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# HIAP TECK VENTURE BERHAD

(421340-U)

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15 December 2015

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

Tingkat 11, Bangunan KWSP

No. 3, Changkat Raja Chulan

Off Jalan Raja Chulan

50200 Kuala Lumpur

**Attention: Mr. Quah Ban Aik**  
Head, Corporate Monitoring

Dear Sirs,

**Re: 19<sup>th</sup> Annual General Meeting of Hiap Teck Venture Berhad (“HTVB” or the “Company”)**

With reference to your letter dated 9 December 2015, we are pleased to answer the points you have raised in the interest of minority shareholders and all other stakeholders of the Group.

**Strategic/Financial**

- 1) To remain sustainable in the current difficult business environment, the Group maintains a full range of products at competitive prices. During the year, the Group had taken various measures to control its operational expenses in particular its raw materials purchases which account for more than 80% of total production costs. The Group explored for more sources of raw materials and had managed to purchase from a greater variety of suppliers from different countries at better pricing.

Quality control remains the focus of the Group with stringent control on quality from sourcing of raw materials to the production process and then to packing and delivery of goods. The Group has its own transportation arm to handle deliveries to customers at the shortest lead time.

- 2) Immediately after the caving-in incident, we have consulted various relevant professionals and had taken their advice to improve the structure of our factory buildings as well as the foundation.
- 3) The provision for impairment of RM55 million for the Group’s investment in the Jointly Controlled Entity in FY2015 was calculated on the assumption that production is suspended for the full FY2016.



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We thank Minority Shareholder Watchdog Group (“MSWG”) for its continuing interests in our Company and we take this opportunity to highlight that the Board of Directors of HTVB fully supports the work of MSWG in promoting good corporate governance best practices in PLCs.

A copy of the Company’s Memorandum & Articles of Association is posted on our website and we take note of MSWG’s recommendation to also post a summary of the minutes of the AGM on the company’s website.

Thank you.

Yours faithfully,  
For and on behalf of  
**HIAP TECK VENTURE BERHAD**

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**NG YIM KONG**  
Company Secretary

c.c. Hiap Teck Venture Berhad