



HTVB

HIAP TECK VENTURE BERHAD

Registration NO : 199701005844 (421340-U)

17 December 2025

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

23-2, Menara AIA Sentral
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs,

**Re: 29th Annual General Meeting of
Hiap Teck Venture Berhad (“HTVB” or the “Company”)**

We refer to your letter dated 10 December 2025 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. Given the significant decline in manufacturing segment profit from RM38.70 million in FY2024 to RM5.94 million in FY2025, and the widening of trading segment losses from RM10.54 million in FY2024 to RM46.59 million in FY2025 (Page 13 of the Annual Report (AR)2025), what specific strategic and operational measures will the Board implement to improve and restore profitability in these core segments?

Management actively monitors the challenging operating environment marked by the downtrend in steel prices and heightened market volatility. To address the significant decline in profitability, the Group has implemented several focused strategic and operational measures to stabilise performance.

Key measures include:

- **Cost Rationalisation:** Streamlining logistics, warehousing and administrative costs to strengthen operating efficiency.
- **Tighter Inventory Controls:** Aligning procurement with near-term demand and accelerating stock turnover to minimise exposure to price fluctuations.
- **Working Capital Efficiencies:** Reducing financing and warehousing costs through tighter cash-flow and inventory management.
- **Product Mix Optimisation:** Prioritising fast-moving and better-margin products to strengthen turnover and reduce holding risks.
- **Customer focus:** Deepening engagement with contractors, fabricators and stockists to secure volume commitments
- **Improve Production Efficiency:** Investments in more efficient new production lines and align production schedules to reduce energy and labour costs.

These measures are intended to enhance the Group’s performance and resilience, positioning the Group to benefit when market conditions improve.

2. The Group recorded an inventory write-down of RM11.29 million in FY2025, compared to a reversal amount of RM2.89 million in FY2024 (Page 90 of AR 2025). Of this total, RM10.71 million related to trading segment inventories (Page 13 of AR 2025).

a) As the segment imports and distributes a broad range of steel products to hardware companies and project end-users across multiple sectors (Page 13 of AR 2025), which specific steel product categories were most significantly affected by the write-down exercise?

The write-down in FY2025 primarily related to selected **structural steel** products, most notably **steel beams** which were impacted by sustained price weakness, and delays in the roll-out of certain key infrastructure projects.

b) Can any portion of these written-down inventories still generate value or be monetised? If yes, what sales channels or strategies will the segment use to maximise recovery, and what is the estimated recoverable amount?

Yes, all written-down inventories remain saleable as steel products do not degrade over time. The write-down reflects Net Realisable Value (NRV) adjustments to prevailing market prices than product quality issues.

To monetise the written-down inventories, Management is engaging large-volume buyers, including stockists and project contractors, to accelerate disposal. Management expects realisable values to align broadly with current market prices, with potential upside should market conditions strengthen.

c) What enhanced risk management practices and pricing strategies will be adopted to prevent similar inventory value erosion, particularly given the persistent downward trend in the steel market?

Management has further strengthened its existing procurement and inventory controls within the Group's enterprise risk management framework. Key enhancements include:

- Closer alignment of purchases with near-term demand;
- More frequent market and price monitoring,
- Stronger focus on fast-moving, lower-inventory-holding products to minimise exposure to prolonged price weakness, and
- More rigorous inventory ageing reviews with proactive clearance strategies

While external market movements remain outside the Group's control, these measures are designed to improve discipline, reduce inventory risks and support more stable operational performance.

B. SUSTAINABILITY MATTERS

3. Despite the Company's claim of zero corruption incidents over the past three years, percentage of operations assessed for corruption-related risks was zero for FY2023, FY2024 and FY2025 (Page 50 of AR 2025). How does the Company reconcile this absence of systematic risk assessment with its declaration that its governance practices remain current and robust (Page 49 of AR 2025)? Why were there no operations assessed for corruption-related risks? Does the Company plan to conduct such assessments going forward?

A comprehensive corruption-risk assessment was conducted when the Anti-Bribery and Corruption (ABC) Policy was first introduced, and the resulting controls are embedded within SOPs and monitored continuously. Mandatory employee acknowledgements, regular awareness activities and ongoing training further reinforcing the compliance culture across the organisation. In addition, the enterprise risk management, internal control frameworks, and whistleblowing policy and procedure, collectively provide continuous oversight of corruption-related risks. To date, no corruption incidents have been reported.

Going forward, Management recognises the importance of reviewing these assessments periodically to remain aligned with evolving regulatory expectations. As such, the Group intends to refresh and further enhance its corruption-related risk assessment to ensure continued relevance and transparency.

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

Thank you.

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



Foo Kok Siew
Executive Director
c.c. Company Secretary