HTVB

HIAP TECK VENTURE BERHAD

Registration No. 199701005844 (421340-U)

ANNUAL REPORT 2022

CONTENTS

OUR VISION

To be the Leading Steel Company in the region

OUR MISSION

- Build value for shareholders
- Participate in the development of the country
- Total customer satisfaction
- Enhancement of existing core business to position for growth
- One stop steel centre
- Continuously develop human asset

CORPORATE STRUCTURE

HTVB

HIAP TECK VENTURE BERHAD

Registration No. 199701005844 (421340-U)

100%
Hiap Teck Hardware Sdn. Bhd.
199301021598
(276336-A)
Importer, exporter, general dealer and lessor of steel products, hardware and building materials

100%
Huatraco Scaffold Sdn. Bhd.
199201009007
(240510-T)
Manufacturing, selling, renting and transporting of scaffolding equipment and range of steel products

100%
Alpine Pipe Manufacturing Sdn. Bhd.
199301013106
(267844-V)
Manufacturing and selling of pipes, hollow sections and other steel products

27.3%*
Eastern Steel Sdn. Bhd.
200101021275
(557033-V)
Manufacturing, selling and dealing in a range of steel products using blast furnace plant

100%
Hiap Teck Resources Sdn. Bhd.
199601037570
(409923-P)
Investment holding

100%
Tiek Hong Hardware (B'worth) Sdn. Bhd.
199301023740
(278478-T)
Dormant

100%
Briliant Decade Transport Agency Sdn. Bhd.
199301015521
(270261-D)
Provision of transportation services

100%
Nexus Pacific Property Sdn. Bhd.
199401027602
(313284-V)
Dormant

49% 51%
Eastern Power Resources Sdn. Bhd.
202101035573
(1435873-T)
Sale of excess electricity generated by Eastern Steel Sdn. Bhd. to the grid.

100%
Huatraco Contracts Sdn. Bhd.
199301027982
(282720-D)
Dormant

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

100%
Huatraco Scaffold (Sabah) Sdn. Bhd.
202001007460
(1363780-P)
Dormant

55%
Vista Mining Sdn. Bhd.
201301006933
(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

49%
Jetama Alpine Pipe (Sabah) Sdn. Bhd.
202001025950
(1382270-T)
Dormant

65%
Geopintar E&C Sdn. Bhd.
201601039476
(1210417-T)
Specialising in geotechnical and civil engineering works

** Note: with effect from 8 November 2021, HTVB's equity stake in Eastern Steel Sdn. Bhd. ("ESSB") has been reduced to 27.3% following Shanxi Jianlong Industry Company Limited's subscription of 508.0 million new ordinary shares in the share capital of ESSB.*

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 DIRECTORS
- Mr. Leow Hoi Loong @ Liow Hoi Loong
- Mr. Sherman Lam Yuen Suen

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
- Mr. Lee Ching Kion
- Mr. Sherman Lam Yuen Suen

REMUNERATION COMMITTEE

CHAIRMAN
- Mr. Sherman Lam Yuen Suen

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

NOMINATING COMMITTEE

CHAIRMAN
- Mr. Lee Ching Kion

MEMBERS
- Mr. Leow Hoi Loong @ Liow Hoi Loong
- Mr. Sherman Lam Yuen Suen

SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

CHAIRMAN
- Mr. Lee Ching Kion

MEMBERS
- Mr. Leow Hoi Loong @ Liow Hoi Loong
- Mr. Sherman Lam Yuen Suen
- Mr. Foo Kok Siew

COMPANY SECRETARY

- Ng Yim Kong (LS 0009297)
  (SSM PC No. 202008000309)
  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.
  199601006647 (378993-D)
  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
- AmBank (M) Berhad
- HSBC Bank Malaysia Berhad
- Malayan Banking Berhad
- Maybank Islamic Berhad
- Hong Leong Bank Berhad
- Al-Rajhi Banking & Investment Corporation (Malaysia) Bhd

STOCK EXCHANGE

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

DIRECTOR'S PROFILE

TAN SRI ABD RAHMAN BIN MAMAT

Chairman/Independent Non-Executive Director
Malaysian, age 70

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) Deputy Secretary-General (Industry); and (i) 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.

He sits on boards of directors of several public listed companies in Malaysia including Lotte Chemical Titan Holding Berhad, Dagang NeXchange Berhad, MCE Holdings Berhad and ECA Integrated Solution 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. He is currently the Chairman of Malaysian Technology Development Corporation Sdn. Bhd. (a subsidiary company of Khazanah Nasional Berhad) and Malaysian Industrial Development Finance Berhad.

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 conviction for any offence over the past ten years.

He has attended all 4 board meetings of Hiap Teck Venture Berhad ("HTVB") held during the financial year ended 31 July 2022.

DIRECTOR'S PROFILE (Cont'd)

TAN SRI DATO' LAW TIEN SENG
Executive Deputy Chairman
Malaysia, age 69

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 steel production and distribution, mining, 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 HTVB and Mr. Law Wai Ho, the Deputy Chief Operating Officer of HTVB. 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 conviction for any offence over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2022.

LEE CHING KION
Senior Independent Non-Executive Director
Malaysian, age 68

Chairman of the Nominating Committee
Chairman of the Sustainability and Risk Management Committee
Member of the Audit 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 Degree with Honours 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 conviction for any offence over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2022.

LEOW HOI LOONG @ LIOW HOI LOONG
Independent Non-Executive Director
Malaysian, age 68

Chairman of the Audit Committee
Member of the Remuneration Committee
Member of the Nominating Committee
Member of the Sustainability and Risk Management 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 conviction for any offence over the past ten years.

He has attended 3 out of 4 board meetings of HTVB held during the financial year ended 31 July 2022.

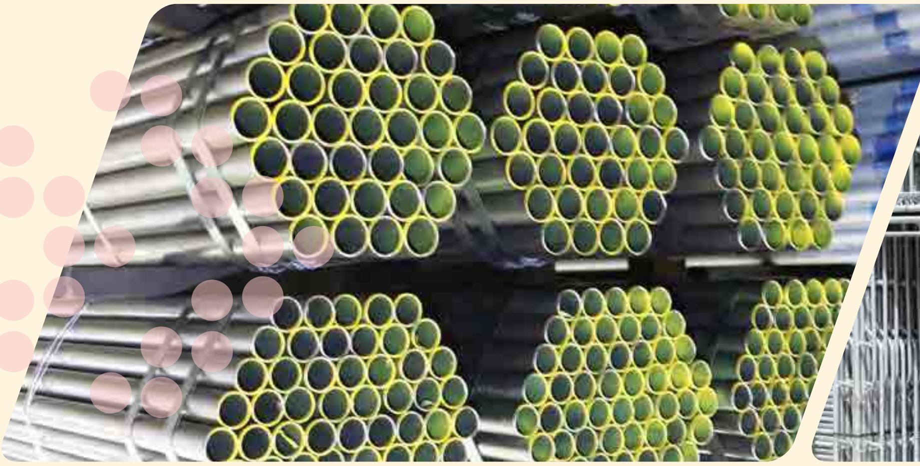
SHERMAN LAM YUEN SUEN
Independent Non-Executive Director
Malaysian, age 49

Chairman of the Rumeneration Commitee
Member of the Audit Committee
Member of the Nominating Committee
Member of the Sustainability and Risk Management Committee

Mr. Sherman Lam Yuen Suen was appointed to the Board of the Company as Independent Non-Executive Director on 21 December 2020.

Mr. Lam holds a Master's degree in Business Administration (Finance) from Charles Sturt University, Australia. He is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow of the Chartered Institute of Management Accountants, United Kingdom, a Fellow of CPA Australia, a Chartered Member of the Institute of Internal Auditors of Malaysia, a Member of the Institute of Corporate Directors Malaysia and a CFP™ Certified Member of the Financial Planning Association, Malaysia.

Mr. Lam started his career with Fulton Prebon (M) Sdn. Bhd., a financial services subsidiary of Seacorp (a PNB company) in 1994. He then joined Utama Merchant Bank Berhad, (an investment bank jointly owned by Utama Banking Group Berhad and HSBC Investment Bank Asia Ltd) in 1997, as its Chief Dealer and Treasury Manager. Thereafter in mid-2000, he joined Nikkei Pacific Corporate Advisors, then a leading regional corporate finance advisory firm as an Associate Director where he advised on several large corporate restructuring and capital raising exercises in Indonesia and Malaysia.



Since mid-2002, Mr. Lam has been the Managing Director of Cirrus Ventures group, a regional private equity/venture capital investments and corporate strategic consulting services firm. He has more than 25 years of demonstrated, broad-based senior management experience in corporate advisory, treasury management, capital markets, corporate finance and investments with financial institutions as well as corporate board experience in listed public and privately held entities in Malaysia, Singapore, Indonesia and China. Sherman is also the Managing Partner of Sherman Lam & Co, a Chartered Accountant firm and the current Deputy Secretary-General of the China-ASEAN (Malaysia) Entrepreneurs Association.

Mr. Lam currently serves as an Independent Non-Executive Director on the Board of Directors of Asian Pac Holdings Berhad and Gadang Holdings Berhad. He has previously served on the Board of Directors of Bintai Kinden Corporation Berhad from 2010 to 2013, as an Independent Non-Executive Director.

Mr. Lam 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 conviction for any offence over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2022.

FOO KOK SIEW

Executive Director

Malaysian, age 61

Member of the Sustainability and Risk Management 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 conviction for any offence over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2022.

DIRECTOR'S PROFILE (Cont'd)

TAN SHAU MING
Executive Director
Malaysian, age 59

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.

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 property development, human resources and administration. Thereafter, he joined Ji Kang Dimensi Sdn. Bhd., a Hot Rolled Steel Plate manufacturing company based in Gebeng, Kuantan as Executive Director until 2012. His responsibilities in the company included factory operations, logistics and transportation.

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 conviction for any offence over the past ten years.

He has attended all the 4 board meetings of HTVB held during the financial year ended 31 July 2022.

LAW WAI CHEONG
Executive Director
Malaysian, age 36

Mr. Law Wai Cheong was appointed as Executive Director of HTVB on 3 January 2017.

Mr. Law holds a LLB (Hons) Cardiff, United Kingdom; Barrister-at-law, Lincoln's Inn; and Msc in Management (Merit) London, United Kingdom. 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 HTVB and the sibling of Mr. Law Wai Ho, the Deputy Chief Operating Officer of HTVB. He has no conviction for any offence over the past ten years.

He has attended all 4 board meetings of HTVB held during the financial year ended 31 July 2022.

KEY MANAGEMENT PROFILE

PHANG CHIN KHIONG
Group Chief Operating Officer ("COO")
Malaysian, age 53

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 30 years of experience in the industry, he has accumulated invaluable experience and knowledge in the sale and marketing of iron and steel products.

LAW WAI HO
Group Deputy Chief Operating Officer
Malaysian, age 26

Mr. Law Wai Ho was appointed as the Group's Deputy Chief Operating Officer in August 2022.

Mr. Law holds a Master Degree in Civil Engineering from Imperial College London, United Kingdom. He started his career with Huatraco Scaffold Sdn. Bhd. as Director – Business Development in July 2020.

HOO WENG KEONG, RAYMOND
Group Chief Financial Officer ("CFO")
Malaysian, age 54

Mr. Hoo Weng Keong was appointed as Director of Finance on 15 October 2021 and was confirmed and re-designated as Group CFO in January 2022.

Mr. Hoo holds a Bachelor Degree in Accounting from University of Malaya, Malaysia. He is a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

He began his career with the Lion Group in 1993 and subsequently held various positions in a number of its listed subsidiaries within the group in Malaysia whose business activities spanned over manufacturing, trading and property development. He then moved to a listed group engaged in manufacturing and trading of industrial electrical products in 1997 as Senior Accountant heading the finance function of few subsidiaries.

In 1998, he joined Metrod Holdings Berhad, a listed company involving in manufacturing and trading of copper products. His last position with Metrod was Senior General Manager - Finance.

He has 28 years of post-qualification experience in spearheading corporate and financial planning initiatives and strategy in accounts, finance, auditing, taxation, treasury management, supply chain management and MIS reporting.

TAN YUEN HONG, ALEX
Chief Commercial Officer
Malaysian, age 56

Mr. Tan Yuen Hong was re-appointed as Chief Commercial Officer for the Project Division of Hiap Teck Hardware Sdn. Bhd. ("HTH") in January 2022. Prior to that, Mr. Tan was Chief Commercial Officer of Huatraco Scaffold Sdn. Bhd. from July 2017 to December 2021. He was Chief Commercial Official for Project Division of HTH from 2011 to July 2017.

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 30 years of experience in marketing has accorded him familiarity with the hardware trading business.

SEH KWANG WEOI, MICHAEL
Chief Commercial Officer
Malaysian, age 54

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 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.

1. Family Relationship with Director and / or major shareholder

Mr. Law Wai Ho is the son of Tan Sri Dato' Law Tien Seng, a major shareholder and the Executive Deputy Chairman of HTVB and the sibling of Mr. Law Wai Cheong.

2. Conviction of Offences

All key senior management officers have not been convicted of any offences over the past ten years.

CHAIRMAN'S STATEMENT

" *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 2022. "

GDP Growth 2022
Global : 2.9%
Malaysia : 6.5% to 7.0%

Apparent Steel Consumption 2022
World : 1.8 billion MT
Malaysia : 7.8 million MT

The World Bank, in its June 2022 update, revised its global Gross Domestic Product ("GDP") growth for 2022 from 4.1% anticipated in January 2022 to 2.9%, while, the International Monetary Fund ("IMF"), which had previously in January 2022 forecasted GDP growth of 4.4% for 2022, has now lowered its 2022 estimate to just 3.2%. Both the World Bank and the IMF cited almost similar reasons for the slower growth projections as the world economy continues to be impacted by high commodity prices, which has led to higher inflationary pressure. The global economy has also been hit by lockdowns in China due to COVID-19, which has also disrupted supply chains. Steps taken by central banks to increase interest rates have not only raised borrowing costs but has increased economic risk with greater uncertainty.

The World Steel Association ("Worldsteel") released its latest Short Range Outlook (SRO) in October for 2022 and 2023. Worldsteel forecasts that steel demand to contract by 2.3% in 2022 to reach 1.80 billion MT after increasing by 2.8% in 2021. In 2023 steel demand will see a recovery of 1.0% to reach 1.81 billion MT subject to high uncertainties.

Malaysia's GDP performance in 2021 showed signs of improvement, with a 3.1% increase compared to a contraction of 5.6% in 2020. In 2022, the Malaysian economy started with a moderate growth of 5.0% in the first quarter and expanded strongly by 8.9% in the second quarter partly due to low base effect. The Finance Ministry ("MOF") in the recent budget announcement anticipated a 6.5% to 7.0% GDP growth for 2022 citing that a favourable growth momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. Meantime, construction activity in Malaysia rose 6.1% year-on-year in the second quarter of 2022, rebounding from a 6.1% contraction in the prior period and indicating the first increase in a year, as the economy fully emerged from COVID-19 curbs. There was an upturn in activity related to residential buildings, while the output of non-residential buildings picked up strongly, and special trade activities continued their double-digit growth. Major infrastructure projects such as: the Mass Rapid Transit Line 3 (MRT3) and Rapid Transit System Link (RTS) will spur construction activities and help boost multi-year demand for domestic steel. In 2022, the apparent steel consumption in Malaysia is forecasted to grow 11% to 7.8 million MT.

CORPORATE DEVELOPMENT

On 26 October 2021, the Company had incorporated a wholly-owned subsidiary, Eastern Power Resources Sdn. Bhd. ("EPRSB") with a paid-up capital of RM51,000. The objective of this new company is to sell excess electricity generated by Joint Venture ("JV") entity, Eastern Steel Sdn. Bhd. ("ESSB") to the grid. On 19 January 2022, ESSB has subscribed for 49,000 ordinary shares in EPRSB which increased EPRSB's ordinary share capital from 51,000 ordinary shares to 100,000 ordinary shares. The Company now holds 51% of the total ordinary share capital after the share subscription.

On 8 November 2021, the Company's shareholding in JV entity, ESSB has decreased from 35.0% to 27.3% after Shanxi Jianglong Industry Company Limited ("Jianlong") subscribed for 508.0 million new ordinary shares in the share capital of ESSB for a total cash consideration of Renminbi 500.0 million ("Share Subscription"), equivalent to approximately RM 325.6 million (based on the exchange rate of Renminbi 1.00: RM 0.6512 at the time the funds were received).

The change in shareholdings of ESSB is as set out in the table below:

Shareholdings	Shareholdings BEFORE Share Issuance (No. of Shares)	%	Shareholders AFTER Share Issuance (No. of Shares)	%
Jianlong	1,080,000,000	60.00	1,588,000,000	68.80
HTVB	630,000,000	35.00	630,000,000	27.30
Chinaco	90,000,000	5.00	90,000,000	3.90
Total	1,800,000,000	100.00	2,308,000,000	100.00

In Financial Year ("FY") 2022, ESSB achieved another new production record of 808,445 MT despite having to operate in an uncertain environment and subjected to various interruptions and restrictions due to movement control measures. ESSB's current project to further enhance cost effectiveness is the development of a 800,000 MT coke oven plant. The first phase of 400,000 MT was completed in August 2022. The new coke oven plant is expected to optimise production costs and enhance ESSB's profitability going forward, and also its contribution to the Group despite the Company's reduced interest in ESSB.

FINANCIAL PERFORMANCE

Against the backdrop of challenging economic and operating environment, we concluded FY 2022 with the Group recording a commendable net profit attributable to shareholders of RM156.01 million, a marginal reduction of 4.5% as compared to the record high profit of RM163.43 million achieved in the preceding financial year. This included the share of JV entity's net profit of RM52.70 million.

the Group's net profit
RM156.01
million

In FY2022, we continued to face the hampering impacts of the COVID-19 pandemic before it entered into the endemic phase in April 2022. Despite the challenges of the on and off economies, we took stringent steps to safeguard the long-term sustainability of our business. We remain focus on production costs control, procurement strategies and prudent cash flow management, which helped us to navigate through the challenges caused by the COVID-19 pandemic. The Group resumed operations on 16 August 2021 after meeting the guideline of having 80% employees fully vaccinated. For the full FY2022, Group's revenue grew by 46.3% to RM1.58 billion from RM1.08 billion achieved in the preceding financial year. Despite the volatile market conditions and movement restrictions, strong steel prices particularly during the first half of the financial year have led to improved revenue and expanded margins. Group's operating profit increased by 13.57% to RM147.99 million in the FY2022 from RM130.31 million, in the preceding financial year.

The Group's efforts in turning around ESSB have shown continued success and for FY2022, ESSB achieved revenue of RM2.56 billion and posted a profit after tax of RM192.23 million as compared to RM217.16 million in the preceding financial year. ESSB recorded an impairment write-back of RM100 million for FY2022 (FY2021: RM66.15 million) to reflect the sustainable strength of its operations. ESSB's much improved performance in FY2022 can substantially be attributed to the completion of its 55 MW power plant in October 2019 and we are confident of more significant production cost savings with the completion of the 400,000 MT coke oven in August 2022.

CHAIRMAN'S STATEMENT (Cont'd)

For FY2022, the Group recorded a share of profit amounted to RM52.70 million from ESSB as compared to RM76.01 million in the preceding financial year. In FY2022, ESSB managed to achieve a record high production level at 808,445 MT (FY2021: 724,680 MT) of steel products, comprising 647,100 MT of slabs and 161,345 MT of billets, and had successfully sold these products in Malaysia and exported to neighboring markets including China, Indonesia, Thailand, Vietnam, India, South Korea, Philippines and Taiwan.

As at end of FY2022, the Group had total borrowings of RM608.48 million, with cash and cash equivalents of RM150.06 million. Shareholders' funds stood at RM1.27 billion with Net Assets per Share of RM0.73.

For FY2022, the Group recorded a share of net profit of

RM52.70

million from ESSB

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 that 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.

REWARDING SHAREHOLDERS

The Board of Directors are pleased to recommend for shareholders' approval at the forthcoming Annual General Meeting ("AGM") a first and final single tier dividend of 1.0 sen per ordinary share for the financial year ended 31 July 2022. If approved by shareholders at the AGM to be held on 16 December 2022, the dividend will be paid on 20 January 2023.

As at FYE2022, shareholders' funds stood at

RM1.27

billion

IN APPRECIATION

FY2022 has been a difficult year for the Group and we have overcome the challenges through the hard work from the dedicated team and support of many parties. On behalf of the Board, I would like to extend our sincerest appreciation to our valued shareholders, customers, suppliers, business associates, financiers and relevant regulatory authorities for their continuous support, invaluable guidance and belief in the Group.

Our management team and employees have been the bedrock of our achievements and once again, they have demonstrated remarkable dedication to their work. I thank them for their commitment, sacrifices, hard work and diligence, especially during these challenging times.

Lastly, I would also like to extend my appreciation to our JV partner in ESSB, the Beijing Jianlong Group, for their excellent contributions, technical support and the continuous cost savings measures undertaken that have led to the turnaround of ESSB in FY2022. We will continue to do our best and are confident that together, ESSB and the Group will emerge from this pandemic better, stronger and more resilient than before. To all our stakeholders, we hope you continue to stay healthy and safe though we have shifted from a pandemic stage to an endemic stage.

TAN SRI ABD RAHMAN BIN MAMAT
Chairman

31 October 2022

MANAGEMENT DISCUSSION AND ANALYSIS

THE MALAYSIAN ECONOMY IN 2021

The year 2021 began with the hope that the pandemic would stabilise, bringing with it a return to normalcy for the global and Malaysian economies. With the vaccination program rolling out progressively and eventually gaining full speed, the economy started to gradually reopen. But the exit was not clear-cut, as challenges remained throughout the year. New variants of the virus led to further waves of infection. This led to the reintroduction of movement restrictions across the globe. Apart from the pandemic, Malaysia also experienced one of the worst floods in recent history which impacted livelihoods and businesses significantly. During the year, the Government launched and implemented various economic stimulus packages and financial subsidies under the National Recovery Plan to assist the people and businesses to weather through this difficult time.

Against this backdrop, Malaysia's GDP performance in 2021 showed signs of improvement, with a 3.1% increase compared to a contraction of 5.6% in 2020. The performance was driven by the services and manufacturing sectors while the construction sector remained weak with the value of work done having contracted by 5.0% to RM112.0 billion in 2021 as compared to RM117.9 billion in 2020. This had a direct adverse impact on steel demand with apparent steel consumption ("ASC") in Malaysia growing only by 3.2% to 7.03 million metric tonnes (MT) in 2021 from 6.81 million MT in the preceding year.

REVIEW OF BUSINESS OPERATIONS

Hiap Teck Venture Berhad ("HTVB" or "the Company") is a holding company engaged in investment and property holdings, and the provision of management services to its subsidiaries. Through its subsidiaries (collectively referred as "the Group"), the Group is principally engaged in the manufacturing of pipe, hollow sections and scaffolding equipment, 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 is one of the leading steel companies in Malaysia with almost thirty years (30) of extensive industry experience. The Group offers a one-stop solution for steel applications to a diverse customer base both domestic and international in multiple sectors. The Group's steel products and certifications have a broad range of industrial and consumer applications for various sectors including building and construction, manufacturing, engineering, water transmission and oil and gas.

The Group's 27.3% (Prior to November 2021: 35%) equity-owned joint venture ("JV") entity, Eastern Steel Sdn. Bhd. ("ESSB"), operates a fully integrated steel plant in Terengganu with a 600 m3 blast furnace and a rated capacity of 700,000 MT per annum, currently producing slabs and billets. ESSB has consistently been producing above its rated capacity since resuming production in July 2018 with the highest production of 139% above rated capacity recorded in May 2021. The billet caster plant, added in December 2018, provided ESSB the flexibility to optimise its production mix, and the 55MW power plant commissioned in October 2019 has resulted in substantial saving in energy cost. As part of the improvement initiatives to further enhance cost efficiency, ESSB has also embarked on a project to develop its own coke oven plant. To date, Phase 1 of 400,000 MT has been completed. The coke oven plant will further reduce production costs moving forward.

FY2022 was another challenging year with global and regional economies continuing to remain in unchartered territory with the occurrence and reoccurrence of COVID-19 pandemic. The global economy was severely disrupted by the continuous movement restriction controls imposed which affected the global supply chains. This coupled with the geopolitical conflict between Russia and Ukraine, has led to high commodity prices and entailed uncertainties in the financial markets with high inflation rate, escalation of financing cost and volatility of foreign exchange rates. Operating under this difficult economic environment, the Group continued to stay vigilant and remain focused on effective procurement and distribution strategies, costs optimisation, improving operational efficiencies and internal processes while striving to maintain a healthy cash-flow position to ensure sustainability.

Throughout FY2022, steel prices remained relatively high though in a declining trend after peaking in May 2021. With the disruption caused by the Russia-Ukraine war, prices resumed its climb up to March 2022, but rapidly declined towards the financial year end due to rising global recession fears sparked by aggressive interest rate hikes and weaker growth in China amidst its zero Covid policy. Despite not being fully operated in the first two months of FY2022, the Group recorded a 46% increase in revenue to RM1.58 billion while ESSB, operated under similar conditions, sold a total of 794,468 MT (7% higher than preceding financial year) of slabs and billets in Malaysia, and also exported to neighbouring countries including China, Taiwan, Indonesia, Thailand, South Korea, Japan and Singapore.

With the improved sales performance, the Group posted a fifth consecutive year of profit to achieve a commendable profit after tax of RM156.36 million (FY2021: RM163.52 million). ESSB contributed RM52.70 million (FY2021: RM76.01 million) to Group's profits after accounting for a reversal of impairment loss on Property, Plant and Equipment at ESSB level of RM100 million (FY2021: RM66.15 million). This reversal of impairment loss was done to reflect the sustainable operations efficiency and profitability.

PERFORMANCE REVIEW BY SEGMENT

The Group segments' contribution are summarised below. The detailed segmental performance is disclosed in Note 26 of the financial statements.

Despite disruptions in supply chain due to movement control restrictions in FY2022, the Group achieved a 46.3% increase in revenue to RM1.58 billion as compared to RM1.08 billion reported in the preceding financial year. The Group's Profit from Operations improved by 13.6% to RM147.99 million from RM130.31 million in the previous financial year due to increased sales volumes and higher steel prices. Share of net profits from JV entity dropped by 30.7% to RM52.70 million (FY2021: RM76.01 million) primarily attributed to the rapidly decline in steel prices towards the financial year end. On the whole, the Group registered a commendable profit before tax of RM189.90 million in FY2022 albeit a marginal reduction of 2.4% as compared to RM194.59 million in the preceding financial year.

At the end of FY2022, inventories has increased from RM450.14 million to RM641.70 million, representing a jump of 42.6% mainly due to higher arrival of stocks towards the end of the financial year. Whereas, receivables were stood at RM365.63 million increased by 74.1% from RM210.01 million as at previous financial year end, attributed to higher sales in FY2022. Group's net borrowings (net of cash) as at end of FY2022 increased to RM458.42 million from RM252.57 million in the preceding financial year. In spite of higher borrowings, net gearing ratio still stood at a healthy 0.35 as at end of FY2022 (FY2021: 0.21). The Group's borrowings comprise of mainly short-term trade facilities to finance its raw material purchases and other working capital requirements.

Manufacturing Segment

The manufacturing segment is comprised of manufacturing and distribution of steel pipes, hollow sections, scaffolding equipment and accessories, and other steel products. The Group's 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, EN, SPAN, JIS and AS 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 almost thirty years. Huatraco is one of the pioneers in the scaffolding industry and is the first producer in Malaysia to obtain MS1462 certification, exemplifying the superior quality of its products. Huatraco's wealth of experience and expertise have led to its existing position as one of the most reliable and best quality scaffold equipment provider in both the domestic and regional markets.

For the financial year under review, despite not being operated in full for the first two months, the manufacturing segment recorded revenue of RM734.58 million (FY2021: RM533.07 million) and contributed RM89.85 million (FY2021: 92.05 million) in segment profit. The commendable performance was principally due to higher steel prices and sales volumes on top of disciplined costs control. The Group will remain focus and continue to be efficient in cost management, continuous enhancements in quality, strategic procurement and distribution, and timely respond to the challenging market conditions.

Other initiatives taken by the Group are:

- Capital investment in technology advancement and automation, and clear Key Performance Indicators ("KPIs") and incentives to further improve efficiency, productivity and continuous costs saving.
- Further enhancement of product quality and certification for the export markets.
- Explore new products, market segments and to further expand presence in Southeast Asia and beyond.

Trading Segment

The Group's trading business is one of the largest in Malaysia and is involved in the importation and sale of various types of steel products to both hardware companies and project end users in multiple sectors. It combines synergistically with the manufacturing segment to become a one-stop steel solution provider for all major infrastructure and construction projects.

The trading segment registered a revenue of RM849.25 million in FY2022 as compared to RM550.51 million in the previous financial year, representing a significant jump of 54.3%. With higher revenue generated, the trading segment achieved a remarkable segment profit of RM43.76 million in FY2022, compared to RM33.35 million recorded in the previous financial year due to margin improvements and higher volumes.

Property and Investment Segment

The property and investment segment solely supports the Group's wholly-owned subsidiaries as almost all the factory buildings, warehouses, offices and land are housed under property holdings. For the financial year under review, the segment reported a segment profit of RM1.15 million as compared to a segment loss of RM8.81 million in the previous financial year. The rental income during the financial year included a 30% (FY2021: 50%) discount given to the subsidiaries to cushion the impact of the COVID-19 pandemic.

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 continued to focus on increasing the number of trips or deliveries captured to further develop efficiency of this segment that will directly lead to lower transportation costs, 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 the sale of iron ore. This segment commenced activities in May 2018 mainly to support the iron ore requirements of ESSB. This segment registered revenue of RM3.90 million in FY2022, representing an increase of 37.8% over the revenue of RM2.83 million achieved in FY2021. With the improved revenue, the segment recorded an increase in segment profit of RM2.46 million as compared to RM1.73 million in FY2021.

Eastern Steel Sdn. Bhd.

The Group's 27.3% (Prior to November 2021: 35%) equity-owned JV entity, ESSB, successfully resumed production on 16 July 2018 and has been operating smoothly and consistently above its rated capacity of 700,000 MT. The billet caster plant, added in December 2018, 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 and commissioned its 55MW power plant in October 2019 which contributed substantial savings in energy costs. In its latest project development, the JV entity has completed the first phase of 400,000 MT coke oven plant in August 2022. It also plans to build two Ferro Alloy furnaces which are scheduled to complete by first half of 2023. This will further reduce the inputs costs going forward.

For the financial year under review, ESSB improved its revenue to RM2.56 billion in FY2022 from RM1.82 billion reported in the preceding financial year, representing an increase of 40.7% despite being operated under movement restrictions at the beginning of FY2022. This achievement was driven by strong acceptance and demand for its products in both the domestic and overseas market such as China, Taiwan, Indonesia, Japan and Korea. Malaysia and the South East Asian markets are net importer of slabs and billets.

In FY2022, ESSB produced a total of 808,445 MT of steel products, of which, slabs and billets were 647,100 MT and 161,345 MT, respectively. In the same financial year, a total of 794,468 MT of steel products were sold comprising 645,275 MT of slabs and 149,193 MT of billets. Domestic sales volume was 239,259 MT (30%) while export sales volume was 555,209 MT (70%).

As at financial year end 2022, ESSB's shareholders' funds stood at RM2.01 billion with bank borrowings of RM362.36 million, comprising short term trade facilities and term loan for capital expenditures.

This outstanding achievement signifies the Group's commitment together with our JV partner, the Beijing Jianlong Group, to bring ESSB's operations to global standards and propel the company to the next level of growth.

MARKET REVIEW

The World Steel Association forecasted that global steel demand to contract by 2.3% in 2022 against a growth of 2.8% in the preceding year, as the industry faces headwinds from continued impact of the pandemic, the Russia-Ukraine war, US monetary tightening and weaker than expected growth in China. For 2023, consumption is projected to recover at a nominal rate of 1.0% subject to high uncertainties.

In Malaysia, the Malaysian Iron and Steel Industry Federation ("MISIF") has forecasted domestic steel demand to continue its gradual recovery through 2023, but is likely to stay below pre-Covid-19 pandemic levels. Apparent steel consumption ("ASC") for Malaysia is projected to grow by 11% in 2022 to 7.8 million MT and then a further 9% in 2023 to 8.5 million MT.

BUSINESS OUTLOOK

Malaysia's GDP expanded further at 8.9% in the second quarter of 2022 as compared to 5.0% in the previous quarter, which was lifted to some extent by the low base from the Full Movement Control Order ("FMCO") in June 2021. Overall, the economy for the first half year of 2022 posted a growth of 6.9% (1H 2021: 7.0%). Construction activity rose 6.1% year-on-year in the second quarter of 2022, rebounding from a 6.1% drop in the prior period and indicating the first increase in a year, as the economy fully emerged from coronavirus curbs. There was an upturn in activity related to residential building, while the output of non-residential buildings picked up strongly and special trade activities continued their double-digit growth.

However, the country is not spared from the external environment and is susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts, supply chain disruptions and further monetary tightening. Major infrastructure projects such as: the Mass Rapid Transit Line 3 (MRT3) and Rapid Transit System Link (RTS) will spur construction activities and help boost multi-year demand for domestic steel.

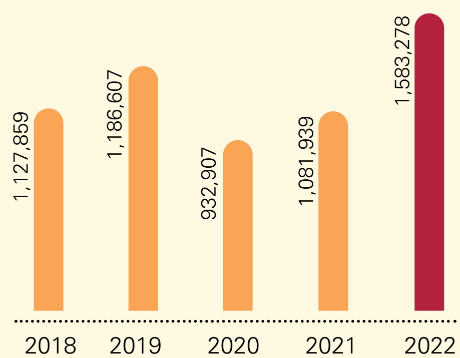
Against this backdrop, the Group recorded a commendable performance for financial year 2022 to post a Profit after tax of RM156.36 million. The Group takes cognisance of the challenges and heightened volatility in steel prices and financial markets, and will continue to adopt prudent procurement strategies and inventory management to optimise financial performance and preserve balance sheet strength. Given the higher cost of inventories, management is highly cautious on the Group's performance in the coming quarters as the recent decline in steel prices will have adverse effect on the Group's margins.

The JV entity will also see an enhancement in performance with additional cost savings derived from the progressive completion of the coke oven plant and new opportunities as China continues with steel production restrictions, and relying more on imports for general purpose items.

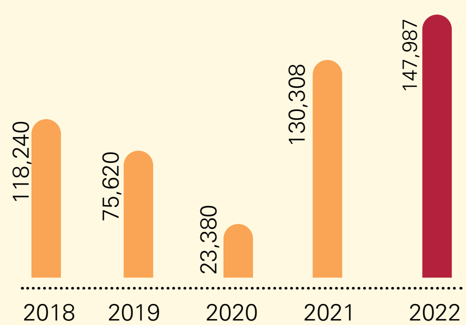
FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
Revenue (RM'000)	1,127,859	1,186,607	932,907	1,081,939	**1,583,278**
Profit From Operations (RM'000)	118,240	75,620	23,380	130,308	**147,987**
EBITDA (RM'000)	83,261	75,140	43,776	221,368	**216,533**
Profit Before Tax (RM'000)	48,366	39,150	8,689	194,590	**189,903**
Profit After Tax (RM'000)	27,189	24,818	4,601	163,517	**156,364**
Shareholders' Funds (RM'000)	836,473	861,792	861,110	1,125,881	**1,272,111**
NTA Per Share (RM)	0.61	0.64	0.64	0.65	**0.73**
Earnings Per Share (sen)	2.12	1.89	0.32	11.55	**9.00**
Dividend (sen)	0.50	0.50	0.30	1.00	**1.00**
Borrowings (RM'000)	612,092	626,066	506,261	411,101	**608,483**
Cash and cash equivalents (RM'000)	59,635	178,921	145,197	158,531	**150,061**

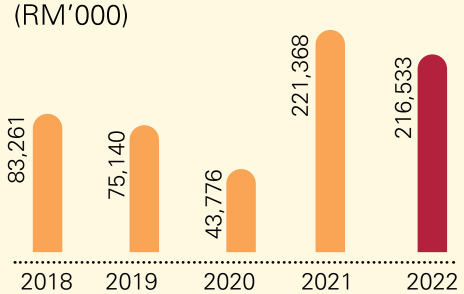
REVENUE
(RM'000)



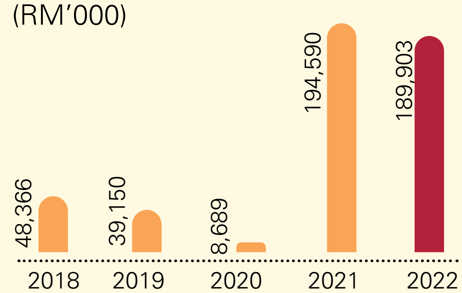
PROFIT FROM OPERATIONS
(RM'000)



EBITDA
(RM'000)

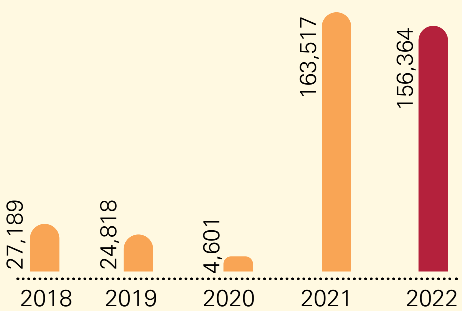


PROFIT BEFORE TAX
(RM'000)

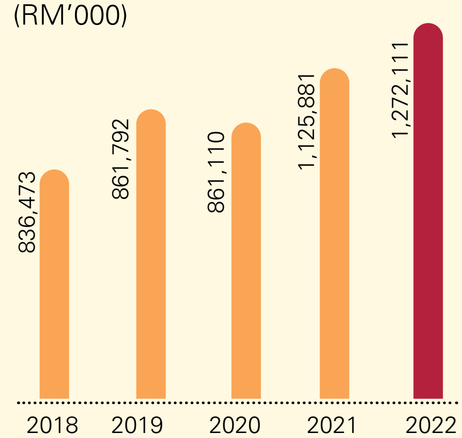


FIVE YEARS GROUP FINANCIAL HIGHLIGHTS (Cont'd)

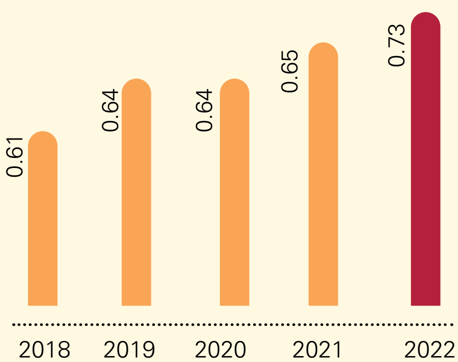
PROFIT AFTER TAX
(RM'000)



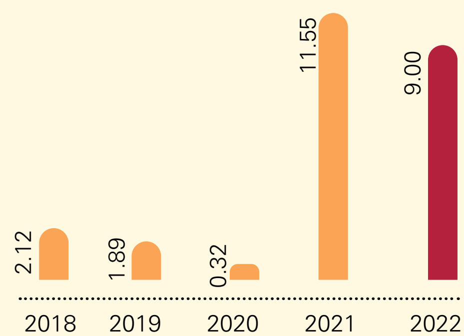
SHAREHOLDERS' FUNDS
(RM'000)



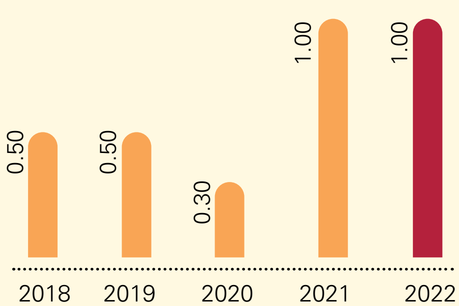
NTA PER SHARE
(RM)



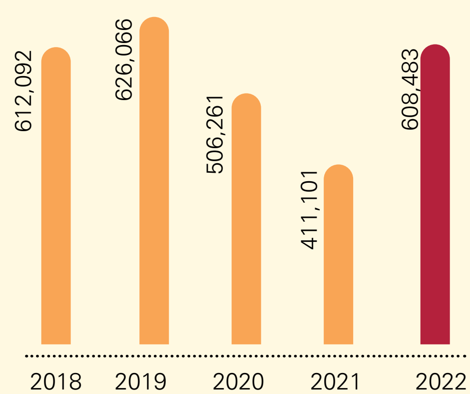
EARNINGS PER SHARE
(SEN)



DIVIDEND
(SEN)



BORROWING
(RM'000)



STATEMENT ON COPORATE GOVERNANCE

The Board of Hiap Teck Venture Berhad ("HTVB") fully supports the recommendations of the Malaysian Code on Corporate Governance 2021 ("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 2022. 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, collectively, is primarily responsible for determining the strategic direction and sustainable goals of the Company and its subsidiaries, maintaining effective oversight over management, monitoring the overall conduct and performance of the Group's businesses and promoting ethical practices throughout the Group. In setting the Group's overall strategy and governance, and in pursuit of its objectives, the Board takes into account the interests of stakeholders in the decision making so as to ensure that the Group's objectives in creating long term shareholder value are met. It also reviews corporate strategies, budgets, risk management, operations and the performance of the business segments and brings to bear independent judgment on issues relating to conflict of interests, 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 committed to ensure a high standard of corporate governance is maintained throughout the Group and to effectively discharge its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and those of the other stakeholders.

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;
- 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.

Regular matters tabled for the Board's information and deliberation for the year include business performance updates, unaudited quarterly results, reports from operations, business plan and budget, board assessment and evaluation, continuing education programme (training) of Directors, human resource related updates, new business developments and potential business amongst other non-regular items which comprised corporate proposals and projects.

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, 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.

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 of 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 duty, responsibility, authority and roles between the Independent Non-Executive Chairman and the Executive Deputy Chairman which are clearly set out in the Board Charter.

The positions of Independent Non-Executive Chairman and Executive Deputy Chairman are held by different individuals in such manner that no one individual can influence the Board's discussions and decision making.

The Chairman provides leadership to the board and ensures that the Board and Board Committees function effectively. He sets the agenda for the Board meetings in consultation with the Executive Deputy Chairman and the Company Secretary and looks into effective shareholders' engagements. 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 leads the Board on its collective oversight of management. The Chairman of the Company is Tan Sri Abd 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 advice, ensures adherence to rules and procedures and advocates adoption of corporate governance best practices.

The Company Secretary of Hiap Teck Venture Berhad, Mr. Ng Yim Kong, is a secretary licensed by the Registrar of Companies by virtue of Section 235(2) of the Companies Act 2016 and holds a practicing license issued by the Registrar of Companies. 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 ensuring 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 meeting. All the Directors have sufficient time to appreciate the issues to be deliberated at the 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.

The Company Secretary updates the Board of Directors regularly on amendments to the Malaysian Code on Corporate Governance and 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 Malaysia Securities Berhad, Companies Commission of Malaysia or outside training and professional development providers to enable the Directors to select and attend the trainings 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 coordinates the annual assessment of the Board and Board Committees, the Independent Directors, External Auditors and outsourced Internal Auditors.

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 relevant and consistent with the Board's objectives and responsibilities. The Board Charter is available at the Company's website www.htgrp.com.my.

Code of Conduct and Ethics for Directors, Anti-Bribery and Corruption Policy and Directors' Fit and Proper Policy

The Company has adopted a Code of Conduct and Ethics 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 Conduct and Ethics 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 Conduct and Ethics is available at the Company's website www.htgrp.com.my.

With the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2018 ("MACC Act 2018") which established the principle that a commercial organisation has a criminal liability ("Corporate Liability") for the corrupt activities of its employees and/or persons associated with the commercial organisation where such corrupt activities are carried out for the commercial organisation's benefits or advantages, it re-enforces the Group' zero-tolerance policy against all forms of bribery and corruption. The Group is committed to conduct businesses professionally, fairly and with integrity and transparency in compliance with all applicable anti-bribery and corruption laws in all jurisdictions in which we operate.

The Anti-Bribery and Corruption Policy is available at the Company's website www.htgrp.com.my.

For the financial year ended 31 July 2022, the Company has adopted the Directors' Fit and Proper Policy to address board quality, integrity and transparency for appointment and election of Directors of the Company and its subsidiaries.

The Directors' Fit and Proper Policy is available at the Company's website www.htgrp.com.my since 1 July 2022.

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 eight (8) members; four (4) of whom are Executive Directors and four (4) are Independent Non-Executive Directors. The Board is therefore, in compliance with Paragraph 15.02(1)(a) 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 and is also in compliance with Practice 5.2 of the Code which recommended at least half the Board to comprise independent directors. A brief profile of the Board members are set out on pages 4 to 8 of this Annual Report 2022.

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 5.3 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 has served for a consecutive or cumulative term of more than nine (9) years to remain as an Independent Director subject to Shareholders' approval with justification given.

For the financial year ended 31 July 2022, Tan Sri Abd Rahman Bin Mamat who was appointed as Independent Director on 28 January 2011 has been an Independent Director of the Company for a cumulative term of more than 11 years 11 months at the forthcoming Twenty-Sixth Annual General Meeting. In view of that, he has expressed his intention not to seek re-election. Hence, Tan Sri Abd Rahman Bin Mamat will retain office until the close of the Twenty-Sixth Annual General Meeting.

In addition, Mr. Leow Hoi Loong @ Liow Hoi Loong who was appointed an Independent Non-Executive Director of the Company on 13 December 2012 would have served as an Independent Director of the Company for more than 10 years at the forthcoming Twenty-Sixth Annual General Meeting to be held on 16 December 2022. In view of that, he has expressed his intention not to seek re-election. Hence, Mr. Leow Hoi Loong @ Liow Hoi Loong will retain office until the close of the Twenty-Sixth Annual General Meeting.

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 Board membership is dependent on the potential candidate's skills, experience, core competencies and other qualities regardless of gender, age and ethnicity. Nevertheless, the Board will address the need to appoint female Directors to the Board.

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 with the Board. 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 2022, 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 100% of all the Board Meetings held except Mr. Leow Hoi Loong @ Liow Hoi Loong who was absent with apology in the March 2022 Board Meeting. Overall, all the Directors have complied with the minimum 50% meeting attendance's requirement under the MMLR of Bursa Securities.

All the Board Meetings have been held in the premises of the Company's registered office during the period from 1 August 2021 until the financial year ended 31 July 2022.

Details of the Board of Directors' Meeting held during the financial year ended 31 July 2022:

Name of Directors	Date of Meeting				Total Meetings Attended by Directors	Percentage of Attendance
	29/09/2021	16/12/2021	29/03/2022	29/06/2022		
Tan Sri Abd Rahman Bin Mamat (Independent Non-Executive Director/Chairman)	✓	✓	✓	✓	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)	✓	✓	Absent	✓	3/4	75%
Mr. Lee Ching Kion (Senior Independent Non-Executive Director)	✓	✓	✓	✓	4/4	100%
Mr. Sherman Lam Yuen Suen (Independent Non-Executive Director)	✓	✓	✓	✓	4/4	100%

Appointment to the Board

To facilitate appointments to the Board, the Company had set up the Nominating Committee to provide a formal and transparent procedure for appointment of new Directors to the Board. The Nominating Committee shall be primarily responsible for identifying and recommending to the Board new candidates to be appointed as Directors to the Board and also recommending Directors to fill the seats on Board Committees.

For the financial year ended 31 July 2022, 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 Nominating Committee 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 Constitution, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in every three (3) years, but shall be eligible for re-election. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing 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, except for Tan Sri Abd Rahman Mamat, confirm in writing to the Board offering themselves for re-election:-

	Clause No.
• Tan Sri Dato' Law Tien Seng	92
• Tan Sri Abd Rahman Bin Mamat	92
• Mr. Tan Shau Ming	92

Tan Sri Abd Rahman Bin Mamat whose tenure of office as Independent Director will be 11 years 11 months as at 16 December 2022 will retire in accordance with Clause 92 of the Company's Constitution and has expressed his intention not to seek re-election. Hence, he will retain office until the close of the Twenty-Sixth Annual General Meeting.

The profile of the above Directors who are retiring by rotation are available on pages 4 to 8 of the Annual Report 2022.

Board Committees

Clause 124 of the Company's Constitution provides the Board with the 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 by the Board shall conform to any regulations that may be imposed on it by the Board and by the Listing Requirements.

The Company had formed four (4) main Board Committees, namely Audit Committee, Nominating Committee, Remuneration Committee and Sustainability and Risk Management 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 38 to 40 of this Annual Report. The details of the Internal Audit function and activities are set out in the Statement of Risk Management and Internal Controls on pages 35 to 37 of the Annual Report 2022. The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee of the Company comprises solely of Independent Directors. The Chairman of the Board of Directors is not a member of the Audit Committee since 29 March 2022. The Audit Committee has complied with Practice 9.1 of the Code.

Nominating Committee

The Nominating Committee of the Company was set up with written terms of reference approved by the Board, and tasked with the responsibility to oversee the selection and assessment of directors for appointment, re-election or re-appointment to the Board and Board Committees. The terms of reference of the Nominating Committee is made available on the Company's website at www.htgrp.com.my. The Company has applied Practice 1.4 of the Code where the Nominating Committee is chaired by the Senior Independent Non-Executive Director, Mr. Lee Ching Kion. The Chairman of the Board of Directors is not a member of the Nominating Committee since 29 March 2022.

Members of the Nominating Committee

The Nominating Committee comprises exclusively of Independent Non-Executive Directors. The members of the Nominating Committee are as follows:

Nominating Committee Members	Designation	Directorship
Mr. Lee Ching Kion (Appointed as Chairman on 29 March 2022)	Chairman	Senior Independent Non-Executive Director
Tan Sri Abd Rahman Bin Mamat (Resigned on 29 March 2022)	Chairman	Chairman of the Board of Directors/Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Sherman Lam Yuen Suen (Appointed as Member on 29 March 2022)	Member	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 women director, 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.
- Lead the review of the continuous professional development of Directors particularly the Audit Committee members to keep themselves abreast of relevant developments in accounting record and auditing standards, practices and rules.

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, and independence of the Independent Non-Executive Directors and consider whether the Independent Director can continue to bring independent and objective judgement to the Board's deliberations. The assessments are designed to improve the Board's effectiveness as a whole as well as to draw the Board's attention to key areas that needs to be addressed in order to maintain cohesion to the Board.

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 2022, 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 the Independent Non-Executive Directors should bring to the Board.

For the financial year ended 31 July 2022, the Board has 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 Non-Executive 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 2022:

Name of Directors	Date of Meeting			Total Meetings Attended by Directors	Percentage of Attendance
	29/09/2021	29/03/2022	29/06/2022		
Mr. Leow Hoi Loong @ Liow Hoi Loong	✓	Absent	✓	2/3	66.66%
Tan Sri Abdul Rahman Bin Mamat (Resigned on 29 March 2022)	✓	✓	-	2/2	100%
Mr. Lee Ching Kion (Appointed as Chairman on 29 March 2022)	✓	✓	✓	3/3	100%
Mr. Sherman Lam Yuen Suen (Appointed on 29 March 2022)	-	-	✓	1/1	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.

During the financial year ended 31 July 2022, the Directors were updated by the Company Secretary on updates and/or amendments of the Main Market Listing Requirements and related notifications by Bursa Malaysia Securities Berhad, and new Practices recommended by the Code On Corporate Governance 2021.

The Directors had during the financial year ended 31 July 2022, evaluated their own training needs and attended seminars, conferences and forums which they considered as relevant and useful and which would strengthen their contribution to the Group. Append below are the trainings/seminars attended by the Directors:-

	Name of Directors	Trainings or Seminars Attended	Dates of Attendance
1.	Tan Sri Abd Rahman Bin Mamat	1. Market Risk Management – Banking Sector	17/2/2022
		2. Sustainability and its Impact on Organisations: What Directors To Know	21/2/2022
		3. TCFD Climate Disclosure - Taskforce On Climate Change-Related Financial Disclosure	2/3/2022 & 9/3/2022
		4. BNM - FIDE FORUM Dialogue on Climate Risk Management and Scenario Analysis	8/3/2022
		5. MIDF Green Conference 2022	9/3/2022
		6. DNeX Group Offsite SP2023 - Leadership Brainstorming by PwC	24/3/2022-25/3/2022
		7. Environmental, Social, and Governance by Chairman of United Nations Global Compact	29/3/2022
		8. Amendments to the MAIN Market Listing Requirements	29/3/2022
		9. The Updates to CG Reports.	29/3/2022
		10. PLC Transformation Program (PLLT)	29/6/2022
		11. ESG And Sustainability: A Dialogue With Partners	4/7/2022
		12. FIDE Forum Leadership Perspectives Forum on Board Effectiveness in conjunction with BEE Launch	14/7/2022
2.	Tan Sri Dato' Law Tien Seng	1. Securities Commission's Corporate Governance Strategic Priorities 2021-2023.	16/12/2021
		2. Environmental, Social, and Governance by Chairman of United Nations Global Compact	29/3/2022
		3. Amendments to the MAIN Market Listing Requirements	29/3/2022
		4. The Updates to CG Reports.	29/3/2022
		5. PLC Transformation Program (PLLT)	29/6/2022

	Name of Directors	Trainings or Seminars Attended	Dates of Attendance
3.	Mr. Foo Kok Siew	1. Securities Commission's Corporate Governance Strategic Priorities 2021-2023. 2. Environmental, Social, and Governance by Chairman of United Nations Global Compact 3. Amendments to the MAIN Market Listing Requirements 4. The Updates to CG Reports. 5. PLC Transformation Program (PLLT)	16/12/2021 29/3/2022 29/3/2022 29/3/2022 29/6/2022
4.	Mr. Leow Hoi Loong Loong @ Liow Ho	1. Securities Commission's Corporate Governance Strategic Priorities 2021-2023. 2. Financial Master Class- AMLA, Personal Data Act (PDPA), Cyber Security, Anti- Corruption & Bribery and Integrity (Code of Ethics) 3. Environmental, Social, and Governance by Chairman of United Nations Global Compact 4. Amendments to the MAIN Market Listing Requirements 5. The Updates to CG Reports. 6. PLC Transformation Program (PLLT)	16/12/2021 12/3/2022 29/3/2022 29/3/2022 29/3/2022 29/6/2022
5.	Mr. Law Wai Cheong	1. Securities Commission's Corporate Governance Strategic Priorities 2021-2023. 2. Environmental, Social, and Governance by Chairman of United Nations Global Compact 3. Amendments to the MAIN Market Listing Requirements 4. The Updates to CG Reports. 5. PLC Transformation Program (PLLT)	16/12/2021 29/3/2022 29/3/2022 29/3/2022 29/6/2022
6.	Mr. Tan Shau Ming	1. Securities Commission's Corporate Governance Strategic Priorities 2021-2023. 2. Environmental, Social, and Governance by Chairman of United Nations Global Compact 3. Amendments to the MAIN Market Listing Requirements 4. The Updates to CG Reports. 5. PLC Transformation Program (PLLT)	16/12/2021 29/3/2022 29/3/2022 29/3/2022 29/6/2022
7.	Mr. Lee Ching Kion	1. Asia School of Business Management: Intentional Integrity: How Smart Companies Can Lead an Ethical Revolution 2. MIRA Webinar: Keys to Effective Shareholders Engagement Via AGM 3. Environmental, Social, and Governance by Chairman of United Nations Global Compact 4. Amendments to the MAIN Market Listing Requirements 5. The Updates to CG Reports. 6. PLC Transformation Program (PLLT)	28/10/2021 24/3/2022 29/3/2022 29/3/2022 29/3/2022 29/6/2022
8.	Mr. Sherman Lam Yuen Suen	1. IFRS Updates 2. Data Adoption and AI to drive better business decisions 3. Strategy Planning & Execution (CPA Australia) 4. Navigating the HR minefield (IIA Australia) 5. Environmental, Social, and Governance by Chairman of United Nations Global Compact 6. Amendments to the MAIN Market Listing Requirements 7. The Updates to CG Reports. 8. Steward Leadership for Sustainability (Asia School of Business) 9. The Metaverse: Its Economy and Economics (CPA Australia) 10. ESG vs ESR: Environment Social Sustainability Reporting (CIMA, U.K.) 11. MIA Virtual Conference Series: Corporate Board Leadership Symposium 2022 12. MIA International Accountants Conference (MIA) 13. PLC Transformation Program (PLLT)	8/9/2021 28/10/2021 8/3/2022 18/03/2022 29/3/2022 29/3/2022 29/3/2022 12/4/2022 28/4/2022 25/5/2022 30/5/2022-31/5/2022 8/6/2022 29/6/2022

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

For the financial year ended 31 July 2022, the ESOS Committee held one meeting on 16 December 2021 for the following purposes:-

- To note the total number of options or shares granted, exercised, vested, and outstanding up to date;
- To note the number of options of shares granted to Directors and Senior Management;
- To note that Performance Target for FYE 2021 has been achieved; and
- To recommend to the Board of Directors for approval of the option price.

The ESOS which was extended by another five years on 12 April 2017 has expired on 11 April 2022 and the ESOS committee was dissolved on 11 April 2022.

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 fulfill its functions.
- 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
Mr. Sherman Lam Yuen Suen (Appointed on 29 March 2022)	Chairman	Independent Non-Executive Director
Tan Sri Abd Rahman Bin Mamat (Resigned on 29 March 2022)	Chairman	Independent Non-Executive Director
Mr. Lee Ching Kion	Member	Senior Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director

For the financial year ended 31 July 2022, the Remuneration Committee held two meetings on 16 December 2021 and 29 June 2022 for the following purposes:

- To discuss and if appropriate to recommend the annual bonus for Executive Directors and Senior Management;
- To recommend the annual increment for Executive Directors and Senior Management to the Board of Directors for approval;
- To discuss and if appropriate to recommend the fees for Independent Non-Executive Director for the Board's approval.
- To review and if appropriate to recommend the Remuneration Committee's Terms of Reference to exclude the Chairman of the Board from the Remuneration Committee pursuant Practice 1.4 of the Code for the Board's approval.

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 2022, the Remuneration Committee recommended to the Board for approval the remuneration packages of the Executive Directors and Senior Management and fees 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 responsibility, contribution and performance of each Director. It is the Company's policy to link the Executive Directors' rewards to individual and corporate performance whilst the remuneration of the Independent Non-Executive Directors including the Non-Executive Chairman is determined in accordance with their experience, contribution 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 2022 are disclosed on page 38 of Corporate Governance Report 2022.

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 Company and 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 Senior Management staff.
5. Encourage staff pinching or poaching of executives in the industry.
6. Detrimental to the Company's continuous effort to attract and retain its scarce human assets/talents.

The Board ensures that the remuneration of Senior Management commensurate 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 noted that the non-disclosure of the remuneration of the Top Five Senior Management is a departure from Practice 8.2 of the Code but nevertheless will consider the application of Practice 8.2 when the Company is satisfied that there are adequate rules and regulations set in place by the authorities to protect the Company from losing its invaluable human assets/talents.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Practice 9.4 – Step-Up of the Code which recommends recommending the Audit Committee to comprise solely of Independent Directors is adopted. 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.

The Company applied Practice 9.5 of the Code. 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 processes, 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 Chairman of the Audit Committee is not the Chairman of the Board. The Company has applied Practice 9.1 of the Code. 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 three (3) years before being appointed as a member of the Audit Committee. The Company has applied Practice 9.2 of the Code. 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 Group and of the Company 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, 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 in accordance with regulator's requirement and/or Malaysian Institute of Accountants By-Laws. 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 for preparing the Annual Audited 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 audited 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 Group and the Company to enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable approved accounting standards in Malaysia.

In preparing these financial statements, the Directors have:-

- Selected appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

Relationship with External Auditors

The Group has established a formal, transparent and professional relationship with its External Auditors. The Audit Committee reviews the audit plans, scope of audit report as well as their professional fees, performance and appointment. The re-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 Audit Committee matters that necessitate the Audit Committee'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 35 to 37.

Sustainability and Risk Management Committee

The Company has adopted Practice 10.3 – Step-Up where the Company is recommended to establish a Risk Management Committee, which comprises a majority of independent directors to oversee the Company's risk management framework and policies.

The Company has established a Risk Management Committee on 30 March 2010 which 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's 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.

On 1 July 2022, the Board of Directors of the Company had announced to Bursa Malaysia Securities Berhad that the name of the Board's Risk Management Committee ("RMC") has been changed to Sustainability and Risk Management Committee ("SRMC"). The RMC is now renamed as SRMC to include sustainability and supports the Board in fulfilling its oversight responsibilities in relation to the HTVB Group's sustainability strategies and initiatives covering Environmental, Social and Governance and integrating such policies and practice into the Group's business and decision-making process.

In line with the Malaysian Code on Corporate Governance 2021, the Board has also identified and nominated Tan Shau Ming, an Executive Director of the Company, to be the person within management to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the HTVB Group of companies.

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

The members of the Sustainability and 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
Mr. Sherman Lam Yuen Suen (Appointed as Member on 29 March 2022)	Member	Independent Non-Executive Director

Internal Audit Function

The internal audit function of the Company is currently outsourced to Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia") (the succeeding company of NGL Tricor Governance Sdn. Bhd.) ("the Internal Auditors") which reports directly to the Audit Committee at an annual fee of RM175,000. The Internal Auditors is headed by Mr. Chang Ming Chew, an Executive Director of Tricor Axcelasia. Mr Chang holds the Certifications of Certified Information Systems Auditor, Certified Internal Auditor, and Certification in Risk Management Assurance. He is a member of the Institute of Internal Auditors Malaysia, the Association of Certified Accountants (UK) and the Malaysia Institute of Accountants. The Board has complied with Practice 11.2 of the Code.

The Internal Audit function is 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 Audit Committee has taken the necessary to ensure that the internal audit function is effective and able to function effectively in applying Practice 11.1 of the Code.

The internal audit function is responsible to assist the Audit Committee in discharging its duties and responsibilities, and performs its work as guided by 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 38 to 40 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, governance, the 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 Group and the Company.

The Company meets financial analysts regularly to brief them on 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.

At the start of the last year's Annual General Meeting held on 17 December 2021, the Board's reply to the Minority Shareholders' Watch Group's ("MSWG") Letter dated 7 December 2021 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.

In view of the above, the Board has applied Practice 12.1 of the Code in respect of effective, transparent and regular communication with its stakeholders.

II. CONDUCT OF GENERAL MEETINGS

According to Clause 60(a) of the Company's Constitution, 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 (6) of the MMLR of Bursa Securities. The Board is aware that Practice 13.1 of the Code which encourages the Company to send out the Notice for its Annual General Meeting to the Shareholders at least 28 days prior to the meeting. Since the Company's Notice of the Annual General Meeting ("AGM") will be sent on 16 November 2022 while its AGM will only be held on 16 December 2022, i.e. more than 28 days prior to Annual General Meeting, the Company complies with Practice 13.1 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. This is in compliance with Practice 13.2 of the Code. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the Shareholders, if any.

However, the COVID-19 pandemic and the ensuing enforcement of the various Movement Control Orders ("MCO") have changed the traditional way of holding an Annual General Meeting, i.e. physically. Based on the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission on 18 April 2020 (Revised on 16 July 2021), the Twenty-Fifth Annual General Meeting of the Company which was held on Friday, 17 December 2021 ("25th AGM") was conducted for the second time fully virtual with the Broadcast Venue in Auditorium, Level 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Chairman, the Executive Deputy Chairman, the Executive Directors and Independent Non-Executive Directors were present at the Broadcast Venue besides the Group's Chief Financial Officer, the Company Secretary, the External Auditors and the Scrutineer ("Strategy Corporate House Sdn. Bhd."). Members participated in the 25th AGM remotely via the online platform Boardroom Smart Investor Portal website at https://boardroomlimited.my

Shareholders, proxies, attorneys or authorised representatives were not allowed to attend the 25th AGM in persons at the Broadcast Venue on the day of the meeting, but eligible Shareholders, proxies, attorneys and authorised representatives ("collectively referred to as shareholders thereafter") were able to attend the 25th AGM via Remote Participation And Electronic Voting Facilities ("RPEV") at Boardroom Smart Investor Portal website including exercising their rights to speak and vote. Shareholders were provided with a dedicated contact number and/or email to submit queries or request for technical assistance to participate in the fully virtual general meeting. Questions or remarks posted by Shareholders during the 25th AGM were meaningfully responded to by the Board, and such questions and remarks were made visible to all the participants of the meeting. All the resolutions were tabled at the 25th AGM. The meeting proceedings and resolutions passed at the 25th AGM were posted on the Company's website at www.htgrp.com.my. All the resolutions tabled at the 25th AGM were voted by poll. Voting on all the resolutions commenced at the 25th AGM start and ended with the Chairman's announcement that the voting was closed. Following the end of voting, the Scrutineer verified the poll results before giving to the Chairman to declare whether the resolutions were passed and carried. The 25th AGM and remote participation ended with the Chairman's announcement of the closure of the 25th AGM.

The 26th AGM will also be held fully virtual.

Poll Voting

According to Paragraph 8.29A (1) of the MMLR, all resolutions set out in the notice of a general meeting shall be put to vote by poll. Hence, the resolutions tabled at the Company's 25th AGM convened on 17 December 2021 were by poll voting. The Company had appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting (e-voting). Independent Scrutineer was appointed to observe the polling process and to verify the vote given in favour or against the resolution. The Chairman of the Company announced the result of the poll.

Shareholders are entitled to appoint proxy/proxies or corporate representative where the shareholder is a corporation to vote on his/its behalf at general meeting. Shareholder/proxies/corporate representatives/attorneys can proceed to vote on the resolutions at any time from the commencement of the 25th AGM at 10:00 a.m. on Friday, 17 December 2021 but before the end of the voting session which will be announced by the Chairman of the meeting.

Proxy

As the 25th AGM was a virtual AGM, Shareholders attended, spoke (in the form of real time submission of typed texts) and voted (collectively, "participate") remotely at the 25th AGM using Remote Participation and Electronic Voting Facilities ("RPEV") provided by Boardroom Share Registrars Sdn. Bhd. via its Boardroom Smart Investor Portal website at https://boardroomlimited.my

Shareholders who appointed proxies, corporate representatives or power of attorneys via RPEV in 25th AGM had to ensure that their duly executed proxy forms, original certificate of appointment of corporate representatives or their power of attorneys respectively were deposited with Boardroom Share Registrars Sdn. Bhd. not later than Thursday, 15 December 2021 at 10:00 a.m. to participate via RPEV in the 25th AGM.

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

The total number of shares purchased and retained as treasury shares during the financial year ended 31 July 2022 was Nil.

As at the financial year ended 31 July 2022:

a. There were no shares bought back;
b. A total of 5,492,000 shares bought back previously were held as treasury shares and carried at cost; and
c. No shares had been cancelled or sold.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Other than as disclosed below, there were no options, warrants or convertible securities exercised during the financial year ended 31 July 2022.

	No. of Shares	RM
Total as at 1 August 2021	1,730,176,876	865,088,438
(+) Ordinary shares issued pursuant to the conversion of ESOS	17,545,139	7,565,431
Total as at 31 July 2022	**1,747,722,015**	**872,653,869**

The ESOS which was extended for 5 years on 12 August 2017, had expired on 11 April 2022.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 July 2022.

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 2022.

5. NON-AUDIT FEES

Non-audit fees of RM85,000 were incurred for services rendered to the Group for the financial year ended 31 July 2022 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 2022 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 at its 25th Annual General Meeting held on 17 December 2021 obtained the Shareholders' mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature.

The aggregate value of recurrent related party transactions conducted during the financial year ended 31 July 2022 in accordance with the Shareholders' mandate obtained 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.	100,206
Pedoman Cekap Sdn. Bhd.	Supply of office space by TS Law Group to HTVB Group	Tan Sri Dato' Law Tien Seng, Puan Sri Datin Saw Geok Ngor, Law Wai Cheong and Law Wai Ho.	119

This statement is made in accordance with the approval of the Board of Directors on 29 September 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2022. 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 Guidelines") endorsed by the Bursa Malaysia Securities Berhad ("BMSB").

BOARD'S COMMITMENT AND RESPONSIBILITY

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

Principally, the responsibilities of the Board as provided in the Guidelines 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 Sustainability and Risk Management Committee ("SRMC"). The key function of SRMC 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 SRMC 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
(iv)	Mr. Sherman Lam Yuen Suen	- Independent Non-Executive Director

The SRMC 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 with corporate funding and gearing, foreign exchange risk, supply chain risk, regulatory risk, market risk, credit risk, inventory risk, corruption risk and cyber risk.

The SRMC 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 SRMC for review and deliberation. The status of key risks and management actions are further presented by the SRMC to the Board for review and deliberation.

STATEMENT ON 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 Meetings;

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;

vi. ISO 9001:2015 Quality Management System, EC Certification on Factory Production Control and American Petroleum Institute ("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 SRMC oversees risk management and is assisted by the RMWC at the operational level, various management review meetings are held throughout the year. Presently, the management organises weekly Senior Management Meetings, weekly Credit Committee Meetings, monthly Group Management Committee Meetings and monthly Operation Meetings at the respective key subsidiaries. The objective of these meetings is to ensure policies, decisions and expected operational performance targets and objectives set by the top executives are communicated, understood and executed by line management. At the same time, these meetings re-enforce the monitoring and supervision controls at the line management levels.

In order to ensure the objectivity of the review of the 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 Group 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 system of the Group.

BOARD ASSURANCE AND LIMITATION

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group for the financial year under review 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 systems 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.

ANTI-BRIBERY AND CORRUPTION POLICY

With the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2007, it has been established that a commercial organisation has a criminal liability ("Corporate Liability") for the corrupt activities of its employees and/or persons associated with the commercial organisation where such corrupt activities are carried out for the commercial organisation's benefits or advantages.

In connection to this, the Group adopts a zero-tolerance policy against all forms of bribery and corruption. The Group is committed to conduct businesses professionally, fairly and with integrity and transparency in compliance with all applicable anti-bribery and corruption laws in all jurisdictions in which we operate.

Any breach of the Anti-Bribery and Corruption Policy or applicable local law could result in disciplinary action being taken and ultimately could result in dismissal and/or termination of the business dealing. Further legal action may also be taken in the event that the Group's reputation/interests have been harmed as a result of non-compliance and/or misconduct.

The Anti-Bribery and Corruption Policy is available at the Company's website www.htgrp.com.my.

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 2022. 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.

AUDIT COMMITTEE REPORT

The Board of Directors of Hiap Teck Venture Berhad is pleased to present the Audit Committee Report for the financial year ended 31 July 2022 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.

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 ("AC") 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. The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee has complied with Practice 9.1 of the Code.

Members of the Audit Committee	Designation	Directorship
Mr. Leow Hoi Loong @ Liow Hoi Loong	Chairman	Independent Non-Executive Director
Tan Sri Abd Rahman Bin Mamat (Resigned on 29 March 2022)	Member	Independent Non-Executive Director
Mr. Lee Ching Kion	Member	Senior Independent Non-Executive Director
Mr. Sherman Lam Yuen Suen	Member	Independent Non-Executive Director

With effect from 29 March 2022, Tan Sri Abd Rahman Bin Mamat resigned as Member of the AC in compliance with Practice 1.4 of the Code which states that the Chairman of the Board of Directors shall not be a member of the Audit Committees.

MEETING AND ATTENDANCE

During the financial year ended 31 July 2022, the Audit Committee convened a total of four (4) meetings.

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

Members	Date of Meeting				Total Meetings Attended	Percentage of Attendance
	29/09/2021	16/12/2021	29/03/2022	29/06/2022		
Mr. Leow Hoi Loong @ Liow Hoi Loong	✓	✓	Absent	✓	3/4	75%
Tan Sri Abd Rahman Bin Mamat (Resigned on 29 March 2022)	✓	✓	✓	-	3/3	100%
Mr. Lee Ching Kion	✓	✓	✓	✓	4/4	100%
Mr. Sherman Lam Yuen Suen	✓	✓	✓	✓	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, the Group Chief Financial Officer, Mr. Raymond Hoo Weng Keong and the Internal Auditors were invited to attend all the Audit Committee meetings by invitation during the financial year ended 31 July 2022. Representatives of the External Auditors were also invited to present the Audit Plan and Strategy and Audit Status for the financial year ending 31 July 2022 to the Audit Committee and attended meetings where matters relating to the audit of the statutory accounts were discussed. Other Board members may attend the Audit Committee Meetings upon the invitation of the Audit Committee. The Company Secretary and his representatives attended all the Audit Committee meetings.

The main activities undertaken by the Audit Committee during the financial year ended 31 July 2022 were as follows:

- Reviewed and recommended the unaudited quarterly financial results of the Company and the Group to the Board of Directors for their consideration and approval prior to its release to Bursa Securities.
- Reviewed and recommended to the Board for approval, the Group's audited financial statements and the Directors' and Auditors' Report for the financial year ended 31 July 2022.
- Reviewed and approved the internal audit plan, strategy and scope of work of the Internal Auditors.
- Reviewed the internal audit reports and follow-up audit reports and consider the Internal Auditors' findings and recommendations and management's responses thereto.
- Reviewed the Audit Committee's Term of References and recommended to the Board for approval of the amendment to exclude the Chairman of the Board of Directors from being a member of the Audit Committee in compliance with Practice 1.4 of the Code on Corporate Governance 2021.
- Reviewed on quarterly basis the Recurrent Related Party Transactions ("RRPT") and the conflict of interest situation that may arise within the Group or the Company including any transaction, procedures or course of conduct that raised questions of management integrity.
- Reviewed the External Auditors' Audit Plan and Strategy which covers the scope of the statutory audit and the audit plan prior to the commencement of audit of the Group's financial statements.
- Noted the External Auditors' written assurance in their "Briefing to the Audit Committee" confirming that the External Auditors are and have been, independent throughout the conduct of their audit engagement in accordance with all the applicable 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 (e.g. 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, Audit Committee Report and Audit Committee Statement prior to its inclusion in the Annual Report and Circular to Shareholders.
- Reviewed and recommended to the Board for approval the change of name of the Board's Risk Management Committee to Sustainability and Risk Management Committee effective 1st July 2022.
- Reviewed the suitability, objectivity and independence of the External Auditors and recommended them for their re-appointment.
- Reviewed and satisfied themselves that the guidelines and procedures of RRPT are adequate.
- Reviewed and noted the allocation of options granted under Employee Share Option Scheme which expired on 11 April 2022.
- Reviewed and kept up to date of the status of the Tax Audit YA 2013-YA 2019 by LHDN.
- Reviewed the Group IT Transformation Plan with the Head of Information Technology regarding the Current Challenges and IT Strategic Priorities, and High Level IT Strategy Road Map and Prioritised Key IT Initiatives to be implemented in the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to Tricor Axelasia Sdn. Bhd., an independent professional services firm for an annual fee of RM175,000 (2021: 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 2022, the Internal Auditors executed the approved audit plan and performed internal control review for the following subsidiary companies and functions:

- Enterprise Risk Management function for Hiap Teck Venture Berhad;
- Recurrent Related Party Transaction for Hiap Teck Venture Berhad;
- Production Planning for Alpine Pipe Manufacturing Sdn. Bhd.;
- Follow-up on previous issues of Quality Assurance and Quality Control, Production Management and Supply Chain-Inbound and Outbound Logistics for Alpine Pipe Manufacturing Sdn. Bhd. and Huatraco Scaffold Sdn. Bhd.;
- IT Governance Framework for Hiap Teck Venture Berhad;
- Compliance with Workers' Minimum Standards of Housing and Amenities (Act 446) for Alpine Pine Manufacturing Sdn. Bhd., Hiap Teck Hardware Sdn. Bhd. and Huatraco Scaffold Sdn. Bhd.;
- Business Continuity Management for Hiap Teck Venture Berhad; 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 of the soundness of internal control system of the Group.

This statement is made in accordance with the approval of the Board of Directors on 29 September 2022.

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 developing, maintaining and reviewing the criteria for recruitment and annual 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 NC key responsibilities are as follows:
- Reviewing the Board composition, having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
- Selecting and recommending new nominees to the Board and to the Board Committees for the Board's consideration.
- Assessing the effectiveness of the Board, the Committee and the contribution of each Director every year, taking into consideration the required mix of skills, knowledge, expertise and experience, and any other requisite qualities, including core competencies for Non-Executive Directors. All assessments and evaluations are documented for proper rewards.

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 (Resigned on 29 March 2022)	Chairman	Chairman of the Board of Directors/ Independent Non-Executive Director
Mr. Lee Ching Kion (Re-designated as Chairman)	Chairman	Senior Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Sherman Lam Yuen Suen (Appointed on 29 March 2022)	Member	Independent Non-Executive Director

With effect from 29 March 2022, Tan Sri Abd Rahman Bin Mamat resigned as Member and Chairman of the NC in compliance with Practice 1.4 of the Code which states that the Chairman of the Board shall not be a Member of the Nominating Committee. In his place Mr. Lee Ching Kion, a Senior Independent Non- Executive Director was appointed as Chairman of the NC and Mr. Sherman Lam Yuen Suen, an Independent Non-Executive Director was appointed an additional Member of the NC effective 29 March 2022.

MEETING AND ATTENDANCE

During the financial year ended 31 July 2022, the NC convened a total of three (3) meetings.

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

Members	Date of Meeting			Total Meetings Attended	Percentage of Attendance
	29/09/2021	29/03/2022	29/06/2022		
Mr. Leow Hoi Loong @ Liow Hoi Loong	✓	Absent	✓	2/3	66.66%
Tan Sri Abd Rahman Bin Mamat (Resigned on 29 March 2022)	✓	✓	-	2/2	100%
Mr. Lee Ching Kion (Re-designated as Chairman)	✓	✓	✓	3/3	100%
Mr. Sherman Lam Yuen Suen (Appointed on 29 March 2022)	-	-	✓	1/1	100%

SUMMARY OF ACTIVITIES

The NC had carried out the following:-

(a) Conducted an annual performance evaluation of the Directors, the Board as a whole and the Board Committees for the financial year ended 31 July 2022 as follows:

- The Board Evaluation Form was reviewed and specifically included the Fit and Proper criteria as part of the evaluation and assessment of Directors before it was recommended to the Board of Directors for approval and release to the Directors for their completion.

- The evaluation was on the contribution and performance of each individual Director, independence of Independent Directors, the mix of skills, experience and other qualities of the Directors including but not limited to the core competencies and time commitment which Non- Executive Directors should bring to the Board.

- The Directors were required to answer questions related to the following segments in the Board Evaluation Form: Board Structure, Board Operation, Management Relationship, Board Roles and Responsibilities, Board Chairman's Roles and Responsibilities, Integrity and Ethic, Fit and Proper, Contribution/ Interaction/ Performance, Knowledge, Time Commitment, Judgement and Decision Making, Caliber of Personality and Leadership.

- The Board Evaluation Form which is a self and peer evaluation and assessment questionnaire was circulated to each Director for his completion. Each Director will rate his own and that of his peer's conduct, commitment and performance against a set of ratings given. Upon return of the completed questionnaires, the Company Secretary compiled the results of the evaluation based on the information and views/ observations completed in the questionnaires and tabled the summary of the results for the Nominating Committee's deliberation. The results compiled included comments made by the Directors which will be deliberated by the NC before it makes any recommendation to the Board for improvement or further action. The overall results of the current evaluation concluded that the Directors, the Board and the Board Committees were in compliance with good corporate governance practices and adhered to existing laws and regulations. All Directors agreed that there is full compliance and quality in the Directorate of the Company.

(b) Reviewed and amended the Terms of Reference of the NC to exclude the Chairman of the Board as member of the NC.

(c) Reviewed the amendments to the Main Market Listing Requirements ("MMLR") dated 19 January 2022 in relation to "Director Appointment, Independence ("Enhanced Director Amendments") and Miscellaneous Changes" and recommended to the Board of Directors the adoption of the Fit and Proper Policy, the retirement of independent directors after 12 years and the appointment of at least one woman Director to the Board of Directors.

(d) Reviewed the retirement by rotation at the forthcoming Twenty-Sixth Annual General Meeting of the Company in accordance with Clause 92 of the Company's Constitution, 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 consented to be re-elected. However, Tan Sri Abd Rahman Bin Mamat who is also retiring in accordance with Clause 92 of the Company's Constitution and whose tenure of office is more than 11 years 11 months by the Twenty-Sixth Annual General Meeting has expressed his intention not to seek re-election and he will, therefore, remain in office until the forthcoming Twenty-Sixth Annual General Meeting.

(e) Reviewed the compliance of Practice 1.4 of the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") which states that "The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee". In relation to the Practice 1.4 of the MCCG 2021, NC had recommended the resignation of Tan Sri Abd Rahman Bin Mamat as Chairman and Member of the Nominating Committee, as Member of the Audit Committee and Member of the Remuneration Committee with effect from 29 March 2022. In place of Tan Sri Abd Rahman Bin Mamat, NC had recommended Mr. Leow Hoi Loong @ Liow Hoi Loong, a member of the NC to be appointed Chairman of the NC. In addition, Mr. Sherman Lam Yuen Suen, an Independent Director was appointed an additional member of the NC on 29 March 2022.

(f) Conducted on 29 September 2022 an evaluation of the term of office and performance of the Audit Committee ("AC") for the financial year ended 31 July 2022, 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.

(g) Reviewed and recommended to the Board that the re-appointment of Mr. Leow Hoi Loong @ Liow Hoi Loong whose tenure as Independent Director had exceeded nine (9) years in compliance with Practice 5.3 of Malaysian Code on Corporate Governance 2021, will be in the best interest of the Company on the following grounds that he:

    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 instil good corporate governance practices, leadership and effectiveness at the Board level.

    However, Mr. Leow Hoi Loong @ Liow Hoi Loong declined the NC's recommendation to continue to be re-appointed as an Independent Director ("ID") as his tenure as ID is going to exceed 12 years soon and also because of his own business and personal commitment.

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

(i) Reviewed the Fit and Proper Policy and recommended the policy to the Board for approval, and to be uploaded to the Company's website by 1 July 2022 in accordance with the amendment to the Main Market Listing Requirement dated 19 January 2022.

This statement is made in accordance with the approval of the Board of Directors on 29 September 2022.

SUSTAINABILITY STATEMENT

OVERVIEW

Hiap Teck Venture Berhad and its subsidiaries, "HTVB" or the "Group") is a leading steel company in Malaysia with operations in the states of Selangor and Terengganu. The Group's principal activities primarily focused on manufacturing and trading of upstream and mid/downstream steel products for a wide range of applications in building, construction and infra-structure related sectors, water, oil and gas and the general manufacturing and fabrication industries.

This year report places heavy emphasis on the material sustainability topics and their effects arising from the activities of the Company during FY2022. Our main objective is to identify and measure actions taken to manage the subject matter as the Company recognises that business decisions will impact surrounding communities and the environment that the Company operates in now and in the future.

In our continuing efforts to actively pursue our corporate objectives by emphasising sustainable growth, we remain committed to achieve ongoing and active dialogue with our stakeholders and ensure we are operating at an optimal level with the highest degree of integrity and transparency at all levels of the Group. By doing so, we progressively embed sustainable practices into the day-to-day operations of the Group.

GUIDELINE AND METHODOLOGY

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

In addition, we have taken reference to international best practices such as Global Reporting Initiatives ("GRI") and Task Force on Climate Related Financial Disclosure ("TCFD").

REPORTING SCOPE AND PERIOD

The information and the data in this statement refer to HTVB and its operating subsidiaries, unless otherwise stated. The content of this Report has been reviewed by HTVB's Board and Sustainability and Risk Management Committee ("SRMC") to determine relevance to the Group's business to ensure that current and material issues are addressed. Data disclosed in this statement are compiled and consolidated at the Group's level via central data management.

This report covers data and information from 1 August 2021 to 31 July 2022 ("FY2022").

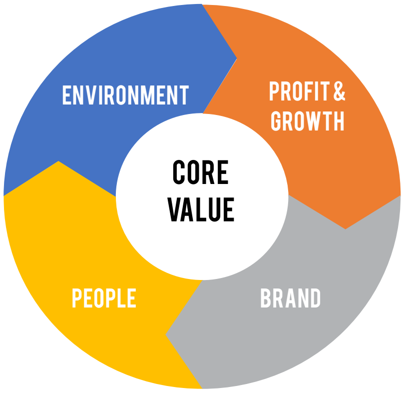
FEEDBACK

We appreciate stakeholders' feedback to improve our sustainability practices. Kindly address all feedback to swc@htgrp.com.my.

OUR SUSTAINABILITY POLICY

We here at HTVB, understand that our stakeholders' expectations go beyond sole reliance on the financial performance of the organisation, and we have been taking a strong stance in acknowledging that we are part of a positive impact towards a better and sustainable future not only as a Company and Group, but the surrounding communities and environment at large.

In addition, the Group is committed and aware of the importance of delivering long-term sustainable value and growth to our stakeholders through frequent and active communications. Based on the Economic, Environmental, Social and Governance ("EESG") model and employing materiality evaluation on variables pertinent to our companies, The Group employs a proactive approach to design sustainability plans. These procedures are gradually being included into routine business operations and decision-making procedures. This is essential to the creation of our business strategy and is important for the growth of our company to achieve sustainable development. The Group's Sustainability Policy is steered by the four Core Values as set out in the following diagram:

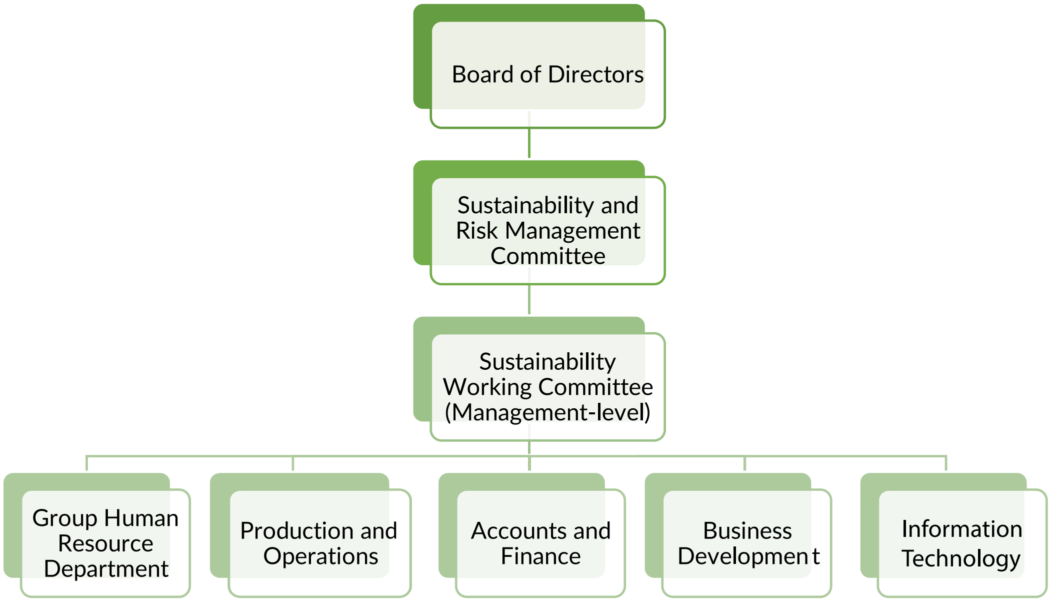


These Core Values are integrated into the Group's corporate governance framework and operational processes and are managed and monitored as part of the internal control procedures with clear Key Performance Indicators ("KPI").

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group adopts a governance structure that ensures a top-down active oversight from Board level to Committee and through our respective departments.

By doing so, we are ensuring all levels of management are properly and timely informed of any organisational changes and initiatives, thus creating a dynamic synergy through the management within the organisation where key decisions and discussions can be actively and transparently communicated to reach an optimal and beneficial outcome.



The Board of Directors ("Board") will be ultimately responsible for the sustainability processes by providing overall direction oversight of sustainability reporting initiatives in addition to driving strategy for sustainability reporting enhancement.

The Board then delegates certain responsibilities to the Sustainability and Risk Management Committee ("SRMC"), led by an independent non-executive director as the Chairman. Its primary role includes:

- Review, assess, formulate and monitor the implementation of EESG and sustainability policies, practices and goals and integrating such policies and practices into the Group's businesses and decision-making process;
- Ensure smooth coordination and implementation of the Sustainability Strategy and which shall include the core pillars of EESG;
- Review and assess the adequacy and effectiveness of the sustainability framework and risk management structure, approved sustainability and risk policies, processes, and support system and to recommend such changes as may be deemed necessary to the Board;
- Review and assess the sustainability framework and risks associated with all proposed strategic transactions of the Group and report the same to the Board for its deliberation of the transaction;
- Promote a "sustainable and risk-aware" culture within the Group; and etc.

During the year, we have also established a Sustainability Working Committee ("SWC") at the management-level with the purpose of assisting and supporting the Board's SRMC in implementing its responsibilities in integrating the best policies and practices of EESG into HTVB Group's business strategy, goals and decision making. The SWC shall report to the SRMC on a quarterly basis or more frequently as deemed necessary.

The SWC consists of a Chairman, Secretary, and Sustainability Reporting Champions for each pillar, i.e. Economic, Environmental, Social and Governance.

The main roles of the SWC are:

- To identify, recommend, develop and implement the strategies, policies and procedures on sustainability development;
- To manage the strategies, targets and plans designed by taking into consideration of the risks and opportunities for EESG;
- To monitor and report progress against the Group's sustainability targets and plans;
- To integrate sustainability into daily business activities across the Group to engraft the sustainability accountability among the Group's employees;
- To engage the Group's employees continuously on sustainability and instil a sustainable and forward-thinking culture; and
- To advise, brief and report to the Board on all sustainability matters.

STAKEHOLDER ENGAGEMENT

As mentioned, we acknowledge our stakeholders' responses and we understand their importance in creating and planning the roadmap and strategies to strengthen the EESG management through timely and regular engagements. This would further allow us to understand their expectations and concerns in achieving sustainable growth.

The key stakeholders are identified as below based on their impact and involvement in our businesses.

Stakeholders	Engagement Platforms	Frequency of Meeting	Expectation and Concerns	HTVB Response
Investors	• Corporate website • Quarterly Results Announcement • Material Matters Announcement • Annual Report • Annual General Meeting • Extraordinary General Meeting • Regular Analysts Briefings	• Quarterly • Annually	• Corporate governance practices • Risk management practices • Sustainable return and growth	• We are committed to delivering economic value to our capital providers through an established corporate governance structure as well as sustainability and risk management framework.

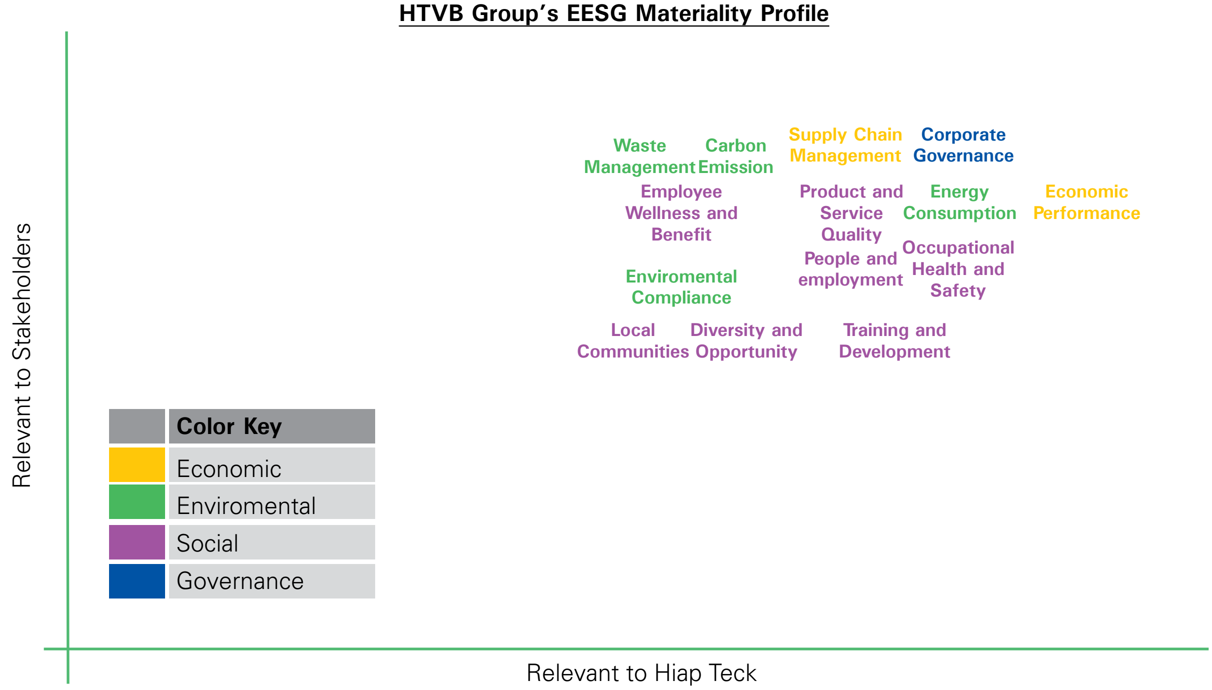
Stakeholders	Engagement Platforms	Frequency of Meeting	Expectation and Concerns	HTVB Response
Regulatory Bodies	• Forum and dialogues/ meetings • Networking events • Seminar • Briefing and consultation	• Periodically	• Update on human capital development • Health and safety compliance • Environment and social compliance • Industry regulatory development	• We have established sustainability governance to manage risk, ensure compliance and operate with integrity at all times.
Trade Associations	• Forum and dialogues/ meetings • Networking events • Seminar • Briefing and consultation	• Periodically	• Update on industry and business trend • Discuss and conclude on impacts of government policies	• We are actively participating and collaborating with key industry players and other stakeholders to continue making the greatest possible difference for the industry.
Customers	• Regulatory Site Visits and Audits • Quality Certification Audits • Marketing Events • Meetings and site visits • Hotline and Company website	• Daily	• Receive feedback on products quality, product knowledge and customer service standards • Enable bi-lateral communications • Provide products and services updates • Receive and respond to feedback	• By sharing a common goal across the organisation, we give customers a value-added experience using our products/ services.
Business Partner (Suppliers, Distributors, Contractors)	• Trade fairs • Site/ Plant visits • New and Periodical Performance Evaluation • Company website	• Daily	• Assess business needs • Provide Company information • Provide and receive product and service specifications	• Supplier relationships are governed by our standard operating procedures.
Employees	• Daily morning briefings • Weekly management meetings • Monthly operation meetings • Safety meetings • Seminars and trainings • Performance appraisals	• Daily	• Communicate safe work procedures • Highlight risk, hazards incident • Discuss key concerns • Allow questions from floor and provide answers • Ensure follow up actions with resolution	• Employees are our key assets. They drive success and we are committed to being a good employer.
Community	• COVID-19 vaccination Programme • Blood Donation • Donation • Annual Gotong Royong • Education funds	• Periodically • Annually	• Protection against COVID-19 viruses • Improve Blood bank stock • Provide assistance to the needy • Environment cleanliness • Provide rewards for high school achievers	• We strive to be a good partner and a positive force in our local communities.

MATERIAL TOPICS

During the year, we conducted a materiality workshop session with key management teams to identify and assess the materiality of sustainability matters which are relevant and important to both HTVB and our stakeholders. The process of materiality assessment was guided by the GRI sustainability standards whereby the impact to both HTVB and impact to our stakeholders were measured against an established impact parameters and materiality matrix. Subsequently, the materiality profile is reviewed by the Board and Senior Management team through several discussions and agreed on top material sustainability matters for HTVB Group.

The materiality profile of the Group was plotted based on the feedback gathered during the workshop and discussions as shown in the table below.

HTVB Group's EESG Materiality Profile



The Top 14 Material Sustainability Matters are summarised below according to their level of importance to the Group's EESG performance as well as their value to our stakeholders and will be explored in this Sustainability Statement.

Material Topics	Key Risks / Opportunities	Key Internal Controls
Economic Performance (Sustainable Profit and Growth)	• Operational and financial performance • Cash flow and Treasury management • Inventory management • Risk management • Future expansion plan	• Daily, weekly, and monthly sales and collection report • Weekly Senior Management Meeting • Monthly Management Meeting • Quarterly Risk Management review • Quarterly internal process audit • Annual external audit
Corporate Governance (incl. Anti-bribery and Anti-corruption)	• Business conduct and ethics • Interested related party • Internal control • Whistle blowing • Integrity of business dealings	• Code of conduct and ethics • Mandated RRPT • Internal Audit report directly to Audit Committee • Risk Management Policy • Adoption of Anti-Bribery and Corruption • Policies and practices

Material Topics	Key Risks / Opportunities	Key Internal Controls
Supply Chain Management	• Supply chain breakdown/ disruption • Increase in raw material costs	• Effective sourcing strategy • Maintain good business relationship with suppliers
Energy Consumption	• High energy consumption at manufacturing during peak hours	• Effective production scheduling and management of order to optimise energy consumption without compromising customer demand
Product Service and Quality	• Quality of Products and Services • Mandatory Compliance to Standards of Operating Procedures ("SOP") • Mandatory Compliance to Regulations	• Customers satisfaction surveys • Certification audits • Regulatory site visits and audit • Supplier engagements • Continuous research and improvements
Occupational Health and Safety	• COVID-19 SOPs by MOH • Workplace safety • Unsafe act and condition • Appropriate use of personal protective equipment • COVID-19 Vaccination	• COVID-19 Committee and Enforcement Team • Daily toolbox briefing • Safety bulletins, trainings, campaigns
People and Employment	• Remuneration and benefits • Low retention rates	• Annual Appraisal based on KPI • Increase engagement sessions
Training and Development	• Training and personnel development	• Knowledge gap analysis with minimum training hours
Carbon Emission	• High Carbon Emission release during peak hours	• Effective operation schedule to organise market demand
Waste Management	• High waste be produced during production	• Effective operation schedule to organise market demand
Employee Wellness and Benefit	• Workplace safety and health training	• Workplace meeting and employees briefing
Environmental Compliance	• Environmental pollution incl. air, water and sound	• Strict monitoring and reporting on handling hazardous waste
Diversity and Opportunity	• Diversity and equal opportunity	• Enhanced HR recruitment policy
Local Communities	• Branding and reputation • Socioeconomic considerations • Product service and quality	• Announcements • Company Website

MEMBERSHIP IN ASSOCIATION

No	Association	Company	Type of Membership	Position at Association
1	Building Materials Distributors Association of Malaysia (BMDAM)	Huatraco Scaffold Sdn. Bhd.	Ordinary Member	
2	Master Builders Association Malaysia (MBAM)	Huatraco Scaffold Sdn. Bhd.	Ordinary Member	
3	Malaysia External Trade Development Corporation (MATRADE)	Huatraco Scaffold Sdn. Bhd.	Ordinary Member	
4	Malaysian Iron and Steel Industry Federation (MISIF)	Alpine Pipe Manufacturing Sdn. Bhd.	Ordinary Member	• Vice President III • Chairman of Steel Pipes Group
		Huatraco Scaffold Sdn. Bhd.	Ordinary Member	Council Member
				Deputy Chairman of Scaffolding Group
		Eastern Steel Sdn. Bhd.	Ordinary Member	
5	Malaysian Photovoltaic Industry Association (MPIA)	Huatraco Scaffold Sdn. Bhd.	Ordinary Member	
6	Malaysia Steel Association (MSA)	Eastern Steel Sdn. Bhd.	Ordinary Member	Deputy President III
7	Malaysia Steel and Metal Distributors Association (MSMDA)	Hiap Teck Hardware Sdn. Bhd.	Ordinary Member	Committee Member
8	Malaysia Steel Institute (MSI)	Hiap Teck Venture Berhad	Ordinary Member	
9	Malaysian Structural Steel Association (MSSA)	Hiap Teck Hardware Sdn. Bhd.	Ordinary Member	Council Member
10	South East Iron and Steel Institute (SEAISI)	Alpine Pipe Manufacturing Sdn. Bhd.	Ordinary Member	ASEAN Iron and Steel Councils (AISC) Committee Member
		Huatraco Scaffold Sdn. Bhd.	Ordinary Member	
		Eastern Steel Sdn. Bhd.	Ordinary Member	

ECONOMIC

As a Company and a business, the factors that contribute to the success of our business are highly co-related to the knowledge, professionalism, expertise, job satisfaction and commitment of our management and staff. These factors are essential to the sustainability of our economic landscape. It is highly pertinent that we acknowledge the economical benefits of establishing a sustainability structure that will leave an imprint on our financial standing, as well as building lasting cohesive relationships with our supply chain providers and partners with the same ideals and outlook.

Whilst doing so, we are ever mindful to include a stringent Code of Conduct and Ethics and Anti-Bribery and Corruption practices throughout our organisation to ensure that we exercise our core values at the highest level.

Economic Performance

In FY2022, we went through the transitional phase of the country in easing pandemic measures, allowing companies and businesses to operate as usual. Coupled with market driven demand, increasing steel prices, overtime reduction measures and efficient manpower utilisation, this has thus contributed to the increase in revenue and higher retained earnings. As well as an increase in economic value distributed to our suppliers and vendors, employees and government for payment of taxes etc.

HTVB Group primarily serves the local market. We continuously strive to expand our market share and penetrate new markets by constantly improving our competitive advantages such as more efficient sourcing of raw materials and enhancement of productivity. HTVB continually looks at modernising its production process through refurbishing and purchase of new machineries and equipment in the next financial year. On the technology front, we are in the process of revamping our Enterprise Resource Planning system to provide more accurate real-time information to support timely strategic decision making.

To ensure sustainable growth and performance, our Business Development team is committed to exploring for potential new markets in the region and new steel-related businesses. One of the key KPI of the 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 South East Asia ("SEA") to promote and educate on our products and receiving feedback and concerns for continuous improvements in the quality of our products and processes.

Throughout the year, regular meetings were held to closely analyse our financial performance, budgets, and forecasts in order to get actual insights and make real-time choices to reach our performance objectives. Please refer to the financial statements for more information.

Supply Chain Management

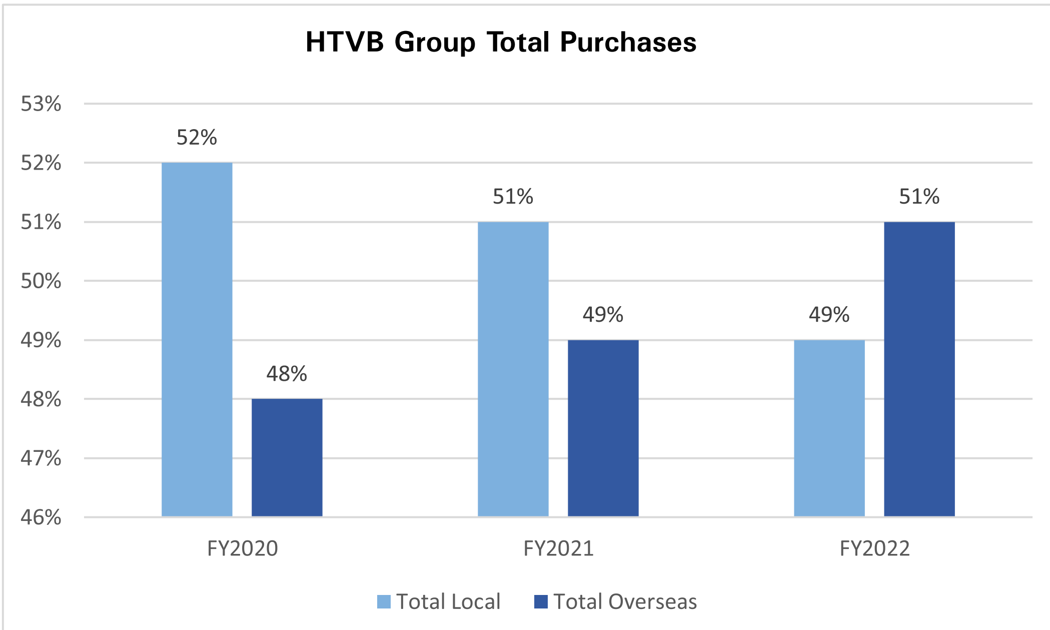
Our Group actively engages with suppliers, consultants, developers, contractors, and regulatory bodies in key areas relating to quality of product and services, compliance and the environment.

The raw materials used in our corporate endeavours are sourced from reliable steel mills internationally and our finished steel products are produced under stringent manufacturing processes and quality control in compliance with our ISO certifications. The Group's key geographical markets are in Malaysia and other SEA countries.

To accomplish our sustainability goals and to be in line with our sustainability plans, we take great care to ensure the proper supply chain. The Group has established transparent procedures for the procurement of raw materials and prices are correctly benchmarked, negotiated, and periodically reviewed.

With our principal suppliers, we have kept strong, long-term business ties built on trust and prompt delivery. Sustainability surveys, market feedback, annual reviews, and ratings based on predetermined KPI are regular methods for evaluating suppliers.

The following graph describes the amount of local vs overseas purchases during the year:



Code of Ethics and Anti-Corruption

Our Group is committed to maintaining a high standard of corporate governance. We emphasise on ethical business practices amongst our staff and stakeholders to promote sustainable growth and performance. We conduct with responsibility, transparency, and fairness in all our business dealings, and we respect the interests of the relevant stakeholders and in adhering to our Group's long-standing business philosophy.

HTVB upholds integrity and professionalism in the conduct of our business activities and inculcate its employees to embrace these values in their day-to-day business dealings. We also expect our business partner and suppliers to carry out business in a transparent and responsible manner. The employees' handbook has incorporated the Code of Conduct and Ethics and Anti-Bribery and Corruption Policy ("ABC") to ensure all employees are aware of the Group's principles and to always act in the best interest of Group and avoid situations that may create a conflict of interest. The ABC Policy has been adopted and made available through Company's website, trainings have been conducted to brief all employees on the guidelines and required practices and procedures.

The Group has adopted a zero-tolerance approach against all form of bribery and corruption and takes a strong stance against such acts. The ABC policy elaborates the principles, guidelines on dealing with improper solicitation, bribery and other corrupt activities and issues may arise in the business affairs. A copy of the ABC policy is made available at our Company's website at www.htgrp.com.my.

During the year, there were no reports relating to bribery and corruption received.

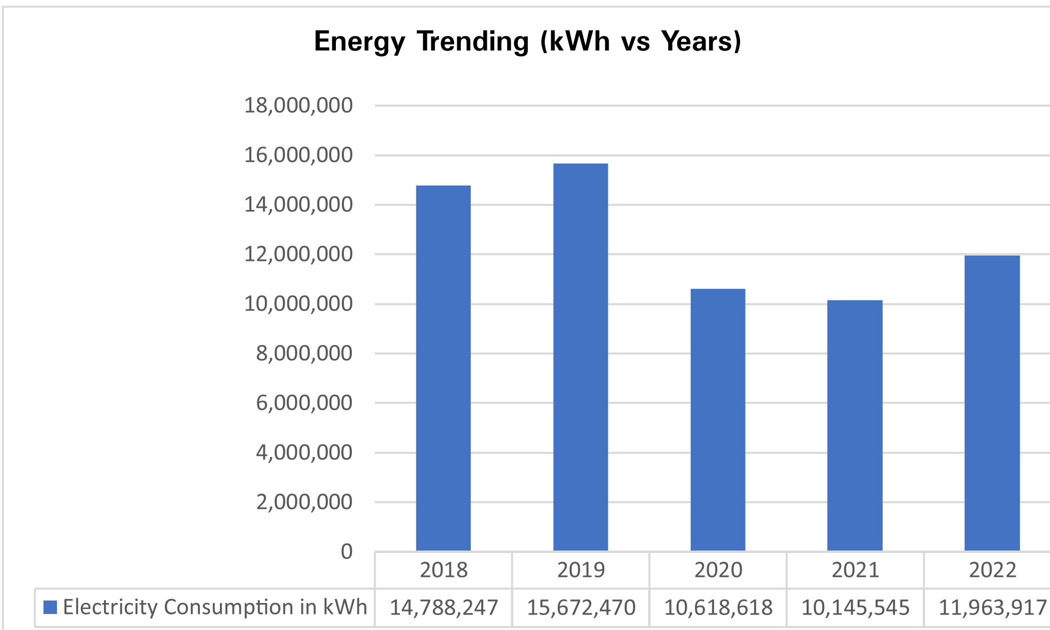
ENVIRONMENT

At HTVB, we understand that we are responsible for protecting our environment and are dedicated to following the GRI Standards and TCFD Recommendations. Thus, we place a high priority on environmental sustainability through waste management and energy management which are crucial to our companies and stakeholder interests. Our Group adopts a proactive stance with the goals of protecting the environment, increasing energy consumption efficiency, and reducing waste, which will subsequently help to cut costs and maximise usage.

Climate change is a pressing agenda for the world. As a leading player in the steel industry and a caring corporate citizen, our main environmental efforts are to minimise wastage and reduce carbon footprint. We strive to implement good environmental awareness among all employees and provide training in relevant environmental aspects. We comply with regulatory authorities and applicable environmental legislation and regulations at all times.

Energy Consumption

We are passionate about our environment and are committed to continuously reducing all types of energy waste related to our business as much as possible to reduce consumption and risk to the environment. The replacement of the existing spotlights and fluorescent light tubes with Light-Emitting Diode ("LED") tubes on factory floors, offices and streets are just a few examples of the ongoing efforts on energy conservation to create an eco-friendlier environment. LED's retrofitting for spotlight and streetlight save approximately RM20,000 annually.



Prior to the COVID-19 pandemic, the years 2018 and 2019 were considered to be optimal load for our manufacturing and production activities that consume a significant amount of energy. In the years 2020 and 2021, energy consumption dropped visibly due to movement restrictions imposed by the authorities in Malaysia as a result of the COVID-19 pandemic.

During the economic recovery in 2021, the energy efficiency strategies and the outcome of the LED initiatives have brought positive impact to HTVB. And during the optimal load of the 2022 cycle with lower movement restrictions post-COVID-19 scenario, energy consumption has been mitigated at around 21% for energy (2,087,256 KgCO2 equivalent) reductions compared to the average data for 2018 and 2019. The details on carbon emissions will be elaborated on in the relevant topic.

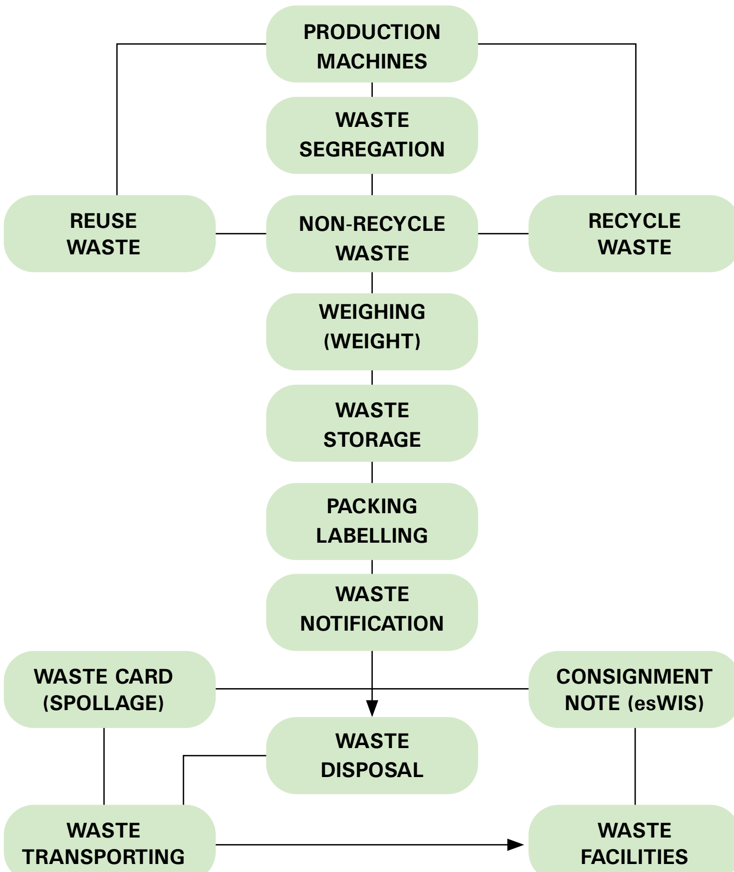
Waste Management

Our Group is making efforts to reduce the environmental impact of its operations. We are careful when handling scheduled waste from our pipe manufacturing facility, which is classified under the first schedule (Regulation 2) of the EQA 1974-Environmental Quality (Scheduled Wastes) Regulation, 2005.

We emphasise on eco-friendly practices and continually perform the following actions:

- Recovering coolant oil from waste coolant.
- Reuse of cooling water thus reduces the new water intake.
- Waste separation system on the on-factory floor, which handle waste properly.
- Avoid buying bottled water with the installation of a filtered water system in the pantry and factory area.
- Installing eco-friendly hand dryers in washrooms eliminate the use of paper towels for hand cleaning.

At HTVB, we have in place a structured waste management process flow to disposal as depicted in the flowchart below:



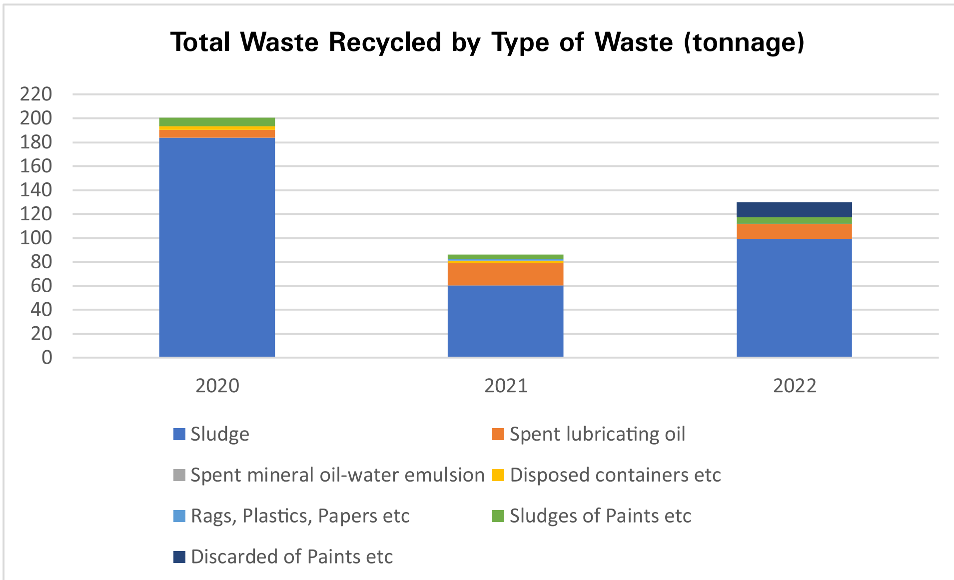

COLLECT WASTE PAINT, DISCARDED PAINT OR PAINT SLUDGE MANAGE BY PRODUCTION


SEND TO PRESCRIBE PREMISE/FACILITIES


CONTRACTOR TRANSPORTER

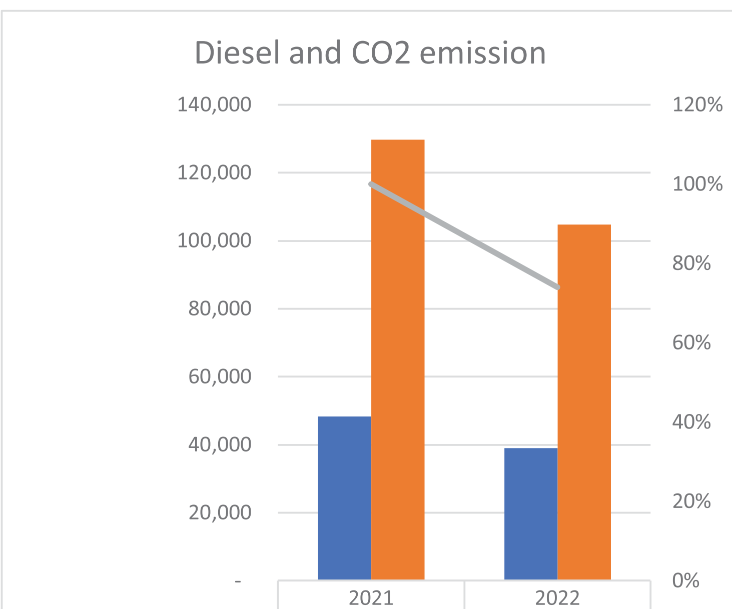
A qualified waste disposal contractor is hired to reduce any potential environmental risks with appropriate reporting to Department of Environment.

In compliance with EQA 1974-Environmental Quality (Scheduled Wastes) Regulation, 2005 we monitor scheduled waste categories and its disposal progress by Secure Waste Management Sdn. Bhd. as per the charts below.



We are committed to reducing waste and are gradually implementing recycling ideas throughout our supply chains where materials could be reused, repurposed and recycled entails giving value to resource reuse and easing the strain on the planet's resources.

Carbon Emission

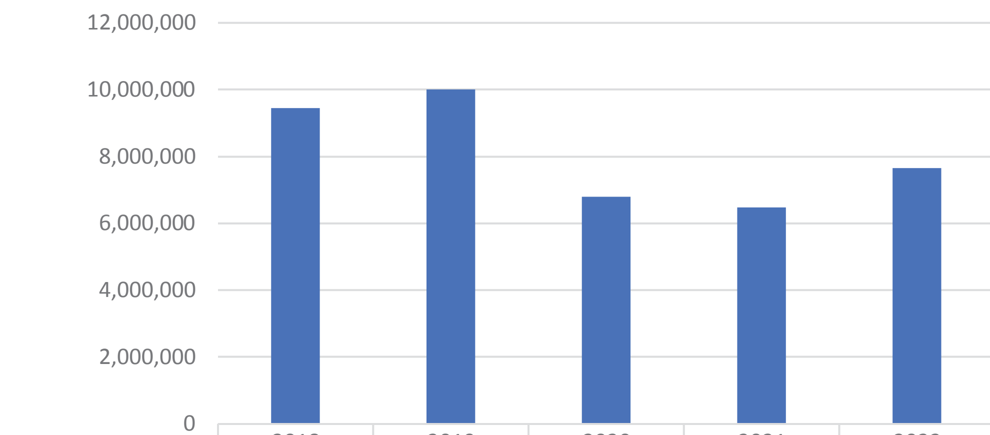


	2021	2022
Diesel (litre)	48,388	39,063
KgCO2 equivalent	129,680	104,689
Comparison	100%	74%

We monitor our Carbon Emissions based on Scope 1 which covers direct emissions from owned or controlled source and Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by us.

For Scope 1, we compared the recent 2022 against 2021 as per the table beside. As a result, we achieve carbon emission reduction as much as 24,991 CO2 equivalent in 2022 compared to 2021, or 26% reduction of CO2 equivalent.

For Scope 2, we manage to get the trending of CO2 emission for electricity purchased from the power grid. The CO2 emission on average in 2018, 2019, 2020, 2021 and 2022 with an emission factor of 0.639 be displayed as per the below table.



	2018	2019	2020	2021	2022
KgCO2e quivalent	9,449,690	10,014,708	6,785,297	6,483,003	7,644,943

As mentioned in previous section, during the optimal loading in the 2022 cycle of the post-COVID-19 scenario, the energy consumption has been mitigated at around 21% for energy (2,087,256 KgCO2 equivalent) reductions compared to the average data for 2018 and 2019.

These results strengthen HTVB's commitment to practice sustainability in our daily business operation as well as align with Malaysia's aspirations to reach climate neutrality by 2050.

The installation of fume scrubbers for air emission control and monitoring with control devices is an example of the ongoing efforts on carbon control to create an eco-friendlier environment.

The Group also put in continuous efforts in operational improvements to reduce production costs and improve efficiency by following implementations:

- Bitumen Charging Conveyor for cement lining pipe process, thus operational improvement
- New Cold Saw Machine to replace conventional friction saw fly cutter which contributes to operational improvement

Environmental Compliance

The Group ensures compliance with all relevant environmental laws and regulations in Malaysia. The management team is accountable for reviewing the Group's policies and practices with respect to environmental requirements. Any incidents found will require management to conduct immediate rectification and investigation for non-compliance and reported to the Board of Directors.

In FY2022, the Group did not receive any correspondences or notifications concerning non-compliance with government or regulatory agencies' environmental requirements.

SOCIAL

As we seek to embrace and retain a highly talented and committed work force. We fully support in training and developing our talents to better perform and deliver the best results and instil a sense of accomplishment. Through this endeavour, we are ever changing our approach to ensure our people are equipped with the necessary tools required to continually improve and upskill.

We actively involve our workforce, foster cooperation, support ongoing learning, and promote open, constructive dialogue across all levels and functional divisions, regardless of ethnicity, gender, or ethnicity. We are dedicated to diversity, fair growth, opportunities, and compensation policies.

People and Employment

We understand that people are our assets and that any successful and effective implementation of corporate strategy is due in part to the hard work and extraordinary performance of our people, who contribute to the best of their abilities at all times. Therefore, we take the utmost pride in valuing our people as key contributors to the continuing success of HTVB and will strive to be the Company where talented and motivated people continue to do great work.

We are dedicated to placing ourselves as a wholistic employer that focuses on developing the careers of all employees. We understand the importance of ensuring our people are at their best physically and emotionally to nurture far-reaching motivation and drive within each individual.

As a result, we are continually committed and have a strategy focused on fair remuneration and equal opportunities, training and development, employee wellness and engagement, and work-life harmony.

During the year, we had a staff turnover rate of 15% while new hire is at approximately 12%. A significant percentage of the resignations were due to foreign workers returning home. We have anticipated this but as countries begin to open up, we will increase our hiring to meet the human resource needs of our businesses. In this respect, we will continue to strive to ensure a fair and equitable hiring process to ensure that the right people are hired for the positions based on their expertise regardless of race, gender and age with preference towards the hiring of locals in line with the Country's aspiration.

Given the need to attract talent, the senior management team would concurrently review these Human Resources ("HR") policies and remuneration schemes to ensure that our talent is paid in accordance with prevailing market rates.

At HTVB, we emphasise teamwork and prioritise a respectful and harmonious working environment. To this end, our Group organises social gatherings for 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. Our open-door policy helps to facilitate and promote both formal and informal interaction among employees at all levels as well as employees with Management.

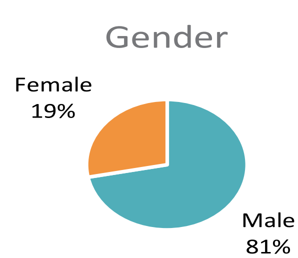
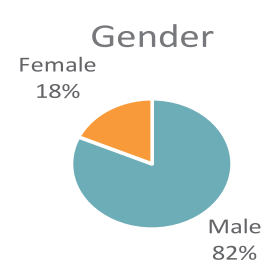
Employees' grievances are dealt with promptly. Our Whistle-blowing Policy has been in place and made known to all levels of employees. A Compliance Committee has been tasked to look into any report regarding unfair practices, corruption or misconduct.

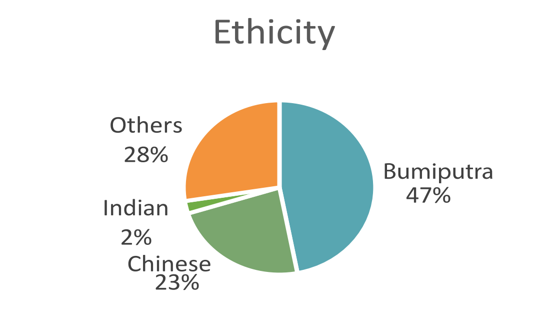
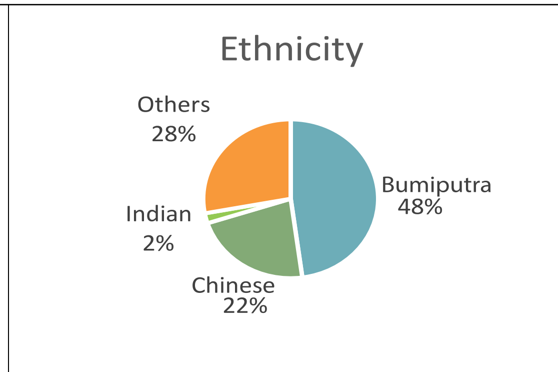
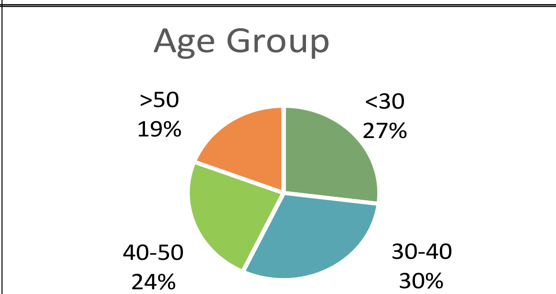
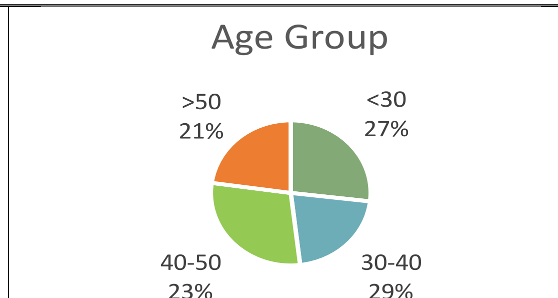
Diversity and Opportunity

HTVB aims to eliminate discrimination and continuously promote equal opportunities and a fair working environment for all our employees. Our commitment to promoting gender equality within the workforce is tangible at all levels of employment. Within an equal balance of both genders, a more comprehensive and integrative work environment is established. Equally, we view diversity in our workforce as critical in giving us the added advantage of strength and local knowledge because of the diverse markets and customers we serve and who use our products to enhance and enrich their lives.

We acknowledge and strive to create a work environment that attracts, retains and engages a diverse group of employees that helps to build organisational resilience and widens our talent base.

The workforce diversity by gender, age and ethnicity for the Group is as below:

	FY2021		FY2022	
Total Number of Employees	600		591	
	Distribution by Gender (%)			
Breakdown by Gender				
	Male	Female	Male	Female
	484	116	484	107

	FY2021				FY2022			
	Distribution by Ethnicity (%)							
Breakdown by Ethnicity								
	Bumi	Chinese	Indian	Others	Bumi	Chinese	Indian	Others
	282	139	14	165	282	133	12	164
	Distribution by Age Group (%)							
Breakdown by Age Group								
	162	180	143	115	158	171	135	127

Due to the industry which HTVB is involved in and job nature, our employees are generally of the male gender. We are continually working towards hiring more female employees to have a more satisfactory level in the following years. With regards to our employees by ethnicity, we see our work force, excluding foreign workers, to be generally in line with the Country's ethnic representation. This goes the same for diversification of our employees by age group.

We are very excited in terms our diversity by age group, we have spent considerable efforts to maintain a well-balanced workforce ranging from young to old. This creates a well spread of experience and new ideas amongst the individuals in their respective job scope and responsibilities.

We are also pleased to report that in FY2022, there has been no incident of discrimination.

Employees Wellness and Benefits

We pay great attention to employee well-being and benefits. We believe that a pleasant environment and happy employees have a greater sense of accomplishment and find significant fulfilment in their work.

Employees are encouraged to participate in various sports and recreational activities organised by the Group in order to promote a balanced work-life balance and foster a caring, peaceful, and cohesive work environment. Various sporting events and physical fitness programs, including badminton matches, futsal, football, sepak takraw and zumba, have been organised by a committee that has been established to consistently promote participation.

Due to the nation-wide lockdown during the past 2 years brought in by the pandemic, large social gatherings have been difficult. Nonetheless, we will be continuing our sports club activities in FY2023.

The company places heavy emphasis on providing a suite of benefits to ensure our employees are well taken care of during their tenure with HTVB. These benefits include but not limited to medical insurance coverages, travel insurance, Group Personal Accident coverage and Professional Membership Subscriptions to various organisations, as well as personal allowances such as car allowance, meal allowance, attendance allowance, travelling allowance, night shift allowance for employees on shift work and other allowances. Furthermore, we understand the shift in working arrangements and culture in part due to the recent COVID-19 pandemic.

Training and Development

We believe that our employees are our assets and to remain relevant in a rapidly changing and challenging business environment, we provide our people with opportunities to acquire new knowledge, innovation and competitive edge through professional enhancement programmes, market updates, networking, and personal development. Continuous need-based training is critical to ensure our employees reach their full potential with the right knowledge and skills. We also cultivate a culture of team spirit, by encouraging employees to share with other colleagues the knowledge and skills they have gained through on-job or external training.

HTVB strongly believes in our employees' personal development and is committed to nurturing employees who embody our values and culture. The Company have in place a detailed training policy advocating the need for all employees to attend and achieve at least a minimum of 1 hour of training hour annum which topics includes but not limited to, Employee Orientation Programme, Customer Service and Product Training.

In addition, we have in place an annual Quality Assurance ("QA") relevant training for all relevant employees to ensure they understand how to maintain a desired level of quality in a service or product, especially by means of attention to every stage of the process of delivery or production. This is a very important session for our production team to help deliver high quality performance in operations.

We dedicated considerable amount of budget to train our safety officers onsite, these trainings are designed to inculcate a sense of importance of safety at the workplace especially in the industry and environment the Company is involved in, a high level of safety is a top priority of the Company to ensure all of our employees are not exposed to any harm or dangers during the course of their responsibilities.

As we understand the safety of all employees is paramount to the running and success of HTVB, we are continually looking at options to ensure we maintain zero accidents at the workplace, this in the future may include incentivising employees able to achieve this feat.

As always, we spearheaded various initiatives and have organised and funded various seminars and trainings 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, most exhibitions and seminars were cancelled to curb the spreading of the viruses. However, this did not stop our Group from taking initiatives to organise small in-house group trainings and on-line trainings. This clearly signifies the Group's commitment on continuous development on human talents training scheduled.

During the financial year, the Company has conducted the trainings as follows:

Trainings	DATE
Hands on training of environmental mainstreaming tools (emains) system	Sep-21
Employment act 1955 & regulations	Sep-21
Pv101: general introduction to photovoltaic system	Sep-21
Hr dashboard analytics	Sep-21
Webinar trade facilitations & treatment	Dec-21
How to manage custom audit	Dec-21
Webinar pemantapan pematuhan kendiri dalam pengurusan pembuangan	Dec-21
Industrial fan laws & performance	Jan-22
Sales tax & service tax: fund developments	Feb-22
Environmental compliance under section 33a, eqa 1974	Feb-22
Auditing schedule waste management training	Feb-22
Webminar on industrial effluent treatment system	Feb-22
Mef tax webminar 2022	Mar-22
ISO 9001:2015 quality management system requirement training	Mar-22
Key to effective shareholders engagement via annual general meeting (AGM)	Mar-22
Safety edge virtual conference 2022	Mar-22
Webinar pengurusan buangan terjadual	Mar-22
Certified environmental professional in scheduled waste management (CEPSWAM)	Mar-22
Health and safety made simple for beginner	Apr-22
ISO 9001 internal audit training	Apr-22
ISO 9001 internal auditor training	Apr-22
Corporate board leadership symposium 2022	May-22
Rules & regulation for effective safety & health committee	May-22
Hazard and risk management in construction site	Jun-22

Trainings	DATE
Webinar pengurusan efluen perindustrian : pematuhan peraturan - peraturan Kualiti alam sekeliling (efluen perindustrian) 2009	Jun-22
Seminar orang berwibawa ke arah pematuhan yang berterusan	Jun-22
Application of new hs code 2022 for iron & steel industry	Jul-22
Hydraulic and pneumatic systems	Jul-22
Occupational first aid certification with aed & cpr skill	May-22 & Jul-22
Auto Cad 3D essentials	Jun-22 & Jul-22

The Company will endeavour to develop and source further opportunities to educate and build better cohesive individuals for each job functions. HTVB will also continually encourage every employee and provide an avenue for them to develop their skills and expertise in their respective roles. By investing in this endeavour, we are setting ourselves and our people to greater heights and ensuring we work towards building a world-class team with high level capabilities that not only help the business but also support us as a choice employer.

As such, we believe by placing strong focus and emphasis on employee development we will inevitably be fostering greater employee retention.

We strive to continuously groom and retain a diverse and robust talent pool to ensure our employees are ready to meet future succession planning and development needs 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. Our existing employees have benefited from this approach as it allows them to broaden their exposure and skill sets across various functional roles.

Health, Safety and Environment ("HSE")

An Occupational Safety and Health ("OSH") Committee is formed at each of the main operating subsidiaries in compliance with OSHA 1994, which includes representatives from both employer and employee, across all departments including corporate office, production, material control, maintenance and quality assurance. Other sub-committees are also formed such as Environmental Performance Monitoring Committee, Emergency Response Team and Hazardous Material Team.

The OSH Committee plays a critical role in inculcating an accident-free mindset to all employees. The OSH committee is committed to continuously carry out safety briefings, training and roadshow to instil correct safety procedures and help accomplish the goal of a zero-accident working environment. The main functions of the OSH committee include:

- assist in development of safety and health rules and safe systems of work;
- review the effectiveness of safety and health programmes;
- carry out studies on the trends of accident, near-miss accident, dangerous occurrence, occupational poisoning or occupational disease which occurs at the place of work, and shall report to the employer of any unsafe or unhealthy condition or practices at the place of work together with recommendations for corrective actions; and
- review the safety and health policies at the place of work and make recommendations to the employer for any revision of such policies.

We have implemented a Standard Operating Procedures for Occupational Health and Safety to safeguard best practices and procedures and create a safe and conducive working environment. Work-life balance, professional and skill development, and safe work practices are crucial for the welfare and security of our employees.

HTVB places the highest importance on an excellent HSE performance since we frequently work with large and heavy metal objects, machinery, and equipment. To maintain a safe and healthy workplace for everyone at all times, we consistently adhere to our occupational health and safety policies and follow the safety regulations.

Throughout the year, a variety of programs were organised to foster and promote a safe and healthy workplace. The goal of the daily morning briefings given by the health and safety officer to the production staff is to inculcate and encourage safe behaviour and practices in order to achieve a workplace accident rate of zero. All new hires are required to complete a HSE induction program, which emphasizes the significance of workplace safety and safeguards.

First Aid, CPR & AED Competency Practical by External Trainer

Internal Safety Training on Safety Awareness

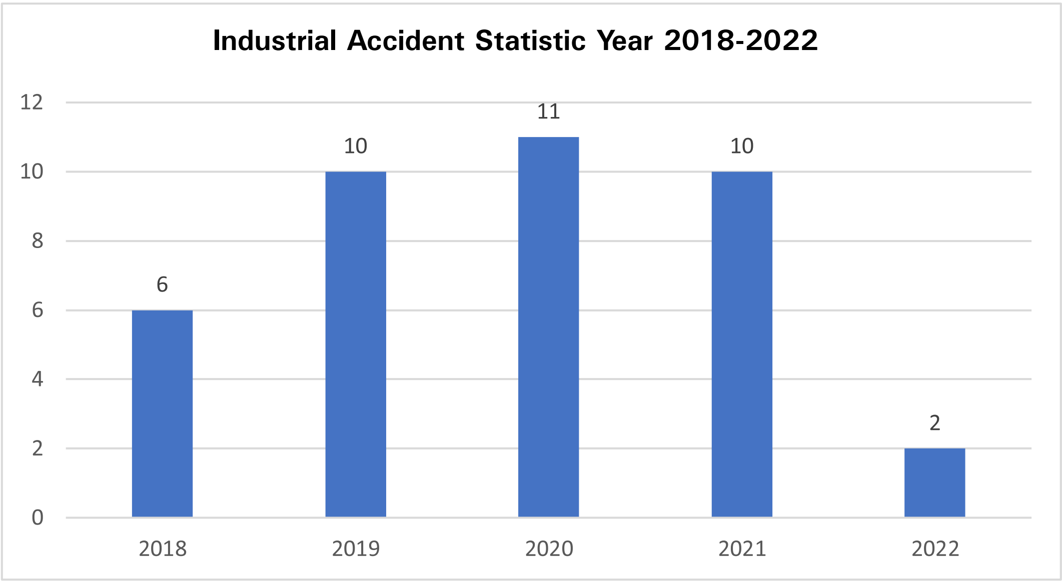
Safety Briefing / Toolbox Session with Production Team

Safety Briefing / Toolbox Talk with Contractors

Additionally, we make an effort to protect our assets and are conscious of how our actions affect the surrounding area and workplace. We regularly rehearse our emergency response to hypothetical occurrences like fire, steel pipe hit, and so forth. These evaluations will assist our personnel become more responsive. If an incident does happen, we immediately look into it to determine the underlying reason and put controls in place to stop it from happening again.

We keep track of accidents at work and handle each incidence with the appropriate corrective measures. At our monthly management meeting, the OSH leaders will discuss and present the safety improvement plan. We also regularly inspect for unsafe behaviours and situations and have undertaken monthly audits on safety-related matters.

The table below highlights the HSE KPIs recorded for the year:



We worked hard to reduce the number of accident cases and preserve "zero" fatalities throughout the years by nurturing the value of HSE processes. In order to achieve continual progress in HSE and safety by lowering accident, occupational injury, and work-related disease rates, we are dedicated to a sustainable safe workplace and have ingrained the environmental safety attitude into our corporate culture.

Product and Service Quality

Our Group's philosophy is to uphold product quality as our top priority and to create value to all customers by exceeding their expectations and timelines at all times. A Quality Management System ("QMS") Committee was established to ensure consumers receive top-notch quality and service, which is led by the Senior Management, QMS Chairman and consists of key personnel from across the Departments.

We maintain close relationships with our vendors and business partners to support our production processes that ensure quality and timely delivery of products and services to our customers. The success of our customers' projects is fundamentally due to our commitment to quality. Our quality policy is based on these principles:

- Customer focus – Ensure high quality services and exceed customers' expectations.
- Quality Commitment – Establish and enforce quality control processes for our products and services in compliance with our ISO certifications.

Certification

The Group's manufacturing arms, Alpine Pipe Manufacturing Sdn. Bhd. ("Alpine") and Huatraco Scaffold Sdn. Bhd. ("Huatraco") have been awarded the ISO 9001:2015 certifications for quality management system that help assure our products' quality meets our customers' statutory and regulatory requirements.

Alpine produces the most complete sizes of circular pipes and hollow sections in the country, ranging from 1.27 cm to 1.6 meter in diameter. The product certifications we have obtained such as BS EN, EN, SPAN, JIS and AS allow the Group to have better competitive advantage to supply to various projects and industries.

While the Group's scaffolding plant, Huatraco is one of the pioneers in the industry and the first factory in the country to obtain MS1462 certification. This signifies the superior quality of Huatraco's products and equipment. The assurance of quality of our scaffold equipment has enabled us not only to supply domestically but also in the regional markets.

Alpine Pipe Manufacturing Sdn. Bhd.

Certified Body	Product	Certification
CIDB	Iron & Steel	CIDB ACT 520
IKRAM	Steel Pipes and Hollow Sections	BS EN39/10219, JIS G 3444/3452, MS 863, ASTM A500
	Mild Steel Cement Lined Pipes	00614MB, 00617MB, 01717MB, 02118MB etc
SIRIM	Steel Pipes and Hollow Sections	0255-2004, MS EN 10219-1&2
ISO	Steel Pipes and Hollow Sections	ISO 9001 - 2015 (MALAYSIA) ISO 9001 - 2015 (UKAS) 17025SAMM
SPAN	Mild Steel Cement Lined Pipes -ERW & SAW	SPAN TS 21827
BSI	Steel Pipes and Hollow Sections	AS NZS 1163 - BMP 696421

Huatraco Scaffold Sdn. Bhd.

Certified Body	Product	Certification
CIDB	Iron & Steel	MS 1462
SIRIM	Iron & Steel	MS 1462
ISO	Scaffoldng & framework	ISO 9001 - 2015

Customer Satisfaction

Customers demand high-quality goods and services as well as a prompt resolution of any issues or complaints. Our Group places a strong emphasis on retaining customers and earning their loyalty by offering them customer-focused services, high-quality products, knowledge exchange, and all-in-one solutions at reasonable pricing.

Our quality control system keeps track of the workflow from material arrival to processing and delivery of completed goods. In order to retain our leading position in the nation's steel industry, we consistently listen to our clients and stay up with the most recent advancements and trends in the sector.

During the year, we have conducted our annual Customer Satisfaction Survey on our top 50 major customers (40 local customers and 10 overseas customers). Criteria being evaluated including our Sales and Marketing approach, ordering process, technical knowledge, delivery lead time and volume commitment, quality consistency and etc. While the target was at 83%, we managed to achieve a satisfaction rate of 100%.

The Company's website of our Group, www.htgrp.com.my, offers accurate and up-to-date information about the Group's commercial activities. We continuously update our website with the most recent data and Group developments.

We'll keep stepping up our efforts to ensure sustainable performance and growth while upholding a high standard of corporate governance.

Local Communities

We are determined to improve the communities in which we operate and work through volunteerism. We believe that the value of volunteers in our community will aid in the development of caring character and empathy among our employees and community members.

In addition to caring for community, HTVB also provides financial support to charitable organisations through donation and sponsorship. We view education and lifelong learning as critical pillars of human resource development and community development. Our employees and their families are continually encouraged to better and elevate themselves via continuing education. We give sponsorship for our employees to improve their skills and knowledge, as well as annual education allowances for our employees' children to purchase books and other educational materials. This serves to instil reading habits and a learning mentality that will support long-term growth for our Group and the Country.

FINANCIAL STATEMENT

for the financial year ended 31 July 2022

OUR VISION

To be the Leading Steel Company in the region

OUR MISSION

- Build value for shareholders
- Participate in the development of the country
- Total customer satisfaction
- Enhancement of existing core business to position for growth
- One stop steel centre
- Continuously develop human asset

DIRECTORS' REPORT

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 2022.

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	156,013	21,528
Non-controlling interests	351	-
	156,364	21,528

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 1.0 sen per ordinary share totaling RM17,309,995 in respect of financial year ended 31 July 2021 on 21 January 2022.

The first and final single tier dividend recommended by the Directors in respect of the financial year ended 31 July 2022 is 1.0 sen per ordinary share estimated at approximately RM17,422,000. 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
Sherman Lam Yuen Suen

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:

Chew Sow Yong
Ng Kian Hin
Tan Yuen Hong
Hoo Weng Keong (Appointed on 31 December 2021)
Law Wai Ho (Appointed on 31 December 2021)
Yeo Bee Hwan (Resigned on 31 December 2021)

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 1.8.2021	**Bought**	**Sold**	**At 31.7.2022**
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng				
– own	492,713,324	-	-	492,713,324
Lee Ching Kion				
– other*	45,354	-	-	45,354
Leow Hoi Loong @ Liow Hoi Loong				
– own	-	400,000	-	400,000
Tan Shau Ming				
– own	-	400,000	-	400,000
– other*	968,000	-	-	968,000

	Number of options over ordinary shares				
	At 1.8.2021	**Granted**	**Exercised**	**Forfeited**	**At 31.7.2022**
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	5,399,997	-	(400,000)	(4,999,997)	-
Law Wai Cheong					
– own	5,300,000	-	-	(5,300,000)	-

* *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, Leow Hoi Loong @ Liow Hoi Loong and Tan Shau Ming are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Hiap Teck Venture Berhad has an interest.

The other Directors holding office at 31 July 2022 does not have any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 July 2022 are as follows:

	From the company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	425	34
Remuneration	8,610	652
Other short-term employee benefits	1,042	79
Trading between companies in which certain Directors who have substantial financial interests and certain companies in the Group in the ordinary course of business	-	100,206
	10,077	100,971

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

Issue of shares and debentures

During the year, there were issuance of 17,545,139 new ordinary shares for cash consideration of RM7,090,000 pursuant to exercise of Employees Share Option Scheme ("ESOS"). 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 2022, 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.

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 ESOS which are governed by ESOS By-Laws.

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 expired on 11 April 2017 for another five (5) years from 12 April 2017. The ESOS has expired on 11 April 2022.

Options granted over unissued shares (Cont'd)

Employees Share Option Scheme ("ESOS") (Cont'd)

The salient terms of the ESOS are disclosed as follows:

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

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

(iv) The Scheme shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five (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;

(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, 2017 and 2019 subject to the yearly performance targets set by the Board of Directors of the Company; and

(vii) The options granted to eligible Directors and employees will lapse when they are no longer employed with the Group.

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

		No. of share options over ordinary shares				
Date of offer	**Exercise price**	**At 1.8.2021**	**Granted**	**Forfeited**	**Exercised**	**At 31.7.2022**
19 April 2013	RM0.50	48,182,369	-	(46,004,569)	(2,177,800)	-
10 January 2014	RM0.67	9,179,978	-	(9,179,978)	-	-
12 January 2015	RM0.53	6,911,957	-	(6,805,958)	(105,999)	-
1 January 2018	RM0.40	29,365,485	-	(19,038,385)	(10,327,100)	-
2 January 2019	RM0.31	14,205,600	-	(11,298,960)	(2,906,640)	-
2 January 2021	RM0.45	14,265,400	-	(12,237,800)	(2,027,600)	-
		122,110,789	-	(104,565,650)	(17,545,139)	-

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 RM20,900.

There were no indemnity and insurance effected for auditors of the Group during the financial year.

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.

Other statutory information (Cont'd)

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.

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 write-down of inventories to net realisable value of RM 25.24 million, the financial performance of the Group and of the Company for the financial year ended 31 July 2022 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.

Auditors

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

The auditors' remuneration of the Group and of the Company during the financial year are RM435,000 and RM165,000 respectively.

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: 31 October 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	3	257,217	260,478	4,382	531
Right-of-use assets	4	5,067	300	5,067	-
Investment properties	5	10,190	8,511	93,034	94,382
Investments in subsidiaries	6	-	-	94,212	94,121
Interest in equity accounted investments	7	549,837	497,137	508,964	508,964
Other investments	8	778	784	-	-
Other receivables	9	26,737	-	-	24,234
Deferred tax assets	14	2,853	-	-	-
Total non-current assets		852,679	767,210	705,659	722,232
Inventories	10	641,703	450,139	-	-
Current tax assets		6,103	6,203	5,338	5,618
Trade and other receivables	9	365,630	210,009	51,644	44,548
Other investments	8	11,922	18,100	10,553	16,300
Derivative financial assets	11	-	155	-	-
Cash and cash equivalents	12	150,061	158,531	4,972	34,441
Total current assets		1,175,419	843,137	72,507	100,907
Total assets		2,028,098	1,610,347	778,166	823,139
Equity					
Share capital	13	872,654	865,088	872,654	865,088
Reserves	13	399,900	261,636	(140,357)	(144,099)
Total equity attributable to owners of the Company		1,272,554	1,126,724	732,297	720,989
Non-controlling interests		(443)	(843)	-	-
Total equity		1,272,111	1,125,881	732,297	720,989
Liabilities					
Lease liabilities		4,239	123	4,239	-
Deferred tax liabilities	14	15,908	17,650	1,025	773
Total non-current liabilities		20,147	17,773	5,264	773
Loans and borrowings	15	608,483	411,101	-	-
Lease liabilities		845	192	845	-
Trade and other payables	16	115,204	51,809	39,760	101,377
Contract liabilities	17	1,129	782	-	-
Derivative financial liabilities	11	3	-	-	-
Current tax liabilities		10,176	2,809	-	-
Total current liabilities		735,840	466,693	40,605	101,377
Total liabilities		755,987	484,466	45,869	102,150
Total equity and liabilities		2,028,098	1,610,347	778,166	823,139

The notes set out on pages 80 to 143 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	18	1,583,278	1,081,939	40,733	52,955
Cost of sales	19	(1,396,517)	(912,041)	-	-
Gross profit		186,761	169,898	40,733	52,955
Other operating income		7,811	5,583	1,322	1,453
Operating costs in respect of income generating investment properties		(288)	(282)	(1,348)	(1,348)
Administrative expenses		(29,037)	(25,382)	(18,005)	(16,569)
Selling and marketing expenses		(17,063)	(16,031)	-	-
Other operating expenses		(132)	(2,500)	-	(1,888)
Net loss on impairment of trade receivables		(65)	(978)	-	-
Results from operating activities		147,987	130,308	22,702	34,603
Finance costs	20	(13,383)	(13,177)	(1,110)	(3,934)
Finance income		2,599	1,452	576	166
Share of profit of equity-accounted investees, net of tax	7	52,700	76,007	-	-
Profit before tax		189,903	194,590	22,168	30,835
Tax expense	21	(33,539)	(31,073)	(640)	(1,720)
Profit for the year	22	156,364	163,517	21,528	29,115
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value (loss)/gain on other investments designated at fair value through other comprehensive income		(6)	55	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		43	(67)	-	-
Other comprehensive income/(loss) for the year, net of tax		37	(12)	-	-
Total comprehensive income for the year		156,401	163,505	21,528	29,115
Profit for the year attributable to:					
Owners of the Company		156,013	163,427	21,528	29,115
Non-controlling interests	6	351	90	-	-
Profit for the year		156,364	163,517	21,528	29,115
Total comprehensive income attributable to:					
Owners of the Company		156,050	163,415	21,528	29,115
Non-controlling interests	6	351	90	-	-
Total comprehensive income for the year		156,401	163,505	21,528	29,115
Earnings per ordinary share (sen):					
Basic	24	9.00	11.55		
Diluted	24	8.96	10.05		

The notes set out on pages 80 to 143 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2022

Group	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
		/---- *Attributable to owners of the Company* ----						----/		
		/---- *Non - distributable* ----				----/	*Distributable*			
At 1 August 2020		680,166	(7,499)	30,341	25,569	5,401	128,065	862,043	(933)	861,110
Foreign currency translation differences for foreign operations		-	-	-	(67)	-	-	(67)	-	(67)
Fair value gain on other investments		-	-	-	55	-	-	55	-	55
Total other comprehensive loss		-	-	-	(12)	-	-	(12)	-	(12)
Profit for the year		-	-	-	-	-	163,427	163,427	90	163,517
Total comprehensive income for the year		-	-	-	(12)	-	163,427	163,415	90	163,505
Conversion of RCUIDS	13	106,774	-	-	(27,752)	-	(63,020)	16,002	-	16,002
Exercise of Warrants	13	76,226	-	(16,221)	-	-	21,343	81,348	-	81,348
Exercise ESOS	13	1,922	-	-	-	(579)	399	1,742	-	1,742
Expired of Warrants		-	-	(14,120)	-	-	18,580	4,460	-	4,460
Equity-settled share based payments		-	-	-	-	1,888	-	1,888	-	1,888
Share options forfeited		-	-	-	-	(303)	303	-	-	-
Dividends to owners of the Company	25	-	-	-	-	-	(4,174)	(4,174)	-	(4,174)
Total transactions with owners of the Company		184,922	-	(30,341)	(27,752)	1,006	(26,569)	101,266	-	101,266
At 31 July 2021		865,088	(7,499)	-	(2,195)	6,407	264,923	1,126,724	(843)	1,125,881
		/---- Note 13 ----					----/			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2022 (Cont'd)

Group	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
		/---- Attributable to owners of the Company						----/		
		/---- Non - distributable				----/	Distributable			
At 1 August 2021		865,088	(7,499)	-	(2,195)	6,407	264,923	1,126,724	(843)	1,125,881
Foreign currency translation differences for foreign operations		-	-	-	43	-	-	43	-	43
Fair value loss on other investments		-	-	-	(6)	-	-	(6)	-	(6)
Total other comprehensive income		-	-	-	37	-	-	37	-	37
Profit for the year		-	-	-	-	-	156,013	156,013	351	156,364
Total comprehensive income for the year		-	-	-	37	-	156,013	156,050	351	156,401
Exercise ESOS	13	7,566	-	-	-	(476)	-	7,090	-	7,090
Expired of ESOS		-	-	-	-	(5,931)	5,931	-	-	-
Minority interest on acquisition of a subsidiary		-	-	-	-	-	-	-	49	49
Dividends to owners of the Company	25	-	-	-	-	-	(17,310)	(17,310)	-	(17,310)
Total transactions with owners of the Company		7,566	-	-	-	(6,407)	(11,379)	(10,220)	49	(10,171)
At 31 July 2022		872,654	(7,499)	-	(2,158)	-	409,557	1,272,554	(443)	1,272,111
		/---- Note 13				----/				

The notes set out on pages 80 to 143 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2022

Company	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
		/------ *Attributable to the owners of the Company*						------/
		/------ *Non - distributable*				------/		
At 1 August 2020		680,166	(7,499)	30,341	27,752	5,401	(145,553)	590,608
Profit and total comprehensive income for the year		-	-	-	-	-	29,115	29,115
Conversion of RCUIDS	13	106,774	-	-	(27,752)	-	(63,020)	16,002
Exercise of Warrants	13	76,226	-	(16,221)	-	-	21,343	81,348
Exercise ESOS	13	1,922	-	-	-	(579)	399	1,742
Expired of Warrants		-	-	(14,120)	-	-	18,580	4,460
Equity-settled share based payments		-	-	-	-	1,888	-	1,888
Share options forfeited		-	-	-	-	(303)	303	-
Dividends to owners of the Company	25	-	-	-	-	-	(4,174)	(4,174)
Total transactions with owners of the Company		184,922	-	(30,341)	(27,752)	1,006	(26,569)	101,266
At 31 July 2021/1 August 2021		865,088	(7,499)	-	-	6,407	(143,007)	720,989
Profit and total comprehensive income for the year		-	-	-	-	-	21,528	21,528
Exercise ESOS	13	7,566	-	-	-	(476)	-	7,090
Expired of ESOS		-	-	-	-	(5,931)	5,931	-
Dividends to owners of the Company	25	-	-	-	-	-	(17,310)	(17,310)
Total transactions with owners of the Company		7,566	-	-	-	(6,407)	(11,379)	(10,220)
At 31 July 2022		872,654	(7,499)	-	-	-	(132,858)	732,297
		/------ Note 13					------/	

The notes set out on pages 80 to 143 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Profit before tax		189,903	194,590	22,168	30,835
Adjustments for:					
Allowance for impairment loss on trade receivables		799	1,390	-	-
Reversal of allowance for impairment loss in trade receivables		(734)	(412)	-	-
Bad debts recovered		(104)	(140)	-	-
Depreciation of investment properties	5	217	217	1,348	1,348
Depreciation of property, plant and equipment	3	12,753	13,200	165	95
Depreciation of right-of-use assets	4	277	184	109	-
Dividend income		(33)	(22)	(20,620)	(41,400)
Equity settled share-based payments	31	-	1,888	-	1,888
Finance costs	20	13,383	13,177	1,110	3,934
Finance income:					
Amount due from subsidiaries		-	-	(1,056)	(1,188)
Other investments		(25)	(213)	-	-
Deposits with licensed banks		(2,574)	(1,239)	(576)	(166)
Gain on disposal of property, plant and equipment		(2,773)	(2,119)	-	-
Net overdue interest income		(560)	(509)	-	-
Net unrealised foreign exchange (gain)/loss		(293)	324	-	-
Property, plant and equipment written off		93	37	-	-
Reversal of impairment for investment in properties	5	(1,896)	-	-	-
Share of profit of equity-accounted joint venture, net of tax	7	(52,700)	(76,007)	-	-
Write-down of inventories to net realisable value	10	25,236	5,372	-	-
Allowance for slow moving stock	10	3,667	399	-	-
Operating profit/(loss) before changes in working capital		184,636	150,117	2,648	(4,654)
Changes in working capital:					
Inventories		(220,189)	(101,716)	-	-
Trade and other receivables		(181,974)	(14,762)	41,972	6,663
Trade and other payables		63,328	22,936	1,630	12,769
Contract liabilities		347	(559)	-	-
Cash (used in)/generated from operations		(153,852)	56,016	46,250	14,778
Interest paid		(13,355)	(17,081)	(1,082)	(7,858)
Net overdue interest income		560	509	-	-
Net income tax paid		(30,666)	(21,447)	(108)	-
Net cash (used in)/generated from operating activities		(197,313)	17,997	45,060	6,920
Cash flows from investing activities					
Dividends received		33	22	200	120
Finance income:					
Amount due from subsidiaries		-	-	1,056	1,188
Other investments		25	213	-	-
Deposits with licensed banks		2,574	1,239	576	166
Decrease in other investments		6,178	3,774	5,747	4,759
Investment in subsidiaries		-	-	(91)	-
Proceeds from disposal of property, plant and equipment		3,868	4,621	-	-
Purchase of property, plant and equipment	3	(10,959)	(3,685)	(4,016)	(251)
Net cash generated from investing activities		1,719	6,184	3,472	5,982
Cash flows from financing activities					
Advances to subsidiaries		-	-	(67,653)	(54,093)
Advances to joint venture		-	-	(9)	-
Dividends paid to owners of the Company	25	(17,310)	(4,174)	(17,310)	(4,174)
Equity injected by non-controlling interests		49	-	-	-
Issuance of shares from exercise of ESOS		7,090	1,742	7,090	1,742
Issuance of shares from exercise of Warrants	13	-	76,226	-	76,226
Net drawdown/(repayment) of borrowings		197,382	(83,997)	-	-
Payment of lease liabilities		(303)	(201)	(119)	-
Net cash generated from/(used in) financing activities		186,908	(10,404)	(78,001)	19,701

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net (decrease)/increase in cash and cash equivalents		(8,686)	13,777	(29,469)	32,603
Effect of exchange rate changes		216	(443)	-	-
Cash and cash equivalents at beginning of year		158,531	145,197	34,441	1,838
Cash and cash equivalents at end of year	12	150,061	158,531	4,972	34,441

Cash outflows for leases as a lessee

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	22	240	105	-	-
Payment relating to leases of low-value assets	22	19	23	-	-
Included in net cash from financing activities					
Payment of lease liabilities		303	201	119	-
Interest paid in relation to lease liabilities	20	38	20	28	-
Total cash outflows for leases		600	349	147	-

Dividend income from subsidiaries

During the financial year, the dividend receivable from subsidiaries amounting to RM41,200,000 (2021: RM12,045,000) were settled against balances due to the subsidiaries.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2022 (Cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 August 2020 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 July/ 1 August 2021 RM'000	Acquisition of new lease RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 July 2022 RM'000
RCUIDS	11,163	-	(11,163)	-	-	-	-	-
Bankers' acceptances	229,540	(8,934)	-	220,606	-	69,220	-	289,826
Promissory notes	48,082	(48,082)	-	-	-	-	-	-
Post shipment buyer loan	36,746	21,627	-	58,373	-	60,742	-	119,115
Accepted bills	145,348	(43,226)	-	102,122	-	67,420	-	169,542
Revolving credit	30,000	-	-	30,000	-	-	-	30,000
Term loans	5,382	(5,382)	-	-	-	-	-	-
Lease liabilities	496	(201)	20	315	5,176	(303)	(104)	5,084
Total liabilities from financing activities	506,757	(84,198)	(11,143)	411,416	5,176	197,079	(104)	613,567
Company								
RCUIDS	11,163	-	(11,163)	-	-	-	-	-
Lease liabilities	-	-	-	-	5,176	(119)	27	5,084
Total liabilities from financing activities	11,163	-	(11,163)	-	5,176	(119)	27	5,084

The notes set out on pages 80 to 143 are an integral part of these financial statements.

NOTES TO THE 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 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in joint venture and associate. The financial statements of the Company as at and for the financial year ended 31 July 2022 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 31 October 2022.

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 of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023
- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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

- from the annual period beginning on 1 August 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 1 and MFRS 141 which are not applicable to the Group and the Company; and

- from the annual period beginning on 1 August 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 4 – Extension options and incremental borrowing rate in relation to leases
- Note 5 – Valuation of investment properties
- Note 7 – Impairment assessment on investment in joint venture
- Note 10 – Valuation of inventories
- Note 27 – 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.

(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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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.

(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.

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

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

(v) **Associates**

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

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

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

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

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

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

(vi) **Joint arrangements**

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

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.

(vii) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the 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 the 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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(viii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies 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.

(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.

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

(c) **Financial instruments**

(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.

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.

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

Financial assets

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(j)(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)

(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(j)(i)).

Financial liabilities

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.

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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial liabilities **(Cont'd)**

(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.

(iii) Financial guarantee contracts

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

Financial guarantees 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.

(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 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.

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.

2. Significant accounting policies (Cont'd)

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

(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 that 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. 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
• Plant and machinery	5 - 12 years
• Rental equipment	5 - 10 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.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

(f) Investment properties

Investment properties at cost

Investment properties are properties which are owned or right-of-use asset held under lease contract 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.

2. Significant accounting policies (Cont'd)

(g) 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.

(h) 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(i) 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(j)(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.

(j) Impairment

(i) Financial assets

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.

2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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 recovering amounts due.

(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.

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.

2. Significant accounting policies (Cont'd)

(k) Equity instruments

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

(i) Issue expenses

Costs directly attributable to 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 statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(l) Compound financial instruments

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

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

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

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

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

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) 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.

2. Significant accounting policies (Cont'd)

(m) Employee benefits (Cont'd)

(iii) Share-based payment transactions

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

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

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

(n) Provisions

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

(o) 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 an 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.

2. Significant accounting policies (Cont'd)

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

(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.

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the 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.

(r) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants, share options granted to employees and RCUIDS.

2. Significant accounting policies (Cont'd)

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision 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.

(t) 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 statement 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.

(u) 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 asset or liability.

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

3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Rental equipment 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 2020	76,417	142,300	218,388	40,302	5,858	23,301	906	22,036	529,508
Additions	-	54	103	1,235	-	864	1,371	58	3,685
Disposals	-	-	-	(4,564)	(735)	-	-	-	(5,299)
Written off	-	-	(168)	(555)	(166)	-	-	-	(889)
Transfers	-	12	714	-	-	-	(726)	-	-
At 31 July 2021/ 1 August 2021	76,417	142,366	219,037	36,418	4,957	24,165	1,551	22,094	527,005
Additions	-	110	922	1,426	-	3,979	4,522	-	10,959
Disposals	-	-	(52)	(3,185)	(41)	-	-	-	(3,278)
Written off	-	-	-	(309)	-	-	-	-	(309)
Transfers	-	286	771	-	-	112	(1,169)	-	-
Transfer to inventories	-	-	-	(314)	-	-	-	-	(314)
At 31 July 2022	76,417	142,762	220,678	34,036	4,916	28,256	4,904	22,094	534,063

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

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Rental equipment 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 2020	-	40,944	168,912	18,829	4,269	22,348	-	1,674	256,976
Charge for the year	-	2,883	2,704	5,485	526	781	-	821	13,200
Disposals	-	-	-	(2,063)	(734)	-	-	-	(2,797)
Written off	-	-	(168)	(518)	(166)	-	-	-	(852)
At 31 July 2021/ 1 August 2021	-	43,827	171,448	21,733	3,895	23,129	-	2,495	266,527
Charge for the year	-	2,888	2,506	4,910	523	792	-	1,134	12,753
Disposals	-	-	(44)	(2,101)	(38)	-	-	-	(2,183)
Written off	-	-	-	(216)	-	-	-	-	(216)
Transfer to inventories	-	-	-	(35)	-	-	-	-	(35)
At 31 July 2022	-	46,715	173,910	24,291	4,380	23,921	-	3,629	276,846
Carrying amounts									
At 1 August 2020	76,417	101,356	49,476	21,473	1,589	953	906	20,362	272,532
At 31 July 2021/ 1 August 2021	76,417	98,539	47,589	14,685	1,062	1,036	1,551	19,599	260,478
At 31 July 2022	76,417	96,047	46,768	9,745	536	4,335	4,904	18,465	257,217

Other assets of the Group comprise 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	Furniture and fittings RM'000	Capital-in-progress RM'000	Total RM'000
Cost						
At 1 August 2020	407	657	198	-	168	1,430
Additions	-	-	31	-	220	251
At 31 July 2021/1 August 2021	407	657	229	-	388	1,681
Additions	-	1,801	848	970	397	4,016
At 31 July 2022	407	2,458	1,077	970	785	5,697
Accumulated depreciation						
At 1 August 2020	244	657	154	-	-	1,055
Charge for the year	82	-	13	-	-	95
At 31 July 2021/1 August 2021	326	657	167	-	-	1,150
Charge for the year	81	31	45	8	-	165
At 31 July 2022	407	688	212	8	-	1,315
Carrying amounts						
At 1 August 2020	163	-	44	-	168	375
At 31 July 2021/1 August 2021	81	-	62	-	388	531
At 31 July 2022	-	1,770	865	962	785	4,382

3.1 Rental equipment

The Group leases their scaffold equipment to third parties. Each of the leases contains an initial non-cancellable period of 1 to 6 months. Subsequent renewals are negotiated and agreed with the lessees.

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires 3 months of advance rental as normal payments from the lessees. These leases do not include residual value guarantees.

The following are recognised in profit or loss:

Group	2022 RM'000	2021 RM'000
Lease income	13,759	13,318

The operating lease payments to be received are as follows:

Group	2022 RM'000	2021 RM'000
Less than one year	8,667	4,359
Total undiscounted lease payments	8,667	4,359

4. Right-of-use assets

Group	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 August 2020	468	16	484
Depreciation	(175)	(9)	(184)
At 31 July 2021/1 August 2021	293	7	300
Additions	5,176	-	5,176
Depreciation	(270)	(7)	(277)
Derecognition	(132)	-	(132)
At 31 July 2022	5,067	-	5,067

Company	Buildings RM'000	Total RM'000
At 1 August 2020	-	-
Depreciation	-	-
At 31 July 2021/1 August 2021	-	-
Additions	5,176	5,176
Depreciation	(109)	(109)
At 31 July 2022	5,067	5,067

The Group and the Company lease office units that run for three years, with an option to renew the lease after that date.

4.1 Significant judgements and assumptions in relation to lease

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Investment properties

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 August 2020/31 July 2021/1 August 2021/31 July 2022	5,020	485	8,532	14,037
Accumulated depreciation and impairment loss				
At 1 August 2020				
Accumulated depreciation	1,109	-	1,847	2,956
Accumulated impairment	1,070	-	1,283	2,353
	2,179	-	3,130	5,309
Charge for the year	73	-	144	217
At 31 July 2021/1 August 2021				
Accumulated depreciation	1,182	-	1,991	3,173
Accumulated impairment	1,070	-	1,283	2,353
	2,252	-	3,274	5,526
Charge for the year	73	-	144	217
Reversal of impairment	(1,070)	-	(826)	(1,896)
At 31 July 2022				
Accumulated depreciation	1,255	-	2,135	3,390
Accumulated impairment	-	-	457	457
	1,255	-	2,592	3,847
Carrying amounts				
At 1 August 2020	2,841	485	5,402	8,728
At 31 July 2021/1 August 2021	2,768	485	5,258	8,511
At 31 July 2022	3,765	485	5,940	10,190

Company	RM'000	RM'000	RM'000
Cost			
At 1 August 2020/31 July 2021/1 August 2021/ 31 July 2022	48,062	67,383	115,445
Accumulated depreciation			
At 1 August 2020	-	19,715	19,715
Charge for the year	-	1,348	1,348
At 31 July 2021/1 August 2021	-	21,063	21,063
Charge for the year	-	1,348	1,348
At 31 July 2022	-	22,411	22,411
Carrying amounts			
At 1 August 2020	48,062	47,668	95,730
At 31 July 2021/1 August 2021	48,062	46,320	94,382
At 31 July 2022	48,062	44,972	93,034

Investment properties of the Group comprise of leasehold land and buildings which are being leased to third party. The estimated fair value of investment properties of the Group and of the Company are RM21,010,000 and RM226,300,000 (2021: RM21,010,000 and RM226,300,000) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Rental income	959	959	5,567	3,824
Direct operating expenses:				
- income generating investment properties	(288)	(282)	(1,348)	(1,347)

5.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

Group	2022 RM'000	2021 RM'000
Less than one year	568	961
Between one and five years	43	611
Total undiscounted lease payments	611	1,572

5.2 Fair value information

Fair values of investment properties are categorised as follows:

2022	Level 3 RM'000
Group	
Freehold land	3,700
Leasehold land with unexpired lease period of more than 50 years	10,800
Buildings	6,510
	21,010
Company	
Freehold land	141,800
Buildings	84,500
	226,300

2021	Level 3 RM'000
Group	
Freehold land	3,700
Leasehold land with unexpired lease period of more than 50 years	10,800
Buildings	6,510
	21,010
Company	
Freehold land	141,800
Buildings	84,500
	226,300

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

5.2 **Fair value information (Cont'd)**

Level 3 fair value

Level 3 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.

6. **Investment in subsidiaries**

	Company 2022 RM'000	Company 2021 RM'000
At cost:		
Unquoted shares in Malaysia	94,212	94,121

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %
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
Briliant Decade Transport Agency Sdn. Bhd.	Malaysia	Provision of transportation services	100	100
Huatraco Scaffold Sdn. Bhd.	Malaysia	Manufacturing, selling, renting, and transporting 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.#	Malaysia	Specialising in geotechnical and civil engineering works	65	65
Eastern Power Resources Sdn. Bhd.	Malaysia	Sales of excess electricity generated by Eastern Steel Sdn. Bhd. to the grid	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
Huatraco Scaffold (Sabah) Sdn. Bhd.	Malaysia	Dormant	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.

6. Investment in subsidiaries (Cont'd)

On 26 October 2021, the Company had incorporated a wholly-owned subsidiary, Eastern Power Resources Sdn. Bhd. ("EPRSB"), with a paid-up share capital of RM51,000. However on 19 January 2022, Eastern Steel Sdn. Bhd. ("ESSB") who is a joint venture of the Group, has subscribed for 49,000 ordinary shares in EPRSB which increased EPRSB's ordinary share capital from 51,000 ordinary shares to 100,000 ordinary shares. The Company and ESSB is holding 51% and 49% respectively of the total EPRSB's ordinary share capital after the share subscription. The objective of this new company is to sell excess electricity generated by ESSB to the grid.

6.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2022	**Vista Mining Sdn. Bhd. RM'000**	**Geopintar E&C Sdn. Bhd. RM'000**	**Eastern Power Resources Sdn. Bhd. RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	45%	35%	49%	
Carrying amount of NCI	(478)	(10)	45	(443)
Profit/(Loss) allocated to NCI	359	(4)	(4)	351
Summarised financial information before intra-group elimination				
As at 31 July				
Non-current assets	19,404	-	-	
Current assets	1,211	129	199	
Non-current liabilities	(95)	-	-	
Current liabilities	(22,211)	(25)	(105)	
Net (liabilities)/assets	(1,691)	104	94	
Year ended 31 July				
Revenue	3,900	525	-	
Profit/(Loss) for the year	797	(12)	(6)	
Cash flows from/(used in) operating activities	3,262	(167)	-	
Cash flows (used in)/from financing activities	(3,400)	-	199	
Net (decrease)/increase in cash and cash equivalents	(138)	(167)	199	

6. Investment in subsidiaries (Cont'd)

6.1 Non-controlling interest in subsidiaries (Cont'd)

2021	**Vista Mining Sdn. Bhd. RM'000**	**Geopintar E&C Sdn. Bhd. RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	45%	35%	
Carrying amount of NCI	(837)	(6)	(843)
Profit allocated to NCI	86	4	90
Summarised financial information before intra-group elimination			
As at 31 July			
Non-current assets	20,743	-	
Current assets	1,535	250	
Non-current liabilities	(95)	-	
Current liabilities	(24,671)	(174)	
Net (liabilities)/assets	(2,488)	76	
Year ended 31 July			
Revenue	2,831	579	
Profit for the year	190	9	
Cash flows from operating activities	2,798	101	
Cash flows used in investing activities	(59)	-	
Cash flows used in financing activities	(2,550)	-	
Net increase in cash and cash equivalents	189	101	

7. Interest in equity account investments

7.1 Investment in joint venture

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Unquoted shares in Malaysia at cost	717,840	717,840	717,840	717,840
Share of post-acquisition reserves	(168,003)	(205,518)	-	-
Less: Impairment loss	-	(15,185)	(208,876)	(208,876)
	549,837	497,137	508,964	508,964

Details of the joint venture are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Eastern Steel Sdn. Bhd.	Malaysia	Manufacturing, selling and dealing in a range of steel products using blast furnace plant	27.3	35.0

ESSB is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in ESSB as a joint venture.

On 8 November 2021, the Company's shareholding in ESSB has decreased from 35.0% to 27.3% after Shanxi Jianglong Industry Company Limited subscribed for 508.0 million new ordinary shares in the share capital of ESSB for a total cash consideration of Renminbi 500.0 million ("Share Subscription"), equivalent to approximately RM325.6 million (based on the exchange rate of Renminbi 1.00: RM 0.6512 at the time the funds were received).

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.

	2022 RM'000	**2021 RM'000**
Summarised financial information		
As at 31 July		
Non-current assets	2,710,873	1,725,007
Current assets	710,832	533,844
Cash and cash equivalents	113,355	107,334
Non-current liabilities	(131,629)	(137,556)
Current liabilities	(1,276,009)	(700,904)
Non-current financial liabilities	(131,629)	(137,556)
Current financial liabilities (excluding trade and other payables and provisions)	(439,900)	(209,261)
Year ended 31 July		
Profit and total comprehensive income for the year	192,225	217,163
Included in the total comprehensive income are:		
Revenue	2,563,815	1,820,845
Depreciation	82,573	74,927
Interest income	162	245
Interest expense	(2,171)	(1,483)
Reconciliation of net assets to carrying amount as at 31 July		
Group's share of net assets	549,837	497,137
Carrying amount in the statement of financial position	549,837	497,137
Group's share of results for year ended 31 July		
Group's share of profit and total comprehensive income for the year	52,700	76,007

7. **Interest in equity account investments (Cont'd)**

7.1 Investment in joint venture (Cont'd)

Impairment assessment – Group and Company

The Group and the Company assessed the recoverable amount for the investment in joint venture based on value-in-use calculation. These calculation use cash flow projections based on financial budget approved by management. The projected sales tonnage, prices and profit margin used were determined based on past business performance and management's expectations on market development. The cash flow projections is discounted using a pre-tax rate of 12.77% after considering the uncertainties and risks of the projections. As the recoverable amount of the investment in joint venture is higher than its carrying amount at the Group level after applying the equity method, therefore, reversal of impairment of RM15.19 million was made in current financial year.

7.2 Investment in associate

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Jetama Alpine Pipe (Sabah) Sdn. Bhd.	Malaysia	Dormant	49	49

In previous financial year, the wholly-owned subsidiary, Alpine Pipe Manufacturing Sdn. Bhd. subscribed for 49 ordinary shares at an issue price of RM1 per share, representing 49% equity interest, in the share capital of Jetama Alpine Pipe (Sabah) Sdn. Bhd. ("JAPS"), with the remaining 51% equity interest held by Jetama Sdn. Bhd., an indirect wholly-owned subsidiary of the State Government of Sabah. The investment in JAPS was for the Group to expand to East Malaysia for trading and supply of steel pipes, hollow sections and related products.

8. **Other investments**

	2022		2021	
	Carrying amount RM'000	Market value of quoted investments RM'000	Carrying amount RM'000	Market value of quoted investments RM'000
Group				
Non-current				
Fair value through other comprehensive income				
Club membership, unquoted	140	-	140	-
Equity instruments, quoted in Malaysia	638	638	644	644
	778		784	
Current				
Fair value through profit or loss				
Unit trust funds of licensed financial institutions within Malaysia	11,922	11,922	18,100	18,100
	12,700		18,884	
Company				
Current				
Fair value through profit or loss				
Unit trust funds of licensed financial institutions within Malaysia	10,553	10,553	16,300	16,300

9. Trade and other receivables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Non-trade					
Deposits	9.1	26,737	-	-	-
Amount due from a subsidiary	9.2	-	-	-	24 ,234
		26,737	-	-	24,234
Current					
Trade					
Trade receivables		301,843	167,089	-	-
Less: Allowance for impairment loss		(2,629)	(2,726)	-	-
		299,214	164,363	-	-
Amount due from joint venture	9.3	60,326	38,886	-	-
Amount due from a related party	9.3	-	246	-	-
		359,540	203,495	-	-
Non-trade					
Other receivables		1,260	1,036	54	10
Amount due from joint venture		8	-	8	-
Dividend receivables		-	-	20,620	41,400
Amount due from subsidiaries	9.4	-	-	29,777	1,336
		1,268	1,036	50,459	42,746
Deposits		1,169	1,591	485	1,102
Prepayments		3,653	3,887	700	700
		6,090	6,514	51,644	44,548
		365,630	210,009	51,644	44,548
		392,367	210,009	51,644	68,782

The Group's normal trade credit term ranges from 14 to 120 (2021: 14 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

9.1 Non-current deposits

The non-current deposits relate to acquisition of property, plant and equipment.

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

In prior year, the non-trade amount due from a subsidiary was unsecured and subject to interest at 6% per annum. The amount was not expected to be repayable over the next 12 months.

9.3 Current trade amounts due from joint venture and a related party

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

9.4 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 except for RM21.8 million which is subject to interest at 6% and expected to be repayable over the next 12 months.

10. Inventories

	Group 2022 RM'000	Group 2021 RM'000
Raw materials	197,666	179,276
Work-in-progress	22,580	20,190
Finished goods	169,438	65,502
Merchandise goods	197,878	116,269
Goods in transit	51,272	66,320
Spare parts	2,869	2,582
	641,703	450,139
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,359,531	897,719
Write-down of inventories to net realisable value	25,236	5,372
Allowance for slow moving stock	3,667	399

The net realisable value ("NRV") of inventories was determined based on estimated selling price of the product less the estimated cost to make the sale.

11. Derivative financial (liabilities)/assets

Group	2022 Nominal value RM'000	2022 Liabilities RM'000	2021 Nominal value RM'000	2021 Assets RM'000
Derivatives at fair value through profit or loss				
- Forward exchange contracts	13,295	(3)	6,727	155
	13,295	(3)	6,727	155

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of the Group entities. Most of the forward contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

12. Cash and cash equivalents

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Deposits placed with licensed banks	33,588	28,130	-	-
Cash and bank balances	116,473	130,401	4,972	34,441
	150,061	158,531	4,972	34,441

13. Capital and reserves

Share capital

	Group and Company Amount 2022 RM'000	Number of shares 2022 RM'000	Amount 2021 RM'000	Number of shares 2021 RM'000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares				
At 1 August	865,088	1,730,177	680,166	1,360,333
Conversion of RCUIDS	-	-	106,774	213,548
Exercise of Warrants	-	-	76,226	152,452
Exercise of ESOS	7,566	17,545	1,922	3,844
At 31 July	872,654	1,747,722	865,088	1,730,177

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.

Reserves	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-distributable:					
Warrant reserves	13.1	-	-	-	-
Other reserves					
Translation reserves	13.2.1	(326)	(369)	-	-
Fair value reserves	13.2.2	(1,832)	(1,826)	-	-
RCUIDS reserves	13.2.3	-	-	-	-
Share option reserves	13.3	-	6,407	-	6,407
Treasury shares	13.4	(7,499)	(7,499)	(7,499)	(7,499)
		(9,657)	(3,287)	(7,499)	(1,092)
Distributable:					
Retained earnings/(Accumulated losses)		409,557	264,923	(132,858)	(143,007)
		399,900	261,636	(140,357)	(144,099)

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. 152,451,739 warrants were exercised in prior year. The warrants had expired on 23 June 2021.

13. Capital and reserves (Cont'd)

13.1 Warrant reserves (Cont'd)

The salient terms of the Warrants 2016 were as follows:

(a) The warrants could 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 has lapsed and ceased to be valid; and

(b) Each warrant holder was entitled 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 until the investments are derecognised or impaired.

13.2.3 RCUIDS reserves

The RCUIDS reserves comprised the equity component of the RCUIDS. It represented the residual amount of the RCUIDS after deducting the fair value of the liability component.

In prior year, 213,548,013 of RCUIDS were converted into ordinary shares resulted in the decrease in the reserves. The RCUIDS had expired on 23 June 2021.

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. During the financial year, 17,545,139 (2021: 3,844,390) share options were exercised by the employees and 104,565,650 were forfeited as ESOS was expired on 11 April 2022 (see Note 31).

13.4 Treasury shares

Treasury shares comprise cost of acquisition of the Company's own shares. At 31 July 2022, a total of 5,492,000 (2021: 5,492,000) buy-back shares were held as treasury shares and carried at cost.

14. Deferred tax assets/(liabilities)

Recognised deferred assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Group						
Property, plant and equipment	-	-	(21,699)	(22,014)	(21,699)	(22,014)
Investment properties	-	-	(496)	-	(496)	-
Other payables	9,080	2,955	(150)	(30)	8,930	2,925
Tax loss carry-forward	210	1,439	-	-	210	1,439
Tax assets/(liabilities)	9,290	4,394	(22,345)	(22,044)	(13,055)	(17,650)
Set-off of tax	(6,437)	(4,394)	6,437	4,394	-	-
Net tax assets/(liabilities)	2,853	-	(15,908)	(17,650)	(13,055)	(17,650)
Company						
Property, plant and equipment	-	-	(2,257)	(2,193)	(2,257)	(2,193)
Other payables	1,232	-	-	(19)	1,232	(19)
Tax loss carry-forward	-	1,439	-	-	-	1,439
Tax assets/(liabilities)	1,232	1,439	(2,257)	(2,212)	(1,025)	(773)
Set-off of tax	(1,232)	(1,439)	1,232	1,439	-	-
Net tax liabilities	-	-	(1,025)	(773)	(1,025)	(773)

Unrecognised deferred tax assets

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Tax loss carry-forward	-	872	-	-
Unabsorbed capital allowances	-	67	-	-
	-	939	-	-

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.

Pursuant to new law gazetted on 31 December 2021, the ability to carry forward unutilised tax losses is extended to a maximum period of ten consecutive Years of Assessment ("YA"), effective YA 2020.

The deferred tax assets arising from property, plant and equipment, provision, tax loss carry-forward, unabsorbed capital allowances and other temporary differences of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

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

Movement in temporary differences during the year

	At 1.8.2020 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised in equity RM'000	At 31.7.2021/ 1.8.2021 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.7.2022 RM'000
Group						
Property, plant and equipment	(22,417)	403	-	(22,014)	315	(21,699)
Investment properties	-	-	-	-	(496)	(496)
Other payables	1,304	1,621	-	2,925	6,005	8,930
RCUIDS	(18,345)	-	18,345	-	-	-
Tax loss carry-forward	3,012	(1,573)	-	1,439	(1,229)	210
	(36,446)	451	18,345	(17,650)	4,595	(13,055)
Company						
Property, plant and equipment	(1,921)	(272)	-	(2,193)	(64)	(2,257)
Other payables	323	(342)	-	(19)	1,251	1,232
RCUIDS	(18,345)	-	18,345	-	-	-
Tax loss carry-forward	2,533	(1,094)	-	1,439	(1,439)	-
	(17,410)	(1,708)	18,345	(773)	(252)	(1,025)

15. Loans and borrowings

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current					
Bankers' acceptances	15.1	289,826	220,606	-	-
Post shipment buyer loan	15.1	119,115	58,373	-	-
Accepted bills	15.1	169,542	102,122	-	-
Revolving credit	15.1	30,000	30,000	-	-
		608,483	411,101	-	-

15.1 Security

The Company has extended corporate guarantees amounting to RM608,483,000 (2021: RM411,101,000) 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.

15.2 Covenant

Bankers' acceptances of the Group require subsidiaries' debt to equity ratio not more than 2 to 3.5 times (2021: 2 to 3.5 times).

16. Trade and other payables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current					
Trade					
Trade payables		38,522	10,742	-	-
Accruals		1,287	429	-	-
Amount due to a related party	16.1	20,341	4,971	-	-
		60,150	16,142	-	-
Non-trade					
Other payables		22,273	6,527	230	259
Accruals		25,707	22,611	11,178	9,520
Deposits received		7,074	6,529	-	-
Amount due to subsidiaries	16.2	-	-	28,352	91,598
		55,054	35,667	39,760	101,377
		115,204	51,809	39,760	101,377

16.1 Trade amount due to a related party

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

16.2 Non-trade amount due to subsidiaries

The non-trade amount due to subsidiaries is unsecured, subject to interest at 3% per annum and repayable in 2023 (2021: subject to interest range from 3.0% to 3.5% per annum and repayable in 2022). The amount due to subsidiaries will be offset against future dividends and rental receivables from these subsidiaries.

17. Contract liabilities

	Group 2022 RM'000	Group 2021 RM'000
Contract liabilities	1,129	782

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.

18. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers				
Sale of goods	1,565,603	1,065,790	-	-
Transportation services rendered	16	-	-	-
Rental of equipment for hire	13,759	13,318	-	-
Participation fees from sales of iron ore	3,900	2,831	-	-
Other revenue				
Rental of properties	-	-	5,567	3,824
Dividend income	-	-	20,620	41,400
Management fees	-	-	14,546	7,731
	1,583,278	1,081,939	40,733	52,955

Group

	2022 RM'000	2021 RM'000
Timing of revenue recognition		
At a point in time	1,569,503	1,068,621
Over time	13,775	13,318
	1,583,278	1,081,939

18. Revenue (Cont'd)

18.1 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 the Group's premises.	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 rendered	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.

19. Cost of sales

	Group 2022 RM'000	Group 2021 RM'000
Cost of goods sold	1,390,473	905,735
Amortisation of mining assets	1,134	821
Depreciation of equipment for hire	4,910	5,485
	1,396,517	912,041
Included in the cost of goods sold are the following :		
Direct and indirect labour costs	24,685	19,695
Upkeep of property, plant and equipment	5,022	4,321
Depreciation of property, plant and equipment	5,170	4,252

20. Finance costs

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Bank overdrafts	1	5	-	-
Bankers' acceptances	7,988	8,215	-	-
Promissory notes	49	76	-	-
Post shipment buyer loan	1,738	625	-	-
Accepted bills	2,868	2,667	-	-
Revolving credit	701	1,004	-	-
Lease liabilities	38	20	28	-
RCUIDS	-	565	-	565
Amount due to subsidiaries	-	-	1,082	3,369
	13,383	13,177	1,110	3,934

21. Tax expense

Recognised in profit or loss

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current tax expense				
Current year	38,597	31,480	392	12
(Over)/Under provision in prior year	(463)	44	(4)	-
Total current tax recognised in profit or loss	38,134	31,524	388	12
Deferred tax expense				
Origination and reversal of temporary differences	(5,438)	(1,514)	267	635
Under/(Over) provision in prior year	843	1,063	(15)	1,073
Total deferred tax recognised in profit or loss	(4,595)	(451)	252	1,708
Total income tax expense	33,539	31,073	640	1,720

21. Tax expense (Cont'd)

Reconciliation of tax expense

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit before tax	189,903	194,590	22,168	30,835
Share of profit after tax of equity accounted investees	(52,700)	(76,007)	-	-
	137,203	118,583	22,168	30,835
Income tax calculated using Malaysian tax rate of 24%	32,929	28,460	5,320	7,400
Effect of tax rate in foreign jurisdictions	(8)	(65)	-	-
Non-taxable income	(27)	(173)	(4,949)	(9,936)
Non-deductible expenses	129	3,575	288	3,183
Origination and reversal of temporary differences	361	-	-	-
Recognition of previously unrecognised deferred tax assets	(225)	(1,831)	-	-
Under/(Over) provision of deferred tax in prior years	843	1,063	(15)	1,073
(Over)/Under provision of current tax in prior years	(463)	44	(4)	-
	33,539	31,073	640	1,720

22. Profit for the year

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit for the year is arrived at after charging/(crediting):					
Auditors' remuneration					
- Audit fees					
KPMG PLT		435	412	165	155
Other auditors		19	15	-	-
- Non audit fees					
KPMG PLT		85	15	85	15
Material expenses/(income)					
Bad debts recovered		(104)	(140)	-	-
Depreciation of investment properties	5	217	217	1,348	1,348
Depreciation of property, plant and equipment	3	12,753	13,200	165	95
Depreciation of right-of-use assets	4	277	184	109	-
Dividend income		(33)	(22)	(20,620)	(41,400)
Equity-settled share-based payments	31	-	1,888	-	1,888
Finance income:					
- Amount due from subsidiaries		-	-	(1,056)	(1,188)
- Other investments		(25)	(213)	-	-
- Deposits with licensed banks		(2,574)	(1,239)	(576)	(166)
Gain on disposal of property, plant and equipment		(2,773)	(2,119)	-	-
Net foreign exchange (gain)/loss					
- Realised		(965)	(575)	-	-
- Unrealised		(293)	324	-	-

22. Profit for the year (Cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
***Material expenses/(income)* (Cont'd)**					
Net overdue interest income		(560)	(509)	-	-
Property, plant and equipment written off		93	37	-	-
Personnel expenses (including key management personnel):					
- Contributions to state plans		4,885	4,479	1,502	1,183
- Salaries, wages and others		50,862	42,734	13,224	9,980
Rental income from investment properties		(959)	(959)	(5,567)	(3,824)
Reversal of impairment for investment in properties		(1,896)	-	-	-
Write-down of inventories to net realisable value	10	25,236	5,372	-	-
Allowance for slow moving stock	10	3,667	399	-	-
Expenses arising from leases					
Expenses relating to short-term leases	a	240	105	-	-
Expenses relating to leases of low-value assets	a	19	23	-	-
Net loss/(gain) on impairment of financial instruments					
Loss on impairment of trade receivables		799	1,390	-	-
Reversal of allowance for impairment loss on trade receivables		(734)	(412)	-	-

Note a

The Group leases land and buildings and office equipment with contract terms of 1 to 5 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

23. Key management personnel compensation

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Executive directors:				
- Remuneration	9,262	5,644	8,610	5,000
- Other short-term employee benefits	1,098	691	1,019	616
	10,360	6,335	9,629	5,616
Non-executive directors:				
- Fees	459	401	425	368
- Other emoluments	23	21	23	21
	482	422	448	389
	10,842	6,757	10,077	6,005

24. 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 2022	Group 2021
Profit attributable to ordinary shareholders (RM'000)	156,013	163,427
Weighted average number of ordinary shares at 31 July	1,733,872	1,415,030
Basic earnings per ordinary share (sen)	9.00	11.55

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at reporting date 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	2022 RM'000	2021 RM'000
Profit attributable to ordinary shareholders (basic)	156,013	163,427
Interest expense on RCUIDS, net of tax	-	429
Profit attributable to ordinary shareholders (diluted)	156,013	163,856

	Group 2022 '000	Group 2021 '000
Weighted average number of ordinary shares at 31 July (basic)	1,733,872	1,415,030
Effect of conversion of RCUIDS	-	213,548
Effect of conversion of ESOS	8,005	1,095
Weighted average number of ordinary shares at 31 July (diluted)	1,741,877	1,629,673
Diluted earnings per ordinary share (sen)	8.96	10.05

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. In the prior financial year, the warrants were anti-dilutive.

25. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2022			
Final (single tier) in respect of financial year ended 31 July 2021	1.00	17,310	21 January 2022
2021			
Final (single tier) in respect of financial year ended 31 July 2020	0.30	4,174	25 January 2021

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
First and final (single tier) in respect of financial year ended 31 July 2022 (estimated)	1.00	17,422

26. 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 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 negotiated terms and conditions.

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.

26. 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 single major customer with revenue equal or more than 10% (2021: 10%) of the Group's total revenue during the financial year except for sales to joint venture (refer to Note 30).

2022	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	849,249	730,113	-	16	3,900	-	1,583,278
Inter-segment	-	4,469	40,733	2,333	-	(47,535)	-
Total segment revenue	849,249	734,582	40,733	2,349	3,900	(47,535)	1,583,278
Results							
Segment profit/(loss)	43,756	89,852	1,153	(21)	2,463	52,700	189,903
Included in the measure of segment profit are:							
Bad debts recovered	69	35	-	-	-	-	104
Finance income	656	1,340	578	25	-	-	2,599
Dividend income	-	-	33	-	-	-	33
Finance costs	(8,008)	(5,347)	(28)	-	-	-	(13,383)
Depreciation	(772)	(8,734)	(2,026)	(377)	(1,338)	-	(13,247)
Loss on impairment of trade receivables	(799)	-	-	-	-	-	(799)
Reversal of allowance for impairment loss on trade receivables	734	-	-	-	-	-	734
Share of profit of equity-accounted joint venture, net of tax	-	-	-	-	-	-	52,700
Assets							
Segment assets	597,682	815,638	685,164	2,911	20,615	(103,646)	2,018,364
Unallocated assets							9,734
Total assets							2,028,098
Liabilities							
Segment liabilities	461,546	326,568	23,844	282	21,943	(104,280)	729,903
Unallocated liabilities							26,084
Total liabilities							755,987

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

2022	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	10	6,933	4,016	-	-	-	10,959
Loss on impairment of trade receivables	(799)	-	-	-	-	-	(799)
Reversal of allowance for impairment loss on trade receivables	734	-	-	-	-	-	734
Property, plant and equipment written off	(7)	(86)	-	-	-	-	(93)
2021							
Revenue							
External customers	550,507	528,601	-	-	2,831	-	1,081,939
Inter-segment	-	4,473	52,955	2,768	-	(60,196)	-
Total segment revenue	550,507	533,074	52,955	2,768	2,831	(60,196)	1,081,939
Results							
Segment profit/(loss)	33,353	92,049	(8,811)	264	1,728	76,007	194,590
Included in the measure of segment profit are:							
Bad debts recovered	92	48	-	-	-	-	140
Finance income	463	802	167	20	-	-	1,452
Dividend income	-	-	22	-	-	-	22
Finance costs	(8,189)	(4,423)	(565)	-	-	-	(13,177)
Depreciation	(770)	(9,575)	(1,848)	(383)	(1,025)	-	(13,601)
Loss on impairment of trade receivables	(890)	(500)	-	-	-	-	(1,390)
Reversal of allowance for impairment loss on trade receivables	-	412	-	-	-	-	412
Share of profit of equity-accounted joint venture, net of tax	-	-	-	-	-	-	76,007
Assets							
Segment assets	377,422	696,497	654,166	3,096	22,279	(150,100)	1,603,360
Unallocated assets							6,987
Total assets							1,610,347
Liabilities							
Segment liabilities	260,216	252,234	77,678	177	24,541	(150,839)	464,007
Unallocated liabilities							20,459
Total liabilities							484,466
Other information							
Addition to non-current assets other than financial instruments and deferred tax assets	67	3,309	250	-	59	-	3,685
Loss on impairment of trade receivables	(890)	(500)	-	-	-	-	(1,390)
Reversal of allowance for impairment loss on trade receivables	-	412	-	-	-	-	412
Property, plant and equipment written off	-	(37)	-	-	-	-	(37)

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments 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").

2022	Carrying amount RM'000	FVTPL RM'000	AC RM'000	FVOCI RM'000
Financial assets				
Group				
Other investments	12,700	11,922	-	778
Trade and other receivables (excluding prepayments)	361,977	-	361,977	-
Cash and cash equivalents	150,061	-	150,061	-
	524,738	11,922	512,038	778
Company				
Other investments	10,553	10,553	-	-
Trade and other receivables (excluding prepayments)	50,944	-	50,944	-
Cash and cash equivalents	4,972	-	4,972	-
	66,469	10,553	55,916	-
Financial liabilities				
Group				
Loans and borrowings	(608,483)	-	(608,483)	-
Trade and other payables	(115,204)	-	(115,204)	-
Derivative financial liabilities	(3)	(3)	-	-
	(723,690)	(3)	(723,687)	-
Company				
Trade and other payables	(39,760)	-	(39,760)	-
	(39,760)	-	(39,760)	-

27. Financial instruments (Cont'd)

27.1 Categories of financial instruments (Cont'd)

2021	Carrying amount RM'000	FVTPL RM'000	AC RM'000	FVOCI RM'000
Financial assets				
Group				
Other investments	18,884	18,100	-	784
Trade and other receivables (excluding prepayments)	206,122	-	206,122	-
Derivative financial assets	155	155	-	-
Cash and cash equivalents	158,531	-	158,531	-
	383,692	18,255	364,653	784
Company				
Other investments	16,300	16,300	-	-
Trade and other receivables (excluding prepayments)	68,082	-	68,082	-
Cash and cash equivalents	34,441	-	34,441	-
	118,823	16,300	102,523	-
Financial liabilities				
Group				
Loans and borrowings	(411,101)	-	(411,101)	-
Trade and other payables	(51,809)	-	(51,809)	-
	(462,910)	-	(462,910)	-
Company				
Trade and other payables	(101,377)	-	(101,377)	-
	(101,377)	-	(101,377)	-

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss	22	368	-	-
Financial assets measured at amortised cost	4,433	1,203	1,634	1,354
Equity instruments designated at fair value through other comprehensive income	27	77	-	-
Financial liabilities measured at amortised cost	(13,383)	(13,177)	(1,110)	(3,934)
	(8,901)	(11,529)	524	(2,580)

27. Financial instruments (Cont'd)

27.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

27.4 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 amount due from 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 statement 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	
	2022	**2021**
	RM'000	**RM'000**
Domestic	336,607	191,238
Asia	22,933	12,257
	359,540	203,495

27. Financial instruments (Cont'd)

27.4 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 historical 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 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Current (not past due)	199,130	-	199,130
1 - 30 days past due	84,560	-	84,560
31 - 60 days past due	60,784	-	60,784
61 - 90 days past due	8,242	-	8,242
More than 90 days past due	9,453	(2,629)	6,824
	362,169	(2,629)	359,540
2021			
Current (not past due)	58,915	-	58,915
1 - 30 days past due	58,272	-	58,272
31 - 60 days past due	55,787	-	55,787
61 - 90 days past due	16,016	-	16,016
More than 90 days past due	17,231	(2,726)	14,505
	206,221	(2,726)	203,495

27. Financial instruments (Cont'd)

27.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

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

	Trade receivables		
Group	**Lifetime ECL RM'000**	**Credit impaired RM'000**	**Total RM'000**
Balance at 1 August 2020	500	1,248	1,748
Net remeasurement of loss allowance	-	978	978
Balance at 31 July 2021/1 August 2021	500	2,226	2,726
Net remeasurement of loss/(reversal of) allowance	347	(282)	65
Written off	-	(162)	(162)
Balance at 31 July 2022	847	1,782	2,629

Investments in financial assets

Risk management objectives, policies and processes for managing the risk

Investments in financial assets are allowed only in liquid securities. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

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

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

The 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.

27. Financial instruments (Cont'd)

27.4 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 RM71,797,000 (2021: RM48,825,000) for the Group and RM642,201,000 (2021: RM432,990,000) for the Company 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. 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 subsidiaries is disclosed in Note 9 to the financial statements.

Recognition and measurement of impairment loss

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

- The subsidiaries are unlikely to repay their loans or advances to the Company in full;
- The subsidiaries' loan or advance is overdue for more than 365 days; or
- The subsidiaries 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.

27. **Financial instruments (Cont'd)**

27.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2022			
Low credit risk	29,777	-	29,777
2021			
Low credit risk	1,336	-	1,336

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

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 statement 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.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of the lease terms. The Group manages the credit risk together with the leasing arrangement.

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

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

27. Financial instruments (Cont'd)

27.5 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/ Discount 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							
2022							
Non-derivative financial liabilities							
Bank loans and facilities	608,483	2.58% to 3.92%	610,950	610,950	-	-	-
Lease liabilities	5,084	3.25%	5,559	996	996	2,987	580
Trade and other payables	115,204	-	115,204	115,204	-	-	-
Financial guarantee	-	-	71,797	71,797	-	-	-
	728,771		803,510	798,947	996	2,987	580
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	3	-	13,295	13,295	-	-	-
Inflow	-	-	(13,292)	(13,292)	-	-	-
	728,774		803,513	798,950	996	2,987	580
Group							
2021							
Non-derivative financial liabilities							
Bank loans and facilities	411,101	2.04% to 3.29%	412,436	412,436	-	-	-
Lease liabilities	315	5.00%	328	200	128	-	-
Trade and other payables	51,809	-	51,809	51,809	-	-	-
Financial guarantee	-	-	48,825	48,825	-	-	-
	463,225		513,398	513,270	128	-	-
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	6,727	6,727	-	-	-
Inflow	(155)	-	(6,882)	(6,882)	-	-	-
	463,070		513,243	513,115	128	-	-

27. Financial instruments (Cont'd)

27.5 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							
2022							
Non-derivative financial liabilities							
Trade and other payables	39,760	-	39,760	39,760	-	-	-
Lease liabilities	5,084	3.25%	5,559	996	996	2,987	580
Financial guarantees	-	-	642,201	642,201	-	-	-
	44,844		687,520	682,957	996	2,987	580
2021							
Non-derivative financial liabilities							
Trade and other payables	101,377	-	101,377	101,377	-	-	-
Financial guarantees	-	-	432,990	432,990	-	-	-
	101,377		534,367	534,367	-	-	-

27.6 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.

27.6.1 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 uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

27. Financial instruments (Cont'd)

27.6 Market risk (Cont'd)

27.6.1 Currency risk (Cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the 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***
2022	**RM'000**	**RM'000**	**RM'000**
Trade receivables	1,273	21,660	-
Cash and cash equivalents	4,886	6,550	29
Total exposure	6,159	28,210	29
2021			
Trade receivables	1,045	11,212	-
Cash and cash equivalents	3,070	9,220	917
Total exposure	4,115	20,432	917

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 % (2021: 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) equity and 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.

	Equity/ Profit or loss	
	2022	**2021**
Group	**RM'000**	**RM'000**
SGD	2,144	1,553
USD	468	312
AUD	2	70

A 10% (2021: 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.

27. Financial instruments (Cont'd)

27.6 Market risk (Cont'd)

27.6.2 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	33,588	28,130	-	-
Financial liabilities				
Revolving credit	30,000	30,000	-	-
Bankers' acceptances	289,826	220,606	-	-
Post shipment buyer loan	119,115	58,373	-	-
Accepted bills	169,542	102,122	-	-
	608,483	411,101	-	-

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.

27. Financial instruments (Cont'd)

27.6 Market risk (Cont'd)

27.6.3 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% (2021: 5%) higher/lower, with all other variables held constant, the Group's other reserves in equity would have been RM39,000 (2021: RM39,000) higher/lower, arising as a result of an increase/decrease in the fair value of the financial instruments classified as fair value through other comprehensive income and the Group's and the Company's profit and loss would have been RM596,000 (2021: RM905,000) and RM528,000 (2021: RM815,000) higher/lower respectively, arising as a result of an increase/decrease in the fair value of the financial instruments classified as fair value through profit or loss.

27.7 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.

27. **Financial instruments (Cont'd)**

27.7 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
2022	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets										
Club membership, unquoted	-	-	140	140	-	-	-	-	140	140
Investment in quoted shares	638	-	-	638	-	-	-	-	638	638
Investment in unit trust funds	-	11,922	-	11,922	-	-	-	-	11,922	11,922
	638	11,922	140	12,700	-	-	-	-	12,700	12,700
Company										
Financial assets										
Investment in unit trust funds	-	10,553	-	10,553	-	-	-	-	10,553	10,553
	-	10,553	-	10,553	-	-	-	-	10,553	10,553

27. Financial instruments (Cont'd)

27.7 Fair value information (Cont'd)

2021 Group	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets										
Club membership, unquoted	-	-	140	140	-	-	-	-	140	140
Investment in quoted shares	644	-	-	644	-	-	-	-	644	644
Investment in unit trust funds	-	18,100	-	18,100	-	-	-	-	18,100	18,100
	644	18,100	140	18,884	-	-	-	-	18,884	18,884
Company										
Financial assets										
Investment in unit trust funds	-	16,300	-	16,300	-	-	-	-	16,300	16,300
Amount due from a subsidiary	-	-	-	-	-	-	24,234	24,234	24,234	24,234
	-	16,300	-	16,300	-	-	24,234	24,234	40,534	40,534

27. Financial instruments (Cont'd)

27.7 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 (2021: 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
Amount due from a subsidiary	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.

28. 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 covenants and regulatory requirements.

28. Capital management (Cont'd)

During the financial year, the Group's strategy, unchanged from the previous financial year, is to maintain the debt-to-equity ratio of less than 1.0. The debt-to-equity ratios at 31 July 2022 and 31 July 2021 were as follows:

	Note	Group 2022 RM'000	Group 2021 RM'000
Total loans and borrowings	15	608,483	411,101
Lease liabilities		5,084	315
Less: Cash and cash equivalents	12	(150,061)	(158,531)
Less: Other investments - current	8	(11,922)	(18,100)
Net debt		451,584	234,785
Total equity		1,272,111	1,125,881
Debt-to-equity ratio		0.35	0.21

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

29. Contingent liabilities

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Unsecured				
In respect of Notices of Additional Assessment with penalties from Inland Revenue Board	13,432	13,432	13,432	13,432

On 29 September 2021, the Company received a Notice of Additional Assessments with penalties for the years of assessment from 2013 to 2019 totalling RM13,432,777 from Inland Revenue Board ("IRB"). Based on legal advice obtained, the Company has merits in maintaining its stand and has a strong basis to contend the notices issued by IRB.

Accordingly, the Company has initiated legal proceedings to challenge the basis and validity of the said notices and penalties imposed. The judicial review application lodged by the Company against the Minister of Finance ("MOF") before the KL High Court in October 2021. The first case management was held on 26 October 2021 in which the Company was granted with an interim stay of all further proceedings including the enforcement of the Notices pending the hearing of Attorney General Chambers (AGC)'s appeal in a similar matter pending before the Court of Appeal.

At the latest case management, the Court fixed for hearing on 28 November 2022 in relation to the leave for the Company's judicial review application. In the meantime, the Court directed the parties to file their affidavit in reply and written submission before the hearing date.

The Company's tax counsel applied for the interim stay order to be extended until the decision date on 28 November 2022 in order to preserve the rights of the Company. The KL High Court granted an extension for the interim stay of all further proceedings including the enforcement of the Notices until 28 November 2022. Consequent to this interim stay order, the Company needs not pay the disputed taxes.

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, associate, subsidiaries, key management personnel and companies in which certain directors have significant interests.

30. **Related parties (Cont'd)**

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 23) are shown below. The balances related to the below transactions are shown in Notes 9 and 16.

	2022 RM'000	2021 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.	100,206	260,918
Sales of steel products to joint venture:		
Eastern Steel Sdn. Bhd.	(189,724)	(120,716)
Company		
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn. Bhd.	(2,815)	(2,326)
Huatraco Scaffold Sdn. Bhd.	(1,082)	(877)
Hiap Teck Hardware Sdn. Bhd.	(1,670)	(621)
Rental expenses to a related party:		
Pedoman Cekap Sdn. Bhd.	119	-
Management fees from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	(4,752)	(1,881)
Alpine Pipe Manufacturing Sdn. Bhd.	(6,572)	(3,587)
Huatraco Scaffold Sdn. Bhd.	(3,057)	(2,137)
Briliant Decade Transport Agency Sdn. Bhd.	(165)	(126)
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	(5,000)	(15,000)
Alpine Pipe Manufacturing Sdn. Bhd.	(15,000)	(25,000)
Huatraco Scaffold Sdn. Bhd.	(500)	(1,200)
Briliant Decade Transport Agency Sdn. Bhd.	(120)	(200)
Finance income from a subsidiary:		
Vista Mining Sdn. Bhd.	(1,056)	(1,188)
Finance costs to subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	425	1,829
Alpine Pipe Manufacturing Sdn. Bhd.	546	1,428
Huatraco Scaffold Sdn. Bhd.	111	112

31. Employee benefits

Share-based payments arrangement

Share option programme (equity-settled)

On 19 April 2013, the Group and 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. On 2 January 2021, the Company granted additional 14,843,400 of share options to eligible Directors and employees on similar terms (except for exercise price). The ESOS expired on 11 April 2022.

The salient terms of the ESOS were as follows:

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

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

(iv) The Scheme shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five (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;

(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, 2017 and 2019 subject to the yearly performance targets set by the Board of Directors of the Company; and

(vii) The options granted to eligible Directors and employees will lapse when they are no longer employed with the Group.

31. Employee benefits (Cont'd)

Share-based payments arrangement (Cont'd)

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

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

	Weighted average exercise price 2022	Number of options ('000) 2022	Weighted average exercise price 2021	Number of options ('000) 2021
Outstanding at 1 August	RM0.46	122,111	RM0.47	111,691
Granted during the year	-	-	RM0.45	14,843
Exercised during the year	RM0.40	(17,545)	RM0.50	(3,844)
Forfeited during the year	RM0.47	(104,566)	RM0.45	(579)
Outstanding at 31 July	-	-	RM0.46	122,111
Exercisable at 31 July	-	-	RM0.46	122,111

In prior year, the options outstanding have an exercise price in range of RM0.31 to RM0.67 and a weighted average contractual life of 4 years as it had expired on 11 April 2022.

During the financial year, 17,545,139 (2021: 3,844,390) share options were exercised by the employees. The weighted average share price at the date of exercise for the year was RM0.40 (2021: RM0.50). 104,565,650 (2021: 578,995) share options were forfeited during the financial year.

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:

	2022	2021
Fair value of share options and assumptions		
Fair value at grant date	-	RM0.11
Weighted average share price	-	RM0.43
Share price at grant date	-	RM0.49
Expected volatility (weighted average volatility)	-	58.66%
Option life (expected weighted average life)	-	1 year
Expected dividends	-	0.73%
Risk-free interest rate (based on Malaysian government bonds)	-	2.14%

Value of employee services received for issue of share options

	Group and Company	
	2022 RM'000	2021 RM'000
Share options granted in financial year ended 31 July 2018	-	828
Share options granted in financial year ended 31 July 2019	-	145
Share options granted in financial year ended 31 July 2021	-	915
Total expense recognised as share-based payments	-	1,888

The share options expense was recognised in profit or loss of the Group and the Company.

32. Capital commitment

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for	27,493	-	-	-

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 72 to 143 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 2022 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: 31 October 2022

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 72 to 143 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 31 October 2022.

……………………..………..
Foo Kok Siew

Before me:

Rajeev Saigal A/L Ramlabaya Saigal
Commissioner for Oaths
(No. w681)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HIAP TECK VENTURE BERHAD

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 2022 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 143.

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 2022, and of their financial performance and their cash flows for the financial 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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. Valuation of inventory

Refer to Note 2(g) – significant accounting policy: Inventories and Note 10 – Inventories.

The key audit matter	How the matter was addressed in our audit
The Group is exposed to risk of writing down of inventories due to the subsequent selling price of the inventories are lower than the cost and aged inventories being unable to be realised. This is a key audit matter because it requires considerable amount in judgement. In accordance to MFRS 102 Inventories requires the entity to value its inventories at the lower of cost and net realisable value.	We performed the following audit procedures, among others: • performed testing on the accuracy of the inventories ageing report. • evaluated management's assessment of the net realisable value of inventories by comparing inventories costing to estimated selling price. • attended and observed the physical inventory count and noted for inventories that had signs of slow moving or obsolescence. • updated our understanding of management's process implemented including the Group's allowance for slow moving and obsolete inventories. • evaluated management's assessment in identifying slow moving inventories and assessed the adequacy of allowance for slow moving and obsolete inventories.

Key Audit Matters (Cont'd)

2. Valuation of trade receivables

Refer to Note 2(j)(i) – significant accounting policy: Impairment – Financial assets, Note 27 – Measurement of expected credit loss ("ECL").

The key audit matter	How the matter was addressed in our audit
The Group is exposed to risk of potential default by customers, particularly where trade receivables have been long outstanding. Valuation of trade receivables is identified as a key audit matter as the balance constitutes a significant portion of the Group's assets. There is also certain degree of estimation uncertainty in the measurement of recoverability of trade receivables.	We performed the following audit procedures, among others: • inquired with management on the methodology and assessment on impairment for trade receivables based on individual and collective assessment. • obtained understanding of the Group's credit control policy and management's review of expected credit losses. • verified the accuracy of the aging report. • compared past payment trends, historical bad debts record, subsequent receipts and agreed instalment payment plans for certain debtors.

We have determined that there are no 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 Directors' Report, Statement on Risk Management and Internal Control, and Chairman's Statement (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 other information identified above and, in doing so, consider whether the other information 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

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 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 the 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.

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

- 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.

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, actions taken to eliminate threats or safeguards applied.

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

Petaling Jaya, Selangor

Date: 31 October 2022

Chua See Guan
Approval Number: 03169/02/2023 J
Chartered Accountant

PROPERTIES OF THE GROUP
AS AT 31 JULY 2022

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 2022 (RM)	Date of Acquisition	Date of Last Revaluation	Amount 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	25	9.0	19,005	16,488,314	29-May-03	15-Jul-20	43,800,000
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	25	9.0	18,732	16,991,162	29-May-03	15-Jul-20	43,800,000
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	24	9.0	18,516	17,168,162	29-May-03	15-Jul-20	45,600,000
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	23	10.0	22,341	24,138,358	05-Jul-96	15-Jul-20	51,800,000
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse with 4 storey office building	Freehold	23	10.0	12,179	18,248,358	05-Jan-95	15-Jul-20	41,300,000
Lot 6097, Mukim of Kapar District of Klang Selangor Darul Ehsan	Industrial Land	Freehold	-	5.0	-	6,858,961	14-Jan-12	15-Jul-20	16,000,000
Lot 54959 (formerly PT40530), Mukim of Kapar, District of Klang, Selangor	Single storey detached factory with a double storey office building	Freehold	16	18.0	53,243	59,710,091	23-Oct-08	15-Jul-20	109,500,000
51-C, Tingkat Dua Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	22	-	145	136,316	20-Aug-99	28-Jul-20	190,000

PROPERTIES OF THE GROUP
AS AT 31 JULY 2022 (Cont'd)

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 2022 (RM)	Date of Acquisition	Date of Last Revaluation	Amount 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	24	-	143	87,729	02-Aug-99	16-Aug-20	120,000
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	19	1.0	2,536	2,618,953	27-Feb-07	06-Aug-20	4,100,000
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	20	1.6	3,996	5,060,265	06-Jun-07	06-Aug-20	6,700,000
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural land	Freehold	-	6.2	-	670,000	09-Jun-95	06-Aug-20	3,700,000
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	16	2.2	2,453	1,801,738	06-Jul-96	06-Aug-20	6,200,000
Jointly controlled entity									
Lot 6293 & Lot 6294 Mukim Teluk Kalung Kemaman, Terengganu	Blast furnance plant	Leasehold (60 years) expiring 01/04/2068	-	608.6	-	111,675,848	02-Apr-08	20-Oct-11	145,060,000
Lot 60129, 60130, 60131 Mukim Teluk Kalung Kemaman, Terengganu	Vacant industrial land	Leasehold (60 years) expiring 14/04/2073	-	600.0	-	4,514,795	03-Apr-13	-	-
Lot 50497 Mukim Teluk Kalung Kemaman, Terengganu	Staff housing	Leasehold (99 years) expiring 29/07/2111	-	50.0	-	472,869	28-May-12	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 20 OCTOBER 2022

Issued and Fully Paid-Up Share Capital	: RM 872,653,869.50 (1,742,230,015 Ordinary Shares)
Class of Shares	: Ordinary shares
Voting Right	: One vote per Ordinary Share held

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

Analysis by Size of Shareholdings as at 20 October 2022

Size of shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 to 99	166	1.17	5,644	0.00
100 to 1,000	1,137	8.03	740,093	0.04
1,001 to 10,000	5,886	41.59	36,119,036	2.07
10,001 to 100,000	5,698	40.26	202,847,388	11.64
100,001 to less than 5% of issued shares	1,264	8.93	980,107,772	56.26
5% and above of issued shares	3	0.02	522,410,082	29.99
Total	**14,154**	**100.00**	**1,742,230,015**	**100.00**

List of Thirty (30) Largest Shareholders as at 20 October 2022

No.	Names	No. of Shares	Percentage (%)
1.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (SG PVB CL AC)	293,713,324	16.86
2.	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB FOR TS LAW INVESTMENTS LIMITED (PB)	135,000,000	7.75
3.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR BLUEBAY INVESTMENTS GROUP CORPORATION	93,696,758	5.38
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	65,200,000	3.74
5.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	58,522,200	3.36
6.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK SECURITIES PTE LTD FOR LAVINGTON INTERNATIONAL LIMITED	38,167,800	2.19
7.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND	33,000,000	1.89
8.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	22,037,100	1.27
9.	TEH CHAK SEONG	14,930,000	0.86
10.	TEH KHOON CHUAN TRADING CO. SDN. BHD.	14,179,000	0.81
11.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND	12,900,000	0.74
12.	YAP KIM FOONG	12,469,200	0.72

ANALYSIS OF SHAREHOLDINGS
AS AT 20 OCTOBER 2022 (Cont'd)

List of Thirty (30) Largest Shareholders as at 20 October 2022 (Cont'd)

No.	Names	No. of Shares	Percentage (%)
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM AH SENG	12,000,000	0.69
14.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	11,812,900	0.68
15.	TAN YIK BOR	10,459,400	0.60
16.	WONG AH WAH	8,000,000	0.46
17.	TAN HOCK LOONG	7,700,000	0.44
18.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	7,383,100	0.42
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AH NYUK LEN (MQ0340)	7,000,000	0.40
20.	TAN KIAN SER	6,813,000	0.39
21.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	6,715,200	0.39
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	6,350,900	0.37
23.	LIM JIT HAI	6,037,000	0.35
24.	HOI POH YENG	6,000,000	0.34
25.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOR SEK CHOON	6,000,000	0.34
26.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	5,433,700	0.31
27.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	5,400,000	0.31
28.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	5,000,000	0.29
29.	OOI CHIENG SIM	4,604,100	0.26
30.	CHAI KOK CHOONG	4,500,000	0.26
Total:		**921,024,682**	**52.87**

ANALYSIS OF SHAREHOLDINGS

AS AT 20 OCTOBER 2022 (Cont'd)

Directors' Shareholdings as at 20 October 2022
(As per the Register of Directors' Shareholdings of the Company)

Names	Direct		Indirect	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Tan Sri Abd Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	492,713,324 [(a)]	28.28
3. Lee Ching Kion	-	-	45,354 [(b)]	0.00
4. Leow Hoi Loong @ Liow Hoi Loong	400,000	0.02	-	-
5. Foo Kok Siew	-	-	-	-
6. Tan Shau Ming	400,000	0.02	968,000 [(c)]	0.05
7. Law Wai Cheong	-	-	-	-
8. Sherman Lam Yuen Suen	-	-	-	-

Notes:

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

(b) Deemed interest 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 20 October 2022
(As per the Register of Substantial Shareholders of the Company)

Names	Direct		Indirect	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Tan Sri Dato' Law Tien Seng	-	-	492,713,324 [(a)]	28.28
TS Law Investments Limited	-	-	492,713,324	28.28
Amardale Offshore Inc.	-	-	492,713,324 [(b)]	28.28
Cartaban Nominees (Asing) Sdn. Bhd.	293,713,324 [(c)]	16.86	-	-
HSBC Nominees (Asing) Sdn. Bhd.	64,000,000 [(c)]	3.67	-	-
CIMSEC Nominees (Asing) Sdn. Bhd.	135,000,000 [(c)]	7.75	-	-

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.

<u>Employees' Share Option Scheme ("ESOS")</u>

During the financial year ended 31 July 2022, 17,545,139 of ESOS (2021: 3,844,390) were converted into ordinary shares. The number of ESOS outstanding as at 31 July 2022 was nil (2021: 122,110,789) as it had expired on 11 April 2022.

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of the Company will be held via virtual platform of the Broadcast Venue located at the Auditorium, Level 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 16 December 2022 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 2022 together with the Directors' and Auditors' Reports attached thereon. **Please refer to Note A on this Agenda**

2. To approve the Directors' fees of RM425,000.00 for the financial year ended 31 July 2022. **Ordinary Resolution 1**

3. To approve the Directors' allowances and benefits payable of RM40,000.00 in respect of the period from 17 December 2022 up to the next Annual General Meeting of the Company to be held in 2023. **Ordinary Resolution 2**

4. To approve a First and Final Single-Tier Dividend of 1.0 sen per share for the financial year ended 31 July 2022. **Ordinary Resolution 3**

5. To re-elect the following Directors who are retiring in accordance with Clause 92 of the Company's Constitution:-

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

   Tan Sri Abd Rahman Bin Mamat whose tenure of office as Independent Director will be 11 years 11 months as at 16 December 2022 will retire in accordance with Clause 92 of the Company's Constitution and has expressed his intention not to seek re-election. Hence, he will retain office until the close of the Twenty-Sixth Annual General Meeting.

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 Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed 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 2.3.3 of the Circular to Shareholders dated 16 November 2022, 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.

7.2 **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of RRPT Mandate") (Cont'd)**

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate.

AND FURTHER THAT such authority shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier."

8. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Constitution and the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single-Tier Dividend of 1.0 sen per share in respect of the financial year ended 31 July 2022 shall be payable on 20 January 2023 to Depositors registered in the Record of Depositors at the close of business on 6 January 2023.

Depositors shall qualify for entitlement only in respect of:-

a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 6 January 2023 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)
SSM PC 202008000309
Company Secretary

Selangor Darul Ehsan

Date: 16 November 2022

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (Cont'd)

EXPLANATORY NOTES ON THE ORDINARY AND SPECIAL BUSINESSES OF THE AGENDA.

(A) Audited Financial Statement for the Financial Year ended 31 July 2022

This Agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, formal approval by members is not required to be obtained. Hence, this Agenda item will not be put forward for voting.

(B) Payment of Directors' Fees and Benefits Payable

Section 230(1) of the Act provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Accordingly, the Shareholders' approval is sought at the 26th AGM in respect of the Directors' fees for the financial year ended 31 July 2022 under Ordinary Resolution 1.

Under Ordinary Resolution 2, the allowances payable to the Directors have been reviewed by the Remuneration Committee ("RC") and the Board of Directors of the Company, and are payable for the period from 17 December 2022 up to the next 27th Annual General Meeting of the Company and are in the best interest of the Company. The Directors' allowances comprise meeting allowance only.

(C) Re-election of Directors

Clause 92 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Tan Sri Dato' Law Tien Seng and Mr. Tan Shau Ming ("Retiring Directors"), who retire in accordance with Article 92 of the Constitution and being eligible, have offered themselves for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming 26th AGM and in line with Practice 5.1 of the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 28 April 2021, the Nominating Committee ("NC") has reviewed and assessed each of the Retiring Directors from the annual assessment and evaluation of the Board for the financial year ended 31 July 2022 as follows:

(i) Directors' self-assessment and peer-to-peer performance evaluation;
(ii) Evaluation on the effectiveness of the Board as a Whole and the Committees of the Board; and
(iii) For Independent Non-Executive Directors ("INEDs") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The NC had recommended the re-election of Retiring Directors based on the following consideration:

(i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities;
(ii) met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company;
(iii) level of independence demonstrated by the independent director; and
(iv) their ability to act in the best interest of the Company in decision-making.

The Board approved the NC's recommendation for the Retiring Directors pursuant to Clause 92 of the Constitution of the Company. All the Retiring Directors have consented to their re-election, and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant NC and Board meetings, where applicable.

The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement and NC statement in the Annual Report 2022 of the Company.

Tan Sri Abd Rahman Bin Mamat, the Chairman and Independent Non-Executive Director who retires by rotation in accordance with Clause 92 of the Company's Constitution, had expressed his intention not to seek for re-election. Hence, he will retain office only until the close of the 26th AGM of the Company.

(D) Re-appointment of Auditors

The Audit Committee ("AC") have assessed the suitability, resources and independence of the External Auditors and recommended the re-appointment of KPMG PLT as External Auditors of the Company for the financial year ending 31 July 2023. The Board has in turn reviewed the recommendation of the AC and recommended the same to be tabled to the Shareholders for approval at the forthcoming 26th AGM of the Company under Ordinary Resolution 6.

EXPLANATORY NOTES ON THE ORDINARY AND SPECIAL BUSINESSES OF THE AGENDA. (Cont'd)

(E) 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 Twenty-Sixth 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-Fifth Annual General Meeting ("AGM") held on 17 December 2021. 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-Fifth Annual General Meeting.

(F) The Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 8 under item 7.2 of the Agenda, 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 2.3.3 of the Circular to Shareholders dated 16 November 2022 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day-to-day operations. For further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 16 November 2022 enclosed together with the Company's 2022 Annual Report.

NOTES ON APPOINTMENT OF PROXY:

1. Based on the Guidance and Frequently Asked Questions ("FAQs") on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (revised on 16 July 2021), the 26th Annual General Meeting ("26th AGM") of the Company will be held on a fully virtual basis via online meeting platform using Remote Participation and Electronic Voting ("RPEV") facility which is available on Boardroom Share Investor Portal website at https://boardroomlimited.my.

2. The main and only venue of the 26th AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/ proxies/ corporate representatives/ attorneys WILL NOT BE ALLOWED to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting. Members shall attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively "participate") remotely at this General Meeting via Remote Participation and Electronic Voting Facility ("RPEV") provided by Boardroom Share Registrars Sdn. Bhd. (the "Share Registrar") via https://meetingboardroomlimited.my. **Members are advised to read and follow the procedures provided in the Administrative Guide of the 26th AGM in order to participate remotely via RPEV.**

3. Where a Member, an authorised nominee or an exempt authorised nominee appoints more than one proxy, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.

4. Where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to credit of the said Securities Account.

5. 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

6. A Member entitled to attend, participate, speak and vote at this General Meeting is entitled to appoint a proxy or attorney or in case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote on his/ her behalf. A proxy may but need not be a member of the Company.

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (Cont'd)

NOTES ON APPOINTMENT OF PROXY: (Cont'd)

7. The Proxy Form shall be signed by the appointer or his/ her attorney duly authorised in writing or, if the Member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor portal at https://investor.boardroomlimited.com or email to BSR.Helpdesk@boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

9. The completed instrument of proxy once deposited will not preclude the Member from attending and voting in person at the 26th AGM should the Member subsequently wish to do so. A Member who is not resident in Malaysia or Singapore may by cable or other telegraphic communication appoint a proxy/proxies to vote for him/ her at any General Meeting of the Company PROVIDED:-

   (a) such cable or other telegraphic communication shall have been received by the Company Share Registrar not less than forty-eight (48) hours before the time for the holding of the 26th AGM or adjourned meeting as the case may be at which the person named in such cable or other telegraphic communication proposes to vote; and

   (b) the Directors are satisfied as to the genuineness of such cable or other telegraphic communication.

   ALL the particulars as required in the proxy form must be completed, signed and dated accordingly.

   Last date and time for lodging the proxy form is **Wednesday, 14 December 2022 at 10.00 a.m.**

10. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **original or duly certified certificate** of appointment of authorised representative with the Share Registrar of the Company, Boardroom 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. The certificate of appointment of authorised representative should be executed in the following manner:

    (a) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (b) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

       (1) at least two (2) authorised officers, one (1) whom shall be a director; or
       (2) any director and/ or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. A member who has appointed a proxy or attorney or authorised representative to participate in the 26th AGM must request his/ her proxy or attorney or authorised representative to register himself/ herself for the RPEV at the Share Registrar's Boardroom Share Registrars Online website at https://meetingboardroomlimited.my.

12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 26th AGM will be put to vote by way of poll.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Clause 62(5) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 2 December 2022. Only a depositor whose name appears on the Record of Depositors as at 2 December 2022 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page is intentionally left blank

FORM OF PROXY

HTVB
HIAP TECK VENTURE BERHAD
Registration No. 199701005844 (421340-U)

HIAP TECK VENTURE BERHAD
Registration No. 199701005844 (421340-U)

TWENTY-SIXTH ANNUAL GENERAL MEETING
FORM OF PROXY

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

of ....
(FULL ADDRESS)

being a member/members of **HIAP TECK VENTURE BERHAD** hereby appoint:

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone Number			

*and/or

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone Number			

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held via virtual platform of the Broadcast Venue located at the Auditorium, Level 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 16 December 2022 at 10.00 a.m. and at any adjournment thereof *for/*against the resolution(s) to be proposed thereat.

*My/*Our proxy(ies) *is/*are to vote on the Resolutions as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the Directors' fees of RM425,000.00 for the financial year ended 31 July 2022.		
2	To approve the Directors' allowances and benefits payable of RM40,000.00 in respect of the period from 17 December 2022 up to the next Annual General Meeting of the Company to be held in 2023.		
3	To approve a First and Final Single-Tier Dividend of 1.0 sen per share for the financial year ended 31 July 2022.		
4	To re-elect Tan Sri Dato' Law Tien Seng who is retiring in accordance with Clause 92 of the Company's Constitution.		
5	To re-elect Mr. Tan Shau Ming who is retiring in accordance with Clause 92 of the Company's Constitution.		
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 Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with (X) in the spaces provided above as to how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his (her) discretion]

Dated this 2022

Number of Ordinary shares held :	
CDS Account No.	

....

[Signature/Common Seal of Member]

* Delete if not applicable

Notes on Appointment of Proxy:

1. Based on the Guidance and Frequently Asked Questions ("FAQs") on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (revised on 16 July 2021), the 26th Annual General Meeting ("26th AGM") of the Company will be held on a fully virtual basis via online meeting platform using Remote Participation and Electronic Voting ("RPEV") facility which is available on Boardroom Share Investor Portal website at https://meeting.boardroomlimited.my.

2. The main and only venue of the 26th AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/ proxies/ corporate representatives/ attorneys WILL NOT BE ALLOWED to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting. Members shall attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively "participate") remotely at this General Meeting via Remote Participation and Electronic Voting Facility ("RPEV") provided by Boardroom Share Registrars Sdn. Bhd. (the "Share Registrar") via https://meeting.boardroomlimited.my. **Members are advised to read and follow the procedures provided in the Administrative Guide of the 26th AGM in order to participate remotely via RPEV.**

3. Where a Member, an authorised nominee or an exempt authorised nominee appoints more than one proxy, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.

4. Where a Member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to credit of the said Securities Account.

5. 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

6. A Member entitled to attend, participate, speak and vote at this General Meeting is entitled to appoint a proxy or attorney or in case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote on his/ her behalf. A proxy may but need not be a member of the Company.

7. The Proxy Form shall be signed by the appointer or his/ her attorney duly authorised in writing or, if the Member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor portal at https://investor.boardroomlimited.com or email to BSR.Helpdesk@boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

9. The completed instrument of proxy once deposited will not preclude the Member from attending and voting in person at the 26th AGM should the Member subsequently wish to do so. A Member who is not resident in Malaysia or Singapore may by cable or other telegraphic communication appoint a proxy/proxies to vote for him/ her at any General Meeting of the Company PROVIDED:-

   (a) such cable or other telegraphic communication shall have been received by the Company Share Registrar not less than forty-eight (48) hours before the time for the holding of the 26th AGM or adjourned meeting as the case may be at which the person named in such cable or other telegraphic communication proposes to vote; and
   (b) the Directors are satisfied as to the genuineness of such cable or other telegraphic communication.

   ALL the particulars as required in the proxy form must be completed, signed and dated accordingly.

   Last date and time for lodging the proxy form is **Wednesday, 14 December 2022** at **10.00 a.m.**

10. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **original or duly certified certificate** of appointment of authorised representative with the Share Registrar of the Company, Boardroom 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. The certificate of appointment of authorised representative should be executed in the following manner:

    (a) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (b) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

       (1) at least two (2) authorised officers, one (1) whom shall be a director; or
       (2) any director and/ or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. A member who has appointed a proxy or attorney or authorised representative to participate in the 26th AGM must request his/ her proxy or attorney or authorised representative to register himself/ herself for the RPEV at the Share Registrar's Boardroom Share Registrars Online website at https://meeting.boardroomlimited.my

12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 26th AGM will be put to vote by way of poll.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Fold here

Affix
STAMP

The Company Secretary
HIAP TECK VENTURE BERHAD
199701005844 (421340-U)
c/o Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Fold here

HIAP TECK VENTURE BERHAD
Registration No. 199701005844 (421340-U)

Lot 6096, Jalan Haji Abdul Manan
Batu 5 ½, Off Jalan Meru 41050 Klang
Selangor Darul Ehsan
Tel : 03-3377 8888