

HIAP TECK VENTURE BERHAD
[Registration No. 199701005844 (421340-U)]
(Incorporated in Malaysia)

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED FULLY VIRTUAL FROM THE BROADCAST VENUE 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.

PRESENT : Tan Sri Abd Rahman bin Mamat (*Chairman/ Independent Non-Executive Director*)
Tan Sri Dato' Law Tien Seng (*Executive Deputy Chairman*)
Mr. Foo Kok Siew (*Executive Director*)
Mr. Tan Shau Ming (*Executive Director*)
Mr. Law Wai Cheong (*Executive Director*)
Mr. Lee Ching Kion (*Senior Independent Non-Executive Director*)

Mr. Leow Hoi Loong @ Liow Hoi Loong (*Independent Non-Executive Director*)
Mr. Sherman Lam Yuen Suen (*Independent Non-Executive Director*)

Shareholders and Proxies

As per Attendance List

BY INVITATION : As per Attendance List

IN ATTENDANCE : Mr. Ng Yim Kong (*Company Secretary*)

1.0 CHAIRMAN

- 1.1 The Chairman, Tan Sri Abd Rahman Bin Mamat welcomed the Members who had joined the Twenty-Sixth Annual General Meeting (“26th AGM”) of the Company which was conducted fully virtual from the Broadcast Venue and complies with Section 327 of the Companies Act 2016 which requires that the main venue of the meeting to be in Malaysia and that the Chairperson of the meeting must be present at the main venue of the meeting. The Chairman informed that the Board takes the well-being of the Company’s shareholders, stakeholders and employees seriously. Therefore, as part of the Company’s safety and precautionary measures against Covid-19, the Company decided to convene the AGM entirely through live streaming and online participation and voting via Remote Participation and Electronic Voting (“RPEV”) facilities.
- 1.2 The Chairman introduced the Board of Directors who were all present with him at the broadcast venue.
- 1.3— The Chairman informed that the attendance of the AGM is restricted to Shareholders and authorised representatives of corporate shareholders who have registered to join the meeting remotely. As discussion that transpires in the AGM is deemed confidential and only for the knowledge of such relevant parties, any visual or audio recording whilst the AGM is conducted is strictly prohibited unless the Company gave prior written consent.

The Members were also informed that whilst the Company will try its best to ensure smooth live streaming, the quality of the broadcast may be affected by the Members' internet bandwidth connection.

2.0 QUORUM

- 2.1 Noting the Company Secretary's confirmation of the presence of a quorum, the Chairman declared that the Meeting had been properly convened and proceeded to business.

3.0 NOTICE OF MEETING

- 3.1 The Notice of Meeting convening the 26th AGM which had been properly circulated within the stipulated time frame to all the Members and had been duly advertised in the newspaper on 16 November 2022 in accordance with the Companies Act 2016 was agreed by the Members to be taken as read with no objection given against it.
- 3.2 Before proceeding to discuss the agenda of the 26th AGM, the Chairman reminded the Members present that under Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions tabled will be voted on by-poll electronically. The Members were also informed that Boardroom Share Registrars Sdn. Bhd. ("Boardroom Share Registrars") was appointed as the Poll Administrator for the poll voting process, and Strategy Corporate House Sdn. Bhd. was the Scrutineer to verify the poll results. A video on the e-polling process was presented to the Members by Boardroom Share Registrars.
- 3.3 The Chairman informed the Members that the poll voting conducted electronically via RPEV which had commenced will continue until the voting session's closure is announced later. The poll voting results will be announced after the Scrutineer had verified the poll results upon the voting session's closure.
- 3.4 The Members were informed that the shareholders and proxies were welcomed to raise questions in real time by transmitting their questions using the Query Box. The Board would endeavour to respond to questions submitted during the Q&A session after the Board has dealt with all the agenda of the Meeting. If there was time constraint, the response will be emailed to the Members after the Meeting.
- 3.5 At this juncture, the Chairman informed the Members present that the Board of Directors had received a letter from the Minority Shareholders' Watch Group ("MSWG") dated 2 December 2022 stating that MSWG would like to raise a few questions and/or to seek clarifications on a few matters relating to the Operational and Financials Matters and Sustainability/ Economic, Environmental, Social and Governance ("EESG") Matters of the Group which MSWG felt were of interest to the Minority Shareholders and all other stakeholders of the Group. In view of that, the Chairman called upon Mr. Foo Kok Siew ("Mr. Foo"), the Executive Director of the Company to read out to the Members, the Board of Directors' reply to the MSWG's questions.

- 3.6 Mr. Foo read out the Board of Directors' reply to the MSWG's letter dated 2 December 2022, which were as follows:

OPERATIONAL AND FINANCIAL MATTERS:							
1.	Q:		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
		<i>(Source: Page 17 of the Annual Report 2022).</i>					
		As shown above, HTVB recorded the highest revenue and profit from operations since FY2018.					
		(a) What is the prospect of maintaining such good revenue from HTVB's core business operations in the following financial year?					
	A:	Revenue is a function of volume and selling price. For FY2022, the higher revenue was largely driven by higher steel prices. Moving forward, the uncertainties present in both the domestic and export markets together with the downward trend in steel prices will pose a challenge. Nonetheless, Management is optimistic of achieving a higher sales volume for our core business operations for FY2023.					
	Q:	(b) What is the outlook for HTVB's business in FY2023?					
	A:	The Group's performance in the 1 st quarter of FY2023 was negatively impacted due to challenging market conditions caused by the on-going Ukraine war, high inflation, rapidly rising interest rates, China's zero-Covid policy and declining steel prices. However, the Malaysian Iron and Steel Industry Federation ("MISIF") has forecasted Apparent Steel Consumption ("ASC") for Malaysia to grow 11% and 9%, respectively in 2022 and 2023. In light of recent positive news namely, the formation of the new government in our country, peaked inflation, slower interest rate hikes and relaxation of China's lockdown policy, the outlook for the Group's business in the coming quarters can be expected to improve.					
2.	Q:	Despite recording the highest revenue and profit from operations since FY2018, the Group's gross profit margin ("GPM") reduced to 11.80% (RM186,761,000/ RM1,583,278,000 *100) in FY2022 from 15.70%					

		(RM169,898,000/ RM1,081,939,000 *100) in FY2021 (Page 73 of the Annual Report 2022).
		(a) What are the reasons for the decline in the GPM?
	A:	The decline in GPM was mainly attributed to declining steel prices particularly in the last quarter of the financial year and the write down of inventory to Net Realisable Value.
	Q:	(b) In what ways can the Group improve the GPM? What is the outlook for the GPM in FY2023?
	A:	Against this backdrop, the Group will continue to adopt prudent procurement strategies and inventory management to optimize financial performance. Additionally, the Group will further embrace technology and is adding a new production line to improve efficiency and expand product range. For the coming quarters of FY2023, GPM could be expected to improve amidst the more optimistic outlook.
3.	Q:	<u>Plant Utilisation Rate</u> (a) What is the previous and current capacity utilization rate for HTVB's plants?
	A:	The Group has two major manufacturing operations under: (i) Alpine Pipe Manufacturing Sdn. Bhd. ("APM"); and (ii) Huatraco Scaffold Sdn. Bhd. ("Huatraco"). APM produces structural pipe and hollow sections with an installed capacity of 500,000 MT per annum. Due to lock-downs and manpower availability as a result of the pandemic, capacity utilization was at around 30% - 35% over the past two years. Huatraco is a pioneer in the scaffolding industry in Malaysia. The plant utilization was also low in the last two years due to weak market demand caused by Covid-19 pandemic which has severely affected the construction industry.
	Q:	(b) What is the targeted utilisation rate for HTVB's plants in FY2023?
	A:	We are targeting to achieve utilization rate of 45% - 50% for APM, while higher output is also expected from Huatraco's plant in tandem with the gradual recovery of construction industry.

4.	Q:	As part of the improvement initiatives to further enhance cost efficiency, Eastern Steel Sdn. Bhd. (“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 (Page 13 of the Annual Report). With the completion of Phase 1 of ESSB’s coke oven plant, what is the targeted reduction in production costs in FY2023?
	A:	The cost savings from the new coke oven plant will largely depend on prevailing market prices of coking coal and coke, but can be reasonably estimated to reduce production costs over the long term by no less than 5%.
SUSTAINABILITY/ ECONOMIC, ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“EESG”)		
5.	Q:	Under the Company’s material topics of EESG, one of the key risks identified by the Company is high carbon emission release during peak hours (Page 49 of the Annual Report 2022). What measures have been taken to manage this key risk to date? Have the measures taken managed to reduce carbon emissions?
	A:	To date, we have implemented various energy saving measures including the replacement of the existing spotlights and fluorescent light tubes with Light-Emitting Diode (“LED”) tube on factory floors, offices and streets. As disclose in page 56 of the Annual Report 2022, our Scope 2 carbon emission in FY2022 has been reduced by 21% compared to the average data for 2018 and 2019. Management is currently also exploring other sources of energy including solar energy to further reduce carbon emissions.

3.7 Mr. Foo thanked the MSWG for its continuing interests in HTVB and the Company takes this opportunity to highlight that the Board of Directors of HTVB fully supports the work of MSWG in promoting good corporate governance best practices in Public Listed Companies.

3.8 The Chairman proceeded to Agenda 1 of the 26th AGM.

4.0 AGENDA 1: TO RECEIVE THE AUDITED FINANCIAL STATEMENTS

4.1 The Chairman informed the Shareholders that Agenda No. 1 was 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 (“the Said Audited Financial Statement”).

4.2 The Shareholders were informed that Agenda 1 was meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 and the Company’s Constitution

did not require a formal approval of the Said Audited Financial Statements by the Members. Hence, Agenda 1 was not subject to voting by poll.

- 4.3 The Chairman declared that the Audited Financial Statements of the Company for the financial year ended 31 July 2022 together with the Directors' and Auditors' Reports attached thereon be hereby duly received.

5.0 AGENDA 2 (RESOLUTION 1): APPROVAL OF THE DIRECTORS' FEES OF RM425,000.00 FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

- 5.1 The Chairman proceeded to Agenda No. 2 (Resolution 1) which was to approve the Directors' fees of RM425,000.00 for the financial year ended 31 July 2022.

- 5.2 The Chairman, therefore, tabled the motion to the meeting for consideration: "To approve the Directors' fees of RM425,000.00 for the financial year ended 31 July 2022" be hereby unanimously received and put to the poll.

6.0 AGENDA 3 (RESOLUTION 2): APPROVAL OF 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

- 6.1 The Chairman proceeded to Agenda No. 3 (Resolution 2) which was 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".

- 6.2 The Chairman, therefore, tabled the motion to the meeting for consideration: "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" be hereby unanimously received and put to the poll.

7.0 AGENDA 4 (RESOLUTION 3): TO APPROVE A FIRST AND FINAL SINGLE-TIER DIVIDEND OF 1.0 SEN PER SHARE FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

- 7.1 The Chairman proceeded to Agenda No. 4 (Resolution 3) which was to approve a First and Final Single-Tier Dividend of 1.0 sen per share for the financial year ended 31 July 2022.

- 7.2 The Chairman, therefore, tabled the motion to the meeting for consideration: "To approve a First and Final Single-Tier Dividend of 1.0 sen per share for the financial year ended 31 July 2022" be unanimously received and put to the poll.

8.0 AGENDA 5 (a) and 5 (b) (RESOLUTION 4 AND 5): RE-ELECTION OF DIRECTORS WHO ARE RETIRING IN ACCORDANCE WITH CLAUSE 92 OF THE COMPANY'S CONSTITUTION

- 8.1 The Chairman proceeded to Agenda No. 5 (a) (Resolution 4) which was to re-elect Tan Sri Dato' Law Tien Seng, who was retiring in accordance with Clause 92 of the Company's Constitution.
- 8.2 Tan Sri Dato' Law Tien Seng was due to retire by rotation in accordance with Clause 92 of the Company's Constitution, and being eligible, had offered himself for re-election.
- 8.3 The Chairman, therefore, tabled the motion to the meeting for consideration: "To re-elect Tan Sri Dato' Law Tien Seng, who is retiring in accordance with Clause 92 of the Company's Constitution be re-elected as a Director of the Company" be hereby unanimously received and put to the poll.
- 8.4 The Chairman proceeded to Agenda No. 5 (b) (Resolution 5) which was to re-elect Mr. Tan Shau Ming, who was retiring in accordance with Clause 92 of the Company's Constitution.
- 8.5 Mr. Tan Shau Ming was due to retire by rotation in accordance with Clause 92 of the Company's Constitution, and being eligible, had offered himself for re-election.
- 8.6 The Chairman, therefore, tabled the motion to the meeting for consideration: "To re-elect Mr. Tan Shau Ming who is retiring in accordance with Clause 92 of the Company's Constitution be re-elected as a Director of the Company" be hereby unanimously received and put to the poll.
- 8.7 Tan Sri Abd Rahman 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.
- 9.0 AGENDA 6 (RESOLUTION 6): RE-APPOINTMENT OF MESSRS. KPMG PLT AS THE COMPANY'S AUDITORS FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**
- 9.1 The Chairman proceeded to Agenda No. 6 (Resolution 6) which was to re-appoint Messrs. KPMG PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.
- 9.2 The retiring Auditors, Messrs. KPMG PLT have expressed their willingness to continue in office.
- 9.3 The Chairman, therefore, tabled the motion to the meeting for consideration: "To re-appoint Messrs. KPMG PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration" be hereby unanimously received and put to the poll.
- 10.0 AGENDA 7.1 (RESOLUTION 7): AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016**

- 10.1 The Chairman proceeded to Agenda No. 7.1 (Resolution 8) which was to consider, and if thought fit, to pass the Resolution pertaining to the authority to be given to the Directors to Allot Shares pursuant to Section 75 and 76 of the Companies Act 2016.
- 10.2 The Chairman, therefore, tabled the motion to the meeting for consideration: “**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” be hereby unanimously received and put to the poll.

11.0 AGENDA 7.2 (RESOLUTION 8): PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

- 11.1 The Chairman proceeded to Agenda No. 7.2 (Resolution 8) which was to consider, and if thought fit, to pass the Resolution pertaining to the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Renewal of Shareholders’ Mandate”).
- 11.2 The Chairman, therefore, tabled the motion to the meeting for consideration: “**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.

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” be hereby unanimously received and put to the poll.

12.0 QUESTION AND ANSWER (Q&A) SESSION

- 12.1 The Chairman informed the Members that since all the resolutions had been tabled, questions posed by the Members at this Meeting would now be addressed.

12.2 Mr. Foo informed the Chairman that there were a few questions received from the Shareholders as presented below:

1.	Q:	Mr. Teh Kian Lang asked if HTVB would have a hybrid physical AGM next year.
	A:	The Board will definitely consider to hold a hybrid AGM next year, but only after taking into account the Covid-19 situation prevailing then. The Company takes the safety and health of its shareholders, stakeholders and employees at the utmost priority.
2.	Q:	Encik Mohd Tahir asked regarding the Company's future outlook.
	A:	Mr. Foo informed that this question had been addressed in the reply to Minority Shareholders Watch Group's letter above.
3.	Q:	Mr. Chan Fung Han noted that there was a further write down on inventories to Net Realisable Value ("NRV") of RM 27 million in Q1 ended 31 st October 2022. Does this further write down indicate the finished goods as at 31 st July 2022 was overstated?
	A:	No, the status as at 31 st July 2022 was reflecting the NRV prevailing as at 31 st July 2022.
4.	Q:	Mr. Chan Fung Han commented that the Group made a loss in Q1 due to declining selling prices and higher cost of materials. What are the Management strategies to turnaround this situation?
	A:	Mr. Foo informed that this question had been addressed in the reply to Minority Shareholders Watch Group's letter above.
5.	Q:	Mr. Chua Ching Sheen asked Tan Sri Chairman if there was any constraints regarding the minimum pay implemented by the Government. Are there any dividend policy in place? He commented that he would like to request for a copy of the 2022 Annual Report as well.
	A:	The Group adopts the minimum pay implemented by the Government. The Board will consider an appropriate dividend policy in due course. A copy of the 2022 Annual Report can be provided, and Mr. Chua was requested to e-mail the Company Secretary as per detailed in the Annual Report.

12.3 The Chairman thanked the Members for all the questions, and informed the Members that if there are specific questions yet to be answered, the Company will revert the answers via email later on. With that, the Chairman declared that the Q&A session ended.–

- 12.4 The Chairman informed the Members that the Agendas of the Meeting had been concluded. He proceeded to declare that since there is no notice of any other business received by the Company, the voting session would be closed in 10 minutes and advised the Members to vote soon if the Members had still not done so. The Chairman informed the Members that for the Shareholders' benefit, he had been appointed to act as proxy for a number of shareholders and shall vote following the instructions given.

The Chairman informed that the votes would be counted by the Poll Administrator and verified by the Scrutineer and the whole process would take about 15 minutes to complete.

- 12.5 The Meeting was adjourned for 25 minutes for the votes to be counted by the Poll Administrator and verified by the Scrutineer.

13.0 ANNOUCEMENT OF POLL RESULTS

- 13.1 The AGM was reconvened and the Chairman called the Meeting to order again for the announcement of the 26th AGM poll results. The result of the poll for all the 8 Resolutions were broadcasted on the screen. A copy of the polling result is attached herewith for record purpose.

- 13.2 The Chairman declared that all the 8 Resolutions had been duly carried by the Members.

- 13.3 Following this, the Chairman declared that the 26th AGM of the Company ended at 11:00 a.m. and thanked all the Members for their presence and wished everyone good health, Merry Christmas and a Happy New Year. Everyone was reminded to Stay Safe and Stay Healthy. A vote of thanks was proposed for the Chair and was duly seconded.

CONFIRMED AS THE CORRECT RECORD OF THE PROCEEDINGS THEREAT



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TAN SRI ABD RAHMAN BIN MAMAT
CHAIRMAN

Date:
Petaling Jaya

(Ref: HTVB/26th AGM_16.12.2022/NYK)