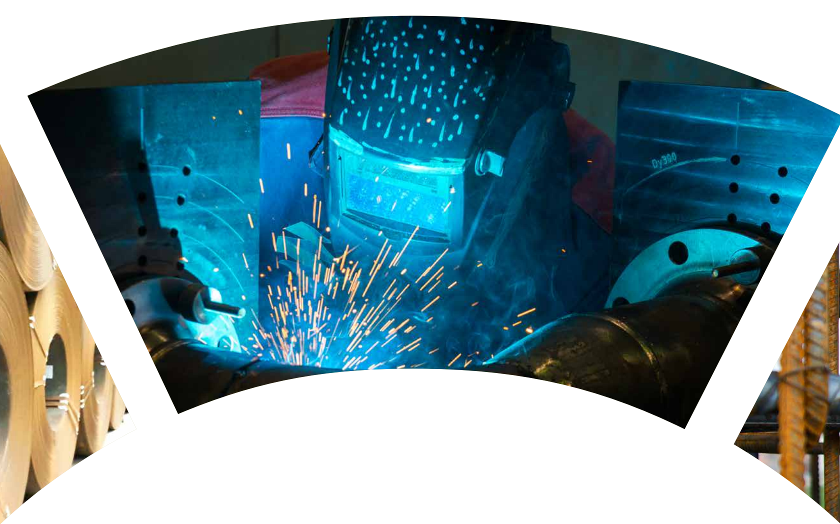
Mr. Leow Hoi Loong @ Liow Hoi Loong was appointed to our Board as Independent Non-Executive Director on 13 December 2012.

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 holds 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 3 out of the 4 board meetings of HTVB held during the financial year ended 31 July 2019.



LEE CHING KION

Senior Independent Non-Executive Director
Malaysian, age 65
Chairman of the Risk Management Committee
Member of the Audit Committee
Member of the Nominating Committee
Member of the Remuneration 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 2019.

FOO KOK SIEW

Executive Director
Malaysian, age 58
Member of the Risk Management 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 2019.

TAN SHAU MING
Executive Director
Malaysian, age 56

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 at TAP Resources Berhad from 1999 until 2004, and he was also a member of its Remuneration Committee. His responsibilities in the company included Properties Developments, 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, Logistics 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 2019.

LAW WAI CHEONG
Executive Director
Malaysian, age 33

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. Mr Law started his career with Hong Leong Investment Bank Berhad (HLIB). While in HLIB, he focused on areas of corporate finance and corporate advisory. Subsequently, 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, mining and property development and investments in Malaysia, China, Australia and the United Kingdom.

Mr. Law is the 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 all 4 board meetings of HTVB held during the financial year ended 31 July 2019.

KEY MANAGEMENT PROFILE

PHANG CHIN KHIONG
Chief Operating Officer ("COO")
Malaysian, age 50

Mr. Phang Chin Khiong was appointed as the Group's COO 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. He was appointed as Executive Director of HTVB in June 2007, after serving the Board for more than 2 years he then resigned from his Director position in August 2009 to fully focus on his sales and marketing role. 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 ("CFO")
Malaysian, age 51

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), United Kingdom; Chartered Global Management Accountant (CGMA), powered by CIMA & American Institute of Chartered Public Accountants (AICPA) and a member of the Malaysian Institute of Accountants.

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, male, age 53

Mr. Tan Yuen Hong was appointed as Chief Commercial Officer of Huatraco Scaffold Sdn. Bhd. in July 2017. Prior to that, Mr. Tan was the Chief Commercial Officer for the Project Division of Hiap Teck Hardware Sdn. Bhd. ("HTH") since 2011.

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 Berhad. 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 51

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 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.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present 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 2019.

During financial year 2019, the Malaysian economy was faced with challenges on both the international and domestic fronts. The on-going US and China trade war, renewed volatility in commodity prices and global financial markets, and the historic change of government in Malaysia have created uncertainties for the domestic economy. Exacerbated by the oversupply in the property segment and the review of mega projects, the Malaysian economy expanded at a more moderate pace of 4.7% in 2018 whilst the construction sector recorded a lower growth of 4.2%.

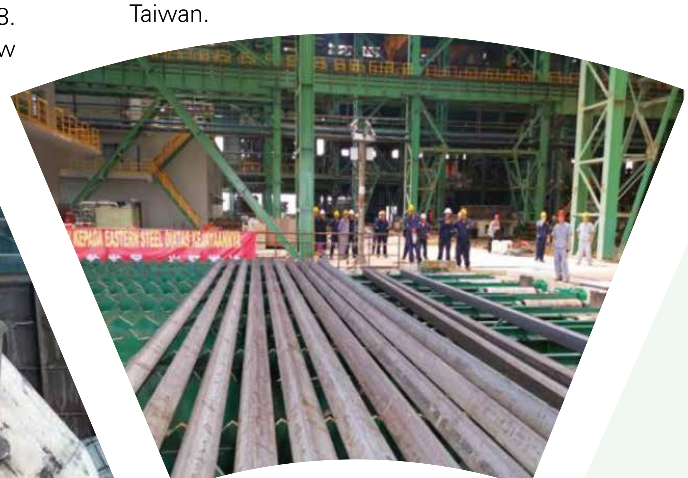
The construction sector remains by far the foremost consumption channel, constituting about 70% of total steel usage. For 2018, Apparent Steel Consumption (ASC) in Malaysia registered a subdued growth of 3.5% to 9.80 million MT from 9.44 million MT in the previous year.

CORPORATE DEVELOPMENT

The change in ownership structure and recapitalisation of Eastern Steel Sdn. Bhd. ("ESSB"), started in March 2018, was completed in the FY2019. Following this, the shareholders of ESSB are now Shanxi Jianlong Industry Company Ltd. ("Jianlong"), HTVB and Chinaco Investment Pte. Ltd. ("Chinaco") with shareholdings of 60%, 35% and 5%, respectively.

ESSB, now a 35% equity interest owned (from 55% previously) joint-venture of HTVB, operates a fully integrated blast furnace steel plant with a rated annual production capacity of 700,000 MT. I am delighted to inform you that with the strong support and technical assistance from our new partner, Jianlong, ESSB has successfully re-ignited its blast furnace and resumed production on 16 July 2018. Production has been smooth since and the plant is now running at above rated capacity. During the financial year, ESSB has also successfully added a billet caster in December 2018, and commenced construction of a 55MW power plant which was completed in October 2019. The addition of billets to our existing offering of slabs will afford ESSB the flexibility to optimise its revenue mix, while the completion of the power plant will further help reduce production cost.

In FY2019, ESSB produced 736,904 MT of steel products comprising 374,422 MT of slabs and 362,482 MT of billets, and had successfully sold these products in Malaysia and exported to neighboring markets including Thailand, Indonesia, Vietnam, India, South Korea, Philippines and Taiwan.



FINANCIAL PERFORMANCE

As the Group faced the headwinds in the financial year, management restructured and strengthened efforts to boost sales to help offset eroded margins arising from the challenging operating environment. The Group achieved satisfactory revenue of RM1.19 billion in FY2019, 5% higher than the RM1.13 billion reported in the preceding financial year. Gross profit was, however, 27% lower at RM105 million for FY2019 as compared with RM144 million in the previous financial year due to lower margins.

The Group's effort in turning around ESSB is bearing fruit and appears to be heading at the right trajectory. For FY2019, ESSB achieved Revenue of RM1.45 billion and posted a much reduced Net Loss after Tax of RM33.3 million as compared to a loss of RM89.2 million in the preceding financial year. ESSB's performance in FY2019 included an impairment write-back of RM50 million. Together with a lower 35% equity interest in ESSB, HTVB's share of losses from JV entity was reduced by 73% to RM13.3 million in FY2019 from RM49.1 million in the preceding financial year. I am confident that the performance of ESSB will continue to improve and will contribute positively to the Group once market conditions improve.

For the full financial year, the Group managed to achieve second consecutive year of profits to report a Net Profit after Tax of RM24.8 million, as compared to RM27.2 million in the preceding financial year.

As at FY2019, the Group had total borrowings of RM626.1 million, with cash and cash equivalents of RM178.9 million. Shareholders' Funds stood at RM861.8 million with Net Assets per Share of RM0.64.

BOARD COMPOSITION AND CORPORATE GOVERNANCE

The members of our Board are with diverse skills, experience and knowledge and I believe it is sufficiently balanced with a good mix to be able to contribute to the effectiveness of the Board. To cultivate sustainable growth, it is vital that our governance structures keep pace with the fast changing market environment. The Board will ensure our risks are managed effectively and transparently across the businesses. I trust that our Board is well placed to do that and we remain committed to maintaining the highest standards of corporate governance.

DIVIDENDS

The Board of Directors is pleased to recommend for shareholders' approval at the forthcoming Annual General Meeting ("AGM") a first and final single tier dividend of 0.5 sen per share for the financial year ended 31 July 2019. If approved by shareholders at the AGM to be held on 17 December 2019, the dividend will be paid on 23 January 2020.

ACKNOWLEDGEMENT

On behalf of the Board of the Directors, I extend our sincerest appreciation to our valued shareholders, customers, suppliers, business associates, financiers and relevant regulatory authorities for their continuous support, invaluable guidance and trust in the Group.

To the management team and employees, I thank them for their commitment, hard work and diligence and to my fellow Board members for their guidance, perspective and perseverance in carrying out their roles over the years.

I would also like to express my heartfelt gratitude to our previous partner in ESSB, the China Shougang Group, for their cooperation, understanding and support over the years, and for the smooth transition of ownership. And lastly, I take this opportunity to welcome our new partner, the Beijing Jianlong Group, together we will take ESSB to its next level of growth.

TAN SRI ABD RAHMAN BIN MAMAT
Chairman

THE MALAYSIAN ECONOMY IN 2018

Confronted by both external and domestic challenges arising from the escalation of trade tensions between the US and China, renewed volatility in commodity prices and global financial markets, and the historic change of the government in Malaysia, the domestic economy expanded at a more moderate pace of 4.7% in 2018 (2017: 5.9%).

The oversupply situation in the property segment and the review and re-negotiations of mega projects by the new government have led to the construction sector posting a lower growth of 4.2% in 2018 (2017: 6.7%), sustained mainly by the civil engineering sub-sector which saw the on-going progress of large petrochemical, transportation, and utility projects.

Apparent Steel Consumption ("ASC") in Malaysia, predominantly driven by the construction sector, has remained flattish at around the 10.0 million MT level since 2013. In 2018, ASC in Malaysia registered a subdued growth of 3.5% to 9.80 million MT from 9.44 million MT in the previous year.

China's continuous efforts to rationalise its steel industry have a positive impact of stabilising steel prices across the world leading to a gradual return to a normalised market for the global iron and steel industry. However, uncertainty over the trade environment and volatility in the financial markets could pose downside risks.

REVIEW OF BUSINESS OPERATIONS

Hiap Teck Venture Berhad ("HTVB" or "the Company") is a holding company engaged in investment and property holding, and the provision of management services to its subsidiaries. HTVB and its subsidiaries (collectively referred as "the Group") are principally engaged in the manufacturing of pipe and scaffolding equipment, and trading of all types of steel and steel-related products, mining of iron ore and a transportation arm that solely supports internal requirements.

The Group remains one of the leading steel companies in Malaysia. With over twenty years of extensive industry experience, the Group is committed to offering a one-stop solution for steel applications to a diverse customer base domestically and to some extent, the export markets. The Group's steel products and certifications have a broad range of industrial and consumer applications for various sectors including building & construction, manufacturing, engineering and oil & gas.

The Group's 35% equity interest owned joint venture ("JV"), Eastern Steel Sdn. Bhd. ("ESSB") operates a fully integrated steel plant with a 600 m3 blast furnace and a rated capacity of 700,000 MT per annum. ESSB, successfully re-ignited its blast furnace and resumed production on 16 July 2018, is the sole producer of steel slabs in Malaysia. In December 2018, ESSB added billet production capability to its existing offering of slabs, giving the company flexibility in optimising its revenue mix. ESSB is running smoothly and is currently producing beyond its rated capacity. Since resumption, ESSB has seen its finished products sold in Malaysia, and also exported to neighbouring countries including Vietnam, Indonesia, Thailand, Philippines, India, South Korea and Taiwan.

FY2019 was a challenging period. Amidst the difficult macro-economic environment, lower construction sector growth and greater volatility in steel prices, margins got eroded. Nonetheless, the Group continued to drive expansion by focusing on volume sales with disciplined cost control to achieve its targets. Supported by improvements in revenue, and a lower share of loss of JV amounting to RM13.3 million (FY2018: RM49.1 million), the Group managed to post a second consecutive year of profits to report a net Profit after Tax of RM24.8 million (FY2018: RM27.2 million). One of the key contributors to the lower share of loss of JV entity was the write-back of impairment loss at ESSB of RM50 million which was provided in previous years. This reversal of impairment loss was done pursuant to annual impairment assessment performed.

PERFORMANCE REVIEW BY SEGMENT

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

SEGMENTS' PERFORMANCE

FY2019 Segmental Analysis	Trading RM'000	Manufacturing RM'000	Property and Investment RM'000	Transportation RM'000	Mining and Exploration RM'000	Group RM'000
SALES	616,604	568,772	-	23	1,208	1,186,607
RESULTS						
Segment profit/(loss) before tax and share of loss of JV	1,992	52,218	(2,312)	217	291	52,406

For the year under review, the Group registered higher revenue of RM1.19 billion, a 5.2% increase compared to RM1.13 billion reported in the preceding financial year due to a higher sales volume achieved. Despite the higher revenue, the Group recorded a lower Profit from Operations of RM77.93 million in FY2019, a 34.9% decrease over the RM119.74 million in the previous year due to lower margins. Profit before tax and before share of loss of JV was RM52.41 million (FY2018: RM97.44 million). However, with a much lower share of loss of JV, the Group managed to achieve a Profit before Tax of RM39.15 million in FY2019 as compared to RM48.37 million in the preceding financial year.

As at the end of FY2019, inventories were at RM438.78 million, an 11.1% increase over RM394.84 million recorded in previous financial year due to lumpy purchases from imports and timing of shipment arrivals towards financial year end. Trade receivables decreased by 26.2% to RM199.26 million in FY2019 from RM270.11 million in FY2018 mainly due to stringent credit control and collections.

The Group's net borrowings (net of cash) as at end of FY2019 declined significantly by 17.7% to RM445.64 million from RM541.74 million in the previous financial year due to prudent capital management. Net gearing improved accordingly to 51.7% in FY2019 from 64.8% in the previously. The Group's borrowings comprise principally of short term trade facilities to support its raw material purchases and working capital requirements.

Manufacturing Segment

The manufacturing segment is engaged in the manufacturing and distribution of steel pipes, hollow sections, scaffolding equipment and accessories, and other steel products. Its pipe manufacturing activities under Alpine Pipe Manufacturing Sdn. Bhd. ("Alpine") is the largest structural pipe and hollow sections manufacturer in Malaysia. The product certifications secured such as BS EN, BA EN, EN, SPAN, JIS, AS, and API provide Alpine with strong competitive advantage to supply to various projects and industries. Huatraco Scaffold Sdn. Bhd. ("Huatraco") has been engaged in the scaffolding business for more than twenty years. Huatraco is one of the pioneers in the scaffolding industry and it is the first producer in Malaysia to obtain MS1462 certification, exemplifying the superior quality of its scaffolds. Huatraco's wealth of experience and expertise have led to its existing position as one of the most reliable and best quality scaffolding equipment providers in both the domestic and regional markets.

For the financial year under review, the manufacturing segment recorded revenue of RM568.77 million and contributed RM52.22 million in segment profit. This remarkable achievement can be attributable to a combination of disciplined cost control, continuous quality improvements, strategic procurement and marketing despite challenging market conditions.

Other initiatives taken by the Group are:

- Capital investment in technology advancement and automation, and clear KPIs and incentives to further improve efficiency, productivity and to lower costs.
- Further enhancement of product quality and certification for the export markets.
- Explore new products, market segments and to further expand presence in Southeast Asia.

Trading Segment

The Group's 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 and construction projects.

The trading segment registered revenue of RM616.60 million FY2019 as compared to RM529.43 million in the previous financial year, representing an increase of 16.5%. The trading segment recorded a much lower Profit before Tax of RM2.0 million as compared to RM20.90 million in the previous financial year. This was principally due to margin erosion arising from the challenging macro-economic environment and increased volatility in steel prices.

Property and Investment Segment

The property and investment segment solely supports the Group's wholly owned subsidiaries as all the factory buildings, warehouses, offices and lands are housed under property holdings. For the financial year under review, the segment reported a loss before tax of RM2.31 million as compared to a profit before tax of RM21.36 million in the preceding financial year, this significant change was mainly due to ceased interest charges to JV entity subsequent to its debt to equity conversion on 1 November 2018.

Transportation Segment

The transportation segment is engaged in the provision of transport services by trucks or trailers that solely support the transportation requirements within the Group. This ensures timely delivery of materials to customers with the objective of serving our customers better. During the financial year, the Group invested an additional capital expenditure of RM1.00 million (FY2018: RM0.89 million) for a total of 4 new trucks and trailers in two financial years to further enhance efficiency of this segment that will directly lead to better services and timely delivery of products to our customers.

Mining and Exploration Segment

The mining and exploration segment is engaged in exploring, contracting and activities related to mining, processing and sale of iron ore. This segment commenced activities in May 2018 mainly to support the iron ore requirements of ESSB. This segment has reported revenue of RM1.21 million with profit before tax of RM0.29 million.

Eastern Steel Sdn. Bhd.

The Group's 35% equity interest owned JV entity, ESSB, has successfully resumed production on 16 July 2018 and operated at full capacity in the subsequent month. In December 2018, ESSB commenced commercial production of billet with the addition of a new billet caster. The billet caster plant consists of a six-strand billet R8m continuous casting machine and its auxiliary facilities with a rated annual production capacity of 1,000,000 MT. ESSB had also completed construction of a 55MW power plant in October 2019 which will further help reduce production cost.

For the period under review, ESSB achieved revenue of RM1.45 billion driven by strong acceptance and demand for its products in both the domestics and overseas market. Malaysia and South East Asian markets are net importer of billets.

In FY2019, ESSB produced a total of 736,904 MT of steel products, of which, slabs and billets were 374,422MT and 362,482MT, respectively. In the same financial year, a total of 716,030MT of steel products were sold of which 53% were exported.

As at FY2019, ESSB's shareholders' funds stood at RM1.27 billion with zero bank borrowings. The company will consciously seek Short-Term Trade Facilities to better manage its working capital requirements.

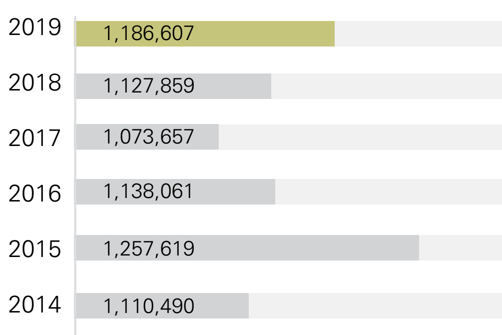
The excellent achievement signifies the Group's commitment to turnaround ESSB both operationally and financially to drive the Group to the next level of growth.

FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

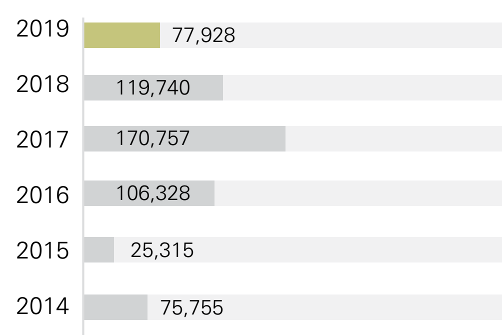
	2014	2015	2016	2017	2018	2019
Revenue (RM'000)	1,110,490	1,257,619	1,138,061	1,073,657	1,127,859	1,186,607
Profit From Operation (RM'000)	75,755	25,315	106,328	170,757	119,740	77,928
Profit / (Loss) Before Tax (RM'000)	49,851	(66,460)	(24,617)	(74,821)	48,366	39,150
EBITDA (RM'000)	99,234	(10,358)	28,970	(29,817)	83,261	75,140
Profit / (Loss) After Tax (RM'000)	45,565	(76,806)	(42,173)	(103,161)	27,189	24,818
Shareholders' Funds (RM'000)	952,633	872,941	913,044	807,371	836,473	861,792
NTA Per Share (sen)	0.74	0.67	0.70	0.60	0.61	0.64
Earnings / (Loss) Per Share (sen)	3.56	(6.03)	(3.24)	(8.00)	2.12	1.89
Dividend (sen)	0.60	0.30	0.30	-	0.50	0.50
Borrowings (RM'000)	577,732	526,726	616,897	453,672	612,092	626,066

FIVE YEAR GROUP FINANCIAL HIGHLIGHTS (Cont't)

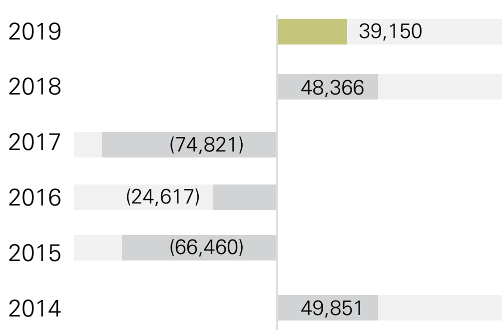
REVENUE
(RM'000)



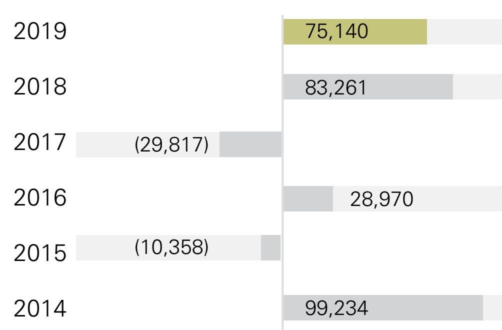
PROFIT FROM OPERATION
(RM'000)



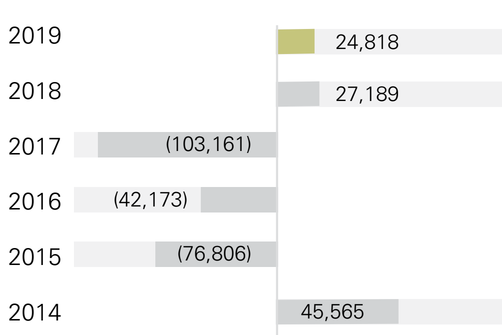
PROFIT/(LOSS) BEFORE TAX
(RM'000)



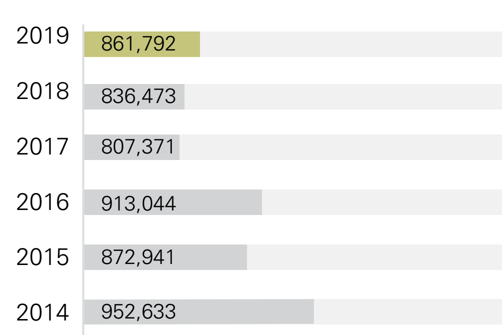
EBITDA
(RM'000)



PROFIT/(LOSS) AFTER TAX
(RM'000)

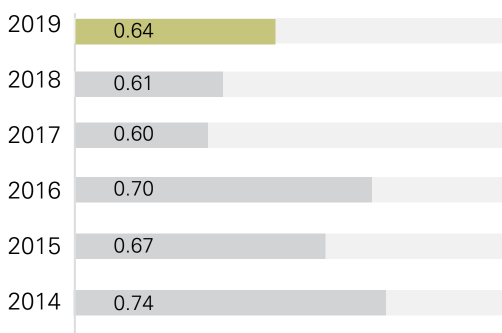


SHAREHOLDERS' FUNDS
(RM'000)

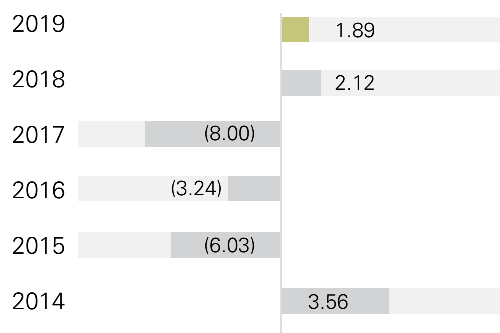


FIVE YEAR GROUP FINANCIAL HIGHLIGHTS (Cont'd)

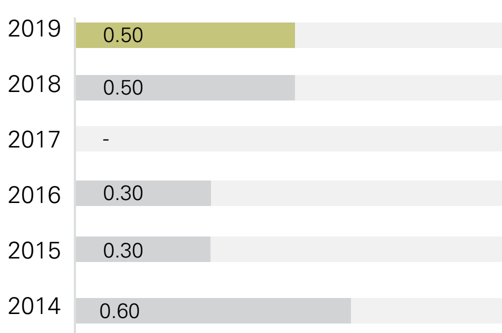
NTA PER SHARE
(RM)



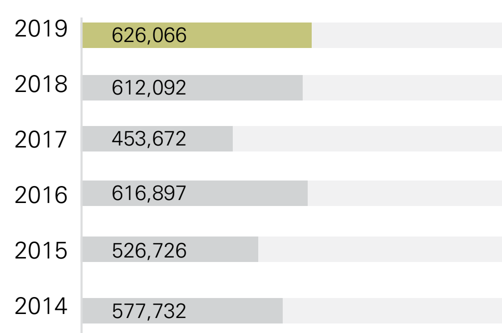
EARNINGS/(LOSS) PER SHARE
(SEN)



DIVIDEND
(SEN)



BORROWINGS
(RM'000)



MARKET REVIEW

World - Steel Demand

In 2019 and 2020, global steel demand is expected to continue to grow, however, the growth rates will moderate in tandem with a slowing down global economy. Uncertainty over the trade environment and volatility in the financial markets could pose downside risks to this forecast. The World Steel Association ("WSA") reported an increase in demand of 1.3% in 2019 over 2018. In 2020, demand is projected to grow by 1.0% to reach 1,752 million MT.

ASEAN-6 - Steel Demand

ASEAN-6 Apparent Steel Consumption ("ASC") recovered in 2018 growing by 5% year-on-year to reach 80 million MT. WSA expects the region's apparent steel consumption, supported by infrastructure development to be able to maintain its near-term demand growth which is projected at 5.6% and 5.5% per annum for 2019 and 2020 respectively, making it one of the top performing regions in the world in terms of steel consumption year-on-year growth rate.

Business Outlook

In Malaysia, ASC grew 3.5% from 9.44 million MT to 9.80 million MT in 2018. Consumption of long products registered a much smaller growth of 0.15% when compared to flat products growth of 7.97%. Overall, long products consumption still dominates over flat products at a ratio of 55:45 vis-a-vis last year's 57:43. Construction sector by far remains the foremost consumption channel, constituting about 70% of total usage.

The reinstatement of infrastructure projects such as East Coast Rail Link (ECRL) and mega development Bandar Malaysia would provide optimism to the local steel industry towards the final quarter of 2019 and year 2020. Steel being the raw material used in construction sector is expected to rely heavily on the pace of growth of these infrastructure projects and major commercial and residential projects from private sectors. While revival of these projects were at a reduced value compared to the original cost, it is hope that other mega infrastructure projects would also be revived by Government, riding on the advantage of stable raw material prices.

The Group is optimistic on the local steel demand growth, as the industry is working closely with the Government in reviewing and formulating new policies and/or incentives that will drive the iron and steel industry way forward.

To realise the sustainable profit and growth, we are determined to continue innovate, take intended steps and to align interests of all stakeholders towards our goals and vision. The Group believes that by aligning the interest of all stakeholders, we can create a sustainable future with good outcomes in improving efficiency on manufacturing processes, procurement strategies, sales and working capital management to stay competitive in the challenging market. The Group will further enhance its technical and technology 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 2017 ("the Code") issued by the Securities Commission and the corporate governance requirements of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which set out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to apply to the best of its ability the recommendations and principles of the Code in ensuring and maintaining that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect the Group assets, promote sustainable activities and results 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 2019. The detailed disclosure on how the Group has applied the principles and practices as laid out in the Code throughout the current financial year can be found in the Corporate Governance Report at the Company's website: www.htgrp.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Company is led by a proactive Board which is primarily responsible for determining the strategic direction and sustainable goals of the Company and its subsidiaries ("the Group"), maintaining effective control over management oversight, monitoring the overall conduct and performance of the Group's business and promoting ethical business throughout the Group. It also reviews corporate strategies, budgets, risk management, operations and the performance of the business segments and brings to bear independent judgement on issues relating to conflict of interest, strategy, risk management, performance, resources, governance and code of conduct and ethics to ensure that decisions made and actions taken will promote transparency, accountability and sustainability of the Group. The Board as a whole is dedicated to practise clear demarcation of duties, responsibilities and authority within the Company. The Board recognises the importance of good corporate governance and applies the Practices as set out in the Code and the MMLR to enhance business prosperity and maximise shareholders' wealth.

The Board is, therefore, committed to ensure and maintain that a high standard of corporate governance is practiced throughout the Group to effectively discharge its responsibilities with integrity, transparency and professionalism to protect and ultimately to enhance the shareholders' value and those of the other stakeholders.

Hence, the Board will continue to play a critical role in setting the appropriate tone at the top, providing leadership and promoting good governance and ethical conduct and practices throughout the Group.

Key Responsibilities of the Chairman

The Board is led by a competent Chairman, Tan Sri Abd Rahman Bin Mamat who is an Independent Non-Executive Director and is primarily responsible for effective operation and performance of the Board and instilling good corporate governance practices, leadership and effectiveness of the Board.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board has amongst others adopted the following measures from Guidance 1.1 of the Code:

- Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on management's proposals for the Company, and monitor its implementation by management;
- Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Supervise and assess management performance to determine whether the business is being properly managed;
- Ensure there is a sound framework for internal controls and risk management;
- Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;

Key Responsibilities of the Chairman (Cont'd)

- Set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- Ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- Ensure the integrity of the Company's financial and non-financial reporting.

Key responsibilities of the Chairman as set out in Guidance 1.2 of the Code have been adopted by the Company to be the duties and responsibilities the Chairman of the Company:

- Provides leadership for the board so that the board may perform its responsibilities effectively;
- Sets the board agenda and ensures that board members receive complete and accurate information in a timely manner;
- Leads board meetings and discussions;
- Encourages active participation and allows different views to be freely expressed;
- Manages the interface between board and management;
- Ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- Leads the board in establishing and monitoring good corporate governance practices in the Company.

Separation of Positions of the Chairman and Executive Deputy Chairman

In order to promote accountability, transparency, independence, and to ensure the balance of power and authority, there is a clear demarcation of responsibility and roles between the Independent Non-Executive Chairman and the Executive Deputy Chairman. The positions of Independent Non-Executive Chairman and Executive Deputy Chairman are held by different individuals. In this regards, no one individual can influence the Board's discussions and decision making.

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 discussion on strategies and policies recommended by the Management and lead the Board on its collective oversight of management. The Chairman of the Company is Tan Sri Abdul Rahman Bin Mamat.

The Executive Deputy Chairman who is assisted by the three (3) Executive Directors focus on the day-to-day management of the Company and is responsible for the implementation of the Board's policies and decisions as well as supervising the operation of the Group and developing and implementing business strategies. The Executive Deputy Chairman is Tan Sri Dato' Law Tien Seng.

Company Secretary

The Board is supported by an experienced and competent Company Secretary who provides sound governance advices, ensures adherence to rules and procedures and advocates adoption of corporate governance best practices.

The Company Secretary of HTVB, Mr. Ng Yim Kong is a secretary licensed by the Registrar of Companies by virtue of Section 235(2) of the Companies Act 2016. The Company Secretary provides support to the Chairman of the Company to ensure the effective functioning of the Board.

The Company Secretary and his representatives also organise and attend all Board Meetings and Board Committees' Meetings to ensure accurate and proper recording of issues discussed, decisions made and conclusions taken, and facilitate Board communication. He also manages the processes of the Annual General Meeting and Extraordinary General Meeting (if any). All scheduled meetings held during the year were preceded by formal agenda issued by the Company Secretary in consultation with the Chairman. Prior to the meetings, appropriate documents which include agenda and reports relevant to the issues of the meetings are circulated to all the Directors at least seven (7) days prior to the meetings. All the Directors have sufficient time to appreciate the issues to be deliberated at meetings which in turn enhances the decision-making process. Further details or supplementary information may be provided at the request of the Directors.

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 to provide the Directors with the Board papers and related matters required for the Board and Committees' meetings.

Company Secretary (Cont'd)

The Company Secretary updates the Board of Directors regularly on amendments to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), practice and guidance notes or circulars issued by Bursa Securities from time to time and on the development of or amendments to the Companies Act 2016. The Company Secretary also circulates to the Directors notices of talks, seminars or conferences organised by Bursa Securities Berhad, Companies Commission of Malaysia or outside training and professional development providers to enable the Directors to select and attend the training or updates of their choice. Overall, the Company Secretary advises the Board on the corporate disclosures and compliances with the Companies Act 2016, and securities regulations and listing requirements. 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 resignations of Directors are in accordance with the relevant legislation and the Performance Assessment of the Board, Board Committees and individual Directors are properly executed.

The Board of Directors is supplied with and has 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.

Board Charter

The Board Charter was adopted by the Board to emphasise its commitment to good corporate governance practices of the Code. The Board Charter sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, the relationship between the Board and management and the shareholders of the Company as well as issues and decisions reserved for the Board. More importantly, the Board Charter sets out the key values, principles and ethos of the Company as policies and strategy development are based on these considerations.

The Board Charter is periodically reviewed and updated by the Board to ensure that it remains consistent with the Board's objectives and responsibilities. The Board Charter is available at the Group's website www.htgrp.com.my.

Code of Ethics and Conduct for Directors

The Company has adopted a Code of Ethics and Conduct for Directors to focus on areas of ethical risk, managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering, and to provide guidance to Directors to assist them to recognise and deal with unethical conduct and to help to foster a culture of honesty, trust, and responsibility. The Code of Ethics and Conduct is a part of the Company's commitment to integrity, accountability, transparency and self-regulation. It is a set of acceptable practices to guide the behaviour of the Directors.

The Code of Ethics and Conduct is available at the Group's website www.htgrp.com.my.

Whistleblowing

A formal and written policy and procedure on whistleblowing has been established and adopted on 27 June 2019. The Whistleblowing Policy can be found at the Company's website at www.htgrp.com.my. The Whistleblowing Policy is intended to support the Company's Core Values, Code of Ethics and Governance.

II. BOARD COMPOSITION

Board Balance

The Board comprises seven (7) members; four (4) of whom are Executive Directors and three (3) are Independent Non-Executive Directors. The Board is therefore, in compliance with Paragraph 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) directors or one-third (1/3) of the board of directors of a listed issuer, whichever is the higher, are independent directors but does not comply with Practice 4.1 of the Code which recommended at least half the Board to comprise independent directors. The number of independent directors can be increased from the present three to four upon the identification of a suitable candidate for the post. A brief profile of the Board members are set out on pages 4 to 7 of this Annual Report.

Tenure of Independent Director

It is the present policy of the Company that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director will have to resign unless he is retained by the Board as a non-independent director. This is in compliance with practice 4.2 of the Code. 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 had 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 of the Company has served for a cumulative term of more than nine (9) years up to the financial year ended 31 July 2019. However, by 28 January 2020, Tan Sri Abdul Rahman Bin Mamat would have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years. In view of that and with the recommendation of the Nominating Committee, the Board intends to retain Tan Sri Abdul Rahman Bin Mamat as an Independent Non-Executive Director on the grounds that Tan Sri Abdul Rahman Bin Mamat:

- Is independent, impartial and is prepared to voice his view without fear or favour on matters that required tough decision-making.
- Is able to instill good corporate governance practices, leadership and effectiveness at the Board level.
- Is providing strong leadership to the Company and its 35% equity - owned joint venture entity under tough and challenging time.

Diversity

The Company is led and managed by an experienced Board comprising members with the appropriate mix of skill, diversity, qualification, knowledge and experience in the relevant fields such as finance, law, accounting, metallurgy, material science, management, economics, corporate affairs, entrepreneurship and management. Collectively, the Directors bring a broad range of skills, expertise, knowledge and independent judgement to successfully direct and supervise the attainment of the Group's corporate strategy, business and financial oversight.

Although the Company has no specific policy or target on gender diversity, the Board acknowledges the importance of gender diversity in the Group's workforce and on the Board, and the positive impact gender diversity can have on the Board's decision-making process and Group's performance. However, it is of the view that the Board membership is dependent on the potential candidate's skills, experience, core competencies and other qualities regardless of gender, age and ethnicity.

Presently, the selection of candidates is solely based on recommendations made by existing Board members, management or major shareholder but may include sourcing from a directors' registry and open advertisement or the use of independent search in future if suitable candidates are not readily available.

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 2019, 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 at least 50% of all the Board Meetings held and therefore, have complied with the minimum 50% meeting attendance's requirement under the MMLR of Bursa Securities.

Board Meetings (Cont'd)

Details of the Board of Directors' Meeting held during the financial year ended 31 July 2019:

Name of Directors	Date of Board Meeting				Total Meetings Attended by Directors	Percentage of Attendance
	27.09.2018	14.12.2018	27.03.2019	27.06.2019		
Tan Sri Abdul 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)	✓	✓	✓	✓	4/4	100%
Mr. Leow Hoi Loong @ Liow Hoi Loong (Independent Non-Executive Director)	✓	✓	X	✓	3/4	75%
Mr. Lee Ching Kion (Senior Independent Non-Executive Director)	✓	✓	✓	✓	4/4	100%

Appointment to the Board

There is a formal and transparent procedure which had 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 of Board Committees.

For the financial year ended 31 July 2019, 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.

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 to 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 number of 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 confirmed in writing to the Board offering themselves for re-election:-

		Article No.
•	Tan Sri Dato' Law Tien Seng	79
•	Mr. Tan Shau Ming	79

The profiles of the above Directors who are retiring by rotation are available on pages 4 to 7 of this Annual Report.

Board Committees

Article 111 of the Company's Article of Association provides the Board with discretion to delegate their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed in the exercise of the powers so delegated shall conform to any regulations that may be imposed on it by the Board and by the Listing Requirements.

The Company had formed five (5) main Board Committees, namely Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Employees' Share Option Scheme ("ESOS") Committee.

Audit Committee

Audit Committee is positioned to assist the Board to rigorously challenge and ask probing questions on the Company's financial reporting process, internal controls, risk management and governance. The Internal Audit function reports directly to the Audit Committee.

The composition, summary of activities and attendance of members at the Audit Committee Meetings can be found in the Audit Committee Report on pages 35 to 37 of this Annual Report. The details of the Internal Audit function and activities are set out in this Statement of Risk Management and Internal Controls on pages 32 to 34 of this Annual Report. The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee of the Company comprises solely of Independent Directors.

Nominating Committee

The Nominating Committee of the Company was set up with written terms of reference approved by the Board, dealing with its authority and duties which include the selection and assessment of directors. The terms of reference of the Nominating Committee is made available on the Company's website at www.htgrp.com.my. The Nominating Committee is chaired by an Independent Non-Executive Director, Tan Sri Abdul Rahman Bin Mamat.

Members of the Nominating Committee

The Nominating Committee comprises three (3) Independent Non-Executive Directors. The members of the Nominating Committee are as follows:

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	Senior Independent Non-Executive Director

The Chairman of the Nominating Committee will amongst others:

- Lead the discussion on succession planning and appointment of Board members including future Chairman and Chief Executive Officer; and
- Lead the annual review of Board effectiveness ensuring that the performance of each individual director is independently assessed.

Annual Assessment of Directors

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 judgement to the Board deliberations.

Any Director who considers that he has or may have a conflict 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 2019, 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 attended 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.

For the financial year ended 31 July 2019, 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 and time commitment 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.

Nominating Committee Meetings

Details of the Nominating Committee Meeting held during the financial year ended 31 July 2019:

Name of Directors	Date of Meeting		Total Meetings Attended by Directors	Percentage of Attendance
	27.09.2018	27.06.2019		
Tan Sri Abdul Rahman Bin Mamat (Independent Non-Executive Director)	✓	✓	2/2	100%
Mr. Leow Hoi Loong @ Liow Hoi Loong (Independent Non-Executive Director)	✓	✓	2/2	100%
Mr. Lee Ching Kion (Senior Independent Non-Executive Director)	✓	✓	2/2	100%

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 Bursa Securities.

The Directors had during the financial year ended 31 July 2019, 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:-

	Name of Directors	Training or Seminars Attended	Dates of Attendance
1.	Tan Sri Abd Rahman Bin Mamat	- Emerging Risks, the Future Board and Return on Compliance ICLIF / FIDE - PART 2 - Board Conversations - Dialogue with Senior Officials of Bank Negara Malaysia" FIDE FORUM - Board Evaluation & Board Effectiveness Assessment – Moving the Performance Paradigm – MICG /MTDC - Share Buy Back Requirement - PNB Leadership Forum 2019 - 1st Shariah Dialogue Session 2019 - Knowledge Sharing Session: Takeaways from Legal Cases In Islamic Finance - Luncheon Talk With YB Datuk Sri Saifuddin Nasution Ismail - Dealing With The Rising Cost Of Living - China's Belt & Road Initiatives - Latest Status & Impact On Business - Audit Committee Conference 2019 - Meeting The New Expectations Malaysian Institute Of Accountants & The Institute Of Internal Auditors - Bursa Malaysia's Thought Leadership Series On "Leadership Greatness In Turbulent Times: Building Corporate Longevity" by Erik P.M. Vermeulen	22 October 2018 27 November 2018 28 November 2018 14 December 2018 5 March 2019 18 March 2019 3 April 2019 12 April 2019 15 April 2019 26 June 2019
2.	Tan Sri Dato' Law Tien Seng	- Share Buy Back Requirement	14 December 2018
3.	Mr. Foo Kok Siew	- ESG Seminar for FTSE4 Good Bursa Malaysia Index - Sustainability Engagement Series for Directors/ Chief Executive Officer of Listed Issuers - Share Buy Back Requirement - MIA'S Engagement Session with Audit Committee Members on Integrated Reporting	6 August 2018 6 September 2018 14 December 2018 30 April 2019
4.	Mr. Leow Hoi Loong @ Liow Hoi Loong	- Share Buy Back Requirement - Practical and Effective Trend Trading Strategy by CHK Consultant - Audit Committee Institute Breakfast Roundtable 2019 by KPMG	14 December 2018 13 July 2019 6 August 2019
5.	Mr. Law Wai Cheong	- Share Buy Back Requirement	14 December 2018
6.	Mr. Tan Shau Ming	- Introduction To Steel Making - Share Buy Back Requirement - Understanding The Whistle Blower Protection Act 2010 To Combat Corruption Bribery And Misconduct At Workplace	13 -14 August 2018 14 December 2018 26 February 2019
7.	Mr. Lee Ching Kion	- Share Buy Back Requirement - Bond Conference 2019 - Fresh Perspectives:Engineering the Future of the Malaysian Bond & Sukuk Market - Audit Committee Institute Breakfast Roundtable 2019 by KPMG - The Convergence Of Digitisation And Sustainability.	14 December 2018 15 July 2019 6 August 2019 21 August 2019

Employees' Share Option Scheme ("ESOS") Committee

An ESOS Committee was set up on 23 November 2011 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

During the financial year ended 31 July 2019, the ESOS Committee held one meeting on 14 December 2018 for the following purposes:-

- To note the total number of options or shares granted, exercised, vested, and outstanding up to date;
- To note options or shares granted to Directors and Chief Executive (if any);
- To notes options or shares granted to Directors and Senior Management;
- To note the options offered to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to the Company's ESOS to date; and
- To approve the 5th offer of Options to eligible Directors and Employees of the Group.

III. REMUNERATION

Remuneration Committee

The Company has a Remuneration Committee that assists the Board by recommending the remuneration packages of each individual Executive Director, Independent Non-Executive Director and Senior Management. The Remuneration Committee is entrusted with the following responsibilities:

- To recommend to the Board the framework of Executive Directors' and Senior Management's remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary taking into account the Company's desire to attract and retain the right talent in the Board and Senior Management to achieve the Company's long term objectives;
- To recommend to the Board, guidelines for determining remuneration of Independent Non-Executive Directors;
- To recommend to the Board any performance related pay schemes for Executive Directors;
- To review and where appropriate, to recommend revision of Executive Directors' scope and terms of service contracts;
- To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its function; and
- To review periodically the policies and procedures to determine the remuneration of Directors and Senior Management which takes into account the demands, complexity and performance of the Company as well as skill and experience required.

The terms of reference of the Remuneration Committee are made available on the Company's website at www.htgrp.com.my.

The members of the Remuneration Committee are as follows:

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	Senior Independent Non-Executive Director

During the financial year ended 31 July 2019, the Remuneration Committee held two meetings on 14 December 2018 and 27 June 2019 for the following purposes:

- To review the annual bonus for Executive Directors and Senior Management; and
- To recommend the annual increment for the Group and the Executive Directors and Senior Management.

III. REMUNERATION (Cont'd)

DIRECTORS' REMUNERATION

The Company has specific remuneration policies and procedures to determine the remuneration of Directors and Senior Management. For the financial year ended 31 July 2019, 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 Independent 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 responsibilities, 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 Independent Non-Executive Directors including the Non-Executive Chairman is determined in accordance with their experience and the level of responsibilities assumed.

The details of the remuneration of Directors of the Company in respect of the financial year ended 31 July 2019 are set out as follows:

	Director Fees RM'000	Director Emoluments RM'000	Allowances RM'000	Total RM'000
Group				
Independent Non-Executive Directors:				
Tan Sri Abdul Rahman Bin Mamat	110	-	7	117
Leow Hoi Loong @ Liow Hoi Loong	100	-	8	108
Lee Ching Kion	95	-	7	102
	305	**-**	**22**	**327**
Executive Directors:				
Tan Sri Dato' Law Tien Seng	-	2,680	198	2,878
Foo Kok Siew	-	1,096	72	1,168
Tan Shau Ming	-	611	42	653
Law Wai Cheong	-	508	42	550
Total	**305**	**4,895**	**376**	**5,576**
Company				
Independent Non-Executive Directors:				
Tan Sri Abdul Rahman Bin Mamat	110	-	7	117
Leow Hoi Loong @ Liow Hoi Loong	100	-	8	108
Lee Ching Kion	95	-	7	102
	305	**-**	**22**	**327**
Executive Directors:				
Tan Sri Dato' Law Tien Seng	-	2,680	198	2,878
Foo Kok Siew	-	1,096	72	1,168
Law Wai Cheong	-	508	42	550
Tan Shau Ming	-	-	-	-
Total	**305**	**4,284**	**334**	**4,923**

Remuneration of the Top Five Senior Management

The Board is of the opinion that the disclosure on a named basis the top five Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 would not be beneficial to the individual Senior Management's interest due to the following reasons:-

1. Confidentiality and sensitivity of personal information of Senior Management.
2. Will give rise to breach of personal data protection.
3. Security concerns for the staff including their family members.
4. Can potentially create friction among the staff.
5. Encourage staff pinching or poaching of executives in the industry.

The Board ensures that the remuneration of Senior Management commensurates with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully.

The Company will review and consider disclosing the top 5 Senior Management's remuneration component in bands width of RM50,000 on a named basis in future.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee which comprises Directors; all of whom are Independent Non-Executive Directors is responsible for reviewing and monitoring the Group's internal control processes, its external auditors and of the integrity of the Group's financial statements.

All the Audit Committee members who are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting policies, carried out their duties in accordance with the terms of reference of the Audit Committee which are made available on the Company's website at www.htgrp.com.my. All the Audit Committee members undertake continuous professional development and training to ensure that they keep abreast of the relevant development in accounting and auditing standards, practices and rules.

The Audit Committee has the policy that requires a former key audit partner of the Group audit to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. Currently, no former key audit partner is appointed as a member of the Audit Committee.

The Audit Committee also has the policy that no alternate director shall be appointed as a member of the Audit Committee. The status of Audit Committee of the Company is explained in greater detail in the enclosed Audit Committee Report.

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 financial 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.

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 Audit Committee 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. 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.

Statement of Directors' Responsibility in Relation to the Financial Statements

The Board of Directors is required under Paragraph 15.26(a) of Bursa Securities' 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 are capable to disclose 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.

Statement of Directors' Responsibility in Relation to the Financial Statements (Cont'd)

In preparing these financial statements, the Directors have:-

- Selected appropriate accounting policies and applied them consistently;
- Made judgements 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.

Relationship with External Auditors

The Group has established a formal, transparent and professional relationship with its external auditors. The Audit Committe reviews the audit plans, scope of 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 Annual General Meeting of the Company.

The External Auditors are invited to attend Audit Committee meetings as and 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.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of risk management, identifying principal risks and opportunities and establishing an appropriate control environment and framework to manage risks and take advantage of opportunities. 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 which are satisfactorily under control.

The Board also 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 correction and/or improvement.

The details of the Company's risk management and internal control framework are contained in the Statement on Risk Management and Internal Control on pages 32 to 34.

Risk Management Committee

The Company established a Risk Management Committee on 30 March 2010 and has been delegated by the Board to assume responsibility for the Group's risk oversight. The Risk Management Committee 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. Through the Risk Management Committee, therefore, the Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

The terms of reference of the Risk Management Committee are available on the Company's website at www.htgrp.com.my.

The members of the Risk Management Committee are as follows:

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

Internal Audit Function

The internal audit function of the Company is currently outsourced to NGL Tricor Governance Sdn Bhd which reports directly to the Audit Committee. The Internal Audit function is, therefore, effective and independent. To the best of the Board's knowledge, the outsourced internal audit personnel are free from any relationship or conflict of interest which could impair their objectivity and independence.

The internal audit function is responsible to assist the Audit Committee in discharging its duties and responsibilities, and is carried out by referring to a recognised framework, such as the International Professional Practices Framework issued by the Institute of Internal Auditors.

Further details of the internal audit function are contained in the Audit Committee Report on pages 35 to 37 in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of effective, transparent and regular ongoing engagement communication with its stakeholders to facilitate mutual understanding of each other's objectives and expectations and to enable the stakeholders to make informed decisions with respect to the business of the Company, its governance, environment and social responsibility.

Information is disseminated through various disclosures and announcements made to Bursa Securities which includes financial results and corporate developments. The Company's website at www.htgrp.com.my provides shareholders and investors with the overview information of the Group's business, the latest updates of the Company and the announcement of the quarterly financial results made via Bursa Link. Shareholders and investors may contact the persons 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.

II. CONDUCT OF GENERAL MEETINGS

According to Article 54 of Company's Articles of Association, notice of 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. The 21 days' notice is within the requirement stipulated by the Companies Act 2016 under Section 316 and Paragraph 9.19 of the MMLR of Bursa Securities. The Board is aware that Practice 12.1 of the Code which encourages the Company to send out Notice for its Annual General Meeting to the shareholders at least 28 days prior to the meeting. Since the Notice of the Annual General Meeting will be sent on 19 November 2019 while its AGM will only be held on 17 December 2019, i.e. more than 28 days prior to Annual General Meeting, the Company complies with Practice 12.1 of the Code.

At the Annual 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 Directors and the Chair of Board Committees are present 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 17 December 2018, the Board's reply to the Minority Shareholders' Working Group's ("MSWG") query Letter dated 11 December 2018 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 at its Board of Directors' Meeting held on 27 September 2018 identified Mr. Lee Ching Kion 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 (cklee@htgrp.com.my).

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

A total number of shares purchased and retained as treasury shares during the financial year ended 31 July 2019 was Nil.

As at end of the financial year:

a. A total of 5,492,000 shares bought back 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 other options, warrants or convertible securities exercised during the financial year ended 31 July 2019.

	No. of Shares	RM
As at 1 August 2018	1,337,054,534	668,527,267
(+) Ordinary shares issued pursuant conversion of RCUIDS	7,144,000	3,572,000
As at 31 July 2019	1,344,198,534	672,099,267

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 July 2019.

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 2019.

5. NON-AUDIT FEES

Non-audit fees of RM15,000 were incurred for services rendered to the Group for the financial year ended 31 July 2019 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 2019 and the unaudited quarterly results previously announced.

7. PROFIT GUARANTEE

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

8. UTILISATION OF PROCEEDS

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

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

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 17 December 2018 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 2019 in accordance with the shareholders' mandate obtained in the last Annual General Meeting were as follows:

Related Parties involved with HTVB Group	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 and Shareholder of T.S. Law Holdings Sdn. Bhd. ("TS Law") which in turn is the major shareholder of JKJS.	260,291

This statement was approved by the Board on 27 September 2019.

The Malaysian Code on Corporate Governance 2017 specify that the Board of Directors of public listed companies should establish a sound risk management framework and internal controls 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 2019. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the latest "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("the Guideline") endorsed by the Bursa Malaysia Securities Berhad ("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 as provided in the Guideline for risk governance are:

- Embedding risk management in all aspects of the Group's activities, which also encompasses subsidiaries of the Company;
- Assessing the Group's acceptable risk appetite; 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 delegates 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. Lee Ching Kion	-	Senior Independent Non-Executive Director (Chairman)
(ii)	Mr. Foo Kok Siew	-	Executive Director
(iii)	Mr. Leow Hoi Loong @ Liow Hoi Loong	-	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, inventory risk and cyber 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, prioritise and re-assess the risks and to ensure that adequate attention and focus for risk management are placed appropriately and timely in accordance with the perceived and anticipated risk magnitude. Quarterly, the RMWC re-assesses, summarises and reports the emerging risks and their profiles to the RMC for review and deliberation. The status of key risks and management actions are further presented by the RMC to the Board for review and deliberation.

RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

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

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

ii. Budgetary control involving the review and approval of annual budget as well as monitoring and analysing variances of actual results against budget in the monthly Group Management Committee Meeting;

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. Centralised enterprise resource planning information system that provides timely information and produces periodic performance reports to management for monitoring purposes; and

vi. ISO 9001:2015 Quality Management System, EC Certification on Factory Production Control and American Petroleum Institutes ("API") manufacturing procedures in the manufacturing operations of the Group. Internal quality audits are carried out and annual surveillance audits are conducted by external certification body to provide assurance of compliance with the ISO requirements.

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 Meeting, weekly Credit Committee Meeting, monthly Group Management Committee Meeting and monthly Operation Meeting at the respective key subsidiaries. The objective of these meetings is to ensure policies, decisions and expected operational performance targets and objectives set by the top executives are communicated, understood and executed by line management. At the same time, these meetings re-enforce the monitoring and supervision controls at the line management levels.

In order to ensure the objectivity of the review of the systems of internal control 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 Auditors have identified implementation lapses in internal control and process improvement opportunities during the course of its work for the financial year under review, which were promptly 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 systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems 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 and up to the date of approval of this Statement for inclusion in the Annual Report. The Board is satisfied that the existing systems of internal control and risk management are adequate and effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses for the financial year under review.

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

REVIEW OF STATEMENT ON 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 2019. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.

AAPG 3 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.

The Board of Directors of Hiap Teck Venture Berhad is pleased to present the Audit Committee report for the financial year ended 31 July 2019 in compliance with Paragraph 15.15 of the Main Market Listing Requirement.

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 to discharge its responsibilities of reviewing and monitoring the Group's financial process, audit process, statutory and regulatory compliance.

During the year under review, the Terms of Reference of the Audit Committee was amended to include in its policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee. The Terms of Reference of the Audit Committee may be viewed at the Company's website at www.htgrp.com.my.

The members of the Audit Committee are appointed from amongst the Directors. All the three members of the Audit Committee are Independent Non-Executive Directors and the Chairman Mr. Leow Hoi Loong @ Liow Hoi Loong is a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom.

Members of the Audit Committee	Designation	Directorship
Mr. Leow Hoi Loong @ Liow Hoi Loong	Chairman	Independent Non-Executive Director
Tan Sri Abdul Rahman Bin Mamat	Member	Independent Non-Executive Director
Mr. Lee Ching Kion	Member	Senior Independent Non-Executive Director

MEETING AND ATTENDANCE

During the financial year ended 31 July 2019, 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
	27.09.2018	14.12.2018	17.03.2019	27.06.2019		
Mr. Leow Hoi Loong @ Liow Hoi Loong	✓	✓	X	✓	3/4	75%
Tan Sri Abdul Rahman Mamat	✓	✓	✓	✓	4/4	100%
Mr. Lee Ching Kion	✓	✓	✓	✓	4/4	100%

SUMMARY OF ACTIVITIES

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

The Executive Director, Mr. Foo Kok Siew and the Group Chief Financial Officer, Ms. Yeo Bee Hwan attended the Audit Committee meetings by invitation during the financial year ended 31 July 2019. The Internal Auditors attended all the scheduled quarterly Audit Committee meetings. Representatives of the External Auditors were invited to present the Audit Planning Memorandum to the Audit Committee and attended meetings where matters relating to the audit of the statutory accounts were discussed. Other Board members may attend Audit Committee Meetings 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 ended 31 July 2019 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.
- 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 follow-up audit reports and consider the findings and recommendations and management's responses thereto.
- Reviewed the Audit Committee's Term of References ("TOR") and recommended the amendment to the Board for approval.
- 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 including discussion with the External Auditors on the MFRS 16 on Leases and the possible financial impact on the Group upon the adoption of MFRS 16.
- Noted External Auditors written assurance in their "Report To The Audit Committee" confirming that External Auditors are and have been, independent throughout the conduct of their audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- Reviewed the audit and non-audit fees of the External Auditors and recommended these fees to the Board of Directors' for consideration and approval.
- Reviewed and discussed with External Auditors the issues (eg. Key Audit Matters) 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 and Audit Committee Report prior to its inclusion in the Annual Report.
- Met with the External Auditors on 27 September 2018 and 27 June 2019 without the presence of the Executive Directors and Management.
- Reviewed the suitability, objectivity and independence of the External Auditors and recommended them for their re-appointment.

REVIEW OF ALLOCATION OF OPTIONS

- The Audit Committee had reviewed at its meeting held on 27 September 2019 the allocation of the options for the financial year ended 31 July 2019 pursuant to the Employees' Share Option Scheme ("ESOS") which was extended for another 5 years from 12 April 2017 to 11 April 2022. The following allocation of the options was in compliance with the By-Laws of the ESOS.

REVIEW OF ALLOCATION OF OPTIONS (Cont'd)

- Shares options granted to the Directors and Senior Management as at 27 September 2019:

(i) Aggregate maximum allocation applicable to directors and senior management in percentage	50%
(ii) Total number of shares options granted	48,891,179
(iii) The actual percentage granted	42%

- Breakdown of options granted to and vested for Independent Non-Executive Directors as at 27 September 2019:

Name of director	Amount of options/ shares granted	Amount of options exercised/shares vested	
		Vested	Exercised
Tan Sri Abdul Rahman Mamat	1,439,999	1,439,999	-
Mr. Leow Hoi Loong @ Liow Hoi Loong	899,999	899,999	-
Mr. Lee Ching Kion	899,999	899,999	-
Total	3,239,997	3,239,997	-

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to NGL Tricor Governance Sdn. Bhd., an independent professional services firm for an annual fee of RM175,000. 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, proficiency 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 ended 31 July 2019, the Internal Auditors executed the approved audit plan and performed internal control review for the following subsidiary companies and functions:

- Business Development Department for Alpine Pipe Manufacturing Sdn. Bhd., Huatraco Scaffold Sdn. Bhd. and Hiap Teck Hardware Sdn. Bhd.;
- Supply Chain - Logistic and Maintenance for Briliant Decade Transport Agency Sdn. Bhd.;
- Production Planning for Huatraco Scaffold Sdn. Bhd.;
- Inventory Quantity Management for Huatraco Scaffold Sdn. Bhd.;
- Recurrent Related Party Transactions ("RRPT") for Hiap Teck Venture Berhad;
- Fixed Assets Management for Hiap Teck Hardware Sdn. Bhd., Alpine Pipe Manufacturing Sdn. Bhd. and Huatraco Scaffold Sdn. Bhd.;
- Warehouse Management for Hiap Teck Hardware Sdn. Bhd, Alpine Pipe Manufacturing Sdn. Bhd. and Huatraco Scaffold Sdn. Bhd. and follow-up on previous internal audit issues; and
- Attended Audit Committee meetings to table, discuss and answer any queries from the Audit Committee regarding the internal audit findings and issues.

During the year under review, the Audit Committee has met with 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 27 September 2019.

NOMINATING COMMITTEE STATEMENT

The Nominating Committee of the Company was set up on 16 October 2003 with written terms of reference approved by the Board, dealing with its authority and duties which include the selection and assessment of directors.

The terms of reference of the Nominating Committee is made available on the Company's website at www.htgrp.com.my.

COMPOSITION OF NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises three (3) Non-Executive Directors, all of whom are Independent Directors. The members of NC are as follows:

Nominating Committee Members	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	Senior Independent Non-Executive Director

MEETING AND ATTENDANCE

The NC met on 27 September 2018 and 27 June 2019 during the financial year under review with full attendance of the NC members.

SUMMARY OF ACTIVITIES

The NC had carried out the following:-

(a) Conducted an evaluation of the performance of the Directors for the financial year ended 31 July 2019 at its meeting held on 27 September 2019, and reviewed and assessed the effectiveness of the Board as a whole and the Board Committees; contribution and performance of each individual Director; independence of Independent Directors, the mix of skills, experience and other qualities of Directors including but not limited to core competencies and time commitment which the Non-Executive Directors should bring to the Board. For this purpose, an evaluation questionnaire was circulated to each Director for his completion. Upon the return of the completed questionnaires, the Company Secretary compiled the results of the evaluation and tabled the summary of the results for the Nominating Committee's deliberation. The overall results of the evaluation showed that the Directors, the Board and the Board Committee are in compliance with good corporate governance practices and adhere to existing laws and regulations.

(b) Reviewed the terms of reference of the Nominating Committee annually.

(c) Reviewed the Diversity of the Board and noted that the Board does not presently have a specific Diversity Policy. Nevertheless, the Board acknowledges the importance of diversity that can contribute to the improved decision-making process and performance of the Group. In this respect, the Nominating Committee will help to monitor the diversity of the Board through the evaluation and selection process of new candidates especially female candidates to the Board.

SUMMARY OF ACTIVITIES (Cont'd)

(d) Looked at the Succession Planning of the Group which is presently subject to further changes and study by the Board and Management.

(e) Reviewed the retirement by rotation at the forthcoming Twenty-Third Annual General Meeting of the Company in accordance with Article 79 of the Company's Articles of Association, and recommended the re-election of Tan Sri Dato' Law Tien Seng and Mr. Tan Shau Ming who being eligible to be re-elected, have all consented to be re-elected.

(f) Reviewed the Board size in relation to the Practice 4.1 of Malaysian Code on Corporate Governance 2017.

(g) Reviewed the criteria used for the selection process of candidates for new directorship in relation to the Practice 4.6 of Malaysian Code on Corporate Governance 2017.

(h) Conducted on 27 September 2019 an evaluation of the term of office and performance of the Audit Committee ("AC") for the financial year ended 31 July 2019, and reviewed and assessed the composition and quality; understanding of the business including risks; process and procedures; oversight of the financial reporting process, including internal controls; oversight of audit functions; ethics and compliance; and monitoring activities. Following the evaluation, the Nominating Committee concluded that the AC and its Members had been effective in discharging their responsibilities to ensure the quality, integrity and appropriateness in financial accounting and reporting, and have carried out their duties in accordance with their terms of reference.

(i) Reviewed and recommended to the Board that the re-appointment of Tan Sri Abdul Rahman Bin Mamat whose tenure as Independent Director will exceed nine (9) years by 28 January 2020 in compliance with Practice 4.2 of Malaysian Code on Corporate Governance 2017 will be in the best interest of the Company on the following grounds:

    (i) Is independent, impartial and is prepared to voice his view without fear or favour on matters that required tough decision-making.
    (ii) Is able to instill good corporate governance practices, leadership and effectiveness at the Board level.
    (iii) Is providing strong leadership to the Company and its 35% equity-owned joint venture entity under tough and challenging time.

(j) Reviewed the continuous professional development of members of the Audit Committee to ensure that they keep abreast of relevant developments in accounting and auditing practices and rules and that they shall be financially literate and are able to understand matters under purview of the Audit Committee including the financial reporting process.

This Sustainability Statement is prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Sustainability Reporting Guide issued by Bursa Malaysia.

Our Group acknowledges that stakeholders' expectations have moved beyond the sole reliance on the financial performance of a company. In cognizance, we have committed to embark on a journey to deliver long term sustainable value and growth to our stakeholders. We have mapped our sustainability strategies based on the Economic, Environmental and Social ("EES") model and are based on factors that are deemed important and relevant to our Group. This sustainable approach is continuously assimilated into our decision making processes and day-to-day operations.

OUR PEOPLE

Our employees are our most important assets. We actively engage our work-force, provide support, cultivate teamwork and encourage continuous development to ensure a fulfilling career and continuity. We celebrate diversity and are committed to equitable development, opportunities and compensation practices regardless of race, gender or ethnicity. We are also committed to provide our employees with a safe and conducive working environment and have targeted to eliminate all occupational health and safety issues.

Health, Safety and Environment ("HSE")

At Hiap Teck, safety is of utmost priority. Various programs are held over the year to promote and nurture a healthy and safe work place. The Health & Safety Officer performs daily morning briefings to the production workers to remind and improve their knowledge on safety with the objective of achieving an accident-free work place. A compulsory "HSE" induction programme for new employees emphasises the importance of work safety and precautions. The Occupational Safety and Health Committee play a critical role in inculcating an accident free mindset to all levels of employees. The "HSE" committee is committed to continuously carry out safety briefings, trainings and roadshows to instill correct safety procedures and help accomplish the goal of a zero accident working environment.

We also strive to prevent damage to our assets and are mindful of the impact of our activities to the work place and environment. We routinely practice our emergency response to potential incidents such as fire, steel pipe felt and hit etc. These tests will help improve our employees' readiness to respond. If an incident does occur, we undertake immediate investigation to identify the root cause and put in place the measures and controls to prevent future recurrences.

Our Group monitors work-related accidents and manages all incidents with the relevant corrective actions. The Occupational Safety and Health leaders will present and discuss the safety improvement plan during our monthly management meeting. We have also monthly audits in safety issues and hold regular inspections to identify unsafe activities and conditions.

Health, Safety and Environment ("HSE") (Cont'd)

The table below shows number of accident cases recorded over the years:

Financial Year	2015	2016	2017	2018	2019
Accident cases	17	14	13	13	10

Through our efforts, we have managed to bring down the number of accident cases in the recent years. We are committed to a sustainable safe workplace and environment safety embedded our business culture to achieve continuous improvement in HSE and safety by reducing accidents, occupational injures and work-related illness rate.

Employees Development

At Hiap Teck, we take proactive measures to develop and promote talents to help them achieve higher potential year-on-year through training, job rotation and internal promotion. To ensure sustainable growth for our businesses, continuous need-based training is critical to ensure that our employees have the knowledge and skills to stay relevant amid changing workplace demands and enabling them to act with integrity and pride. We also cultivate a culture of sharing, by encouraging employees to share with other colleagues the knowledge and skills they have gained through on-job or external training.

Succession Planning

We strive to continuously groom and retain a diverse and robust talent pool and right grooming to ensure our employees are ready to meet future succession planning and development as well as being adaptable to change. Priority is always given to existing employees as and when there is a job opening within our Group.

First Aid & CPR Training

Safety Briefing every morning

Safety Briefing & Fire Drill Event

Workplace Risk & Hazard Training

Futsal matches organised by the sport committee

Zumba classes conducted every Friday

Employee Relations

It is the Group's priority in cultivating teamwork, and a respectful and harmonious working environment. To this end, our Group organises social gatherings for all festivals, annual dinner, birthday parties, etc. Team building represents an annual event to foster bonding and teamwork among employees from various departments within our Group.

We place special attention on the well-being and benefits of the employees. In order to develop a balanced work life and create a caring, harmonious and cohesive working atmosphere; employees are encouraged to participate in various sports and recreational activities organised by the Group. A committee has been set up to continuously promote and organise various sport activities and physical fitness classes such badminton matches, futsal, football, zumba etc.

Our Community

Being a caring corporate citizen, we consciously work towards making a difference to serving and contributing to the community in which we operate in and work through our volunteerism. We trust the value of volunteerism to our community will help develop caring character and empathy among our employees and community.

Education

Our 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 constantly improve and uplift themselves through continuing education. We provide annual allowances for our employees' children to enable them to buy books and other educational materials. This helps to inculcate reading habits and learning amongst the young who are the future of our Country.

Caring

We also organise annual blood donation event that provide a reminder to the importance of a caring community and also help to stock up the blood bank for National Blood Centre.

This year the blood donation was held on 17 October 2018. As always, we received overwhelming response from our employees and the local communities.

Gotong Royong is also one of the Group's annual events that foster a clean environment for workplace and surrounding areas and community. All level of employees participated in this important annual event that was held on 12 January 2019.

SUSTAINABLE PROFIT AND GROWTH

Our Group is committed to maintaining a high standard of corporate governance; emphasis on an ethical business culture amongst our staff and engaging our stakeholders to help secure sustainable growth and performance. We conduct with responsibility, transparency and fairness in all our business dealings, and we hold respect for the interests of the relevant stakeholders, adhering to our Group's long-standing business philosophy. We have identified some of the material matters to be focused on to manage material risks that may impact sustainable profit.

Customers

This group of stakeholder expects prime quality and diverse products and services, and quick response to complaints and concerns. Our Group emphasises on customers' retention and loyalty via the provision of customer centric services and quality products, knowledge sharing and one-stop solution at a competitive price.

Our pipe making arm, Alpine Pipe Manufacturing Sdn. Bhd. produces the most complete sizes of hollow section in the country, ranging from 2.5mm to 1.6 meter in diameter. The product certification we have obtained such as BS EN, BA EN, EN, SPAN, JIS, AS, and API allow our Group to have better competitive advantage to supply in various projects and industries. Our Group's scaffolding plant is one of the pioneers in the industry and the first factory obtained MS1462 certification. This signifies the superior quality equipment we are offering to our customers. The assurance of quality of our scaffold equipment has enabled us not only to supply domestically but also regional markets in South East Asia (SEA).

Supply Chain Management

Our Group actively engages with suppliers, consultants, developers, contractors and regulatory bodies in key areas relating to quality of work and product, compliance and the environment.

We take great care in ensuring the right supply chain in order to meet our sustainability targets and to align with our sustainability strategies. The Group has established a transparent process for the bidding of raw materials. For non-materials purchases, prices are appropriately benchmarked, negotiated and reviewed regularly.

We have maintained good long term business relationship with our key suppliers with high level of trust and timely delivery. Relevant measures on suppliers are sustainability survey, market feedback, annual review and rating on pre-determined KPI.

To ensure sustainability growth and performance, our Business Development team is committed to continue exploring for potential new markets in the region and new steel-related businesses. One of the key KPI of Business Development team is to cooperate and partner with CIDB, IEM, JKR, MBAM, MITI, Matrade and to actively participate in exhibitions in the country and SEA to promote and educate on our products, and receiving feedback and concerns for continuous improvements in the quality of our products and processes.

As always, we have spearheaded various donation and sponsorship initiatives which have benefited a number of community services, organisations and regulatory bodies. Over the year, we have organised and funded various seminars on the potential usage of our products, to educate and enhance knowledge for engineers and project team, existing and potential customers, business partners and various Government Authorities from the project design stage, right up to the completion of the projects.

During the year, we have conducted various seminar and exhibitions as follows.

Event	Date	Venue
2018 Exhibition & Mesyuarat Jurutera Awam JKR Malaysia	5th - 7th August 2018	Institut Latihan Kementerian Kesihatan Malaysia (ILKKM) Sultan Azlan Shah, Tg. Rambutan, Perak
Seminar Kejuruteraan Paip & Perancah Collaboration between HTVB Group of Companies & BPKU (Bahagian Pembangunan Kontraktor & Usahawan) Sarawak & Kementerian Pembangunan Usahawan (MED)	11th October 2018	Imperial Hotel, Kuching, Sarawak
Borneo Water & Wastewater Exhibition & Conference 2018 (BWWEC)	10th - 11th October 2018	Pullman Hotel, Kuching Sarawak
MYWAC Air Kelantan Exhibition 2018 (Malaysian Water Engineer Action Committee)	25th - 28th November 2018	Grand Riverview hotel, Kota Bharu Kelantan
Big 5 Exhibition at Dubai, UAE	26th - 29th November 2018	Dubai World Trade Centre, UAE
Worldbex 2019 Exhibition at Manila	13th - 17th March 2019	Dubai World Trade Centre, Manila, Philippines

ENVIRONMENTAL SUSTAINABILITY

Our Group pays special attention to waste management and environmental sustainability on matters that are most relevant to our businesses and stakeholders. Our Group takes a proactive approach with the objectives of preserving the environment, improving efficiency in energy consumption, reduce waste in which will directly contribute to lower costs and to optimise utilisation.

- **Waste Management**

  Our Group continues to undertake initiatives to minimise its operational impact on the environment. We are cautious in handling scheduled waste (categorised under first schedule (Regulation 2), the EQA 1974-Environmental Quality (Scheduled Wastes) Regulation, 2005) from our pipe making plant, we engaged authorised waste disposal agent to eliminate potential risk to our environment.

  We put emphasis on recycling and some of the initiatives undertaken were:

  - Recycled the waste by recovery of coolant oil from waste coolant.
  - Recycled of cooling water.
  - Installed eco-friendly hand dryers in wash rooms, thus eliminating the use paper towels.
  - Reduced unnecessary printing and increase paper recycling.
  - Wasted separation at factory floor.
  - Installed filtered water system in pantry to eliminate purchase of bottled water.

- **Energy and Carbon Management**

  The initiatives undertaken on energy saving and carbon control to create a more eco-friendly environment include the following:

  - Installed fume scrubbers for air emission control and monitoring with control devices.
  - Changed the existing fluorescent light tubes to LED tubes in offices.
  - Changed the existing High Pressure Sodium down lights to LED down lights in factory floors.
  - Changed the existing High Pressure Sodium flood lights to LED street lights.
  - Changed LED high bay lighting for factory.
  - Replacing compressed air with blower fan for coolant aeration and stenciling air knife.

  We are passionate about our environment and are committed to continuously reduce all types of waste related to our business by recycling them as much as possible, this will reduce consumption and risk to environment.

Our Group strongly supports the communities in which we operate and is committed to be a dynamic member of these communities in every way we can to enhance the environment strategically, financially and socially.

Our Group's corporate website, www.htgrp.com.my, provides up-to-date and reliable information about the Group's business activities. We update our website regularly with the latest information and development of the Group.

Our Group will continue to heighten our efforts to ensure sustainable growth and performance while maintaining a high standard of corporate governance.

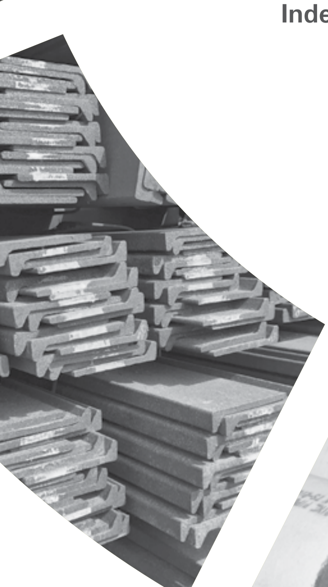
FINANCIAL STATEMENTS

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



The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2019.

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
Profit for the year attributable to:		
Owners of the Company	25,304	24,209
Non-controlling interests	(486)	-
	24,818	24,209

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 0.5 sen per ordinary share totalling RM6,694,000 in respect of financial year ended 31 July 2018 on 25 January 2019.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 July 2019 is 0.5 sen per ordinary share totalling RM6,694,000. This dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

Directors of the Company

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

Tan Sri Abd Rahman Bin Mamat
Tan Sri Dato' Law Tien Seng
Leow Hoi Loong @ Liow Hoi Loong
Lee Ching Kion
Foo Kok Siew
Tan Shau Ming
Law Wai Cheong

Directors of the Company's subsidiaries

Directors who served in the Company's subsidiaries that are not Directors in the Company during the financial year until the date of this report are:

Yeo Bee Hwan
Chew Sow Yong
Ng Kian Hin (appointed on 24 May 2019)
Seh Kwang Weoi (resigned on 24 May 2019)

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 financial year end (including the interests 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 1.8.2018	**Bought**	**Sold**	**At 31.7.2019**
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng				
– own	337,647,686	-	-	337,647,686
Lee Ching Kion				
– other*	45,354	-	-	45,354
Tan Shau Ming				
– other*	792,000	-	-	792,000

	Number of options over ordinary shares			
	At 1.8.2018	**Granted**	**Exercised**	**At 31.7.2019**
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
Leow Hoi Loong @ Liow Hoi Loong				
– own	899,999	-	-	899,999
Lee Ching Kion				
– own	899,999	-	-	899,999
Foo Kok Siew				
– own	7,199,997	-	-	7,199,997
Tan Shau Ming				
– own	3,599,997	1,000,000	-	4,599,997
Law Wai Cheong				
– own	-	4,000,000	-	4,000,000

	Number of Warrants 2016			
	At 1.8.2018	**Bought**	**Sold**	**At 31.7.2019**
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng				
– own	75,032,819	-	-	75,032,819
Tan Shau Ming				
– other*	176,000	-	-	176,000

Directors' interests in shares (Cont'd)

	Number of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS")			
	At 1.8.2018	Bought	Sold	At 31.7.2019
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng				
– own	75,032,819	-	-	75,032,819
Tan Shau Ming				
– other*	176,000	-	-	176,000

* *Interest in shares held by Director's spouse pursuant to Section 59(11)(c) of the Companies Act 2016.*

By virtue of his interests in the shares of the Company, Tan Sri Dato' Law Tien Seng is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Hiap Teck Venture Berhad has an interest.

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 those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of 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 30 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") granted to eligible Directors and employees of the Group.

Issue of shares and debentures

During the financial year, there were conversion of 5-year 5% RCUIDS to 7,144,000 ordinary shares.

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

Treasury shares

As at 31 July 2019, a total of 5,492,000 buy-back shares were held as treasury shares and carried at cost.

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 13 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 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 an 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 12 April 2017 to 11 April 2022.

The salient terms of the ESOS are disclosed in Note 31 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:

Date of offer	Exercise price	No. of share options over ordinary shares At 1.8.2018	Granted	Forfeited	At 31.7.2019
19 April 2013	RM0.50	52,442,735	-	(1,053,188)	51,389,547
10 January 2014	RM0.67	10,763,975	-	(683,998)	10,079,977
12 January 2015	RM0.53	8,567,946	-	(1,367,993)	7,199,953
1 January 2018	RM0.40	33,144,484	-	(1,810,000)	31,334,484
2 January 2019	RM0.31	-	16,670,600	(1,477,000)	15,193,600
		104,919,140	16,670,600	(6,392,179)	115,197,561

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 RM19,090.

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, other than the Group's share on reversal of impairment loss in property, plant and equipment by the joint venture as disclosed in Note 7 and the loss on partial disposal of investment in joint venture as disclosed in Note 32 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 July 2019 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 event

Significant event during the financial year is disclosed in Note 32 to the financial statements.

Auditors

The auditors, KPMG PLT, 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

Kuala Lumpur

Date: 25 October 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 July 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Assets					
Property, plant and equipment	3	270,872	253,694	438	360
Mining exploration and evaluation assets	4	-	21,332	-	-
Investment properties	5	8,945	9,162	96,868	98,212
Investment in subsidiaries	6	-	-	94,121	94,070
Investment in joint venture	7	417,292	-	508,964	-
Other investments	8	1,093	1,366	-	-
Deferred tax assets	9	-	434	-	-
Trade and other receivables	10	3,510	427,228	26,365	580,759
Total non-current assets		701,712	713,216	726,756	773,401
Inventories	11	438,775	394,836	-	-
Current tax assets		11,114	2,671	5,637	-
Trade and other receivables	10	257,441	357,374	28,643	41,228
Other investments	8	1,509	10,718	963	7,005
Cash and cash equivalents	12	178,921	59,635	979	227
Total current assets		887,760	825,234	36,222	48,460
Total assets		1,589,472	1,538,450	762,978	821,861
Equity					
Share capital	13	672,099	668,527	672,099	668,527
Reserves	13	190,940	168,707	(83,650)	(104,996)
Total equity attributable to owners of the Company		863,039	837,234	588,449	563,531
Non-controlling interests		(1,247)	(761)	-	-
Total equity		861,792	836,473	588,449	563,531
Liabilities					
Loans and borrowings	14	19,062	20,543	15,970	20,543
Deferred tax liabilities	9	37,964	37,281	19,943	22,251
Total non-current liabilities		57,026	57,824	35,913	42,794
Loans and borrowings	14	607,004	591,549	30,000	86,984
Trade and other payables	15	60,100	45,702	108,616	127,655
Contract liabilities	16	1,724	-	-	-
Current tax payable		1,826	6,902	-	897
Total current liabilities		670,654	644,153	138,616	215,536
Total liabilities		727,680	701,977	174,529	258,330
Total equity and liabilities		1,589,472	1,538,450	762,978	821,861

The notes set out on pages 60 to 131 are an integral part of these financial statements.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	17	1,186,607	1,127,859	88,418	75,629
Cost of sales	18	(1,081,388)	(983,908)	-	-
Gross profit		105,219	143,951	88,418	75,629
Other operating income		13,690	36,605	4,689	31,188
Operating costs in respect of income generating investment properties		(243)	(246)	(1,343)	(1,328)
Administrative expenses		(23,959)	(23,635)	(11,337)	(11,542)
Selling and marketing expenses		(15,093)	(27,744)	-	-
Other operating expenses		(1,118)	(9,301)	(48,025)	(4,482)
Net (loss)/gain on impairment of financial instruments		(568)	110	-	-
Results from operating activities		77,928	119,740	32,402	89,465
Finance costs	19	(25,522)	(22,305)	(8,410)	(9,835)
Share of loss of equity-accounted investees, net of tax	7	(13,256)	(49,069)	-	-
Profit before tax		39,150	48,366	23,992	79,630
Tax (expense)/income	20	(14,332)	(21,177)	217	358
Profit for the year	21	24,818	27,189	24,209	79,988
Other comprehensive loss, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		64	131	-	-
Fair value loss on other investments		(272)	(141)	-	-
Other comprehensive loss for the year, net of tax		(208)	(10)	-	-
Total comprehensive income for the year		24,610	27,179	24,209	79,988
Profit attributable to:					
Owners of the Company		25,304	27,946	24,209	79,988
Non-controlling interests		(486)	(757)	-	-
Profit for the year		24,818	27,189	24,209	79,988
Total comprehensive income attributable to:					
Owners of the Company		25,096	27,936	24,209	79,988
Non-controlling interests		(486)	(757)	-	-
Total comprehensive income for the year		24,610	27,179	24,209	79,988
Earnings per ordinary share (sen):					
Basic	23	1.89	2.12		
Diluted	23	1.66	1.83		

The notes set out on pages 60 to 131 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2019

		/---- Attributable to owners of the Company ----/								
		/---- Non - distributable ----/				Distributable				
	Note	Share capital RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 August 2017		654,864	(7,499)	30,341	43,019	4,639	82,011	807,375	(4)	807,371
Foreign currency translation differences for foreign operations		-	-	-	131	-	-	131	-	131
Fair value loss on other investments		-	-	-	(141)	-	-	(141)	-	(141)
Total other comprehensive loss		-	-	-	(10)	-	-	(10)	-	(10)
Profit for the year		-	-	-	-	-	27,946	27,946	(757)	27,189
Total comprehensive income for the year		-	-	-	(10)	-	27,946	27,936	(757)	27,179
Conversion of RCUIDS	13	13,663	-	-	(13,663)	-	-	-	-	-
Equity settled share-based payments		-	-	-	-	1,923	-	1,923	-	1,923
Share options forfeited		-	-	-	-	(1,215)	1,215	-	-	-
Total transactions with owners of the Company		13,663	-	-	(13,663)	708	1,215	1,923	-	1,923
At 31 July 2018		668,527	(7,499)	30,341	29,346	5,347	111,172	837,234	(761)	836,473

/---------- Note 13 ----------/

		/----- Attributable to owners of the Company						-----/		
		/----- Non - distributable				-----/ Distributable				
	Note	Share capital RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 August 2018		668,527	(7,499)	30,341	29,346	5,347	111,172	837,234	(761)	836,473
Foreign currency translation differences for foreign operations		-	-	-	64	-	-	64	-	64
Fair value loss on other investments		-	-	-	(272)	-	-	(272)	-	(272)
Total other comprehensive loss		-	-	-	(208)	-	-	(208)	-	(208)
Profit for the year		-	-	-	-	-	25,304	25,304	(486)	24,818
Total comprehensive income for the year		-	-	-	(208)	-	25,304	25,096	(486)	24,610
Conversion of RCUIDS	13	3,572	-	-	3,087	-	-	6,659	-	6,659
Equity settled share-based payments		-	-	-	-	744	-	744	-	744
Share options forfeited		-	-	-	-	(428)	428	-	-	-
Dividends to owners of the Company	24	-	-	-	-	-	(6,694)	(6,694)	-	(6,694)
Total transactions with owners of the Company		3,572	-	-	3,087	316	(6,266)	709	-	709
At 31 July 2019		672,099	(7,499)	30,341	32,225	5,663	130,210	863,039	(1,247)	861,792
		/----- Note 13					-----/			

The notes set out on pages 60 to 131 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2019

		/---- Attributable to the owners of the Company ----						
		/---- Non - distributable ----/						
	Note	Share capital RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 August 2017		654,864	(7,499)	30,341	44,459	4,639	(245,184)	481,620
Profit and total comprehensive income for the year		-	-	-	-	-	79,988	79,988
Conversion of RCUIDS	13	13,663	-	-	(13,663)	-	-	-
Equity settled share-based payments		-	-	-	-	1,923	-	1,923
Share options forfeited		-	-	-	-	(1,215)	1,215	-
Total transactions with owners of the Company		13,663	-	-	(13,663)	708	1,215	1,923
At 31 July 2018/1 August 2018		668,527	(7,499)	30,341	30,796	5,347	(163,981)	563,531
Profit and total comprehensive income for the year		-	-	-	-	-	24,209	24,209
Conversion of RCUIDS	13	3,572	-	-	3,087	-	-	6,659
Equity settled share-based payments		-	-	-	-	744	-	744
Share options forfeited		-	-	-	-	(428)	428	-
Dividends to owners of the Company	24	-	-	-	-	-	(6,694)	(6,694)
Total transactions with owners of the Company		3,572	-	-	3,087	316	(6,266)	709
At 31 July 2019		672,099	(7,499)	30,341	33,883	5,663	(146,038)	588,449
		/---- Note 13 ----/						

The notes set out on pages 60 to 131 are an integral part of these financial statements.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit before tax		39,150	48,366	23,992	79,630
Adjustments for:					
Allowance for/(Reversal of) impairment loss on trade receivables		568	(110)	-	-
Amortisation of mining exploration and evaluation assets	4	743	56	-	-
Depreciation of investment properties	5	217	208	1,344	1,328
Depreciation of property, plant and equipment	3	9,508	12,326	90	171
Dividend income		(84)	(54)	(76,560)	(63,240)
Equity settled share-based payments	31	744	1,923	744	1,923
Finance costs	19	25,522	22,305	8,410	9,835
Finance income:					
Amount due from joint venture		(2,584)	(29,564)	(2,584)	(29,564)
Amount due from subsidiaries		-	-	(1,371)	(1,278)
Other investments		(324)	(363)	(83)	-
Deposits with licensed banks		(1,921)	(1,137)	(27)	(38)
Finance lease receivables		(63)	-	-	-
Gain on disposal of property, plant and equipment		(5,240)	(2,068)	-	(43)
Loss on partial disposal of investment in joint venture	32	-	-	47,243	-
Net overdue interest income		(1,119)	(760)	-	-
Net unrealised foreign exchange loss		509	4,178	37	2,538
Property, plant and equipment written off	3	9	7	-	-
Share of loss of equity-accounted joint venture, net of tax	7	13,256	49,069	-	-
Write-down of inventories to net realisable value	11	3,664	5,404	-	-
Operating profit before changes in working capital		82,555	109,786	1,235	1,262
Changes in working capital:					
Inventories		(47,603)	(68,535)	-	-
Trade and other receivables		54,247	(91,343)	(28,180)	249
Trade and other payables		14,398	5,095	(247)	(151)
Contract liabilities		1,724	-	-	-
Cash generated from/(used in) operations		105,321	(44,997)	(27,192)	1,360
Interest paid		(30,095)	(27,007)	(12,983)	(14,537)
Net overdue interest income		1,119	760	-	-
Net income tax paid		(20,076)	(27,341)	(1,966)	(3,438)
Net cash generated from/(used in) operating activities		56,269	(98,585)	(42,141)	(16,615)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Advances to joint venture – net of repayment		40,852	(68,312)	40,852	(68,312)
Acquisition of a subsidiary	6	-	-	(51)	-
Dividends received		84	-	12,175	-
Finance income:					
Amount due from subsidiaries		-	-	1,371	1,278
Other investments		324	363	83	-
Deposits with licensed banks		1,921	1,137	27	38
Finance lease receivables		63	-	-	-
Investment in joint venture		(135,802)	-	(135,802)	-
Decrease/(Increase) in other investments		9,209	(6,027)	6,042	(7,005)
Proceeds from disposal of property,plant and equipment		10,900	4,902	-	43
Proceeds from partial disposal of investment in joint venture	32	135,711	-	135,711	-
Purchase of mining exploration and evaluation assets	4	(648)	(904)	-	-
Purchase of investment properties	5	-	-	-	(1,435)
Purchase of property, plant and equipment	3	(11,118)	(18,566)	(168)	(439)
Net cash generated from/(used in) investing activities		51,496	(87,407)	60,240	(75,832)
Cash flows from financing activities					
Advances from subsidiaries		-	-	47,243	48,376
Dividends paid to owners of the Company	24	(6,694)	-	(6,694)	-
Drawdown/(Repayment) of borrowings	14.5	17,635	163,070	(57,896)	39,822
Net cash generated from/(used in) financing activities		10,941	163,070	(17,347)	88,198
Net increase/(decrease) in cash and cash equivalents		118,706	(22,922)	752	(4,249)
Effect of exchange rate changes		580	(793)	-	-
Cash and cash equivalents at beginning of year		59,635	83,350	227	4,476
Cash and cash equivalents at end of year	12	178,921	59,635	979	227

Dividend income from subsidiaries

During the financial year, the dividend income from subsidiaries amounting to RM64,385,470 (2018: RM63,240,007) were settled against balances due to the subsidiaries.

The notes set out on pages 60 to 131 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:

Principal place of business and registered office
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 2019 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. The financial statements of the Company as at and for the financial year ended 31 July 2019 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.

These financial statements were authorised for issue by the Board of Directors on 25 October 2019.

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, interpretations and amendments 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 2019
- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRS 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 and Investor and its Associate or Joint Venture*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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

- from the annual period beginning on 1 August 2019 for those accounting standards, amendments and interpretations, that are effective for the annual periods beginning on or after 1 January 2019; and

- from the annual period beginning on 1 August 2020 for those amendments that are effective for the annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for the annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

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

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.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

Based on the Group's preliminary assessment, the estimated impact of initial application of MFRS 16 on its consolidated financial statements as at 1 August 2019 is additional lease liabilities of RM957,000 with a corresponding additional right-of-use assets of RM957,000. The estimated impact on initial application is based on assessment undertaken to-date. The actual impact of adopting the standard may change because the testing and controls over its new accounting systems and new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

(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.

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

(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 6 – Investment in subsidiaries
- Note 7 – Impairment loss on investment in joint venture
- Note 26 – Measurement of expected credit loss ("ECL") and fair value

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.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:
i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments as compared to those adopted in previous financial statements. The impact arising from the changes are disclosed in Note 33.

(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 it has *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.

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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) Acquisitions 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.

(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 a financial asset depending on the level of influence retained.

(v) 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.

Joint arrangements are classified and accounted for as "joint venture" when the Group or the Company 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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(vi) 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 equity 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 a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) 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 are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that 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 equity instruments where they are measured at fair value through other comprehensive income, which are recognised in other comprehensive income.

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.

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

(b) Foreign currency (Cont'd)

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the 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 an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

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

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

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

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

(i) **Recognition and initial measurement (Cont'd)**

Previous financial year

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

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

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

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

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

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

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

Financial assets (Cont'd)

Current financial year (Cont'd)

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

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

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

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

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

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

Previous financial year (Cont'd)

(c) Available-for-sale financial assets

Available-for-sale category comprised investment in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were 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 were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

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

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

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

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial liabilities (Cont'd)

Current financial year (Cont'd)

(a) Fair value through profit or loss (Cont'd)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were 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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iii) Financial guarantee contracts (Cont'd)

Current financial year

Financial guarantee issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

In the previous financial year, fair values arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was 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 are transferred, 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 of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 component 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 for 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. Capital-in-progress 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:

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

Amortisation of mining assets is based on the unit of production method.

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

2. Significant accounting policies (Cont'd)

(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.

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 and commencement of mining operations, intangible E&E assets attributable to those reserves are tested for impairment and then reclassified from E&E assets to a separate category within property, plant and equipment as mining 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 or held under leasehold interest 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 fair 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

2. Significant accounting policies (Cont'd)

(k) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery the amounts due.

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

(k) **Impairment (Cont'd)**

(i) **Financial assets (Cont'd)**

Previous financial year

All financial assets (except for investments in subsidiaries and investment in joint venture) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was 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 was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was 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 had been recognised in other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was 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 was 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 was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was 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 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 or cash-generating units.

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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

2. Significant accounting policies (Cont'd)

(k) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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 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.

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.

(l) 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 the 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 (treasury shares)

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 statements 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.

(m) 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.

2. Significant accounting policies (Cont'd)

(m) Compound financial instruments (Cont'd)

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

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

(n) 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) State 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.

(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.

(o) 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.

2. Significant accounting policies (Cont'd)

(p) Revenue and other income

(i) Goods sold and services rendered

Revenue from the sale of goods and services rendered 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. 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 when the sale of goods and services rendered are recognised.

The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has enforceable right to payment for performance completed to date.

(ii) 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.

(iii) Finance income

Finance 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.

(iv) Rental income

Rental income related to rental of properties and equipment for hire 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.

(q) 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.

2. Significant accounting policies (Cont'd)

(r) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for 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 liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax 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.

(s) 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, share options granted to employees and RCUIDS.

(t) 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 makers, which in this case are the Executive Director and Chief Operating Officer 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.

(u) Contingencies

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 not recognised in the statements of financial position and 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.

2. Significant accounting policies (Cont'd)

(v) 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.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair value is 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	Note	Freehold land RM'000	Buildings RM'000	Leasehold land RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Others assets RM'000	Capital-in-progress RM'000	Mining assets RM'000	Total RM'000
Cost										
At 1 August 2017		76,417	141,061	1,070	216,019	6,205	45,159	2,802	-	488,733
Additions		-	602	-	976	5,409	11,055	524	-	18,566
Disposals		-	-	-	(87)	(1,924)	(9,097)	-	-	(11,108)
Written off		-	-	-	-	(158)	(80)	-	-	(238)
Transfers		-	-	-	-	-	370	(370)	-	-
Transfer to investment properties	5	-	(2,103)	(1,070)	-	-	-	-	-	(3,173)
Effect of movements in exchange rates		-	-	-	(4)	-	(16)	-	-	(20)
At 31 July 2018/1 August 2018		76,417	139,560	-	216,904	9,532	47,391	2,956	-	492,760
Additions		-	-	-	2,071	996	7,057	994	-	11,118
Disposals		-	-	-	(1,229)	(4,670)	(3,323)	-	-	(9,222)
Written off		-	-	-	(62)	-	(209)	-	-	(271)
Transfers		-	2,183	-	1,340	-	34	(3,557)	-	-
Reclassified from mining exploration and evaluation assets	4	-	-	-	-	-	-	-	22,036	22,036
At 31 July 2019		76,417	141,743	-	219,024	5,858	50,950	393	22,036	516,421

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

Group	Note	Freehold land RM'000	Buildings RM'000	Leasehold land RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Others assets RM'000	Capital-in-progress RM'000	Mining assets RM'000	Total RM'000
Accumulated depreciation										
At 1 August 2017		-	32,585	313	161,847	5,509	36,121	-	-	236,375
Charge for the year		-	3,421	-	4,458	705	3,742	-	-	12,326
Disposals		-	-	-	-	(1,801)	(6,473)	-	-	(8,274)
Written off		-	-	-	-	(158)	(73)	-	-	(231)
Transfer to investment properties	5	-	(808)	(313)	-	-	-	-	-	(1,121)
Effect of movements in exchange rates		-	-	-	1	-	(10)	-	-	(9)
At 31 July 2018/1 August 2018		-	35,198	-	166,306	4,255	33,307	-	-	239,066
Charge for the year		-	2,871	-	1,214	805	4,618	-	-	9,508
Disposals		-	-	-	(194)	(1,253)	(2,115)	-	-	(3,562)
Written off		-	-	-	(62)	-	(200)	-	-	(262)
Reclassified from mining exploration and evaluation assets	4	-	-	-	-	-	-	-	799	799
At 31 July 2019		-	38,069	-	167,264	3,807	35,610	-	799	245,549
Carrying amounts										
At 1 August 2017		76,417	108,476	757	54,172	696	9,038	2,802	-	252,358
At 31 July 2018/1 August 2018		76,417	104,362	-	50,598	5,277	14,084	2,956	-	253,694
At 31 July 2019		76,417	103,674	-	51,760	2,051	15,340	393	21,237	270,872

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

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

Company	Motor vehicles RM'000	Office renovations RM'000	Office equipment RM'000	Capital-in-progress RM'000	Total RM'000
Cost					
At 1 August 2017	424	657	134	-	1,215
Additions	407	-	32	-	439
Disposals	(424)	-	-	-	(424)
At 31 July 2018/1 August 2018	407	657	166	-	1,230
Additions	-	-	-	168	168
At 31 July 2019	407	657	166	168	1,398
Accumulated depreciation					
At 1 August 2017	424	580	119	-	1,123
Charge for the year	81	75	15	-	171
Disposals	(424)	-	-	-	(424)
At 31 July 2018/1 August 2018	81	655	134	-	870
Charge for the year	82	1	7	-	90
At 31 July 2019	163	656	141	-	960
Carrying amounts					
At 1 August 2017	-	77	15	-	92
At 31 July 2018/1 August 2018	326	2	32	-	360
At 31 July 2019	244	1	25	168	438

4. Mining exploration and evaluation assets

	Note	Group RM'000
Cost		
At 1 August 2017		20,484
Additions		904
At 31 July 2018/1 August 2018		21,388
Additions		648
Reclassified to property, plant and equipment	3	(22,036)
At 31 July 2019		-
Accumulated depreciation		
At 1 August 2017		-
Charge for the year		56
At 31 July 2018/1 August 2018		56
Charge for the year		743
Reclassified to property, plant and equipment	3	(799)
At 31 July 2019		-
Carrying amounts		
At 1 August 2017		20,484
At 31 July 2018/1 August 2018		21,332
At 31 July 2019		-

5. Investment properties

Group	Note	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost					
At 1 August 2017		3,950	485	6,429	10,864
Transfer from property, plant and equipment	3	1,070	-	2,103	3,173
At 31 July 2018/1 August 2018/31 July 2019		5,020	485	8,532	14,037
Accumulated depreciation					
At 1 August 2017		1,648	-	1,898	3,546
Transfer from property, plant and equipment	3	313	-	808	1,121
Charge for the year		72	-	136	208
At 31 July 2018/1 August 2018		2,033	-	2,842	4,875
Charge for the year		73	-	144	217
At 31 July 2019		2,106	-	2,986	5,092
Carrying amounts					
At 1 August 2017		2,302	485	4,531	7,318
At 31 July 2018/1 August 2018		2,987	485	5,690	9,162
At 31 July 2019		2,914	485	5,546	8,945

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 August 2017	48,062	65,740	113,802
Additions	-	1,435	1,435
At 31 July 2018/1 August 2018/31 July 2019	48,062	67,175	115,237
Accumulated depreciation			
At 1 August 2017	-	15,697	15,697
Charge for the year	-	1,328	1,328
At 31 July 2018/1 August 2018	-	17,025	17,025
Charge for the year	-	1,344	1,344
At 31 July 2019	-	18,369	18,369
Carrying amounts			
At 1 August 2017	48,062	50,043	98,105
At 31 July 2018/1 August 2018	48,062	50,150	98,212
At 31 July 2019	48,062	48,806	96,868

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 (2018: RM14,150,000 and RM196,500,000) 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income	947	609	7,952	8,483
Direct operating expenses:				
- income generating investment properties	(243)	(246)	(1,343)	(1,328)

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Group				
Freehold land	-	3,400	-	3,400
Leasehold land with unexpired lease period of more than 50 years	-	4,200	-	4,200
Buildings	-	6,550	-	6,550
	-	14,150	-	14,150
Company				
Freehold 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
2018				
Group				
Freehold land	-	3,400	-	3,400
Leasehold land with unexpired lease period of more than 50 years	-	4,200	-	4,200
Buildings	-	6,550	-	6,550
	-	14,150	-	14,150
Company				
Freehold land	-	121,500	-	121,500
Buildings	-	75,000	-	75,000
	-	196,500	-	196,500

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 (2018: 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 2019 RM'000	Company 2018 RM'000
At cost:		
Unquoted shares in Malaysia	94,121	94,070

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Hiap Teck Hardware Sdn. Bhd.	Malaysia	Importer, exporter, general dealer and lessor 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)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
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	Investment holding	100	100
Nexus Pacific Property Sdn. Bhd.	Malaysia	Dormant	100	100
Geopintar E&C Sdn. Bhd. (formerly known as Darul Bakat Sdn. Bhd.)#	Malaysia	Dormant	51	-
Subsidiary of Hiap Teck Resources Sdn. Bhd.				
Vista Mining Sdn. Bhd.	Malaysia	Exploring, contracting and all 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

Not audited by member firms of KPMG PLT.

On 17 June 2019, the Company subscribed for 51,000 new ordinary shares in Geopintar E&C Sdn. Bhd. ("Geopintar") (formerly known as Darul Bakat Sdn. Bhd.) at RM1.00 per share for a total sum of RM51,000 representing a shareholding of 51% in Geopintar. The investment in Geopintar is to allow the Group to expand its revenue base by engaging in activities complementary to the Group. The Directors have determined that the Group controls Geopintar as it has the current ability to direct Geopintar's activities that most significantly affect its returns. Consequently, Geopintar is regarded as a subsidiary of the Group.

The statutory financial year end of Geopintar, a newly acquired subsidiary, is 31 December and it does not coincide with the Group. Geopintar is in the midst of changing its statutory financial year end to conform with the Group.

7. Investment in joint venture

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares in Malaysia at cost		717,840	283,853	717,840	283,853
Share of post-acquisition reserves		(285,363)	(228,853)	-	-
Less: Impairment loss	7.1	(15,185)	(55,000)	(208,876)	(283,853)
		417,292	-	508,964	-

Details of the joint venture are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Eastern Steel Sdn. Bhd.	Malaysia	Manufacturing, selling and dealing in a range of steel products using blast furnace plant	35	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.

On 3 April 2018, the Company entered into an Equity and Debt Transfer Agreement ("SPA") with Shanxi Jianlong Industry Company Limited ("Jianlong") for the disposal of 89,520,000 ordinary shares in ESSB representing 20% of the issued and paid up capital of ESSB (refer to Note 32).

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

	2019 RM'000	2018 RM'000
Summarised financial information		
As at 31 July		
Non-current assets	1,345,628	1,118,481
Current assets	442,390	197,377
Non-current liabilities	(126,587)	(675,024)
Current liabilities	(393,300)	(997,020)
Net liabilities	1,268,131	(356,186)
Year ended 31 July		
Loss and total comprehensive expense for the year	(33,316)	(89,217)
Included in the total comprehensive expense are:		
Interest expense	(6,192)	(66,227)
Income tax credit	-	76
Group's share of results for year ended 31 July		
Group's share of loss and total comprehensive expense for the year	(13,256)	(49,069)

7. Investment in joint venture (Cont'd)

7.1 Impairment loss

Impairment loss recognised by the joint venture

In the financial year 2016, in view of the depressed market prices and soft demand of steel slabs and the increased volatility of foreign exchange rates, ESSB had ceased its trial operation to minimise losses. Accordingly, the management of ESSB had prepared discounted cash flow projections to assess the recoverable amount of the capital-in-progress in the financial year 2017.

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 as at 31 July 2017 amounting to RM1,310 million was determined to be higher than its recoverable amount of RM1,044 million. Hence, impairment loss of RM266 million was recognised in capital-in-progress in the financial year 2017.

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 (refer to Note 10).

On 16 July 2018, ESSB resumed production and the management of ESSB carried out a reassessment on the recoverable amount of the property, plant and equipment. The cash flow projections used in the reassessment for the previous financial year were based on two-year projections with the estimated production volume at 96% of the capacity in the first year and 100% in the second year. A further 23 years (i.e. financial years 2021 to 2043) were projected with zero growth from the second-year projections. Based on the reassessment, no additional impairment loss was considered necessary for the previous financial year.

As at 31 December 2018, the carrying amount of the property, plant and equipment was reassessed and impairment loss amounting to RM50 million was reversed due to the changes in the estimates used to determine the recoverable amount of the assets as a result of ESSB commencing its operations.

As at 31 July 2019, reassessment on the recoverable amount of the property, plant and equipment was further performed based on 25 years of cash flow projections with the initial 10 years at an estimated projection volume at 100% of the capacity. The subsequent 15 years (i.e. financial years 2029 to 2043) were projected with zero growth.

Key assumptions used in the value in use calculation for the property, plant and equipment during the current financial year include an estimated electricity cost savings of 20% in the initial financial years and subsequently up to 50% in the later years (i.e. financial years 2022 to 2043) where ESSB's electricity may be self-produced from the blast furnace gas upon completion of the 55MW Power Generation Plant and post-tax discount rates of 10% - 12% (2018: 9.0% - 11.0%) based on an industry average weighted average cost of capital.

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 (i.e. historical data).

Based on the reassessment, no additional impairment loss is considered necessary for the current financial year.

The above estimates are particularly sensitive in the following areas:
- A 2% decrease in sales price would have increased the impairment loss by RM42 million in the joint venture.
- A 20% decrease in free cash flows would have increased the impairment loss by RM25 million in the joint venture.

Impairment loss recognised at Group level

As the recoverable amount of the investment in joint venture based on the fair value less costs of disposal estimated using the income approach is higher than its carrying amount in the Group level after applying the equity method, additional impairment loss was therefore not necessary for the current financial year.

Impairment loss recognised at Company level

Based on the reassessment, no additional impairment loss is considered necessary for the current financial year.

8. Other investments

	2019 Carrying amount RM'000	2019 Market value of quoted investments RM'000	2018 Carrying amount RM'000	2018 Market value of quoted investments RM'000
Group				
Non-current				
Club membership, unquoted	140	-	140	-
Equity instruments, quoted in Malaysia	953	953	1,226	1,226
	1,093		1,366	
Current				
Unit trust funds of licensed financial institutions within Malaysia	1,509	1,509	10,718	10,718
	2,602		12,084	
Company				
Current				
Unit trust funds of licensed financial institutions within Malaysia	963	963	7,005	7,005
	963		7,005	

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 RM'000	Assets 2018 RM'000	Liabilities 2019 RM'000	Liabilities 2018 RM'000	Net 2019 RM'000	Net 2018 RM'000
Group						
Property, plant and equipment	-	-	(21,961)	(20,071)	(21,961)	(20,071)
Investment properties	-	-	-	(154)	-	(154)
Other payables	2,582	4,516	-	-	2,582	4,516
Tax loss carry-forward	1,696	-	-	-	1,696	-
RCUIDS	-	-	(20,281)	(21,138)	(20,281)	(21,138)
Tax assets/(liabilities)	4,278	4,516	(42,242)	(41,363)	(37,964)	(36,847)
Set-off of tax	(4,278)	(4,082)	4,278	4,082	-	-
Net tax assets/(liabilities)	-	434	(37,964)	(37,281)	(37,964)	(36,847)
Company						
Property, plant and equipment	-	-	(1,868)	(1,808)	(1,868)	(1,808)
Other payables	510	695	-	-	510	695
Tax loss carry-forward	1,696	-	-	-	1,696	-
RCUIDS	-	-	(20,281)	(21,138)	(20,281)	(21,138)
Tax assets/(liabilities)	2,206	695	(22,149)	(22,946)	(19,943)	(22,251)
Set-off of tax	(2,206)	(695)	2,206	695	-	-
Net tax liabilities	-	-	(19,943)	(22,251)	(19,943)	(22,251)

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

Unrecognised deferred tax assets

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment	(81)	(1,674)	-	-
Unabsorbed capital allowances	7,285	8,542	-	-
Tax loss carry-forward	3,327	3,306	-	-
Other taxable temporary differences	(1,649)	(2,037)	-	-
	8,882	8,137	-	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits thereon.

The unutilised tax loss carry-forward will be limited to 7 years of assessment starting from the year of assessment 2019. Unutilised tax loss for year of assessment 2018 and before may be utilised for the purpose of deduction for year of assessment 2019 and subsequent years of assessment until the year of assessment 2025 and any amount which has not been utilised shall be disregarded.

Movement in temporary differences during the year

	At 1.8.2017 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.7.2018/ 1.8.2018 RM'000	Recognised in profit or loss (Note 20) RM'000	Recognised in equity (Note 20) RM'000	At 31.7.2019 RM'000
Group						
Property, plant and equipment	(18,763)	(1,308)	(20,071)	(1,890)	-	(21,961)
Investment properties	(131)	(23)	(154)	154	-	-
Other payables	8,116	(3,600)	4,516	(1,934)	-	2,582
RCUIDS	(25,195)	4,057	(21,138)	(5,801)	6,658	(20,281)
Tax loss carry-forward	-	-	-	1,696	-	1,696
	(35,973)	(874)	(36,847)	(7,775)	6,658	(37,964)
Company						
Property, plant and equipment	-	(1,808)	(1,808)	(60)	-	(1,868)
Other payables	-	695	695	(185)	-	510
RCUIDS	(25,195)	4,057	(21,138)	(5,801)	6,658	(20,281)
Tax loss carry-forward	-	-	-	1,696	-	1,696
	(25,195)	2,944	(22,251)	(4,350)	6,658	(19,943)

10. Trade and other receivables

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Non-trade					
Amount due from a subsidiary	10.1	-	-	26,365	27,871
Amount due from joint venture	10.2	-	628,407	-	628,407
Less: Share of post-acquisition reserves	10.2	-	(201,179)	-	-
Less: Allowance for impairment loss	10.2	-	-	-	(75,519)
Finance lease receivables	10.3	3,510	-	-	-
		3,510	427,228	26,365	580,759
Current					
Trade					
Trade receivables		200,335	272,826	-	-
Less: Allowance for impairment loss		(1,071)	(2,718)	-	-
		199,264	270,108	-	-
Amount due from joint venture	10.4	43,019	27,940	-	-
Amount due from a related party	10.4	505	740	-	-
		242,788	298,788	-	-
Non-trade					
Other receivables		4,048	10,522	37	36
Dividend receivables		-	-	28,320	-
Amount due from joint venture	10.5	21	40,642	21	40,642
Amount due from subsidiaries	10.6	-	-	94	238
		4,069	51,164	28,472	40,916
Deposits		624	612	40	173
Prepayments		8,950	6,810	131	139
Finance lease receivables	10.3	1,010	-	-	-
		14,653	58,586	28,643	41,228
		257,441	357,374	28,643	41,228
		260,951	784,602	55,008	621,987

The Group's normal trade credit term ranges from 14 to 90 (2018: 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

10.1 Non-current non-trade amount due from a subsidiary

The non-trade amount due from a subsidiary is unsecured and subject to interest at 5.5% (2018: 5.5%) per annum. The amount is not expected to be repayable over the next 12 months.

10.2 Non-current non-trade amount due from joint venture

In prior year, the non-trade amount due from joint venture was unsecured and subject to interest rates at 4.6% to 9.2% per annum. The amount was not expected to be repayable over the next 12 months.

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, formed part of the Group's long term investment in the joint venture.

In the separate financial statements of the Company, the impairment loss recognised was based on the fair value less costs of disposal estimated using the income approach (see Note 7.1).

10. Trade and other receivables (Cont'd)

10.2 Non-current non-trade amount due from joint venture (Cont'd)

During the financial year, the non-trade amount due from joint venture has been disposed of as follows:

(a) 20% of the Company's advances to the joint venture was transferred to Jianlong pursuant to an Equity and Debt Transfer Agreement dated 3 April 2018 and completed on 1 November 2018 (refer to Note 7); and

(b) the remaining advances to the joint venture was converted to equity in the joint venture pursuant to a Debt-to-Equity Transaction Agreement dated 1 November 2018 between the Company, Jianlong, Chinaco and the joint venture.

Based on the Debt-to-Equity Transaction Agreement, each shareholder namely the Company, Jianlong and Chinaco agreed to waive all interest accrued and any exchange rate gains arising from United States Dollar or foreign currency denominated advances made under the Shareholders Loan Agreement.

10.3 Finance lease receivables

The Group's finance lease receivables comprise leases on certain items of equipment amounting to RM5,440,000 under finance lease expiring in 5 years. At the end of the lease term, the Group has given the lessee the option to purchase the equipment at RM1, a price deemed to be a bargain purchase option. There are no contingent rents in the leases.

Gross investment under finance leases together with the present value of minimum lease payments receivables are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Gross lease receivables:		
Not later than one year	1,088	-
Later than one year and not later than five years	3,627	-
	4,715	-
Less: Unguaranteed residual values	-	-
Mininum lease payments receivable	4,715	-
Less: Amount representing unearned finance income	(195)	-
Present value of minimum lease payments receivable	4,520	-
Less: Accumulated impairment losses	-	-
Present value of minimum lease payments receivable	4,520	-
Present value of minimum lease payments receivable:		
Not later than one year	1,010	-
Later than one year and not later than five years	3,510	-
	4,520	-

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

10. Trade and other receivables (Cont'd)

10.4 Current trade amount due from joint venture and a related party

The trade amount due from joint venture and a related party are subject to normal trade terms.

10.5 Current non-trade amount due from joint venture

The non-trade amount due from joint venture is unsecured, interest-free and repayable on demand.

10.6 Current non-trade amount due from subsidiaries

The non-trade amount due from subsidiaries relates to payments on behalf, is interest-free and subject to 30 days credit term.

11. Inventories

	Group	
	2019	**2018**
	RM'000	**RM'000**
Raw materials	146,548	115,292
Work-in-progress	24,322	23,500
Finished goods	126,646	125,602
Merchandise goods	87,552	104,719
Goods in transit	51,357	23,597
Spare parts	2,350	2,126
	438,775	394,836
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,070,956	973,317
Write-down to net realisable value	3,664	5,404

12. Cash and cash equivalents

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	51,209	16,142	31	30
Cash and bank balances	127,712	43,493	948	197
	178,921	59,635	979	227

13. Capital and reserves

Share capital

	Group and Company			
	Amount 2019 RM'000	Number of shares 2019 '000	Amount 2018 RM'000	Number of shares 2018 '000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares				
At 1 August	668,527	1,337,054	654,864	1,309,728
Conversion of RCUIDS	3,572	7,144	13,663	27,326
At 31 July	672,099	1,344,198	668,527	1,337,054

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. All ordinary shares 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 13.4), all rights are suspended until those shares are reissued.

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

Reserves

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-distributable:					
Warrant reserves	13.1	30,341	30,341	30,341	30,341
Other reserves					
Translation reserves	13.2.1	(142)	(206)	-	-
Fair value reserves	13.2.2	(1,516)	(1,244)	-	-
RCUIDS reserves	13.2.3	33,883	30,796	33,883	30,796
Share option reserves	13.3	5,663	5,347	5,663	5,347
Treasury shares	13.4	(7,499)	(7,499)	(7,499)	(7,499)
		60,730	57,535	62,388	58,985
Distributable:					
Retained earnings/ (Accumulated losses)		130,210	111,172	(146,038)	(163,981)
		190,940	168,707	(83,650)	(104,996)

13. Capital and reserves (Cont'd)

Reserves (Cont'd)

13.1 Warrant reserves

The warrants were issued free to the subscribers for the RCUIDS in the financial year 2016.

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 financial year 2016.

Issuance of 285,163,313 Warrants 2016 arose from the subscription of the RCUIDS in the financial year 2016. No warrants were exercised during the financial year (2018: Nil) and the number of warrants outstanding as at 31 July 2019 was 285,163,313 (2018: 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.

13.2 Other reserves

13.2.1 Translation reserves

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

13.2.2 Fair value reserves

The fair value reserves comprise the cumulative net change in the fair value of equity designated at fair value through other comprehensive income (2018: available-for-sale financial assets) until the investments are derecognised or impaired.

13.2.3 RCUIDS reserves

The RCUIDS reserves comprise the equity component of the 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, 7,144,000 of RCUIDS (2018: 27,326,100) were converted into ordinary shares resulted in the decrease in the reserves. The number of RCUIDS outstanding as at 31 July 2019 was 229,682,213 (2018: 236,826,213).

13.3 Share option reserves

The share option reserves comprise the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserves is transferred to share capital. When the share options expire, the amount from the share option reserves is transferred to retained earnings. No share options were exercised by the employees during the year (2018: Nil).

13.4 Treasury shares

Treasury shares comprise cost of acquisition of the Company's own shares. At 31 July 2019, a total of 5,492,000 (2018: 5,492,000) buy-back shares were held as treasury shares and carried at cost.

14. Loans and borrowings

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Secured:					
Hire purchase liabilities	14.1	3,092	-	-	-
Unsecured:					
RCUIDS	14.2	15,970	20,543	15,970	20,543
		19,062	20,543	15,970	20,543
Current					
Secured:					
Bankers' acceptances	14.3	325,222	347,717	-	-
Promissory notes	14.3	3,411	19,468	-	-
Post shipment buyer loan	14.3	37,403	-	-	-
Accepted bills	14.3	180,166	107,380	-	-
Revolving credit	14.3	60,000	60,102	30,000	30,102
Hire purchase liabilities	14.1	802	-	-	-
Unsecured:					
Term loans	14.4	-	56,882	-	56,882
		607,004	591,549	30,000	86,984
		626,066	612,092	45,970	107,527

14.1 Hire purchase liabilities

	Group 2019 RM'000	Group 2018 RM'000
Minimum hire purchase payments:		
Repayable within one year	1,036	-
Repayable between one to two years	1,036	-
Repayable between two to five years	2,418	-
	4,490	-
Less: Future finance charges	(596)	-
Present value of hire purchase liabilities	3,894	-
Present value of hire purchase liabilities:		
Repayable within one year	802	-
Repayable between one to two years	857	-
Repayable between two to five years	2,235	-
	3,894	-
Representing hire purchase liabilities:		
Current	802	-
Non-current	3,092	-
	3,894	-

The hire purchase liabilities bear effective interest rates range from 6.54% to 6.90% per annum.

14. Loans and borrowings (Cont'd)

14.2 RCUIDS

On 24 June 2016 ("Issue Date"), the Company issued a 5-year RCUIDS with free detachable warrants for cash consideration of RM142,581,657. 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	
	2019 RM'000	2018 RM'000
Carrying amount as at 1 August	20,543	25,245
Interest expense recognised (see Note 19)	1,168	1,451
Interest paid	(5,741)	(6,153)
Carrying amount as at 31 July	15,970	20,543

14.3 Security

The Company has extended corporate guarantees amounting to RM610,096,000 (2018: RM534,667,000) 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.

14.4 Term loans

Included in the term loans is an interest-free loan of approximately RM Nil (2018: RM40.63 million).

14.5 Reconciliation of movement of liabilities to cash flows arising from financing activities

The movement of borrowings in the statement of cash flows is as follows:

	At 1.8.2018 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31.7.2019 RM'000
Group					
RCUIDS	20,543	-	(4,573)	-	15,970
Bankers' acceptances	347,717	(22,495)	-	-	325,222
Promissory notes	19,468	(16,057)	-	-	3,411
Post shipment buyer loan	-	37,403	-	-	37,403
Accepted bills	107,380	72,786	-	-	180,166
Revolving credit	60,102	(102)	-	-	60,000
Term loans	56,882	(57,794)	-	912	-
Hire purchase liabilities	-	3,894	-	-	3,894
	612,092	17,635	(4,573)	912	626,066
Company					
RCUIDS	20,543	-	(4,573)	-	15,970
Revolving credit	30,102	(102)	-	-	30,000
Term loans	56,882	(57,794)	-	912	-
	107,527	(57,896)	(4,573)	912	45,970

14. Loans and borrowings (Cont'd)

14.5 Reconciliation of movement of liabilities to cash flows arising from financing activities (Cont'd)

	At 1.8.2017 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31.7.2018 RM'000
Group					
RCUIDS	25,245	-	(4,702)	-	20,543
Bankers' acceptances	270,648	77,069	-	-	347,717
Promissory notes	11,523	7,945	-	-	19,468
Accepted bills	69,146	38,234	-	-	107,380
Revolving credit	60,000	102	-	-	60,102
Term loans	17,110	39,720	-	52	56,882
	453,672	163,070	(4,702)	52	612,092
Company					
RCUIDS	25,245	-	(4,702)	-	20,543
Revolving credit	30,000	102	-	-	30,102
Term loans	17,110	39,720	-	52	56,882
	72,355	39,822	(4,702)	52	107,527

15. Trade and other payables

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current					
Trade					
Trade payables		13,153	9,119	-	-
Accruals		19,343	-	-	-
Amount due to a related party	15.1	1,712	6,122	-	-
		34,208	15,241	-	-
Non-trade					
Other payables		5,195	9,485	156	129
Accruals		15,181	17,252	3,752	4,021
Deposits received		5,516	3,724	3	8
Amount due to subsidiaries	15.2	-	-	104,705	123,497
		25,892	30,461	108,616	127,655
		60,100	45,702	108,616	127,655

15. Trade and other payables (Cont'd)

15.1 Trade amount due to a related party

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

15.2 Non-trade amount due to subsidiaries

The non-trade amount due to subsidiaries are unsecured, subject to interest at 5% per annum and repayable in FY2020 (2018: subject to interest at 5.5% per annum and repayable in 2019). The amount due to subsidiaries will be offset against future dividends and rental receivables from these subsidiaries.

16. Contract liabilities

	Group	
	2019 RM'000	**2018 RM'000**
Contract liabilities	1,724	-

The contract liabilities primarily relate to the advance consideration received from customers for cash before delivery orders. The contract liabilities are expected to be recognised as revenue in the subsequent financial period.

17. Revenue

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue from contracts with customers				
Sale of goods	1,170,127	1,116,251	-	-
Transportation services rendered	23	2	-	-
Rental of equipment for hire	16,457	11,576	-	-
Other revenue				
Rental of properties	-	30	7,952	8,483
Dividend income	-	-	76,560	63,240
Management fees	-	-	3,906	3,906
	1,186,607	1,127,859	88,418	75,629

	Group RM'000
2019	
Timing of revenue recognition	
At a point in time	1,170,127
Over time	16,480
	1,186,607

17. Revenue (Cont'd)

17.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Trading, manufacturing and selling of pipes, hollow sections, scaffolding equipment, hardware, building materials and other steel products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises or collected by customers from our premise.	Credit period of 60 days from invoice date.	Early payment discounts are given to customers.	The Group allows returns within 7 days from the delivery date.	Not applicable.
Rental of equipment for hire	Revenue is recognised over time when equipment for hire services are rendered to customers using the output method.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Transportation services	Revenue is recognised over time when services are rendered to customers using the output method.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Participation fees from sales of iron ore	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

18. Cost of sales

	Group 2019 RM'000	Group 2018 RM'000
Cost of goods sold	1,076,722	980,979
Amortisation of mining exploration and evaluation assets	743	-
Depreciation of equipment for hire	3,923	2,929
	1,081,388	983,908
Included in the cost of goods sold are the following:		
Amortisation of mining exploration and evaluation assets	743	-
Direct and indirect labour costs	24,221	22,505
Upkeep of property, plant and equipment	4,320	2,850
Depreciation of property, plant and equipment	2,652	5,745

19. Finance costs

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
Bank overdrafts	-	30	-	-
Bankers' acceptances	13,135	12,487	-	-
Promissory notes	63	710	-	-
Post shipment buyer loan	239	-	-	-
Accepted bills	6,776	3,749	-	-
Term loans	837	845	837	845
Revolving credit	3,119	3,033	1,630	1,614
Hire purchase liabilities	185	-	-	-
RCUIDS (Note 14.2)	1,168	1,451	1,168	1,451
Amount due to subsidiaries	-	-	4,775	5,925
	25,522	22,305	8,410	9,835

20. Tax expense/(income)

Recognised in profit or loss

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense				
Malaysian - current	11,851	27,057	-	4,567
- prior years	(5,294)	(6,754)	(4,567)	(1,981)
Total current tax recognised in profit or loss	6,557	20,303	(4,567)	2,586
Deferred tax expense				
Origination and reversal of temporary differences	1,444	(4,687)	(807)	(3,105)
Under provision in prior years	6,331	5,561	5,157	161
Total deferred tax recognised in profit or loss	7,775	874	4,350	(2,944)
Total income tax expense/(income)	14,332	21,177	(217)	(358)

20. Tax expense/(income) (Cont'd)

Reconciliation of tax expense

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit before tax	39,150	48,366	23,992	79,630
Share of loss after tax of equity accounted investees	13,256	49,069	-	-
	52,406	97,435	23,992	79,630
Income tax calculated using Malaysian tax rate of 24%	12,577	23,385	5,758	19,111
Effect of tax rate in foreign jurisdictions	(99)	105	-	-
Non-taxable income	(2,667)	(3,629)	(18,394)	(18,476)
Non-deductible expenses	3,305	2,171	11,829	827
Temporary differences for which no deferred tax asset was recognised	179	338	-	-
Under provision of deferred tax in prior years	6,331	5,561	5,157	161
Over provision of current tax in prior years	(5,294)	(6,754)	(4,567)	(1,981)
	14,332	21,177	(217)	(358)

Income tax recognised directly in equity

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
RCUIDS				
- deferred tax	(6,658)	-	(6,658)	-

21. Profit for the year

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit for the year is arrived after charging/(crediting):					
Amortisation of mining exploration and evaluation assets	4	743	56	-	-
Auditors' remuneration:					
- Audit fees					
KPMG PLT		375	369	120	135
Other auditors		15	20	-	-
- Non audit fees					
KPMG PLT		15	15	15	15
Depreciation of investment properties	5	217	208	1,344	1,328
Depreciation of property, plant and equipment	3	9,508	12,326	90	171
Dividend income		(84)	(54)	(76,560)	(63,240)
Equity settled share-based payments	31	744	1,923	744	1,923
Finance income:					
- Amount due from joint venture		(2,584)	(29,564)	(2,584)	(29,564)
- Amount due from subsidiaries		-	-	(1,371)	(1,278)
- Other investments		(324)	(363)	(83)	-
- Deposits with licensed banks		(1,921)	(1,137)	(27)	(38)
- Finance lease receivables		(63)	-	-	-
Gain on disposal of property, plant and equipment		(5,240)	(2,068)	-	(43)
Loss on partial disposal of investment in joint venture	32	-	-	47,243	-

21. Profit for the year (Cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit for the year is arrived after charging/(crediting): (Cont'd)					
Minimum lease payments recognised as operating lease expense for:					
- Gas tank		10	12	-	-
- Land and buildings		249	419	-	-
- Office equipment		14	351	-	-
Net foreign exchange (gain)/loss					
- Realised		(1,393)	2,756	(360)	21
- Unrealised		509	4,178	37	2,538
Net overdue interest income		(1,119)	(760)	-	-
Property, plant and equipment written off		9	7	-	-
Personnel expenses (including key management personnel):					
- Contributions to state plans		3,838	4,350	834	899
- Salaries, wages and others		42,538	44,699	6,904	7,568
Rental income from investment properties		(947)	(609)	(7,952)	(8,483)
Loss on impairment of trade receivables		841	-	-	-
Reversal of allowance for impairment loss on trade receivables		(273)	(110)	-	-
Write-down of inventories to net realisable value	11	3,664	5,404	-	-

22. Key management personnel compensation

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Executive directors:				
- Remuneration	4,693	5,579	4,110	4,995
- Other short-term employee benefits	556	669	486	599
	5,249	6,248	4,596	5,594
Non-executive directors:				
- Fees	321	393	305	360
- Other emoluments	22	17	22	17
	343	410	327	377
	5,592	6,658	4,923	5,971

23. Earnings per ordinary share

Basic earnings per ordinary share

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

	Group	
	2019 RM'000	**2018 RM'000**
Profit attributable to ordinary shareholders (RM'000)	25,304	27,946
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 August	1,337,054	1,309,728
Effect of treasury shares held	(5,492)	(5,492)
Effect of ordinary shares issued	6,223	16,826
Weighted average number of ordinary shares at 31 July	1,337,785	1,321,062
Basic earnings per ordinary share (sen)	1.89	2.12

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 July 2019 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Profit attributable to ordinary shareholders (diluted)

Group	**2019 RM'000**	**2018 RM'000**
Profit attributable to ordinary shareholders (basic)	25,304	27,946
Interest expense on RCUIDS, net of tax	887	1,103
Profit attributable to ordinary shareholders (diluted)	26,191	29,049

	Group	
	2019 '000	**2018 '000**
Weighted average number of ordinary shares at 31 July (basic)	1,337,785	1,321,062
Effect of conversion of RCUIDS	236,826	264,152
Weighted average number of ordinary shares at 31 July (diluted)	1,574,611	1,585,214
Diluted earnings per ordinary share (sen)	1.66	1.83

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

24. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2019			
Final 2018 ordinary (single tier)	0.50	6,694	25 January 2019

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

	Sen per share	Total amount RM'000
Final 2019 ordinary (single tier)	0.50	6,694

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 involved in importing, exporting, general dealing and leasing of steel products, hardware and building materials;

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

(iii) The property and investment segment is involved in investment and property holdings;

(iv) The transportation segment is involved in provision of transportation services; and

(v) The mining and exploration segment is involved in exploring, contracting and all activities related to the mining, processing and sales 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.

25. Operating segments (Cont'd)

Segment assets

The total of segment assets is measured based on all assets 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.

Major customers

There is no major customer with revenue equal or more than 10% of the Group's total revenue during the financial year.

2019	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Mining and exploration RM'000	Eliminations RM'000	Total RM'000
Revenue							
External customers	616,604	568,772	-	23	1,208	-	1,186,607
Inter-segment	-	46,663	88,418	2,524	-	(137,605)	-
Total segment revenue	616,604	615,435	88,418	2,547	1,208	(137,605)	1,186,607
Results							
Segment profit	1,992	52,218	(2,312)	217	291	(13,256)	39,150
Included in the measure of segment profit are:							
Finance income	701	1,399	2,694	35	-	-	4,829
Dividend income	30	-	54	-	-	-	84
Finance costs	10,090	11,620	3,627	-	185	-	25,522
Depreciation and amortisation	602	6,481	1,839	351	1,195	-	10,468
Net loss on impairment of financial instruments	(71)	639	-	-	-	-	568
Share of loss of equity-accounted joint venture, net of tax	-	-	-	-	-	-	(13,256)
Assets							
Segment assets	306,153	719,759	738,319	2,870	29,471	(219,308)	1,577,264
Unallocated assets	-	-	-	-	-	-	12,208
Total assets	306,153	719,759	738,319	2,870	29,471	(219,308)	1,589,472
Liabilities							
Segment liabilities	248,694	425,295	69,795	550	5,876	(62,321)	687,889
Unallocated liabilities	-	-	-	-	-	-	39,791
Total liabilities	248,694	425,295	69,795	550	5,876	(62,321)	727,680

25. **Operating segments (Cont'd)**

2019	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Mining and exploration RM'000	Eliminations RM'000	Total RM'000
Other information							
Addition to non-current assets other than financial instruments and deferred tax assets	1,062	7,789	168	996	1,751	-	11,766
Loss on impairment of trade receivables	(841)	-	-	-	-	-	(841)
Reversal of allowance for impairment loss on trade receivables	273	-	-	-	-	-	273
Property, plant and equipment written off	-	(9)	-	-	-	-	(9)
2018							
Revenue							
External customers	529,426	598,351	30	2	50	-	1,127,859
Inter-segment	-	20,933	75,600	2,665	-	(99,198)	-
Total segment revenue	529,426	619,284	75,630	2,667	50	(99,198)	1,127,859
Results							
Segment profit	20,899	55,234	21,363	344	(405)	(49,069)	48,366
Included in the measure of segment profit are:							
Finance income	511	903	29,602	48	-	-	31,064
Dividend income	-	-	54	-	-	-	54
Finance costs	(8,636)	(9,725)	(3,955)	11	-	-	(22,305)
Depreciation and amortisation	(995)	(8,906)	(1,905)	(263)	(521)	-	(12,590)
Share of loss of equity-accounted joint venture, net of tax	-	-	-	-	-	-	(49,069)
Assets							
Segment assets	283,792	640,827	795,853	2,600	27,742	(216,835)	1,533,979
Unallocated assets	-	-	-	-	-	-	4,471
Total assets	283,792	640,827	795,853	2,600	27,742	(216,835)	1,538,450
Liabilities							
Segment liabilities	216,593	342,634	134,861	442	1,562	(38,536)	657,556
Unallocated liabilities	-	-	-	-	-	-	44,421
Total liabilities	216,593	342,634	134,861	442	1,562	(38,536)	701,977
Other information							
Addition to non-current assets other than financial instruments and deferred tax assets	454	11,884	438	889	5,804	-	19,469
Reversal of allowance for impairment loss on trade receivables	110	-	-	-	-	-	110
Property, plant and equipment written off	-	(7)	-	-	-	-	(7)

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 July 2019 categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC"); and

(c) Fair value through other comprehensive income ("FVOCI").

2019	Carrying amount RM'000	FVTPL RM'000	AC RM'000	FVOCI RM'000
Financial assets				
Group				
Other investments	2,602	1,509	-	1,093
Trade and other receivables				
(excluding prepayments and dividend receivables)	252,001	-	252,001	-
Cash and cash equivalents	178,921	-	178,921	-
	433,524	1,509	430,922	1,093
Company				
Other investments	963	963	-	-
Trade and other receivables				
(excluding prepayments and dividend receivables)	26,557	-	26,557	-
Cash and cash equivalents	979	-	979	-
	28,499	963	27,536	-
Financial liabilities				
Group				
Loans and borrowings	(626,066)	-	(626,066)	-
Trade and other payables	(60,100)	-	(60,100)	-
	(686,166)	-	(686,166)	-
Company				
Loans and borrowings	(45,970)	-	(45,970)	-
Trade and other payables	(108,616)	-	(108,616)	-
	(154,586)	-	(154,586)	-

26. Financial instruments (Cont'd)

26.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 31 July 2018 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").

2018	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Financial assets			
Group			
Available-for-sale financial assets	12,084	-	12,084
Trade and other receivables (excluding prepayments and dividend receivables)	777,792	777,792	-
Cash and cash equivalents	59,635	59,635	-
	849,511	837,427	12,084
Company			
Available-for-sale financial assets	7,005	-	7,005
Trade and other receivables (excluding prepayments and dividend receivables)	621,848	621,848	-
Cash and cash equivalents	227	227	-
	629,080	622,075	7,005
Financial liabilities			
Group			
Loans and borrowings	(612,092)	(612,092)	-
Trade and other payables	(45,702)	(45,702)	-
	(657,794)	(657,794)	-
Company			
Loans and borrowings	(107,527)	(107,527)	-
Trade and other payables	(127,655)	(127,655)	-
	(235,182)	(235,182)	-

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss	330	-	83	-
Financial assets measured at amortised cost	5,997	-	4,304	-
Equity instruments designated at fair value through other comprehensive income	272	-	-	-
Available-for-sale financial assets	-	266	-	-
Loans and receivables	-	24,647	-	28,322
Financial liabilities measured at amortised cost	(25,522)	(22,305)	(8,410)	(9,835)
	(18,923)	2,608	(4,023)	18,487

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 the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to joint venture and subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries and joint venture. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables is credit impaired.

The gross carrying amounts of credit impaired trade receivables is written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that is written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

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

	Group	
	2019 RM'000	**2018 RM'000**
Domestic	223,455	282,238
Asia	19,333	16,551
	242,788	298,789

26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is as follows:

a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales and credit control teams; and
b) Above 120 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 120 days will be considered as credit impaired.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to 120 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 July 2019 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	**Loss allowance RM'000**	**Net balance RM'000**
2019			
Current (not past due)	129,630	-	129,630
1 - 30 days past due	72,837	(22)	72,815
31 - 60 days past due	30,320	-	30,320
61 - 90 days past due	4,045	(46)	3,999
More than 90 days past due	7,027	(1,003)	6,024
	243,859	(1,071)	242,788

The movements in the allowance for impairment losses in respect of trade receivables during the year are shown below.

	Group 2019 RM'000
Balance at 1 August as per MFRS 139	2,718
Adjustments on initial application of MFRS 9	-
Balance at 1 August as per MFRS 9	2,718
Loss allowance	841
Loss allowance reversed	(273)
Loss allowance written off	(2,215)
Balance as at 31 July	1,071

26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 July 2018 was as follows:

2018	Gross RM'000	Individual impairment RM'000	Net RM'000
Not past due	185,820	-	185,820
Past due 1 - 30 days	64,216	-	64,216
Past due 31 - 60 days	41,123	-	41,123
Past due 61 - 90 days	3,826	-	3,826
Past due more than 90 days	6,521	(2,718)	3,803
	301,506	(2,718)	298,788

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

	Group 2018 RM'000
At 1 August	2,828
Reversal of impairment loss	(110)
At 31 July	2,718

Investments in financial assets

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts in the statements 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 investments in financial assets are unsecured.

Impairment losses

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

26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and joint venture. 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 RM610,096,000 (2018: RM542,917,000) representing the outstanding banking facilities of the subsidiaries and joint venture as at the end of the reporting period.

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

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the financial performance of a subsidiary or joint venture deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary or joint venture is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary or joint venture is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

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

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries 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 significant exposure to credit risk in respect of the amount due from joint venture is disclosed in Note 10 to the financial statements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries and joint venture have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries and joint venture's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries and joint venture's loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries and joint venture are not able to pay when demanded. The Company considers the subsidiaries and joint venture's loans or advances to be credit impaired when:

- The subsidiaries and joint venture are unlikely to repay their loans or advances to the Company in full;
- The subsidiaries and joint venture's loan or advance is more than 365 days; or
- The subsidiaries and joint venture are continuously loss making and are having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognitian and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries and joint venture's loans and advances as at 31 July 2019.

Company

2019	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
Low credit risk	115	-	115
	115	-	115

In prior year, an impairment loss in respect of the advances to the joint venture of the Company amounted to RM75,519,000 was recognised at the reporting date based on the discounted cash flow projections prepared by the management of the joint venture. During the financial year, 20% of the Company's advances to the joint venture has been transferred to Jianlong and the remaining balance has been converted to equity in the joint venture (refer to Note 10.2).

As at the end of the reporting period, there was no indication that the loans and advances to its subsidiaries and joint venture are not recoverable.

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

	Group	
	2019 RM'000	2018 RM'000
At 1 August	75,519	83,574
Reversed on disposal and converted to equity	(75,519)	-
Transfer	-	(8,055)
At 31 July	-	75,519

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

26. Financial instruments (Cont'd)

26.5 Liquidity risk

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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.

	Carrying amount RM'000	Contractual interest rate	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
Group							
2019							
Non-derivative financial liabilities							
Secured bank loans and facilities	606,202	3.52% to 5.85%	616,390	616,390	-	-	-
Hire purchase liabilities	3,894	6.54% to 6.90%	4,490	1,036	1,036	2,418	-
Trade and other payables	60,100	-	60,100	60,100	-	-	-
RCUIDS	15,970	5.00%	16,769	7,129	7,129	2,511	-
Financial guarantees	-	-	16,475	16,475	-	-	-
	686,166		714,224	701,130	8,165	4,929	-
2018							
Non-derivative financial liabilities							
Secured bank loans and facilities	534,667	3.83% to 5.60%	542,221	542,221	-	-	-
Term loans	56,882	0.00% to 5.40%	57,690	57,690	-	-	-
Trade and other payables	45,702	-	45,702	45,702	-	-	-
RCUIDS	20,543	5.00%	21,387	7,129	7,129	7,129	-
Financial guarantees	-	-	15,595	15,595	-	-	-
	657,794		682,595	668,337	7,129	7,129	-

26. Financial instruments (Cont'd)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rate	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							
2019							
Non-derivative financial liabilities							
Revolving credit	30,000	4.11% to 5.85%	30,102	30,102	-	-	-
Trade and other payables	108,616	-	108,616	108,616	-	-	-
RCUIDS	15,970	5.00%	16,769	7,129	7,129	2,511	-
Financial guarantees	-	-	610,096	610,096	-	-	-
	154,586		765,583	755,943	7,129	2,511	-
2018							
Non-derivative financial liabilities							
Revolving credit	30,102	5.45%	30,125	30,125	-	-	-
Term loans	56,882	0.00% to 5.40%	57,690	57,690	-	-	-
Trade and other payables	127,655	-	127,655	127,655	-	-	-
RCUIDS	20,543	5.00%	21,387	7,129	7,129	7,129	-
Financial guarantees	-	-	542,917	542,917	-	-	-
	235,182		779,774	765,516	7,129	7,129	-

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, purchases 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"), Singapore Dollar ("SGD") and Australian Dollar ("AUD").

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 previous financial year. 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**	**AUD**
2019	**RM'000**	**RM'000**	**RM'000**
Trade receivables	3,683	15,650	-
Cash and cash equivalents	8,940	10,157	848
Trade payables	(544)	-	-
Total exposure	12,079	25,807	848
2018			
Trade receivables	1,440	15,192	-
Cash and cash equivalents	1,904	2,564	896
Total exposure	3,344	17,756	896

Currency risk sensitivity analysis

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

A 10% (2018: 10%) strengthening of the above currencies 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.

26. Financial instruments (Cont'd)

26.6 Market risk (Cont'd)

26.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

Group	Profit or loss 2019 RM'000	Profit or loss 2018 RM'000
SGD	1,961	1,349
USD	918	254
AUD	64	68

A 10% (2018: 10%) weakening of the above currencies against the functional currency of the Group entities at the end of the reporting period would have had equal but opposite effect on the above currencies 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, other investments 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 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	51,209	16,142	31	30
Financial liabilities				
Revolving credit	60,000	60,102	30,000	30,102
Bankers' acceptances	325,222	347,717	-	-
Promissory notes	3,411	19,468	-	-
Post shipment buyer loan	37,403	-	-	-
Accepted bills	180,166	107,380	-	-
Term loans	-	56,882	-	56,882
Hire purchase liabilities	3,894	-	-	-
RCUIDS	15,970	20,543	15,970	20,543
	626,066	612,092	45,970	107,527

26. Financial instruments (Cont'd)

26.6 Market risk (Cont'd)

26.6.2 Interest rate risk (Cont'd)

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 Group and the Company do not have exposure to interest rate risk arising from floating rate instruments, and hence, sensitivity analysis is not presented.

26.6.3 Other price risk

Equity price risk arises from the Group's investments in quoted equity securities and unit trust funds of licensed financial institutions within Malaysia.

The quoted equity securities are listed on the Bursa Malaysia Securities Berhad and are classified as measured at fair value through other comprehensive income.

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 instruments are classified as fair value through profit or loss.

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 equity price had been 5% (2018: 5%) higher/lower, with all other variables held constant, the Group's other reserves in equity would have been RM94,000 (2018: RM454,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments.

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.

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				Total fair value	Carrying amount
2019 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**	**RM'000**	**RM'000**
Financial assets										
Club membership, unquoted	-	-	140	140	-	-	-	-	140	140
Investment in quoted shares	953	-	-	953	-	-	-	-	953	953
Investment in unit trust funds	-	1,509	-	1,509	-	-	-	-	1,509	1,509
Finance lease receivables	-	-	-	-	-	-	4,520	4,520	4,520	4,520
	953	1,509	140	2,602	-	-	4,520	4,520	7,122	7,122
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	3,894	3,894	3,894	3,894
RCUIDS	-	-	-	-	-	-	15,970	15,970	15,970	15,970
	-	-	-	-	-	-	19,864	19,864	19,864	19,864
Company										
Financial assets										
Investment in unit trust funds	-	963	-	963	-	-	-	-	963	963
Amount due from a subsidiary	-	-	-	-	-	-	26,365	26,365	26,365	26,365
	-	963	-	963	-	-	26,365	26,365	27,328	27,328
Financial liabilities										
RCUIDS	-	-	-	-	-	-	15,970	15,970	15,970	15,970

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 statements of financial position.

2018	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
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	RM'000	RM'000
Financial assets										
Club membership, unquoted	-	-	140	140	-	-	-	-	140	140
Investment in quoted shares	1,226	-	-	1,226	-	-	-	-	1,226	1,226
Investment in unit trust funds	-	10,718	-	10,718	-	-	-	-	10,718	10,718
Amount due from joint venture	-	-	-	-	-	-	495,810	495,810	495,810	495,810
	1,226	10,718	140	12,084	-	-	495,810	495,810	507,894	507,894
Financial liabilities										
RCUIDS	-	-	-	-	-	-	20,543	20,543	20,543	20,543
Company										
Financial assets										
Investment in unit trust funds	-	7,005	-	7,005	-	-	-	-	7,005	7,005
Amount due from joint venture	-	-	-	-	-	-	593,530	593,530	593,530	593,530
Amount due from a subsidiary	-	-	-	-	-	-	27,871	27,871	27,871	27,871
	-	7,005	-	7,005	-	-	621,401	621,401	628,406	628,406
Financial liabilities										
RCUIDS	-	-	-	-	-	-	20,543	20,543	20,543	20,543

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 prices (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 (2018: 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.

(a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
Club membership, unquoted	Market comparison technique.

(b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease receivables, amount due from a joint venture and a subsidiary, hire purchase liabilities and RCUIDS	Discounted cash flows using a rate based on the current market rate of borrowing 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 the financial year, the Group's strategy, which was unchanged from the financial year 2018, was to maintain the debt-to-equity ratio of less than 1.0. The debt-to-equity ratios at 31 July 2019 and 31 July 2018 were as follows:

		Group	
	Note	**2019 RM'000**	**2018 RM'000**
Total loans and borrowings	14	626,066	612,092
Less: Cash and cash equivalents	12	(178,921)	(59,635)
Less: Other investments - current	8	(1,509)	(10,718)
Net debt		445,636	541,739
Total equity		861,792	836,473
Debt-to-equity ratio		0.52	0.65

There was no change in the Group's approach to capital management during the financial year.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Less than one year	426	346
Between one and five years	700	731
	1,126	1,077

Operating lease payments represent rental payable by the Group for use of buildings and gas tank. The lease payments recognised in profit or loss during the financial year are disclosed in Note 21.

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	
	2019 RM'000	**2018 RM'000**
Less than one year	911	900
Between one and five years	401	1,230
	1,312	2,130

29. Contingent liabilities

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unsecured				
In respect of financial guarantees issued for subsidiaries	-	-	610,096	534,667
In respect of indemnity provided for bank guarantees issued	16,475	7,345	-	-
In respect of financial guarantees issued for a joint venture	-	8,250	-	8,250

30. 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.

Related parties also include key management personnel 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 Group has related party relationship with joint venture, key management personnel and companies in which certain directors have significant interests.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22) are shown below. The balances related to the below transactions are shown in Notes 10 and 15.

	2019 RM'000	2018 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.	260,291	244,117
Sales of steel products to joint venture:		
Eastern Steel Sdn. Bhd.	(159,712)	(28,764)

30. Related parties (Cont'd)

Significant related party transactions (Cont'd)

Company	**2019 RM'000**	**2018 RM'000**
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn. Bhd.	(4,844)	(5,100)
Huatraco Scaffold Sdn. Bhd.	(1,832)	(2,114)
Hiap Teck Hardware Sdn. Bhd.	(1,276)	(1,240)
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.	(15,600)	(14,400)
Alpine Pipe Manufacturing Sdn. Bhd.	(42,000)	(45,000)
Huatraco Scaffold Sdn. Bhd.	(18,600)	(3,600)
Briliant Decade Transport Agency Sdn. Bhd.	(360)	(240)
Finance income from a subsidiary:		
Vista Mining Sdn. Bhd.	(1,371)	(1,278)
Finance costs to subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	2,249	3,880
Alpine Pipe Manufacturing Sdn. Bhd.	2,295	2,000
Huatraco Scaffold Sdn. Bhd.	231	34
Briliant Decade Transport Agency Sdn. Bhd.	-	11

31. 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 12 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;

31. Employee benefit (Cont'd)

Share option programme (equity-settled) (Cont'd)

(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 (5) 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; and

(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 2019	Number of options ('000) 2019	Weighted average exercise price 2018	Number of options ('000) 2018
Outstanding at 1 August	RM0.49	104,919	RM0.53	79,090
Granted during the year	RM0.31	16,671	RM0.40	35,752
Forfeited during the year	RM0.45	(6,392)	RM0.51	(9,923)
Outstanding at 31 July	RM0.46	115,198	RM0.49	104,919
Exercisable at 31 July	RM0.46	115,198	RM0.49	71,775

The options outstanding at 31 July 2019 have an exercise price in range of RM0.31 to RM0.67 (2018: RM0.40 to RM0.67) and a weighted average contractual life of 4 years (2018: 4 years).

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:

	2019	2018
Fair value of share options and assumptions		
Fair value at grant date	RM0.09	RM0.21
Weighted average share price	RM0.34	RM0.49
Share price at grant date	RM0.31	RM0.42
Option life (expected weighted average life)	4 years	4 years
Risk-free interest rate	3.8%	3.8%

31. Employee benefit (Cont'd)

Value of employee services received for issue of share options

	Group and Company	
	2019	**2018**
	RM'000	**RM'000**
Share options granted in financial year ended 31 July 2018	632	1,923
Share options granted in financial year ended 31 July 2019	112	-
Total expense recognised as share based payments	744	1,923

The share options expense is recognised in profit or loss.

32. Significant event

Partial disposal of equity interest in Eastern Steel Sdn. Bhd. to Shanxi Jianlong Industry Company Limited

On 3 April 2018, the Company entered into an Equity and Debt Transfer Agreement ("SPA") with Shanxi Jianlong Industry Company Limited ("Jianlong") for the disposal of 89,520,000 ordinary shares in Eastern Steel Sdn. Bhd. ("ESSB"), representing 20% of the issued and paid up capital of ESSB; and 20% of the shareholders' advances made by the Company to ESSB for a total cash consideration of approximately RM135.7 million. The SPA was completed on 1 November 2018 and the disposal has resulted in the Company's shareholding being reduced to 35% and the remaining shares are jointly owned by Jianlong (60%) and Chinaco (5%) respectively.

The following summarises the major classes of consideration received and the recognised amounts of assets disposed in respect of this partial disposal at the completion date:

	Group	**Company**
	RM'000	**RM'000**
Cost of investment	103,219	103,219
Non-trade amount due from ESSB	230,231	230,231
Reversal of impairment loss	(39,815)	(150,496)
Reversal of share of post-acquisition reserves	(157,924)	-
Carrying amount of assets disposed	135,711	182,954
Consideration received – cash and cash equivalents	(135,711)	(135,711)
Loss on partial disposal of investment in joint venture	-	47,243

33. Significant changes in accounting policies

During the financial year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on the financial statements.

Due to the transition methods chosen by the Group and the Company in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards.

33.1 MFRS 15, *Revenue from Contracts with Customers*

a. Accounting for revenue

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, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services.

The Group has adopted MFRS 15 using the cumulative effect method to contracts that are not completed contracts at the date of initial application (i.e. 1 August 2018), with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under MFRS 118, MFRS 111 and related interpretations, as applicable. Additionally, the disclosure requirements in MFRS 15 have not generally been applied to comparative information.

For additional information about the Group's accounting policies relating to revenue recognition, see Note 2(p).

b. Impact on financial statements

There is no significant impact on the Group's financial statements other than the costs relating to the transportation of goods are reclassified from selling and marketing expenses to cost of sales in the statements of profit or loss and other comprehensive income.

33.2 MFRS 9, Financial Instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 August 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement.*

ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:
- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held for trading as at FVOCI.

iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

33. Significant changes in accounting policies (Cont'd)

33.2 MFRS 9, *Financial Instruments (Cont'd)*

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 August 2018:

		1 August 2018		
		Reclassification to new MFRS 9 category		
Category under MFRS 139 **Group** **Financial assets**	**31 July 2018 RM'000**	**Amortised cost ("AC") RM'000**	**Fair value through profit or loss ("FVTPL") RM'000**	**Fair value through other comprehensive income ("FVOCI") - Equity Instrument RM'000**
Loans and receivables				
Trade and other receivables	777,792	777,792	-	-
Cash and cash equivalents	59,635	59,635	-	-
	837,427	837,427	-	-
Available-for-sale				
Equity instruments	1,226	-	-	1,226
Unit trust funds	10,718	-	10,718	-
Club membership	140	-	-	140
	12,084	-	10,718	1,366
Company				
Financial assets				
Loans and receivables				
Trade and other receivables	621,848	621,848	-	-
Cash and cash equivalents	227	227	-	-
	622,075	622,075	-	-
Available-for-sale				
Unit trust funds	7,005	-	7,005	-
Group				
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans and borrowings	612,092	612,092	-	-
Trade and other payables	45,702	45,702	-	-
	657,794	657,794	-	-

33. Significant changes in accounting policies (Cont'd)

33.2 MFRS 9, *Financial Instruments (Cont'd)*

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (Cont'd)

		1 August 2018		
		Reclassification to new MFRS 9 category		
Category under MFRS 139 (Cont'd) **Company** **Financial liabilities**	**31 July 2018 RM'000**	**Amortised cost ("AC") RM'000**	**Fair value through profit or loss ("FVTPL") RM'000**	**Fair value through other comprehensive income ("FVOCI") - Equity Instrument RM'000**
Financial liabilities measured at amortised cost				
Loans and borrowings	107,527	107,527	-	-
Trade and other payables	127,655	127,655	-	-
	235,182	235,182	-	-

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. No changes to the carrying amounts of the trade and other receivables of the Group and the Company at the date of initial application.

(ii) Reclassification from AFS to FVOCI

Investment in unquoted shares are investments that the Group intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group has designated these investments as measured at FVOCI at the date of initial application.

(iii) Reclassification from AFS to FVTPL

These are equity investments which are not held for strategic purposes. As a result, the carrying amounts of RM10,718,000 and RM7,005,000 for the Group and the Company respectively were reclassified from available-for-sale to fair value though profit or loss.

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 60 to 131 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

Kuala Lumpur

Date: 25 October 2019

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 60 to 131 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 2019.

………………………..………..
Foo Kok Siew

Before me:

Rajeev Saigal A/L Ramlabaya Saigal
Commissioner for Oaths
(No. W681)

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 2019 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 60 to 131.

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 2019, 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(p) – significant accounting policy: Revenue and other income 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 trading, manufacturing and selling of steel pipes, hollow sections, scaffolding equipment, hardware, building materials and other steel products. Revenue from sale of goods is recognised when the goods are delivered and accepted by the customers at their premises. 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 control over the goods is transferred to the customers.	We performed the following audit procedures, among others: • We obtained an updated understanding of the key revenue processes and tested the design and operating effectiveness of key controls in respect of the revenue processes. • We performed test of details using sampling method on revenue transactions by verifying to relevant supporting documents (sales invoices and acknowledged delivery orders/bill of lading) that evidenced the transfer of control over a product or service to customers. • We performed substantive procedures on sales returns and credit notes subsequent to year end to determine if there is any evidence of material revenue reversal. • We performed sales cut-off procedures to ascertain that sales are recognised in the correct financial periods. • We sent external confirmations to trade receivables to confirm the outstanding balances. • We reviewed unusual journal entries on revenue.

Key Audit Matters (Cont'd)

2. Recoverability of investment in joint venture

Refer to Note 2(a)(v) – significant accounting policy: Basis of consolidation - Joint arrangements, Note 7 – Investment in 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 ceased its trial operation in the financial year 2016 to minimise losses. On 16 July 2018, the joint venture has resumed production. As at 31 July 2019, the gross amount of the investment cost was RM717.84 million and the carrying amount was RM417.29 million after netting off the share of post-acquisition reserves and impairment loss. The recoverability of the investment in joint venture is identified as a key audit matter in view of the cessation of operation in previous financial year and unfavorable market conditions in which the joint venture operates, and the recent resumption of production. The management of the joint venture has prepared discounted cash flow projections to assess the recoverable amount of the investment in joint venture.	We performed the following audit procedures, among others: • We reviewed management's discounted cash flow projections and challenged the key assumptions used. • We engaged our corporate finance specialists in reviewing the methodology used in the financial projections and the reasonableness of the discount rate applied in the financial projections model. • We performed retrospective review to assess the achievability of management's forecast and identify possible management's bias. • We performed sensitivity analysis on the key assumptions used which include sales prices, sales volume and discount rate. • We discussed with management of the joint venture on its future plans and review minutes of Boards' meetings to corroborate the management's action plans.

Recoverability of investment in 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 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 auditors' 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 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: 02823/04/2021 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 25 October 2019

Location	Description and Existing Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2019 (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	20.5	9	19,005	17,280,744	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	20.5	9	18,732	17,789,289	29-May-03	28-Dec-16
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	19.5	9	18,516	17,997,681	29-May-03	28-Dec-16
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	19	10.013	22,341	25,038,400	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	19	9.483	12,179	18,762,000	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	12	18.0	53,243	62,536,529	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	18	-	144,929	152,045	20-Aug-99	05-Jan-17

Location	Description and Existing Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2019 (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	20	-	143.07	97,852	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	15	1	2,536.30	1,956,985	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	16	1.554	3,995.76	4,300,893	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	12	2.241	2,453	1,951,885	06-Jul-96	28-Dec-16
Jointly controlled entity								
Lot 6293 & Lot 6294 Mukim Teluk Kalung Kemaman, Terengganu	Blast furnance plant	Leasehold (60 years) expiring 01/04/2068	-	608.62	-	118,998,854	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	-	4,782,119	03-Apr-13	-
Lot 50497 Mukim Teluk Kalung Kemaman, Terengganu	Staff housing	Leasehold (99 years) expiring 29/07/2111	-	50	-	488,808	28-May-12	-

Issued and Fully Paid-Up Share Capital	: RM672,099,267.00 (1,344,198,534 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 18 October 2019

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	170	2.23	5,558	0.00
100 - 1,000	519	6.81	379,056	0.03
1,001 - 10,000	2,752	36.11	16,644,573	1.24
10,001 - 100,000	3,247	42.61	122,925,319	9.14
100,001 to less than 5% of issued shares	930	12.20	813,259,470	60.50
5% and above of issued shares	3	0.04	390,984,558	29.09
Total	**7,621**	**100.00**	**1,344,198,534**	**100.00**

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 OCTOBER 2019

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	11.73
2.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	143,336,872	10.66
3.	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR TS LAW INVESTMENTS LIMITED (PBCL-0G0069)	90,000,000	6.70
4.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT-MAYBANK INTERNATIONAL LABUAN BRANCH FOR TS LAW INVESTMENT LTD (414886)	66,000,000	4.91
5.	HLIB NOMINEES (ASING) SDN BHD SHOUGANG INTERNATIONAL (SINGAPORE) PTE LTD	64,392,000	4.79
6.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LAVINGTON INTERNATIONAL LIMITED	43,308,000	3.22
7.	K.H.L. SDN BHD	31,456,800	2.34
8.	URUSHARTA JAMAAH SDN BHD	22,587,200	1.68
9.	SHENG HSIA HWEI	21,266,500	1.58
10.	SIM AH SENG	20,982,020	1.56
11.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	19,322,300	1.44
12.	TAN LEONG KIAT	16,150,000	1.20

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 OCTOBER 2019 (Cont'd)

No.	Names	No. of Shares	Percentage (%)
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AH NYUK LEN (MQ0340)	13,581,300	1.01
14.	THAM KIN FOONG (JOHN)	10,945,600	0.81
15.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	10,677,200	0.79
16.	YAP KIM FOONG	8,974,800	0.67
17.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	8,666,500	0.64
18.	THAM KIN YIP	6,721,000	0.50
19.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	6,301,000	0.47
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEONG KIAT (M02)	5,766,000	0.43
21.	HIAP TECK VENTURE BERHAD SHARE BUY BACK ACCOUNT	5,492,000	0.41
22.	WONG AH WAH	5,400,000	0.40
23.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR TS LAW INVESTMENT LIMITED (PB)	5,000,000	0.37
24.	TAY HOCK SOON	5,000,000	0.37
25.	AH NYUK LEN	4,974,700	0.37
26.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SIN SEONG SDN. BHD. (M02)	4,700,000	0.35
27.	PHUAH GUK SHUE @ PUA GUK SHUE	4,400,000	0.33
28.	THEAW POH CHOO	3,800,000	0.28
29.	UOBM NOMINEES (TEMPATAN) SDN BHD UOBM FOR LEE KIM TIONG @ LEE KIM YEW (PBM)	3,700,000	0.28
30.	GOH CHOK CHUAN	3,689,600	0.27
	Total:	**814,239,078**	**60.55**

Directors' Shareholdings as at 18 October 2019
(As per the Register of Directors' Shareholdings of the Company)

	Direct		Indirect	
Names	No. of Shares	%	No. of Shares	%
1. Tan Sri Abdul Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	342,647,686 [a]	25.60
3. Lee Ching Kion	-	-	45,354 [b]	0.00
4. Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-
5. Foo Kok Siew	-	-	-	-
6. Tan Shau Ming	-	-	792,000 [c]	0.06
7. Law Wai Cheong	-	-	-	-

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 of the Company.
(b) Deemed 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 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.

Substantial Shareholdings as at 18 October 2019
(As per the Register of Substantial Shareholders of the Company)

	Direct		Indirect	
Names	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Law Tien Seng	-	-	342,647,686 [a]	25.60
TS Law Investments Limited	-	-	342,647,686	25.60
Amardale Offshore Inc.	-	-	342,647,686 [b]	25.60
Cartaban Nominees (Asing) Sdn Bhd	157,647,686 [c]	11.78	-	-
HSBC Nominees (Asing) Sdn Bhd	24,000,000 [c]	1.79	-	-
CIMSEC Nominees (Asing) Sdn Bhd	95,000,000 [c]	7.10	-	-
Maybank Nominees (Asing) Sdn Bhd	66,000,000 [c]	4.93	-	-

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 of HTVB.
(b) Deemed interest by virtue of its shareholdings in TS Law Investments Limited which is a substantial shareholder of HTVB.
(c) Substantial Shareholder of HTVB of which TS Law Investments Limited is deemed interested.

Five (5)-year 5% RM0.50 Nominal value of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") As At 18 October 2019

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

Analysis By Size of RCUIDS Holdings As At 18 October 2019

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	19	1.32	855	0.00
100 - 1,000	156	10.86	100,096	0.04
1,001 - 10,000	695	48.36	3,082,016	1.34
10,001 - 100,000	441	30.69	15,207,981	6.62
100,001 to less than 5% of issued shares	122	8.49	68,571,500	29.86
5% and above of issued shares	4	0.28	142,719,765	62.14
Total	**1,437**	**100.00**	**229,682,213**	**100.00**

LIST OF THIRTY (30) LARGEST OF RCUIDS HOLDERS AS AT 18 OCTOBER 2019

No.	Names	No. of Shares	Percentage (%)
1.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	67,681,586	29.47
2.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (SG PVB CL AC)	35,032,819	15.25
3.	URUSHARTA JAMAAH SDN BHD	20,005,360	8.71
4.	CIMSEC NOMINEES (ASING) SDN BHD CIMB BANK FOR TS LAW INVESTMENT LIMITED (PBCL-0G0069)	20,000,000	8.71
5.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LAVINGTON INTERNATIONAL LIMITED	9,624,000	4.19
6.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (M02)	7,669,700	3.34
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (7002516)	5,000,000	2.18
8.	OOI CHIENG SIM	4,604,100	2.00
9.	LIEW WEI KIN	3,029,000	1.32
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PW BIOTECH ENGINEERING SDN BHD (7002561)	2,660,000	1.16

LIST OF THIRTY (30) LARGEST OF RCUIDS HOLDERS AS AT 18 OCTOBER 2019 (Cont'd)

No.	Names	No. of Shares	Percentage (%)
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHAI BENG (007158456)	2,381,900	1.04
12.	YAP KIM FOONG	1,994,400	0.87
13.	WONG AH WAH	1,200,000	0.52
14.	THAM KIN YIP	1,196,000	0.52
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN HOOI	1,030,000	0.45
16.	CGS-CIMB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR KIM HOCK (B B KLANG-CL)	944,000	0.41
17.	K.H.L. SDN BHD	927,000	0.40
18.	LOO CHEE LAIN	774,000	0.34
19.	NG EYAN KIM	752,500	0.33
20.	PACIFIC STRIKE SDN BHD	669,100	0.29
21.	TAN WOEI KEAK	624,000	0.27
22.	TAN HUNG CHEW	600,000	0.26
23.	HOO WAN FATT	512,000	0.22
24.	MONT PRISTINE DEVELOPMENT SDN. BHD.	501,400	0.22
25.	WAN SHUW YEE	500,000	0.22
26.	NG SOO CHEN	489,800	0.21
27.	ONG LEA PING	473,100	0.21
28.	LAI KWONG CHOY	435,400	0.19
29.	NG TAU MOOI	424,000	0.18
30.	CHONG PEI THIN	419,000	0.18
	Total:	**192,154,165**	**83.66**

Directors' RCUIDS Holdings as at 18 October 2019
(As per the Register of Directors' RCUIDS Holdings of the Company)

Names	Direct		Indirect	
	No. of RCUIDS	%	No. of RCUIDS	%
1. Tan Sri Abdul Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	75,032,819 [(a)]	32.67
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)]	0.08
8. Law Wai Cheong	-	-	-	-

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 of 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.

Warrant B

No. of Warrants in Issue	: 285,163,313	
No. of Warrant Holders	: 1,801	
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 18 October 2019

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	29	1.61	1,314	0.00
100 - 1,000	164	9.11	101,592	0.04
1,001 - 10,000	671	37.26	3,195,095	1.12
10,001 - 100,000	639	35.48	26,632,495	9.34
100,001 to less than 5% of issued shares	295	16.38	154,757,012	54.27
5% and above of issued shares	3	0.16	100,475,805	35.23
Total	**1,801**	**100.00**	**285,163,313**	**100.00**

LIST OF THIRTY (30) LARGEST WARRANTS B HOLDERS AS AT 18 OCTOBER 2019

No.	Names	No. of Shares	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	14,234,200	4.99
5.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LAVINGTON INTERNATIONAL LIMITED	9,624,000	3.37
6.	TAN LEONG KIAT	5,000,000	1.75
7.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	4,000,000	1.40
8.	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU XIAOQING	3,332,300	1.17
9.	MIN KEE CHOY	3,300,400	1.16
10.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR CHUMPON CHANTHARAKULPONGSA@CHAN TEIK CHUAN	3,000,000	1.05
11.	AFFIN HWANG NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SIN SEONG SDN. BHD.(M02)	2,500,000	0.88

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 OCTOBER 2019 (Cont'd)

No.	Names	No. of Shares	Percentage (%)
12.	ALLIANCEGROUP NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SIN SEONG (6000461)	2,500,000	0.88
13.	GOH KENG AIK	2,370,000	0.83
14.	HOO WAN FATT	2,172,400	0.76
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH KAH KEAT (E-KLC)	2,040,000	0.72
16.	YAP KIM FOONG	1,994,400	0.70
17.	SIM AH SENG	1,908,200	0.67
18.	LIEW SIEW FOON	1,733,300	0.61
19.	THAM KIN FOONG (JOHN)	1,730,000	0.61
20.	TAN BOON HAR	1,723,000	0.60
21.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON HAR (TAN8642C)	1,564,800	0.55
22.	NG KUAN CHOONG	1,505,600	0.53
23.	LOO CHEE LAIN	1,300,000	0.46
24.	NG FONG ENG	1,200,000	0.42
25.	WONG AH WAH	1,200,000	0.42
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG CHOW CHEANG (KLCC-CL)	1,122,000	0.39
27.	TAN HUI GEK	1,113,900	0.39
28.	OOI HUNG HOCK	1,105,400	0.39
29.	QUAH KOK KUAN	1,100,000	0.39
30.	THAM KOK WING	1,050,000	0.37
	TOTAL:	**175,899,705**	**61.70**

Directors' Warrant B Holdings as at 18 October 2019
(As per the Register of Directors' Warrant B Holdings of the Company)

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

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 of 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.

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of the Company will be held at Setia City Convention Centre, Function Room 8, 1st Floor, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 17 December 2019 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 financial year ended 31 July 2019 together with the Directors' and Auditors' Reports attached thereon. **Please refer to Note B on this Agenda**

2. To approve the Directors' fees and allowances of RM327,000.00 for the financial year ended 31 July 2019. **Ordinary Resolution 1**

3. To approve the Directors' allowances payable of RM24,000.00 in respect of the period from 1 August 2019 up to the next Annual General Meeting of the Company to be held in 2020. **Ordinary Resolution 2**

4. To approve a First and Final Single Tier Dividend of 0.5 sen per share for the financial year ended 31 July 2019. **Ordinary Resolution 3**

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

   (a) Tan Sri Dato' Law Tien Seng **Ordinary Resolution 4**
   (b) Mr. Tan Shau Ming **Ordinary Resolution 5**

6. 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**

7. **AS SPECIAL BUSINESS:-**

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

   7.1 **Authority to Allot Shares pursuant to 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."

   7.2 **Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New and Renewal of RRPT 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 19 November 2019, 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 New and 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 New and 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."

7.3 **Authority for Tan Sri Abdul Rahman bin Mamat to continue in office as Independent Non-Executive Director.** **Ordinary Resolution 9**

"THAT authority be hereby given to Tan Sri Abdul Rahman bin Mamat who will have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years by 28 January 2020, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2017."

8. **SPECIAL RESOLUTION**

To consider and if thought fit, to pass the following Special Resolution:

8.1 **Proposed New Constitution of the Company** **Special Resolution**

"THAT the existing Memorandum of Association and Articles of Association of the Company be hereby deleted in its entirely **AND THAT** the new Constitution of the Company as set out in the Circular to Shareholders dated 19 November 2019 accompanying the Company's 2019 Annual Report for the financial year ended 31 July 2019 be hereby adopted as the new Constitution of the Company **AND FURTHER THAT** the Board of Directors of the Company be hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

9. 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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single-Tier Dividend of 0.5 sen per share in respect of the year ended 31 July 2019 shall be payable on 23 January 2020 to Depositors registered in the Record of Depositors at the close of business on 2 January 2020.

Depositor shall qualify for entitlement only in respect of:-

a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 2 January 2020 in respect of transfers; and

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

BY ORDER OF THE BOARD
HIAP TECK VENTURE BERHAD

NG YIM KONG (LS 0009297)
Company Secretary

Selangor Darul Ehsan

Date: 19 November 2019

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 office of our Company's share registrar, Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.) at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, 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 2019

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 7.1 of the Agenda, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company (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 Twenty-Second Annual General Meeting ("AGM") held on 17 December 2018. The renewal of this 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 Sections 75 and 76 of the Companies Act 2016 under the general mandate which was approved at the Twenty-Second Annual General Meeting.

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

The Proposed Ordinary Resolution 8 under item 7.2 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 19 November 2019 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 New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 19 November 2019 enclosed together with the Company's 2019 Annual Report.

(c) Authority to continue to act as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2017

Tan Sri Abdul Rahman bin Mamat who was appointed on 28 January 2011, would have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years by 28 January 2020. Hence, if this Ordinary Resolution 9 is passed, it would allow Tan Sri Abdul Rahman bin Mamat to continue to serve as Independent Non-Executive Director until the conclusion of the next Annual General Meeting of the Company to be held in 2020. The Nominating Committee had reviewed and supported the re-appointment of Tan Sri Abdul Rahman bin Mamat as Independent Non-Executive Director. Tan Sri Abdul Rahman bin Mamat has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. Subject to the Shareholders' approval of Ordinary Resolution 9 above, the Board has recommended that Tan Sri Abdul Rahman bin Mamat should continue to act as Independent Non-Executive Director of the Company.

(d) Proposed New Constitution of the Company

The Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (details of which are set in the Circular to Shareholders dated 19 November 2019 accompanying the Company's Annual Report 2019 for the financial year ended 31 July 2019).

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the Twenty-Third Annual General 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 6 December 2019. Only a depositor whose name appears on the Record of Depositors as at 6 December 2019 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-THIRD ANNUAL GENERAL MEETING
FORM OF PROXY

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

of ....(Tel No. ....)
(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-Third Annual General Meeting of the Company to be held at the Setia City Convention Centre, Function Room 8, 1st Floor, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 17 December 2019 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.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To approve the Directors' fees and allowances of RM327,000.00 for the financial year ended 31 July 2019.		
2	To approve the Directors' allowances payable of RM24,000.00 in respect of the period from 1 August 2019 up to the next Annual General Meeting of the Company to be held in 2020.		
3	To approve a First and Final Single Tier Dividend of 0.5 sen per share for the financial year ended 31 July 2019.		
4	To re-elect Tan Sri Dato' Law Tien Seng who is retiring in accordance with Article 79 of the Company's Articles of Association:		
5	To re-elect Mr. Tan Shau Ming who is retiring in accordance with Article 79 of the Company's Articles of Association:		
6	To re-appoint Messrs. KPMG PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
7	To grant the authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8	To approve the Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9	To authorise Tan Sri Abdul Rahman bin Mamat to continue in office as Independent Non-Executive Director.		
10	**SPECIAL RESOLUTION** To adopt the Proposed New Constitution of the Company.		

[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...2019

Number of Ordinary shares held :	
CDS Account No.	

....
[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 our Company's share registrar, Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.) at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, 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.*

Fold here

Affix
STAMP

The Company Secretary
HIAP TECK VENTURE BERHAD (421340-U)
c/o Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)
11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

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HIAP TECK VENTURE BERHAD(421340-U)

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