

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

MINUTES OF THE TWENTY-SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED FULLY VIRTUAL FROM THE BROADCAST VENUE AT LEVEL 12, MENARA SYMPHONY, NO. 5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON FRIDAY, 15 DECEMBER 2023 AT 10:00 A.M.

PRESENT	:	Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	<i>(Chairman/ Independent Non-Executive Director)</i>
		Tan Sri Dato' Seri Law Tien Seng	<i>(Executive Deputy Chairman)</i>
		Mr. Foo Kok Siew	<i>(Executive Director)</i>
		Mr. Tan Shau Ming	<i>(Executive Director)</i>
		Mr. Law Wai Cheong	<i>(Executive Director)</i>
		Mr. Sherman Lam Yuen Suen	<i>(Independent Non-Executive Director)</i>
		Mr. Chen Thien Yin	<i>(Independent Non-Executive Director)</i>
		Dato' Ooi Lay See	<i>(Independent Non-Executive Director)</i>
	ABSENT WITH APOLOGY		Mr. Lee Ching Kion

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 Dato' Sri Mohamad Fuzi Bin Harun welcomed the Members who had joined the Twenty-Seventh Annual General Meeting ("27th 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 even though Covid-19 is endemic, the Company has 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 himself and 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 27th AGM which had been properly circulated within the stipulated time frame to all the Members who were entitled to receive this Notice and had been duly advertised in the newspaper on 15 November 2023 in accordance with the Companies Act 2016 was taken as read with no objection given against it.
- 3.2 Before proceeding to discuss the agenda of the 27th 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.
- 3.3 The Chairman informed the Members that the poll voting would be conducted electronically via RPEV facility provided by Boardroom Share Registrars and the polling session had commenced from 10.00 a.m. today and would continue until the voting session's closure is announced by the Chairman 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 Boardroom Share Registrars' video was played to provide guidance to the Members on the voting procedures.
- 3.5 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.
- 3.6 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 21

November 2023 stating that MSWG would like to raise a few questions 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.

3.7 Mr. Foo read out the Board of Directors’ reply to the MSWG’s letter dated 21 November 2023; a copy of which is attached herewith for the Members’ information.

3.8 Mr. Foo thanked the MSWG for its continuing interest in HTVB and highlighted that the Board of Directors of HTVB fully supports the work of MSWG in promoting good corporate governance best practices in Public Listed Companies.

3.9 The Chairman proceeded to Agenda 1 of the 27th AGM.

4.0 AGENDA 1: TO RECEIVE THE AUDITED FINANCIAL STATEMENTS

4.1 The Chairman informed the Members that Agenda No. 1 was to receive the Audited Financial Statements of the Company for the financial year ended 31 July 2023 together with the Directors’ and Auditors’ Reports attached thereon (“the Said Audited Financial Statements”).

4.2 The Members 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 2023 together with the Directors’ and Auditors’ Reports attached thereon be hereby unanimously received.

5.0 AGENDA 2 (RESOLUTION 1): APPROVAL OF THE DIRECTORS’ FEES OF RM405,726.00 FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

5.1 The Chairman proceeded to Agenda No. 2 (Resolution 1) which was to approve the Directors’ fees of RM405,726.00 for the financial year ended 31 July 2023.

5.2 The Chairman, therefore, proposed the motion “To approve the Directors’ fees of RM405,726.00 for the financial year ended 31 July 2023” 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 16 DECEMBER 2023 UP TO THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN 2024

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 16 December 2023 up to the next Annual General Meeting of the Company to be held in 2024".

- 6.2 The Chairman, therefore, proposed the motion: "To approve the Directors' allowances and benefits payable of RM40,000.00 in respect of the period from 16 December 2023 up to the next Annual General Meeting of the Company to be held in 2024" 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 0.5 SEN PER SHARE FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

- 7.1 The Chairman proceeded to Agenda No. 4 (Resolution 3) which was to approve a First and Final Single-Tier Dividend of 0.5 sen per share for the financial year ended 31 July 2023.

- 7.2 The Chairman, therefore, proposed the motion: "To approve a First and Final Single-Tier Dividend of 0.5 sen per share for the financial year ended 31 July 2023" 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 Mr. Foo Kok Siew, who was retiring in accordance with Clause 92 of the Company's Constitution.

- 8.2 Mr. Foo Kok Siew 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, proposed the motion: "To re-elect Mr. Foo Kok Siew, 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. Law Wai Cheong, who was retiring in accordance with Clause 92 of the Company's Constitution.

- 8.5 Mr. Law Wai Cheong 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, proposed the motion: "To re-elect Mr. Law Wai Cheong 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.

9.0 AGENDA 6 (a), 6 (b) and 6 (c) (RESOLUTION 6, 7 AND 8): RE-ELECTION OF DIRECTORS WHO ARE RETIRING IN ACCORDANCE WITH CLAUSE 97 OF THE COMPANY'S CONSTITUTION

- 9.1 At this juncture, the Chairman passed the Chair to Mr. Foo, the Executive Director to proceed with Agenda No. 6 (a) which was to re-elect the Chairman who was retiring as a Director of the Company in accordance with Clause 97 of the Company's Constitution.
- 9.2 Mr. Foo proceeded to Agenda No. 6 (a) which was to re-elect Tan Sri Dato' Sri Mohamad Fuzi Bin Harun, who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, had offered himself for re-election.
- 9.3 Mr. Foo, therefore, proposed the motion: "To re-elect Tan Sri Dato' Sri Mohamad Fuzi Bin Harun who is retiring in accordance with Clause 97 of the Company's Constitution be re-elected as a Director of the Company" be hereby unanimously received and put to the poll.
- 9.4 Following this, Mr. Foo passed the Chair back to Tan Sri Dato' Sri Mohamad Fuzi Bin Harun to continue with the rest of the agenda.
- 9.5 The Chairman proceeded to Agenda No. 6 (b) (Resolution 7), which was to re-elect Mr. Chen Thien Yin who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, had offered himself for re-election.
- 9.6 The Chairman proposed the motion: "To re-elect Mr. Chen Thien Yin who is retiring in accordance with Clause 97 of the Company's Constitution be re-elected as a Director of the Company" be hereby unanimously received and put to the poll.
- 9.7 The Chairman proceeded to Agenda No. 6 (c) (Resolution 8), which was to re-elect Dato' Ooi Lay See who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, had offered herself for re-election.
- 9.8 The Chairman, therefore, proposed the motion: "To re-elect Dato' Ooi Lay See who is retiring in accordance with Clause 97 of the Company's Constitution be re-elected as a Director of the Company" be hereby unanimously received and put to the poll.
- 10.0 AGENDA 7 (RESOLUTION 9): RE-APPOINTMENT OF MESSRS. KPMG PLT AS THE COMPANY'S AUDITORS FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**
- 10.1 The Chairman proceeded to Agenda No. 7 (Resolution 9) 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.
- 10.2 The retiring Auditors, Messrs. KPMG PLT have expressed their willingness to continue in office.

10.3 The Chairman, therefore, proposed the motion: “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.

11.0 AGENDA 8.1 (RESOLUTION 10): AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS.

11.1 The Chairman proceeded to Agenda No. 8.1 (Resolution 10) which was to consider, and if thought fit, to pass the Resolution pertaining to the authority to be given to the Directors to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights.

11.2 The Chairman, therefore, proposed the motion: “**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 together with the waiver of the statutory pre-emptive rights 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.

12.0 AGENDA 8.2 (RESOLUTION 11): PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

12.1 The Chairman proceeded to Agenda No. 8.2 (Resolution 11) 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”).

12.2 The Chairman, therefore, proposed the motion: “**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 15 November 2023, 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.

13.0 QUESTION AND ANSWER (Q&A) SESSION

13.1 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.

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

13.2.1 Shareholders: Tan Kuan Chin

(a) Q: The Company's 27.3% owned joint venture company, Eastern Steel Sdn. Bhd. ("ESSB") has raised RM195 million for the construction of the Hot Roll Coil Mill ("HRC Mill"). Is this the total amount and does ESSB requires extra fund for the HRC Mill in the future?

A: With the RM195 million raised, we do not envisage ESSB to call for another capital injection before the completion of the HRC Mill in September 2024.

(b) Q: The Hot Roll Coil Mill is expected to have an annual capacity of 2.58 million MT. How much of the total production does HTVB use?

A: Hiap Teck Venture Berhad's ("HTVB") pipe making operation uses about 250,000 MT hot roll coil per annum.

(c) Q: Is the power generated by 50 MW and 55 MW power plants sufficient to power the HRC Mill?

A: Actually there are two 50 MW and one 55 MW Power Plants. It is substantially sufficient to power the HRC Mill. The self-sufficiency rate for power is estimated to be at 90% in 2024.

(d) Q: On December 9, 2023, the Financial Times reported an increase in Chinese steel output. Furthermore, China's annual production cap will not apply this year. The steel market is already oversupplied. How does this affect ESSB's HRC Mill expansion?

A: Steel products are generally divided into long and flat products the over-supply situation in Malaysia is for long products and ESSB's strategy is not to go into areas where there are too many players. All HRC used in Malaysia estimated at 2 million MT per annum are currently imported. The objectives of ESSB's HRC Mill is aimed to satisfy local demand, provide supply stability and to support and

bolster the downstream steel manufacturing sector whilst conserving the Country's foreign exchange reserve.

(e) Q: What is the estimated return from JV to HTVB?

A: HTVB accounts for 27.3% of ESSB's profits. For FY2022 and FY2023, ESSB contributed RM52.7 million and RM44.5 million to the Group's Net Profit After Tax. We expect the contribution from ESSB to grow multi-fold in line with its capacity expansion.

(f) Q: Will HTVB issue a Rights Issue to raise capital?

A: There are no plans to call for a Rights Issue at HTVB.

(g) Q: There have been significant higher trade receivables past due above 30, 60 and 90 days as compared to FY2022. What is Management's plan to improve collection and is there any impairment to bad debts?

A: Net loss on impairment on trade receivables of RM1.167 million was provided in FY2023 against the provision in FY2022 of only RM65,000, after making due impairment assessment process. There is no impairment loss and most of the past due amounts have been received after the financial year end.

(h) Q: Is it possible for HTVB to adopt a dividend policy to reward long term shareholders and is a dividend re-investment plan feasible?

A: ESSB is at its growth phase and is re-investing into innovation and expanding its capacity. Once ESSB's operation reaches its maturity, the Board of HTVB at the appropriate time will consider a dividend policy.

13.2.2 Shareholders: Teo Gian Aik

(a) Q: ESSB spent RM4 billion to build 2 million MT Blast Furnace and another RM1.5 billion for the HRC line but ESSB's borrowing was only RM893 million at FY2023. May I know where the RM5.5 billion capital expenditure came from?

A: ESSB financed its plant expansion from a combination of sources, including internally generated funds, deferred payments, suppliers' credit, financial assistance from the majority shareholder and bank borrowings. RM893 million only referred to bank borrowing drawn as at 31 July 2023.

- (b) Q: With the successful ignition in August 2023 and commencement of production in October 2023, when will the new plant operate in full capacity?
- A: Production achieved is now around 80% and we expect full capacity utilisation by the first quarter of 2024.
- (c) Q: ESSB's current products are slabs and billets, can the Company be expected to sell another 2 million MT of output?
- A: Yes. Due to the Company's globally competitive cost structure and its strong sales team. All production outputs are backed by confirmed customers' orders.
- (d) Q: Based on the current raw material price, what is the current cost of production and what will it be after the 2 million MT expansion?
- A: Based on the current raw material price, the average production cost is approximately RM2,200 per MT. With the greater economy of scale from the expansion, we expect the production cost to reduce by up to 10%.
- (e) Q: Is the target of producing HRC in September 2024 still on track?
- A: Yes. The target to complete HRC Mill by September 2024 is still on track.
- (f) Q: ESSB will have to take a 30% dividend policy. How about HTVB?
- A: We have discussed this earlier. The Board at the appropriate time will look into this matter.

13.3 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 had ended.

13.4 The Chairman informed the Members that the Agendas of the Meeting had been concluded. He proceeded to declare that since there was 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 after the conclusion of the voting session by the Poll Administrator and verified by the Scrutineer and the whole process would take about 15 minutes to complete.

13.5 Meanwhile, the Meeting was adjourned for 15 minutes for the votes to be counted by the Poll Administrator and verified by the Scrutineer.

14.0 ANNOUCEMENT OF POLL RESULTS

14.1 The AGM was reconvened and the Chairman called the Meeting to order again for the announcement of the 27th AGM poll results. The result of the poll for all the 11 Resolutions were broadcasted on the screen. A copy of the polling result is attached herewith for record purpose.

14.2 The Chairman declared that all the 11 Resolutions had been duly carried by the Members.

14.3 Following this, the Chairman declared that the 27th AGM of the Company ended at 11:08 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.

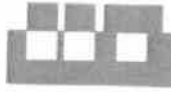
CONFIRMED AS THE CORRECT RECORD OF THE PROCEEDINGS THEREAT



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TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN
CHAIRMAN

Date: 15 December 2023
Petaling Jaya

(Ref: HTVB/27th AGM_15.12.2023/NYK)



HTVB

HIAP TECK VENTURE BERHAD

Registration No : 199701005844 (421340-U)

15 December 2023

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attention: Mr. Devanesan Evanson
Chief Executive Officer

Dear Sirs,

**Re: 27th Annual General Meeting of
Hiap Teck Venture Berhad ("HTVB" or the "Company")**

We refer to your letter dated 21 November 2023 and are pleased to answer the points you have raised in the interest of minority shareholders and all other stakeholders of the Group.

Operational & Financial Matters

1) Manufacturing segment

For the financial year under review, the segment reported a loss of RM27.69 million (FY2022: Segment profit of RM89.85 million). The sluggish performance was principally due to the high cost of inventories brought forward coupled with lower steel prices despite higher sales volumes and stringent costs control.

(Page 15 of the Annual Report 2023/AR2023).

(a) What current measures are being taken to manage the segment's inventory issue, which is the leading cause for the segment's loss in FY2024?

The Group maintains a strong focus on mitigating inventory risks, with close supervision by the Chief Operating Officer and the Chief Commercial Officers, who carefully monitor inventory levels and prices for strategic procurement decisions. The procurement team exercises diligent control to mitigate the risk of losses in the event of adverse price movements. Mitigating measures include purchases made after consensus is reached with Senior Management and the Executive Directors; with procurement aligned with actual requirements, avoiding the accumulation of excessive stocks.



(b) What is the segment's financial performance outlook in FY2024? Does HTVB expect the segment's bottom-line result to turn around in FY2024?

The Group is committed on cost efficiency, quality improvement, and strategic investments in plant and technology. The Group is investing in a new Enterprise Resource Planning (ERP) system to optimize workflows, access real-time data and to improve decision-making process. Alpine has also added a new production line and is progressively upgrading older machines to allow for faster line speed and increased range of products. The Group expects its initiatives to have a positive impact on the financial performance of the segment for the upcoming year.

2) Trading segment

Despite the higher revenue, the trading segment reported a much-reduced profit of RM1.76 million in FY2023, compared to RM43.76 million recorded in the previous financial year due to distortions in margin despite higher volumes.

(Page 15 of AR2023)

(a) What has caused the distortions in the margin?

The distortions in the margin for the Trading Segment are attributed to several factors, including changes in market dynamics, volatility in steel prices, slower market conditions and increased competition. Despite achieving higher revenue, the profitability of the trading business has been adversely affected by these external variables.

(b) What is the previous and current margin?

The margin is influenced by the external factors outlined in our response to question 2(a). The current margin is lower than the previous year, a consequence of these aforementioned factors.

(c) How can the segment improve its margin? What is the segment's targeted margin in the next two financial years?

In an anticipated lower-margin setting, the Group aims to reshape its market strategy by boosting volume sales of key products which we have dominant positions. The goal is to increase absolute profit, focus on strategic pricing, and efficient inventory and receivable management, to drive sustainable revenue growth.

3) HTVB incurred a higher finance cost of RM20,673,000 in FY2023 (FY2022: RM13,383,000) *(Page 77 of AR2023)*, mainly due to rising interest rate *(Page 14 of AR2023)*. This represents a year-on-year increase of 54.5%.

Does the Group expect the finance cost to remain at the same level or higher in FY2024? If it is higher, to what extent can it increase?

The Group is dedicated to sound financial management and aims to mitigate borrowing costs by disciplined inventory and credit management practices. For FY2024, the Group expects borrowings to remain at relatively the same level and any increases in finance cost will be largely attributable to the country's interest rate environment.

4) Eastern Steel Sdn. Bhd. ("ESSB")

With the successful ignition of its newly completed 1,380 m³ Blast Furnace Plant on 1 August 2023 and first production on 8 October 2023, ESSB's production capacity has increased from the current 700,000 MT of steel slabs and billets per annum to 2,700,000 MT per annum. ESSB's production is targeted to be sold locally to satisfy domestic demand and also exported to neighbouring countries principally in Southeast Asia and North Asia.

(Page 14 of AR2023)

(a) With the inclusion of the newly completed plant and increased production capacity, what is the current and targeted capacity utilization rate in FY2024?

Presently, the utilisation of the expanded production capacity stands at approximately 80%, and the goal is to achieve full capacity utilisation in first quarter of 2024.

(b) What are ESSB's targeted sales for local and overseas markets in the next two financial years?

Currently, the domestic and export market distribution of ESSB is approximately 30:70. However, upon the anticipated completion and commissioning of the Hot Rolling Mill and the production of Hot Rolled Coil (HRC) by September 2024, the distribution ratio is expected to shift to 70:30, with the majority of HRC aimed to satisfy local demand, which are currently all imported.

Environmental, Social, and Governance (ESG)

5) What relevant ESG initiatives will the Group carry out in the next few years, and what is the budget requirement for those initiatives?

The Group is committed to a range of ESG initiatives to enhance environmental, social, and governance practices. We have commenced with a budget of RM10.0 million to install, on our buildings, roof top solar PV system with a total estimated capacity of 4,681 kWp that can generate more than 6.0 million kWh of electricity. This is scheduled to complete by the second half of 2024 and will promote clean energy practices, lower carbon emissions and helps combat climate change. Our Group will integrate ESG budgeting with the overall corporate budget to ensure alignment of our ESG goals with the Group's values and broader business objectives.

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

Thank you.

Yours sincerely,
For and on behalf of
HIAP TECK VENTURE BERHAD



Foo Kok Siew
Executive Director

c.c. Company Secretary