

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus. All enquiries concerning the Corporate Exercises should be addressed to the Share Registrar of HTVB, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

If you have sold or transferred all your HTVB Shares, you should hand the Documents at once to the agent/broker through whom you effected the sale/transfer for onward transmission to your purchaser(s) and/or transferee(s).

This Abridged Prospectus, together with the NPA and the RSF, will only be despatched to our Entitled Shareholders (excluding Foreign Addressed Shareholders). The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that either the Corporate Exercises or the Documents comply with the laws related to public offerings of any country or jurisdiction where action for such purpose is required, other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of the Provisional Allotments, application for the Excess RCUIDS or the subscription, offer, sale, resale, pledge or other transfer of the Provisional Allotments would result in the contravention of any laws of such countries or jurisdictions. Our Company, the Joint Principal Advisers, Joint Managing Underwriters and Joint Underwriters shall not accept any responsibility or liability in the event that any acceptance or renunciation (as the case may be) of the Provisional Allotments, application for the Excess RCUIDS, or the subscription, offer, sale, resale, pledge or other transfer of the Provisional Allotments made by any Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, are residents.

Our shareholders have approved, among others, the Corporate Exercises at our EGM held on 6 May 2016. The SC had, on 1 October 2015 and 23 February 2016, approved the issuance of the RCUIDS and the revision of the principal terms and conditions of the RCUIDS respectively. Bursa Securities had, on 8 April 2016, approved among others, the admission of the RCUIDS and New Warrants to the Official List of Bursa Securities and the listing of and quotation for the RCUIDS, New Warrants, Bonus Shares and new HTVB Shares to be issued pursuant to the conversion of the RCUIDS and exercise of the New Warrants ("New Securities"). The approval from Bursa Securities for the admission of the RCUIDS and New Warrants to the Official List of Bursa Securities and the listing of and quotation for the New Securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Corporate Exercises. The official listing of and quotation for the RCUIDS, New Warrants and Bonus Shares will commence after, among others, receipt of confirmation from Bursa Depository that all CDS accounts of the successful Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, have been duly credited and notices of allotment have been despatched to them.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Corporate Exercises or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for their contents.

Our Board has seen and approved all the documentation relating to the Corporate Exercises including the Documents. Our Board collectively and individually accepts full responsibility for the accuracy of the information given and confirms that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Maybank IB and HLIB, being the Joint Principal Advisers for the Corporate Exercises, acknowledge that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Corporate Exercises.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



HIAP TECK VENTURE BERHAD

(Company No. 421340-U)

(Incorporated in Malaysia under the Companies Act, 1965)

- (I) RENOUNCEABLE RIGHTS ISSUE OF UP TO RM213,284,300.00 NOMINAL VALUE OF FIVE (5)-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES ("RCUIDS") AT 100% OF ITS NOMINAL VALUE ON THE BASIS OF TWO (2) RM0.50 NOMINAL VALUE OF RCUIDS FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM0.50 EACH IN HTVB ("HTVB SHARES") HELD AS AT 5.00 P.M. ON 27 MAY 2016 TOGETHER WITH UP TO 426,568,600 FREE DETACHABLE WARRANTS ("NEW WARRANTS") ON THE BASIS OF ONE (1) NEW WARRANT FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED ("RIGHTS ISSUE"); AND
- (II) BONUS ISSUE OF UP TO 853,137,200 NEW HTVB SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED PURSUANT TO THE RIGHTS ISSUE

Joint Principal Advisers, Joint Managing Underwriters and Joint Underwriters



Maybank Investment Bank Berhad (151038-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Joint Underwriters



INTER-PACIFIC
SECURITIES SDN. BHD.
(127942)
A Participating Organisation of Bursa Malaysia Securities Berhad
A Trading Participant of Bursa Malaysia Derivatives Berhad



Mercury Securities Sdn. Bhd. (113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Sukuk Trustee



Pacific Trustees
Berhad
The Trust Company

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Friday, 27 May 2016 at 5.00 p.m.
Last date and time for the sale of Provisional Allotments	:	Friday, 3 June 2016 at 5.00 p.m.
Last date and time for the transfer of Provisional Allotments	:	Wednesday, 8 June 2016 at 4.00 p.m.
Last date and time for acceptance and payment	:	Monday, 13 June 2016 at 5.00 p.m.*
Last date and time for excess application and payment	:	Monday, 13 June 2016 at 5.00 p.m.*

* or such later date and time as our Board and the Joint Managing Underwriters may, at their absolute discretion, decide and announce not less than two (2) Market Days before the stipulated date and time.

UNLESS STATED OTHERWISE, ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED HEREIN ARE DEFINED IN THE “DEFINITIONS” SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE CORPORATE EXERCISES AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 (“CMSA”).

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA (SUCH AS OUR DIRECTORS AND THE JOINT PRINCIPAL ADVISERS) ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND THE JOINT PRINCIPAL ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND THE JOINT PRINCIPAL ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND THE JOINT PRINCIPAL ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE CORPORATE EXERCISES UNDER THE LAWS OF MALAYSIA. WE AND THE JOINT PRINCIPAL ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

Abridged Prospectus	:	This abridged prospectus dated 27 May 2016 issued by our Company for the Corporate Exercises
Act	:	Companies Act, 1965
Adjustments	:	The adjustments to be made on the following as a result of the Rights Issue and/or Bonus Issue: <ul style="list-style-type: none"> (i) outstanding number of Warrants 2012/2017 in accordance with the provisions of the deed poll dated 25 November 2011 constituting the Warrants 2012/2017; (ii) conversion price of the Convertible Bonds in accordance with the provisions of the trust deed dated 21 March 2012 constituting the Convertible Bonds; and (iii) outstanding number of Options in accordance with the provisions of the by-laws governing the ESOS
APMSB	:	Alpine Pipe Manufacturing Sdn Bhd, a wholly-owned subsidiary of our Company
Board	:	Board of Directors of HTVB
Bonus Issue	:	Bonus issue of up to 853,137,200 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) RM0.50 nominal value of RCUIDS subscribed by our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, pursuant to the Rights Issue
Bonus Shares	:	Up to 853,137,200 new HTVB Shares to be credited as fully paid-up pursuant to the Bonus Issue
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CCM	:	Companies Commission Malaysia
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	:	Securities account established by Bursa Depository for a depositor for the recording of deposits and dealings in such securities by the depositor
Closing Date	:	The last time and date for acceptance, application and payment for the Provisional Allotments and/or Excess RCUIDS, being 5.00 p.m. on 13 June 2016 or such later time and date as our Board and the Joint Managing Underwriters may, at their absolute discretion, decide and announce not less than two (2) Market Days before the stipulated date and time

DEFINITIONS (Cont'd)

Convertible Bonds	:	Seven (7)-year 4.5% redeemable convertible secured bonds issued by our Company on 5 April 2012 constituted by a trust deed dated 21 March 2012
Corporate Exercises	:	Rights Issue and Bonus Issue, collectively
Deed Poll	:	Deed poll dated 10 May 2016 constituting the New Warrants
Documents	:	This Abridged Prospectus and the accompanying NPA and RSF, collectively
EGM	:	Extraordinary General Meeting
Entitled Shareholders	:	Our shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date
Entitlement Date	:	27 May 2016 at 5.00 p.m., being the date and time on which our shareholders must be registered in our Company's Record of Depositors in order to be entitled to participate in the Rights Issue
EPS	:	Earnings per HTVB Share
ESOS	:	Employees' share option scheme for the employees and directors of HTVB Group which came into effect on 12 April 2012 for a duration of five (5) years
ESSB	:	Eastern Steel Sdn Bhd, a 55%-owned subsidiary of our Company. However, pursuant to MFRS 11, Joint Arrangements, ESSB is considered as a jointly controlled entity of our Company from accounting perspective
Excess RCUIDS	:	RCUIDS with New Warrants and Bonus Shares which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, prior to excess application
Foreign Addressed Shareholders	:	Entitled Shareholders who have not provided an address in Malaysia for the service of the Documents
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
GST	:	Goods and Services Tax
Guidelines	:	Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors issued by the SC (issued and effective on 15 June 2015)(as may be amended or substituted from time to time)
HLIB	:	Hong Leong Investment Bank Berhad
HSSB	:	Huatracco Scaffold Sdn Bhd, a wholly-owned subsidiary of our Company
HTHSB	:	Hiap Teck Hardware Sdn Bhd, a wholly-owned subsidiary of our Company

DEFINITIONS (Cont'd)

HTVB or Company	:	Hiap Teck Venture Berhad
HTVB Convertible Securities	:	Warrants 2012/2017, Convertible Bonds and Options, collectively
HTVB Group or Group	:	Our Company and our subsidiaries, collectively
HTVB Shares	:	Ordinary shares of RM0.50 each in our Company
IPSSB	:	Inter-Pacific Securities Sdn Bhd
Joint Principal Advisers and Joint Managing Underwriters	:	Maybank IB and HLIB, collectively
Joint Underwriters	:	Maybank IB, HLIB, IPSSB and MSSB, collectively
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	29 April 2016, being the latest practicable date prior to the date of this Abridged Prospectus
Market Day	:	A day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assumes the following: <ul style="list-style-type: none"> (i) all the Treasury Shares are not sold in the open market or distributed to our shareholders prior to the Entitlement Date; (ii) all the outstanding 88,533,692 Warrants 2012/2017 as at the LPD are exercised into new HTVB Shares prior to the Entitlement Date; (iii) all the outstanding RM147,000,000.00 nominal value of Convertible Bonds as at the LPD are converted into new HTVB Shares prior to the Entitlement Date; and (iv) all the outstanding 54,979,000 Options as at the LPD are exercised into new HTVB Shares prior to the Entitlement Date
Maybank IB	:	Maybank Investment Bank Berhad
MFRS	:	Malaysian Financial Reporting Standards

DEFINITIONS (Cont'd)

Minimum Scenario	: Assumes the following:
	(i) all the Treasury Shares are not sold in the open market or distributed to our shareholders prior to the Entitlement Date;
	(ii) none of the outstanding 88,533,692 Warrants 2012/2017 as at the LPD are exercised into new HTVB Shares prior to the Entitlement Date;
	(iii) none of the outstanding RM147,000,000.00 nominal value of Convertible Bonds as at the LPD are converted into new HTVB Shares prior to the Entitlement Date;
	(iv) none of the outstanding 54,979,000 Options as at the LPD are exercised into new HTVB Shares prior to the Entitlement Date; and
	(v) the Rights Issue is undertaken on a Minimum Subscription Level
Minimum Subscription Level	: Subscription of RM79,000,000.00 nominal value of RCUIDS to raise gross proceeds of RM79,000,000.00 pursuant to the Rights Issue
MITI	: Ministry of International Trade and Industry
MSSB	: Mercury Securities Sdn Bhd
NA	: Net assets
New Warrants	: Free detachable warrants to be issued together with the RCUIDS pursuant to the Rights Issue
NPA	: Notice of provisional allotment for the Corporate Exercises
Options	: Options granted to the eligible directors and employees of our Group pursuant to the ESOS
PAT	: Profit after tax
PBT	: Profit before tax
Provisional Allotments	: RCUIDS, New Warrants and Bonus Shares provisionally allotted to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, pursuant to the Corporate Exercises
RCUIDS	: 5-year 5% RM0.50 nominal value of redeemable convertible unsecured Islamic debt securities based on Shariah principles of Murabahah (via Tawarruq arrangement) to be issued by HTVB pursuant to the Rights Issue
Record of Depositors	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository

DEFINITIONS (Cont'd)

Rights Issue	:	Renounceable rights issue of up to RM213,284,300 nominal value of RCUIDS at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing HTVB Shares held on the Entitlement Date together with up to 426,568,600 New Warrants on the basis of one (1) New Warrant for every one (1) RM0.50 nominal value of RCUIDS subscribed
RM and sen	:	Ringgit Malaysia and sen respectively
RSF	:	Rights subscription form for the Corporate Exercises
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
SGD	:	Singapore Dollars
Share Registrar or Paying Agent	:	Symphony Share Registrars Sdn Bhd
Shariah Adviser	:	Maybank Islamic Berhad
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SISPL	:	Shougang International (Singapore) Pte Ltd
Sukuk Trustee	:	Pacific Trustees Berhad
Treasury Shares	:	5,482,000 HTVB Shares which are held as treasury shares by our Company as at the LPD
Trust Deed	:	Trust deed dated 10 May 2016 constituting the RCUIDS entered into between our Company and the Sukuk Trustee
TS Law	:	TS Law Investments Limited
Undertaking	:	Irrevocable written undertaking by TS Law to subscribe in full for its entitlements under the Rights Issue, the details of which are set out in Section 2.1.6.2 of this Abridged Prospectus
Underwriting Agreement	:	Underwriting agreement dated 11 May 2016 entered into between our Company, the Joint Managing Underwriters and the Joint Underwriters for the Rights Issue
US	:	United States of America
USD	:	US Dollars
VWAMP	:	Volume-weighted average market price
Warrants 2012/2017	:	Warrants which were issued by our Company on 10 January 2012 and constituted by the deed poll dated 25 November 2011 with an exercise period from 10 January 2012 to 9 January 2017 for a duration of five (5) years

DEFINITIONS (Cont'd)

All references to “**our Company**” in this Abridged Prospectus are to HTVB, and references to “**our Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company and, where the context requires otherwise, our Group.

All references to “**you**” in this Abridged Prospectus are to our Entitled Shareholders and/or, where the context requires otherwise, their renouncee(s) and/or transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any statute, guidelines, rules or regulations is a reference to that statute, guidelines, rules or regulations as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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CORPORATE DIRECTORY**OUR BOARD**

Name (<i>Designation</i>)	Address	Nationality	Age	Occupation
Tan Sri Abd Rahman Bin Mamat <i>(Chairman/ Independent Non-Executive Director)</i>	The Residence, No. 3-11-1, Jalan Wan Kadir 5, Taman Tun Dr. Ismail, 60000 Kuala Lumpur	Malaysian	64	Company Director
Tan Sri Dato' Law Tien Seng <i>(Executive Deputy Chairman)</i>	38A, Jalan Kuda Emas, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan	Malaysian	63	Company Director
Ng Soon Lai @ Ng Siek Chuan <i>(Independent Non-Executive Director)</i>	20, Jalan Setiamurni 6, Damansara Heights, 50490 Kuala Lumpur	Malaysian	62	Chartered Accountant
Leow Hoi Loong @ Liow Hoi Loong <i>(Independent Non-Executive Director)</i>	1603, Block A, Prima 16, Jalan 16/18, 46350 Petaling Jaya, Selangor Darul Ehsan	Malaysian	62	Company Director
Lee Ching Kion <i>(Independent Non-Executive Director)</i>	8, Jalan Menara Satu, U8/9A, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Malaysian	62	Company Director
Foo Kok Siew <i>(Executive Director)</i>	5, Jalan Tijani 4, Tijani 2 South, Bukit Tunku, 50480 Kuala Lumpur	Malaysian	55	Company Director
Tan Shau Ming <i>(Executive Director)</i>	A-16-3, Kiaraville, Jalan Duta Kiara, Mont' Kiara, 54800 Kuala Lumpur	Malaysian	53	Company Director
Wang Shenghua <i>(Non-Independent Non-Executive Director)</i>	No. 704, Block 7, Beijing Shijingshan District, Jin Dingjie Avenue Third District, Beijing, 100041 China	The People's Republic of China	50	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director
Tan Sri Abd Rahman Bin Mamat	Member	Independent Non-Executive Director
Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Lee Ching Kion	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Ng Yim Kong (LS 0009297)
c/o Strategy Corporate Secretariat Sdn. Bhd.
Unit 07-02, Level 7, Persoft Tower
6B, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan

Tel. no.: +603-7804 5929
Fax no.: +603-7805 2559
- REGISTERED OFFICE/ HEAD/
MANAGEMENT OFFICE** : Lot 6096, Jalan Haji Abdul Manan
Batu 5 ½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

Tel. no.: +603-3377 8888
Fax no.: +603-3392 9198
Email: aloo@htgrp.com.my
Website: www.htgrp.com.my
*(Information on this website does not constitute part of
this Abridged Prospectus)*
- AUDITORS AND REPORTING
ACCOUNTANTS** : KPMG (AF : 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Tel. no.: +603-7721 3388
Fax no.: +603-7721 3399
- SHARE REGISTRAR AND PAYING
AGENT FOR THE RCUIDS** : Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel. no.: +603-7849 0777
Fax no.: +603-7841 8151/8152
- PRINCIPAL BANKERS** : Alliance Bank Malaysia Berhad
29th Floor, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel. no.: +603-2604 3251
Fax no.: +603-2694 9892

CORPORATE DIRECTORY (Cont'd)

PRINCIPAL BANKERS (Cont'd)

: AmBank (M) Berhad
Level 24, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

Tel. no.: +603-2636 1597
Fax no.: +603-2070 1716

Hong Leong Bank Berhad
Level 5, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur

Tel. no.: +603-2773 0182
Fax no.: +603-2715 8697

Kuwait Finance House (Malaysia) Berhad
Level 25, Menara Prestige
No. 1, Jalan Pinang
50450 Kuala Lumpur

Tel. no.: +603-2168 0748
Fax no.: +603-2168 0797

Malayan Banking Berhad
14th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Tel. no.: +603-2070 8833
Fax no.: +603-2070 6611

OCBC Bank (Malaysia) Berhad
18th Floor, Menara OCBC
18, Jalan Tun Perak
50050 Kuala Lumpur

Tel. no.: +603-2034 5459
Fax no.: +603-2698 4591

Industrial and Commercial Bank of China (Malaysia)
Berhad
Level 35, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur

Tel. no.: +603-2301 3399
Fax no.: +603-2301 3388

**SOLICITORS FOR THE CORPORATE
EXERCISES**

: Messrs Foong & Partners
13-1, Menara 1 MK
Kompleks 1 Mont' Kiara
No. 1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

Tel. no.: +603-6419 0822
Fax no.: +603-6419 0823

CORPORATE DIRECTORY (Cont'd)

**JOINT PRINCIPAL ADVISERS, JOINT
MANAGING UNDERWRITERS AND
JOINT UNDERWRITERS** : Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
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50050 Kuala Lumpur

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JOINT UNDERWRITERS : Inter-Pacific Securities Sdn Bhd
Level 13 (West Wing)
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No. 1, Jalan Imbi,
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Fax no.: +603-2144 4910

Mercury Securities Sdn Bhd
L-7-2, No.2, Jalan Solaris
Solaris Mont' Kiara
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SUKUK TRUSTEE : Pacific Trustees Berhad
Unit A-9-8, 9th Floor
Megan Avenue 1
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Off Persiaran Hampshire
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Tel. no.: +603-2166 8830
Fax no.: +603-2166 3830

SHARIAH ADVISER : Maybank Islamic Berhad
14th Floor, Menara Maybank
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50050 Kuala Lumpur
Malaysia

Tel. no.: +603-2297 2001
Fax no.: +603-2282 4492

**STOCK EXCHANGE LISTED AND
LISTING SOUGHT** : Main Market of Bursa Securities



HIAP TECK VENTURE BERHAD

*(Company No. 421340-U)
(Incorporated in Malaysia under the Act)*

Registered Office

Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

27 May 2016

Board of Directors:

Tan Sri Abd Rahman Bin Mamat (*Chairman/Independent Non-Executive Director*)
Tan Sri Dato' Law Tien Seng (*Executive Deputy Chairman*)
Ng Soon Lai @ Ng Siek Chuan (*Independent Non-Executive Director*)
Leow Hoi Loong @ Liow Hoi Loong (*Independent Non-Executive Director*)
Lee Ching Kion (*Independent Non-Executive Director*)
Foo Kok Siew (*Executive Director*)
Tan Shau Ming (*Executive Director*)
Wang Shenghua (*Non-Independent Non-Executive Director*)

To : Our shareholders

Dear Sir/Madam,

- (I) **RENOUNCEABLE RIGHTS ISSUE OF UP TO RM213,284,300.00 NOMINAL VALUE OF RCUIDS AT 100% OF ITS NOMINAL VALUE ON THE BASIS OF TWO (2) RM0.50 NOMINAL VALUE OF RCUIDS FOR EVERY FIVE (5) EXISTING HTVB SHARES HELD ON THE ENTITLEMENT DATE TOGETHER WITH UP TO 426,568,600 NEW WARRANTS ON THE BASIS OF ONE (1) NEW WARRANT FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED; AND**
- (II) **BONUS ISSUE OF UP TO 853,137,200 BONUS SHARES TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED PURSUANT TO THE RIGHTS ISSUE**

1. INTRODUCTION

On 15 January 2016, the Joint Principal Advisers, on behalf of our Board, announced that our Company proposed to undertake, among others, the Corporate Exercises.

On 5 February 2016, on behalf of our Board, the Joint Principal Advisers announced that the MITI had, via its letter dated 4 February 2016, confirmed that it has no objection to and has taken note of the Corporate Exercises.

On 24 February 2016, on behalf of our Board, the Joint Principal Advisers announced that the SC had, via its letter dated 23 February 2016, approved the revision of the principal terms and conditions of the RCUIDS pursuant to Paragraph 13.02 (Chapter 13 – Revision to Principal Terms and Conditions) of the Guidelines, which entails the issuance of up to RM213,534,700.00 nominal value of RCUIDS at 100% of its nominal value together with up to 427,069,400 New Warrants as well as up to 854,138,800 Bonus Shares. The initial approval of the SC for the issuance of the RCUIDS was obtained via its letter dated 1 October 2015.

On 11 April 2016, on behalf of our Board, the Joint Principal Advisers announced that Bursa Securities had, via its letter dated 8 April 2016, approved the following:

- (i) admission to the Official List of Bursa Securities and the listing of and quotation for up to 427,069,400 RCUIDS with nominal value of RM213,534,700 to be issued pursuant to the Rights Issue;
- (ii) admission to the Official List of Bursa Securities and the listing of and quotation for up to 427,069,400 New Warrants to be issued pursuant to the Rights Issue;
- (iii) listing of and quotation for up to 854,138,800 Bonus Shares to be issued pursuant to the Bonus Issue;
- (iv) listing of and quotation for up to 854,138,800 new HTVB Shares to be issued pursuant to the conversion of the RCUIDS and exercise of the New Warrants;
- (v) listing of and quotation for up to 39,242,953 additional Warrants 2012/2017 to be issued arising from the Adjustments;
- (vi) listing of and quotation for up to 39,242,953 new HTVB Shares to be issued pursuant to the exercise of additional Warrants 2012/2017;
- (vii) listing of and quotation for up to 84,000,000 new HTVB Shares to be issued pursuant to the conversion of the Convertible Bonds arising from the Adjustments; and
- (viii) listing of and quotation for up to 24,924,639 new HTVB Shares to be issued pursuant to the exercise of additional Options arising from the Adjustments.

The approval of Bursa Securities is subject to the following conditions:

No.	Condition imposed	Status of compliance
(i)	HTVB and the Joint Principal Advisers must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises, including compliance with Paragraphs 6.30(1) and (3) of the Listing Requirements pertaining to the implementation of the Bonus Issue.	Noted.
(ii)	HTVB and the Joint Principal Advisers to inform Bursa Securities upon the completion of the Corporate Exercises.	To be complied.
(iii)	HTVB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed.	To be complied.
(iv)	HTVB and the Joint Principal Advisers are required to make the relevant announcements pursuant to Paragraphs 6.35(3) and 6.35(5) of the Listing Requirements.	To be complied.
(v)	HTVB to furnish Bursa Securities on a quarterly basis a summary of the total number of HTVB Shares listed pursuant to the conversion of the RCUIDS and exercise of the New Warrants and additional Warrants 2012/2017 as at the end of each quarter together with a detailed computation of listing fee payable.	To be complied.

At our EGM held on 6 May 2016, our shareholders had approved, among others, the Corporate Exercises. A certified true extract of the ordinary resolutions pertaining to the Corporate Exercises passed at the said EGM is set out in **Appendix I** of this Abridged Prospectus.

On 10 May 2016, on behalf of our Board, the Joint Principal Advisers announced the following:

- (i) the execution of the Trust Deed by our Company and the Sukuk Trustee; and
- (ii) the execution of the Deed Poll by our Company.

On 11 May 2016, on behalf of our Board, the Joint Principal Advisers announced the execution of the Underwriting Agreement by our Company with the Joint Managing Underwriters and Joint Underwriters. Details of the Underwriting Agreement are as set out in Section 2.1.6.3 of this Abridged Prospectus.

On 13 May 2016, on behalf of our Board, the Joint Principal Advisers announced the Entitlement Date for the Rights Issue.

The SC and Bursa Securities had via letters dated 23 February 2016 and 8 April 2016 respectively approved the Corporate Exercises involving the issuance of up to RM213,534,700.00 nominal value of RCUIDS, up to 427,069,400 New Warrants and up to 854,138,800 Bonus Shares. However, based on the outstanding HTVB Convertible Securities as at the LPD which takes into consideration the 1,252,000 Options which have since lapsed subsequent to the said approvals, the maximum issue size for the RCUIDS, New Warrants and Bonus Shares have reduced accordingly. As such, the Corporate Exercises will now entail the issuance of up to RM213,284,300.00 nominal value of RCUIDS, up to 426,568,600 New Warrants and up to 853,137,200 Bonus Shares.

The RCUIDS and the New Warrants will be admitted to the Official List of Bursa Securities and the official listing of and quotation for the RCUIDS, the New Warrants and the Bonus Shares will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of our Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, have been duly credited, and notices of allotment have been despatched to them and upon receipt of the application for quotation of the RCUIDS and the New Warrants by Bursa Securities as specified under the Listing Requirements.

No person is authorised to give any information or make any representation not contained in the Documents in connection with the Corporate Exercises, and if given or made, such information or representation must not be relied upon as having been authorised by us, the Joint Principal Advisers, the Joint Managing Underwriters and the Joint Underwriters.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. CORPORATE EXERCISES

2.1 Rights Issue

2.1.1 Details of the Rights Issue

The Rights Issue entails the issuance of up to RM213,284,300.00 nominal value of RCUIDS to our Entitled Shareholders on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing HTVB Shares held on the Entitlement Date together with up to 426,568,600 New Warrants on the basis of one (1) New Warrant for every one (1) RM0.50 nominal value of RCUIDS subscribed by our Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable.

The actual nominal value of RCUIDS together with New Warrants to be offered pursuant to the Rights Issue is dependent on the total number of HTVB Shares in issue (excluding treasury shares) as at the Entitlement Date.

As at the LPD, the issued and paid-up share capital of our Company (excluding the Treasury Shares) is RM356,454,404 comprising 712,908,808 HTVB Shares and our Company has three (3) outstanding convertible securities which are convertible and exercisable into new HTVB Shares, as follows:

- (i) 88,533,692 outstanding Warrants 2012/2017 that are exercisable into 88,533,692 new HTVB Shares at an exercise price of RM0.69;
- (ii) RM147,000,000.00 nominal value of outstanding Convertible Bonds that are convertible into 210,000,000 new HTVB Shares at a conversion price of RM0.70; and
- (iii) 54,979,000 outstanding Options that are exercisable into 55,023,000 new HTVB Shares at exercise prices of RM0.50, RM0.53 or RM0.67.

Under the Minimum Scenario, the Rights Issue will entail the issuance of up to RM79,000,000.00 nominal value of RCUIDS at 100% of its nominal value together with up to 158,000,000 New Warrants.

Under the Maximum Scenario, the Rights Issue will entail the issuance of up to RM213,284,300.00 nominal value of RCUIDS at 100% of its nominal value together with up to 426,568,600 New Warrants.

The Rights Issue is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce your entitlements to the RCUIDS in full or in part.

The New Warrants will only be issued to our Entitled Shareholders who subscribe for the RCUIDS. Although the Rights Issue is renounceable in full or in part, the RCUIDS and New Warrants are not separately renounceable. Our Entitled Shareholders who renounce all or any part of their entitlements to the RCUIDS provisionally allotted to them will also renounce their corresponding entitlements to the New Warrants.

The New Warrants will be immediately detached from the RCUIDS upon issuance and will be separately traded on the Main Market of Bursa Securities.

The RCUIDS which are not subscribed or validly subscribed will be made available to other Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, under the application for Excess RCUIDS. Our Board intends to allocate the Excess RCUIDS, if any, in a fair and equitable manner as set out in Section 9.4 of this Abridged Prospectus.

In determining your entitlements to the RCUIDS, any fractional entitlements under the Rights Issue will be disregarded and will be dealt with in such manner as our Board in its absolute discretion deems fit or expedient and in the best interest of our Company.

Any dealings in our securities will be subject to the provisions of the SICDA and the Rules of Bursa Depository. Upon allotment and issuance, the RCUIDS and New Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical RCUIDS or New Warrants certificates will be issued but notices of allotment will be despatched to the successful applicants.

2.1.2 Basis and justification of arriving at the issue/conversion price of the RCUIDS and exercise price of the New Warrants

Issue/conversion price of the RCUIDS

The RCUIDS will be issued at RM0.50 nominal value per RCUIDS, being 100% of its nominal value. The conversion price of the RCUIDS of RM0.50 for every one (1) HTVB Share has been determined by our Board after taking into consideration the prevailing market prices of the HTVB Shares and the minimum issue price allowed under the Act for the new HTVB Shares arising from the conversion of the RCUIDS, which is no less than the par value of the HTVB Shares of RM0.50.

The issue price and conversion price of the RCUIDS of RM0.50 represents a premium of approximately 5.0% to the five (5)-day VWAMP of the HTVB Shares of RM0.4763 up to and including the LPD.

For illustrative purposes, the effective issue price of the RCUIDS subscribed of approximately RM0.17 (after taking into consideration one (1) RCUIDS and two (2) Bonus Shares) represents a discount of RM0.178 or approximately 51.1% to the theoretical ex-all price of HTVB Shares of RM0.348, calculated based on the last transacted price of HTVB Shares of RM0.505 as at the LPD. For information purposes, no adjustments will be made to the share price of HTVB Shares in the event the closing price of HTVB Shares is below RM0.50 prior to the ex-date for the Rights Issue.

Exercise price of the New Warrants

The New Warrants are attached to the RCUIDS without any cost. The New Warrants will be issued to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), if applicable, who subscribe for the RCUIDS and are exercisable into new HTVB Shares. The exercise price of the New Warrants of RM0.50 for every one (1) new HVTB Share was arrived at after taking into consideration the prevailing market prices and the minimum issue price allowed under the Act for the new HTVB Shares arising from the exercise of the New Warrants, which is no less than the par value of the HTVB Shares of RM0.50.

The exercise price of the New Warrants of RM0.50 represents a premium of approximately 5.0% to the five (5)-day VWAMP of the HTVB Shares of RM0.4763 up to and including the LPD.

2.1.3 Ranking of the new HTVB Shares to be issued upon conversion of the RCUIDS and/or exercise of the New Warrants

The new HTVB Shares to be issued upon conversion of the RCUIDS and/or exercise of the New Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing HTVB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the allotment date of the new HTVB Shares to be issued upon conversion of the RCUIDS and/or exercise of the New Warrants.

2.1.4 Listing of and quotation for the RCUIDS and the New Warrants as well as the new HTVB Shares to be issued upon conversion of the RCUIDS and/or exercise of the New Warrants

Bursa Securities had, via its letter dated 8 April 2016, granted its approval for the admission of the RCUIDS and the New Warrants to the Official List of Bursa Securities and listing of and quotation for the RCUIDS, New Warrants and new HTVB Shares to be issued upon conversion of the RCUIDS and/or exercise of the New Warrants on the Main Market of Bursa Securities subject to the conditions as set out in Section 1 of this Abridged Prospectus.

For the RCUIDS and New Warrants to be listed, there must be at least 100 holders holding not less than one (1) board lot each for the respective securities.

For avoidance of doubt, the New Warrants do not constitute part of the same series of the Warrants 2012/2017 and are not subject to or constituted by the deed poll dated 25 November 2011 constituting the Warrants 2012/2017.

2.1.5 Salient terms of the RCUIDS and the New Warrants

The salient terms of the RCUIDS and the New Warrants are set out in **Appendix II** and **Appendix III** of this Abridged Prospectus, respectively.

The RCUIDS are constituted by the Trust Deed while the New Warrants are constituted by the Deed Poll.

2.1.6 Minimum Subscription Level, Undertaking and underwriting arrangements

2.1.6.1 Minimum Subscription Level

The Rights Issue will be undertaken on a minimum subscription level basis of RM79.00 million. The Minimum Subscription Level was determined by our Board after taking into consideration the current funding requirements of our Group as detailed in Section 3 of this Abridged Prospectus.

2.1.6.2 Undertaking

Our Company has obtained an irrevocable undertaking from TS Law, a substantial shareholder of our Company, to:

- (i) subscribe in full for its entitlement to the RCUIDS as at the Entitlement Date ("**Subscription**"); and
- (ii) apply for Excess RCUIDS such that the aggregate subscription value pursuant to the Subscription is no less than RM37,516,409.50 nominal value of RCUIDS in the event that its shareholding in our Company falls below 187,582,048 HTVB Shares on the Entitlement Date.

The details of the entitlement of TS Law pursuant to the Rights Issue under the Minimum Scenario are as follows:

Name	Direct shareholding as at the LPD		Entitlement under the Rights Issue		New Warrants pursuant to entitlement under the Rights Issue		Entitlement under the Bonus Issue	
	No. of HTVB Shares ('000)	%	No. of RCUIDS ('000)	%	No. of New Warrants ('000)	%	No. of Bonus Shares ('000)	%
TS Law	187,582	26.31	75,033	26.31	75,033	26.31	150,066	26.31

TS Law has confirmed via its undertaking letter that it has sufficient financial resources to perform the Undertaking and the Joint Principal Advisers have verified that TS Law has sufficient financial resources to perform the Undertaking.

The Undertaking will not give rise to a mandatory take-over obligation for the remaining HTVB Shares and HTVB Convertible Securities not already owned by TS Law and/or persons acting in concert with it (“**Mandatory Offer**”) as the RCUIDS do not carry any voting rights in our Company until and unless they are converted into new HTVB Shares. The Mandatory Offer will only arise if the conversion and/or exercise of the HTVB Convertible Securities, the RCUIDS and the New Warrants held and/or to be held by TS Law and/or persons acting in concert with it result in any of their shareholding or their collective shareholding in our Company exceeding 33%.

TS Law and persons acting in concert with it will abide by the provisions of the Malaysian Code on Take-Overs and Mergers, 2010 and if necessary, an application for an exemption from undertaking the Mandatory Offer as a result of the conversion and/or exercise of the HTVB Convertible Securities, the RCUIDS and the New Warrants held and/or to be held by TS Law and/or persons acting in concert with it will be made before the intended conversion and/or exercise date.

2.1.6.3 Underwriting arrangements

Our Company had on 11 May 2016 entered into the Underwriting Agreement with the Joint Managing Underwriters and Joint Underwriters to underwrite the remaining portion of up to RM41,483,590.50 nominal value of RCUIDS, representing approximately 52.51% of the RCUIDS available for subscription under the Minimum Subscription Level for which no irrevocable undertaking was obtained, subject to the terms and conditions of the Underwriting Agreement and in the following proportions:

Name	Number of underwritten RCUIDS	Value of the underwritten RCUIDS at the issue price (RM)	% of total underwritten RCUIDS
HLIB	30,000,000	15,000,000.00	36.16
Maybank IB	30,000,000	15,000,000.00	36.16
IPSSB	11,567,181	5,783,590.50	13.94
MSSB	11,400,000	5,700,000.00	13.74
	82,967,181	41,483,590.50	100.00

The managing underwriting commission of the Joint Managing Underwriters is 0.265% (inclusive of 6% GST) while the underwriting commission of the Joint Underwriters is 2.65% (inclusive of 6% GST), of the total value of the RCUIDS to be underwritten computed based on RM0.50 nominal value of each RCUIDS. The underwriting commission payable to the Joint Managing Underwriters and Joint Underwriters and all costs for the underwriting arrangement will be fully borne by our Company.

Notwithstanding anything contained in the Underwriting Agreement, our Joint Managing Underwriters and Joint Underwriters collectively (and not singly) may in their absolute discretion, and without liability on their part, by written notice to our Company setting out the grounds for such termination, terminate the Underwriting Agreement with immediate effect, at any time prior to the Trading Date (as defined below in Section 2.1.6.3 of this Abridged Prospectus) on any of the following grounds:

- (i) if any of the conditions precedent set out in the Underwriting Agreement is not satisfied or otherwise waived before the Underwriting Date (as defined below in Section 2.1.6.3 of this Abridged Prospectus);
- (ii) there occurs any breach of, or event rendering untrue, misleading or incorrect in any respect any of the warranties, representations and undertakings contained in the Underwriting Agreement or any failure to perform in any

material respect any of the undertakings or agreements by any party (other than the terminating party) in the Underwriting Agreement, including, but not limited to, the compliance by our Company of all its obligations under Underwriting Agreement and which is not remedied within three (3) Market Days from written notice of such breach, which shall in any event be no later than the Payment Date (as defined below in Section 2.1.6.3 of this Abridged Prospectus);

- (iii) if there shall have occurred, happened or come into effect, any one or more of the following circumstances:
- (a) there shall have occurred a suspension, establishment of minimum prices, moratorium or restriction of trading in shares or securities generally on Bursa Securities or any moratorium on banking activities or foreign exchange rating or securities settlement or clearing services in or affecting Malaysia;
 - (b) there shall have been, in the opinion of the Joint Managing Underwriters and Joint Underwriters, since the date of the Underwriting Agreement, any change or any development involving a prospective change in:
 - (aa) national or international monetary, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, legal, regulatory, industrial or economic conditions or currency exchange rates or foreign exchange controls; or
 - (bb) such other event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases, acts of God (including without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, national disorder, declaration of a state of emergency, epidemic, accident or interruption or delay in transportation);
 - (c) without limiting the foregoing, any local, national, regional or international occurrence, outbreak or escalation of epidemics, hostilities (whether or not war is or has been declared), act of terrorism, insurrection, armed conflict or any other state of emergency or calamity or crisis;
 - (d) a change or development occurs involving a prospective change, in taxation in Malaysia;
 - (e) there shall have been, in the opinion of the Joint Managing Underwriters and Joint Underwriters, since the date of the Underwriting Agreement:
 - (aa) any change or any development involving a prospective Material Adverse Effect (as defined below in Section 2.1.6.3 of this Abridged Prospectus);
 - (bb) any introduction or prospective introduction of (as announced by a competent authority) or any change or any prospective change in (as announced by a competent authority) any legislation, regulation, order, policy, rule, guideline or directive in Malaysia, (whether or not having the force of law and including, without limitation, any directive or request issued by Bursa Securities, SC or the CCM or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Malaysia; or

- (cc) any formal investigation, proceeding or inquiry by or before any court or governmental or regulatory authority against our Company, which has been disclosed to the public, announced in the media or otherwise appears in the media, for which our Company and/or any of our subsidiaries, has not been able to provide an explanation to the satisfaction of the Joint Managing Underwriters,

which event or events shall in the opinion of the Joint Managing Underwriters and Joint Underwriters:

- (aa) be likely to prejudice materially the ability of the Joint Managing Underwriters and the Joint Underwriters to market the Corporate Exercises, to enforce contracts for the subscription and distribution of the RCUIDS or the Provisional Allotments, the success of the Corporate Exercises or dealing in the RCUIDS or Provisional Allotments in the secondary market; or
 - (bb) be likely to have a Material Adverse Effect; or
 - (cc) be likely to result in the withdrawal of any of the approvals in connection with the Corporate Exercises;
- (iv) if Bursa Securities, the SC, the CCM or any other regulatory or governmental body in Malaysia, shall make any stop order, ruling (or revoke any ruling previously made) the effect of which is to prevent the issue, and the listing of and quotation for the RCUIDS, New Warrants and Bonus Shares on the Main Market of Bursa Securities;
 - (v) if the registration of the Abridged Prospectus with the SC, the approvals from the SC and/or Bursa Securities required for the Corporate Exercises are revoked, suspended, withdrawn or lapses or if any of the conditions for such registrations, consents or approvals have not been fulfilled to the satisfaction of the SC and/or Bursa Securities or there has been registration or lodgement of any amendment, supplement or replacement to the Abridged Prospectus with the SC or the CCM without the prior written approval of the Joint Managing Underwriters;
 - (vi) if the subscription for the RCUIDS in accordance with the provisions of the Underwriting Agreement or the Abridged Prospectus or the execution and performance of or any of the Underwriting Agreement and Undertaking shall be prohibited by any statute, order, rule, regulation or directive issued by, or objected to by any legislative, executive or regulatory body or authority of Malaysia (including without limitation, Bursa Securities, the SC or the CCM);
 - (vii) (a) if Bursa Securities suspends the trading of the HTVB Shares or removes our Company from the Official List of the Main Market of Bursa Securities, for any reason whatsoever; or (b) if our Company requests for a voluntary suspension of the trading of the HTVB Shares for any reason whatsoever, for a duration of more than one (1) Market Day without the prior approval of the Joint Managing Underwriters;
 - (viii) if the Settlement Date (as defined below in Section 2.1.6.3 of this Abridged Prospectus) does not occur by 27 June 2016 or such other date as may be mutually agreed upon by our Company and the Joint Managing Underwriters;
 - (ix) the Trading Date does not occur by 28 June 2016 or such other date as may be mutually agreed upon by our Company and the Joint Managing Underwriters;

- (x) the Undertaking becomes void or unenforceable or performance of the relevant party's obligations thereunder becomes unlawful, impossible or unenforceable for whatever reason;
- (xi) The FTSE Bursa Malaysia KLCI ("**Index**") to be at the close of normal trading on any Market Day:
 - (a) on or after the date of the Underwriting Agreement; and
 - (b) prior to the Settlement Date,

lower than 85% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days; or
- (xii) any Specified Event (as defined below in Section 2.1.6.3 of this Abridged Prospectus) occurs.

"Material Adverse Effect" means in the opinion of the Joint Managing Underwriters and Joint Underwriters, a material adverse effect or change or any development involving a prospective material adverse effect or change, whether or not arising in the ordinary course of business, on (a) the condition (financial or otherwise), results of operations, earnings, management, business, undertakings, properties, assets or prospects of our Company or of our Group taken as a whole; (b) the ability of our Company to perform in any respect its obligation under or with respect to, or consummate the transactions contemplated by the Underwriting Agreement and the Undertaking or the Abridged Prospectus; (c) the success of the Rights Issue; or (d) the ability of our Company or any member of our Group to conduct its business and to own or lease its assets and properties;

"Payment Date" means no later than 5.00 p.m. (Malaysian time) on a date on which payment is to be made to our Company;

"Settlement Date" means 7.30 a.m. on a date on which Bursa Securities credits the RCUIDS, New Warrants and Bonus Shares to the CDS Accounts of Entitled Shareholders, their renouncee(s) or any other parties who have accepted their RCUIDS, New Warrants and Bonus Shares provisionally allotted to them (or who have applied for and have been allocated Excess RCUIDS) and/or of the Joint Managing Underwriters and the Joint Underwriters (or their nominees or Placees), which date shall be within nine (9) Market Days after the Closing Date or such other date as approved by the SC, Bursa Securities and any relevant authorities and mutually agreed upon by our Company and the Joint Managing Underwriters in writing;

"Specified Event" means an event occurring after the date of the Underwriting Agreement and on or prior to the Underwriting Date, the Settlement Date or the Trading Date which if it had occurred before the date of the Underwriting Agreement would have rendered any of the warranties representations, and undertakings contained in the Underwriting Agreement untrue or incorrect;

"Trading Date" means the date of the listing of and quotation for the RCUIDS, New Warrants and Bonus Shares on the Main Market of Bursa Securities, which shall be the Market Day following the Settlement Day, or such other date as approved by the SC, Bursa Securities and any relevant authorities and mutually agreed upon by our Company and the Joint Managing Underwriters in writing;

"Underwriting Date" means a date which is four (4) Market Days after the Closing Date, or such other date as the Joint Managing Underwriters may agree in writing with our Company but before the Settlement Date.

2.2 Bonus Issue

2.2.1 Details of the Bonus Issue

The Bonus Issue entails the issuance of up to 853,137,200 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) RM0.50 nominal value of RCUIDS subscribed by our Entitled Shareholders and/or their renounee(s) and/or transferee(s) pursuant to the Rights Issue.

The actual number of Bonus Shares to be issued is dependent on the total nominal value of RCUIDS subscribed by our Entitled Shareholders and/or their renounee(s) and/or transferee(s) pursuant to the Rights Issue. Under the Minimum Scenario and Maximum Scenario, the Bonus Issue will entail the issuance of up to 316,000,000 and up to 853,137,200 Bonus Shares, respectively.

For the avoidance of doubt, the Bonus Shares shall only be issued to our Entitled Shareholders and/or their renounee(s) and/or transferee(s) who subscribe for the RCUIDS pursuant to the Rights Issue. Accordingly, our Entitled Shareholders who renounce their entitlements to the RCUIDS provisionally allotted to them under the Rights Issue will also relinquish their entitlements to the Bonus Shares.

The Bonus Shares will be issued in a single tranche.

Fractional entitlements pursuant to the Bonus Issue, if any, will be disregarded and will be dealt with in such manner as our Board shall in its sole and absolute discretion deem fit or expedient and in the best interest of our Company.

Any dealings in the Bonus Shares will be subject to the provisions of the SICDA and the Rules of Bursa Depository. Upon allotment and issuance, the Bonus Shares will be credited directly into the respective CDS Accounts of the successful applicants. No physical shares certificates will be issued but notices of allotment will be despatched to the successful applicants.

2.2.2 Capitalisation of reserves

The Bonus Shares will be wholly capitalised from our Company's share premium and retained earnings.

For illustrative purposes only, based on our Company's latest audited financial statements for the FYE 31 July 2015 and latest unaudited quarterly results for the six (6)-month FPE 31 January 2016, the balance of our Company's share premium and retained earnings after the implementation of the Bonus Issue will be as follows:

Minimum Scenario

Company level	Audited as at 31 July 2015	Unaudited as at 31 January 2016
	RM'000	RM'000
Share premium	38,160	38,160
Less:		
- Amount to be capitalised pursuant to the Bonus Issue	(38,160)	(38,160)
After the Bonus Issue	-	-
Retained earnings	91,215	90,782
Add:		
- Dividends declared by our subsidiaries to our Company ⁽¹⁾	170,000	170,000
	261,215	260,782

Company level	Audited as at 31 July 2015	Unaudited as at 31 January 2016
	RM'000	RM'000
Less:		
- Final dividend paid ⁽²⁾	(2,139)	-
- Estimated expenses for the Corporate Exercises	(2,500)	(2,500)
- Amount to be capitalised pursuant to the Bonus Issue	(119,840)	(119,840)
After the Bonus Issue	136,736	138,442

Notes:

(1) Net interim dividend of RM170.00 million declared by three (3) of our subsidiaries to our Company on 1 April 2016, the details of which are as follows:

Subsidiary name	RM
APMSB	70,783,075
HSSB	11,750,000
HTHSB	87,466,925
Total	170,000,000

(2) Payment of single-tier final dividend of 0.30 sen per HTVB Share for the FYE 31 July 2015 totaling approximately RM2.14 million on 27 January 2016.

Maximum Scenario

Company level	Audited as at 31 July 2015	Unaudited as at 31 January 2016
	RM'000	RM'000
Share premium	38,160	38,160
Add:		
- Exercise of outstanding 88,533,692 Warrants 2012/2017 prior to the Entitlement Date	35,280	35,280
- Conversion of RM147,000,000.00 nominal value of the Convertible Bonds prior to the Entitlement Date	42,000	42,000
- Exercise of 54,979,000 outstanding Options prior to the Entitlement Date	5,510	5,734
	120,950	121,174
Less:		
- Amount to be capitalised pursuant to the Bonus Issue	(120,950)	(121,174)
After the Bonus Issue	-	-
Retained earnings	91,215	90,782
Add:		
- Dividends declared by our subsidiaries to our Company ⁽¹⁾	170,000	170,000
- Dividends to be declared by our subsidiaries to our Company ⁽²⁾	80,000	80,000
	341,215	340,782
Less:		
- Final dividend paid ⁽³⁾	(2,139)	-
- Conversion of RM147,000,000.00 nominal value of the Convertible Bonds prior to the Entitlement Date	(9,899)	(9,899)
	329,177	330,883
Less:		
- Estimated expenses for the Corporate Exercises	(2,500)	(2,500)
- Amount to be capitalised pursuant to the Bonus Issue	(305,619)	(305,395)
After the Bonus Issue	21,058	22,988

Notes:

- (1) Net interim dividend of RM170.00 million declared by three (3) of our subsidiaries to our Company on 1 April 2016, the details of which are as follows:

Subsidiary name	RM
APMSB	70,783,075
HSSB	11,750,000
HTHSB	87,466,925
Total	170,000,000

- (2) In the event any of the outstanding HTVB Convertible Securities are exercised/converted prior to the Entitlement Date, our Company will require additional retained earnings for the capitalisation of the additional Bonus Shares. The proposed net interim dividend of up to RM80.00 million to be declared by three (3) of our subsidiaries to our Company, if required, is to facilitate the Bonus Issue under the Maximum Scenario. The breakdown of the RM80.00 million dividend to be declared by three (3) of our subsidiaries, if required, would be as follows:

Subsidiary name	RM
APMSB	29,216,925
HSSB	38,250,000
HTHSB	12,533,075
Total	80,000,000

- (3) Payment of single-tier final dividend of 0.30 sen per HTVB Share for the FYE 31 July 2015 totaling approximately RM2.14 million on 27 January 2016.

Our Board confirms that based on our Company's latest audited financial statements for the FYE 31 July 2015 and latest unaudited quarterly results for the six (6)-month FPE 31 January 2016, as well as after taking into consideration the net interim dividend of RM170.00 million declared by three (3) of our subsidiaries to our Company on 1 April 2016 and the proposed net interim dividend of RM80.00 million to be declared by three (3) of our subsidiaries, if required, our Company has adequate share premium and retained earnings for the capitalisation required for the Bonus Issue and our Company's reserves are unimpaired by losses on a consolidated basis, in compliance with Paragraph 6.30(1) of the Listing Requirements.

2.2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing HTVB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the allotment date of the Bonus Shares.

2.2.4 Listing of and quotation for the Bonus Shares

Bursa Securities had, via its letter dated 8 April 2016, granted its approval for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 1 of this Abridged Prospectus.

For avoidance of doubt, the Bonus Shares shall be listed concurrently with the RCUIDS and the New Warrants.

2.3 Details of other corporate exercises

As at 6 May 2016, save for the Corporate Exercises, our Company does not have any corporate exercises which have been approved but not yet completed.

3. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise gross proceeds of approximately RM79.00 million and RM213.28 million under the Minimum Scenario and Maximum Scenario respectively, to be utilised in the following manner:

Proposed utilisation	Minimum Scenario	Maximum Scenario	Expected timeframe for utilisation of proceeds ⁽⁴⁾
	RM'000	RM'000	
Working capital requirements ⁽¹⁾⁽²⁾	76,500	210,784	Twelve (12) months
Defray estimated expenses for the Corporate Exercises ⁽³⁾	2,500	2,500	Two (2) months
Total	79,000	213,284	

Notes:

- (1) Our Group is principally engaged in manufacturing and selling of pipes, hollow-sections, manufacturing, renting and selling of scaffolding equipment and a range of steel products and import, export and dealing in steel products, hardware and building materials. The breakdown of the working capital requirements of our Group is as follows:

Description	Minimum Scenario	Maximum Scenario	Expected timeframe for utilisation of proceeds ⁽⁴⁾
	RM'000	RM'000	
Servicing of trade facilities ^(a)	76,500	140,000	Twelve (12) months
Purchases of inventories ^(b)	-	60,000	Twelve (12) months
Payment to trade creditors ^(b)	-	9,000	Twelve (12) months
Fund operating and administrative expenses ^(b)	-	1,784	Twelve (12) months
Total	76,500	210,784	

- (a) Based on our audited consolidated statements of financial position as at 31 July 2015, our Group had utilised trade facilities such as banker's acceptances and revolving credit amounting to approximately RM393.18 million for working capital purposes. As at the LPD, the outstanding amount of such trade facilities stood at RM373.36 million. Our Group intends to utilise part of the proceeds from the Rights Issue to service some of our existing trade facilities such as banker's acceptances of which up to RM86.00 million are for HTHSB's trade facilities and up to RM54.00 million are for APMSB's trade facilities.

However, the servicing of the outstanding amount of our trade facilities will not result in any interest savings as the interests of banker's acceptances and revolving credit have already been incurred upon these trade facilities being drawdown. Nonetheless, pending the utilisation of the proceeds to service the trade facilities when they fall due (the average repayment term of the trade facilities is 6 months), the proceeds will be placed in Shariah compliant deposit or investment accounts or invested in Islamic money markets instruments as our Board may deem fit, which will result in receipt of income.

- (b) Under the Maximum Scenario, our Company will allocate up to RM70.78 million for general working capital purposes of our Group, including but not limited to purchases of inventories for the manufacturing and trading segments such as hot-rolled coil, steel plate, beam and steel bar, payment to trade creditors as well as to fund operating and administrative expenses.

As set out in Section 5.3 of this Abridged Prospectus, our Board believes that the development and infrastructure projects under the 11th Malaysia Plan will lead to increased demand for steel products and building materials. As such, our Company intends to allocate up to RM60.00 million (approximately 50% for purchase of hot-rolled coil, 40% for purchase of steel plates and steel bars while the remaining 10% is for other inventories) under the Maximum Scenario to fund our purchase of inventories as our Group requires a certain level of inventories for the manufacturing and trading segments to fulfill the existing orders and to cater to the additional demands and requirements of our customers.

- (2) Pending the utilisation of the proceeds by our Company, the proceeds will be placed in Shariah compliant deposit or investment accounts or invested in Islamic money markets instruments as our Board may deem fit.
- (3) The estimated expenses for the Corporate Exercises as well as amendments to the Memorandum and Articles of Association of our Company and the increase in our authorised share capital, comprising, among others, professional fees, estimated fees and taxes payable to the relevant authorities, underwriting commission, printing cost, expenses relating to the convening of the EGM and advertising expenses. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used as working capital for our Group.

Any deviation of the actual expenses set out above will be correspondingly adjusted from the amount allocated for working capital of our Group.

- (4) From the listing date of the RCUIDS.

The quantum of proceeds arising from exercise of the New Warrants is dependent upon the actual number of New Warrants exercised. The proceeds from the exercise of the New Warrants, if any, will be utilised as working capital for our Group, within 12 months from the receipt of proceeds.

There will be no proceeds arising from conversion of the RCUIDS as the conversion will not require any cash payment by the holders of the RCUIDS and will be wholly satisfied by way of surrendering the RCUIDS with an aggregate nominal value equivalent to the conversion price for cancellation by our Company.

For the avoidance of doubt, the proceeds from the issuance of the RCUIDS will be utilised for Shariah-compliant purposes only.

4. RATIONALE FOR THE CORPORATE EXERCISES

4.1 Rights Issue

The Rights Issue is undertaken to strengthen our Company's capital base to a level which will better reflect the current scale of our Group's operations and assets employed as well as to support the business growth of our Group.

After considering various methods of fund-raising as well as capital structure of our Company, our Board is of the opinion that the Rights Issue is the most appropriate mean of raising funds for our Company at this juncture given the prevailing market conditions, after considering, among others, the following factors:

- (i) the issuance of the RCUIDS would enable our Group to secure funding of up to RM213.28 million, repayable (at the option, but not obligation, of our Company) on the maturity date of the RCUIDS, at a reasonable fixed funding cost, thereby reducing our Group's exposure to interest rate fluctuations, which in turn would enable our Group to manage our cashflow more efficiently;

- (ii) the New Warrants would act as a sweetener to our Entitled Shareholders. The New Warrants provide an option for you to further increase your equity participation in our Company at a pre-determined price over a period of five (5) years. In addition, proceeds from the exercise of the New Warrants, if any, will provide us with funds to finance our working capital without having to incur any additional costs. The exercise of the New Warrants into new HTVB Shares will also increase our shareholders' funds and thereby, improve our gearing level; and
- (iii) as both the RCUIDS and the New Warrants will be listed and traded on Bursa Securities, depending on the future performance of our Group, our Entitled Shareholders and/or potential investors may be able to benefit from the future capital appreciation of the RCUIDS, New Warrants and/or HTVB Shares (arising from conversion of the RCUIDS and/or exercise of the New Warrants).

After due consideration, our Board is of the opinion that the RCUIDS is the most appropriate instrument compared to other types of instruments for the following reasons:

- (i) the RCUIDS would provide our Entitled Shareholders with an annual profit rate or yield of 5%; and
- (ii) the issuance of the RCUIDS would minimise the immediate dilutive effect on our EPS, which would otherwise occur following a pure equity issuance, as the RCUIDS are expected only to be converted over a period of time.

4.2 Bonus Issue

The Bonus Issue aims to incentivise our Entitled Shareholders and the Bonus Shares, in addition to the New Warrants, would act as a sweetener to our Entitled Shareholders to participate in the Rights Issue and improve the trading liquidity of HTVB Shares on Bursa Securities while increasing the capital base of our Company through greater participation from our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) in the equity of our Company.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 The Malaysian economy

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second half of 2015 also provided additional impetus to economic growth.

Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of Goods and Services Tax, adjustments in administrative prices, and the depreciation in the ringgit. Nevertheless, households received some support from the higher cash transfers under the Bantuan Rakyat 1 Malaysia scheme, the reduction in individual income tax rates for the 2015 assessment year and savings derived from lower domestic fuel prices during 2015. Household spending was also supported by continued income growth and stable labour market conditions. Public consumption recorded a sustained growth of 4.3% in 2015 (2014: 4.4%), reflecting the continued efforts by the Government to provide support to growth, while remaining committed to the steady reduction in the fiscal deficit.

Gross fixed capital formation grew by 3.7% in 2015 (2014: 4.8%) mainly due to slower growth in private sector investment. During 2015, the expansion in private investment was lower at 6.4% (2014: 11.0%), reflecting the moderation in domestic demand and cautious business sentiments. While investment in new oil and gas explorations moderated, overall private investment continued to be supported by downstream oil and gas activities, and new and on-going projects in the manufacturing and services sectors. Public investment improved to register a smaller contraction of -1.0% (2014: -4.7%) as the Government and public corporations continued to undertake capital spending, thus providing support to the economy.

On the supply side, all major economic sectors registered more moderate growth, with the exception of the mining sector. The moderation reflected the slower expansion of activity in industries catering to domestic demand. However, export-oriented manufacturing and trade-related services benefited from the modest improvement in external demand.

Labour market conditions remained broadly stable in 2015 as demand for labour was sustained by the continued expansion across all economic sectors. While the labour force participation rate was stable at 67.6% (2014: 67.5%), the unemployment rate edged higher to 3.2% (2014: 2.9%) as more cautious business sentiments led to softer employment prospects towards the second half of 2015.

The international economic and financial landscape is likely to remain challenging in 2016 and will be a key factor that will influence the prospects of the Malaysian economy. Depending on their nature, global developments can pose both upside and downside risks to the Malaysian economic growth. The Malaysian economy is expected to grow by 4.0% to 4.5% in 2016. Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. Private consumption growth is expected to trend below its long-term average, reflecting largely the continued household adjustments to an environment of higher prices and greater uncertainties. These moderating effects, however, will be partially offset by continued growth in income and employment, as well as some support from Government measures targeted at enhancing households' disposable income.

In an environment of prolonged uncertainties and cautious business sentiments, private sector investment growth is projected to be slower compared to its performance in the past five (5) years. Capital expenditure in the upstream mining sector will continue to be affected by the environment of low energy and commodity prices. Support to private sector capital spending will mainly stem from the implementation of on-going and new investment projects, particularly in the manufacturing and services sectors.

Reflecting the Government's commitment to more prudent spending, growth of public sector expenditure is also expected to be more moderate but would continue to be supportive of overall growth. Public investment is, however, projected to turn around to register a positive growth, reflecting higher spending by the Government on fixed assets and the continued implementation of key infrastructure projects by public corporations.

On the supply side, all economic sectors are projected to expand, albeit at a more moderate pace in 2016. The services and manufacturing sectors will remain the key drivers of overall growth. Despite the lower oil and gas prices, growth in the mining sector will be supported by new gas production capacity. Growth momentum in the construction sector is projected to moderate slightly in 2016 amid a modest expansion in both the residential and non-residential sub-sectors.

(Source: Annual Report 2015, Bank Negara Malaysia)

5.2 Outlook of the iron, steel and related industries

Apparent steel consumption in Association of Southeast Asian Nations (“**ASEAN**”) would most likely reach 70 million tonnes in 2015, an increase of 7% year-on-year. This was mainly contributed by the strong consumption growth rates in Vietnam and Philippines.

Vietnam's steel demand is estimated to have jumped by 26% year-on-year to touch 18 million tonnes in 2015, enabling it to overtake Thailand as the largest steel consuming country in the region. Domestic output continued to expand significantly, by 27% year-on-year to 7 million tonnes. Import also surged significantly, by 26% year-on-year to almost 14 million tonnes in the same period. Exports also continued to increase, by more than 500,000 tonnes.

Philippines' steel demand also grew robustly, by 15% year-on-year, to cross the 8 million tonnes threshold in 2015. Domestic production expanded significantly, by a million tonnes in 2015 while import surged moderately, by 4% year-on-year.

Malaysia and Singapore both registered moderate growth rates of 5% year-on-year. Malaysia's steel demand is expected to edge closer to 11 million tonnes in 2015. However, domestic producers did not benefit from the surging demand. Domestic production volume is expected to remain stagnant, at around 4.7 million tonnes. Imports increased by some 500,000 tonnes in 2015, while exports declined moderately.

Singapore, the smallest steel consuming country in the ASEAN-6, experienced a higher growth rate in steel demand of 5% year-on-year to around 4 million tonnes in 2015. However, domestic production declined by nearly 6% year-on-year while import rose marginally to slightly above 5 million tonnes. Export declined by 7% year-on-year to 1.8 million tonnes in the same period.

Thailand's steel demand is expected to decline by 3% year-on-year, to fall below 17 million tonnes in 2015, thus downgrading itself to be the second largest steel consuming country in the region, after Vietnam. Domestic output contracted by 5% year-on-year to around 6.5 million tonnes. Import declined moderately, by 2% year-on-year to just over 11 million tonnes. However, export rose by 5% year-on-year to exceed one million tonnes in the same period.

Indonesia's steel demand is expected to drop by more than 3% year-on-year to register a volume of slightly above 12 million tonnes in 2015. Domestic production contracted by 5% year-on-year to around 6 million tonnes. Imports increased marginally, while exports surged strongly to more than a million tonnes in 2015.

(Source: South East Asia Iron & Steel Institute – Preliminary Report on ASEAN Apparent Steel Consumption 2015 dated 20 April 2016)

The iron and steel industry is a core sector that tracks and closely supports Malaysia's overall economic growth. It is an essential raw material component and building block which is fundamental in the manufacturing, transport equipment, construction, machinery and a host of other industries that literally powers and shapes the nation's development agenda.

In 2014, the challenging conditions in the global steel market continued to impact the Malaysian iron and steel industry. The Government and the industry continued to work closely under the 'shared responsibility' programme to further develop the iron and steel industry. Among the key contribution of this partnership is the joint effort to develop strategic plans to support the catalytic industries identified for the 11th Malaysia Plan. The catalytic industries identified are Electrical and Electronics, Information and Communication Technology Manufacturing, Machinery and Engineering, Chemicals, Aerospace and Medical Devices. The Malaysia Steel Institute ("MSI") was established on 2 January 2014 on the recommendation of the industry, to support these goals and to improve global competitiveness. As an independent entity, their main priorities are human capital development, research and development, formulation of standards and providing advisory services to the industry. MSI also supports the Government in policy formulation and research.

The Malaysian iron and steel industry continued to face stiff competition from cheaper imports in 2014, particularly from China. In the interest of the industry, Malaysia has taken several trade remedy actions, namely the global safeguard measure on imports of hot-rolled steel plates in December 2014 and an anti-dumping action on hot-rolled coil products originating from China and Indonesia in February 2015. There has also been an increase in enquiries on trade measure petitions from the industry. The trade actions were mandated by and in compliance with international trade rules.

To ensure the highest quality, only products which meet the recognised and accepted international standards are allowed entry into the country. Both SIRIM Berhad and Construction Industry Development Board have been tasked to provide the necessary standards certification to safeguard imports.

(Source: MITI Report 2014, MITI)

The construction sector grew at a moderate pace in 2015 (8.2%; 2014: 11.8%), due mainly to the slower growth in the residential sub-sector. Construction activity in the residential sub-sector was affected by fewer property launches during the year. Nonetheless, growth in the civil engineering sub-sector picked up, reflecting the progress of existing infrastructure projects as well as the commencement of a large petrochemical project in Johor. Growth in the construction sector was also supported by the non-residential sub-sector, which was underpinned by projects in both the industrial and commercial property segments.

Growth momentum in the construction sector is projected to moderate slightly in 2016. In the residential sub-sector, the expansion is projected to remain modest amid weak housing approvals and property launches. Performance in the non-residential sub-sector is expected to be more moderate amid slower construction activity in the industrial and commercial property segments. The overall performance of the construction sector, however, will be supported by new and existing multi-year civil engineering projects, particularly in the transport and petrochemical segments

(Source: Annual Report 2015, Bank Negara Malaysia)

Value-added of the construction sector grew at a moderate pace of 7.7% during the first half of 2015 (January to June 2014: 14.5%) on slower civil engineering and residential activities. The highest share was contributed by the residential (27.7%) followed by civil engineering (27.1%), non-residential (26.4%) and specialised construction activities (18.8%) subsectors. The total value of construction work completed during the first half of 2015 expanded by 11.6% to RM56 billion with 20,056 construction projects registered (January to June 2014: 15.7%; RM50 billion; 19,649 projects). The non-residential subsector contributed 34.7% to the value of construction work, followed by civil engineering (30.4%), residential (30.2%) and specialised construction activities (4.7%) subsectors. The private sector continued to dominate construction activities with a share of 67.7% in the first half of 2015. Amid the moderate growth outlook, the construction sector is expected to expand by 8.8% in 2015 (2014: 11.8%).

The construction sector is projected to increase by 8.4% in 2016 (2015: 8.8%), largely driven by infrastructure projects. The sector is expected to benefit, particularly from civil-engineering activities such as Pan-Borneo Highway, Mass Rapid Transit Line 2 and Pengerang Integrated Complex project. Meanwhile, the non-residential subsector is expected to expand led by ongoing construction of commercial buildings. Growth in the residential subsector is expected to be supported by ongoing Government initiatives to provide affordable housing. In addition, strong construction activities following the implementation of infrastructure projects under the 11th Malaysia Plan will augur well for growth in iron and steel as well as cement segments.

(Source: Economic Report 2015/2016, Ministry of Finance, Malaysia)

5.3 Prospects of our Group

The Government continues to review policies and regulations in order to promote the local steel industry. The MITI had in February 2015 started to impose provisional anti-dumping duties on imports of hot-rolled coil originating or exporting from China and Indonesia. The new anti-dumping duties will push the price of imported steel to at least same price as local. The Government has also taken other trade remedy action, namely the global safeguard measure on imports of hot-rolled steel plates in December 2014. There has also been an increase in enquiries on trade measure petitions from the industry. The trade actions were mandated by and in compliance with international trade rules.

Under the 11th Malaysia Plan, the Government has indicated a development allocation of RM260.00 billion for the plan period. The construction sector is expected to be the ultimate beneficiary of the 11th Malaysia Plan as most of the development allocation will be for infrastructure development. The focus on the construction sector will have a direct impact on the strong demand from domestic infrastructure activity for steel products and building materials. The imminent rollout of major infrastructure projects such as Mass Rapid Transit Line 2, Light Rail Transit Extension Line and the Penang Transport Master Plan will also provide additional demand for local steel products.

The development and infrastructure projects under the 11th Malaysia Plan will lead to increased demand for steel products and building materials. Our Board is of the view that the major construction projects under the 11th Malaysia Plan will be beneficial to our Group. Our Board is aware that the steel market in Malaysia will continue to be challenging in view of volatile prices and competition from cheap import. Nonetheless, our Group's key focus will be to continuously review our core strategies to improve the cost, quality and delivery of our products as well as overall operational efficiencies in pushing our Group to the fore-front of the industry.

6. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following key risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, before subscribing for the RCUIDS.

6.1 Risks relating to our Group

6.1.1 Business risk

Our Group is subject to certain risks inherent in the steel manufacturing industry. These include increases in costs of labour and raw materials, labour and raw material shortages as well as changes in general economic, business and credit conditions.

Although our Company seeks to limit these risks through, inter-alia, purchasing from reputable international suppliers and trading houses, optimising diversification of suppliers, maintaining long-term business relationships with our supplier and customers, increasing automation to reduce reliance on manual labour and investing in modern high technology equipment, no assurance can be given that any changes to these factors will not have a material and adverse effect on our Group's business.

6.1.2 Risk of suspension of trial production by our jointly controlled entity

Due to depressed market prices of steel slabs and increased volatility of foreign exchange rates, our jointly controlled entity, ESSB, had temporarily suspended its trial production at the steel mill located at Teluk Kalung, Kemaman, Terengganu ("Plant") in October 2015, as part of ESSB's strategy to minimise losses.

Notwithstanding that the Plant had temporarily suspended production, there is still ongoing maintenance cost for the Plant to be borne by ESSB.

ESSB has yet to determine the timing to resume operation of the Plant. ESSB will continue to monitor market prices and demand for steel slabs and will resume production after market conditions have improved and the outlook is more favourable. Therefore, there is a risk that ESSB will continue incurring the maintenance cost for the Plant and thus decrease the profitability of our Group.

6.1.3 Pricing and availability of raw materials

The prices of the main raw material for our Group's steel products are dependent upon global demand and supply. An increase in the prices of hot-rolled coil may increase the pricing of our steel products and subsequently lower the demand.

Our Group has established long-term relationships with an extensive network of suppliers, both locally and outside Malaysia, to ensure continuous supply of such raw materials at commercially viable prices. As at the LPD, our Group has not encountered any shortage in the supply of raw materials as the existing suppliers have been able to meet our Group's requirement. Nonetheless, there can be no assurance that our Group will be able to continually source for our raw materials at commercially viable prices or obtain adequate supply such that these will not have a material and adverse effect on the business or future earnings of our Group.

6.1.4 Borrowing and funding risks

Recently, global capital and credit markets have experienced volatility, disruption and decreased liquidity, making it more difficult for companies to access capital and credit markets. Volatility in global financial markets has added to the uncertainty of the global economic outlook.

Our Group depends on stable, liquid and well-functioning capital and credit markets to fund our projects and business development. If market conditions continue to deteriorate due to economic, financial, political or other reasons, the ability of our Group to obtain financing and access to the capital markets in the future may be adversely affected.

There can be no assurance that if our Group requires any additional financing, either on a short-term or long-term basis, the additional financing will be made available on terms satisfactory to our Group. If adequate funding is not available when needed or is available only on unfavourable terms, our Group may not be able to meet our capital needs, take advantage of business opportunities or respond to competitive pressures. Any or all of these developments may have a material and adverse effect on the business, financial condition, results of operations and cash flows of our Group.

6.1.5 Dependence on key personnel

Our Group's performance is dependent upon the abilities and continuing efforts of our existing Directors, key management and technical personnel. The loss of services of any of our key personnel without suitable and timely replacement could affect our Group's business, financial conditions, results of operations and prospects.

Our Group's future success will further depend on our ability to recruit, retain and develop highly skilled and competent people at all levels of our organisation. We will continuously consider appropriate measures to attract and retain our key management personnel while grooming and developing younger members of our management team to gradually assume greater responsibilities as part of our succession plan.

6.1.6 Operational risks

Our Group faces certain operational risks which are inherent in the steel manufacturing sector which include, among others, dependence on electricity supply and other operating costs such as labour cost and overheads.

Electricity is our Group's primary energy source. We are solely dependent on the national power supplier, Tenaga Nasional Berhad, to meet our daily electricity needs for the operations of our production facilities. As at the LPD, our Group has not experienced any material interruption of electricity supply at our production facilities. However, there can be no assurance that the supply of electricity to our production facilities will not be subject to prolonged or material interruptions in the future, which may affect our business and operating results.

Our Group's operations are also exposed to increase in overheads and other costs that may result in lower margins, which may result in a need to increase the prices of our steel products. Any material increase in the aforesaid costs may have an impact on our profit margin as there may be a delay in passing on these additional costs by increasing the prices of our steel products as the prices are primarily market driven. There can be no assurance that we can continue to pass on the effects of cost increases, whether fully or partially, in view of the highly competitive market.

6.1.7 Foreign exchange fluctuation risk

Our Group is exposed to foreign exchange fluctuation risk as certain raw material and spare parts for our machineries are imported from overseas and are transacted in foreign currency, notably USD. Furthermore, our Group's products are presently also sold in overseas markets. Sales to these markets are often transacted in USD and any expenditure incurred by us in the generation of sales to these markets may be in RM. Further, an amount of RM54.95 million of unrealised foreign exchange loss arising from USD denominated shareholders' loan was recorded in our jointly controlled entity's book for the FYE 31 July 2015. Fluctuations in the exchange rate between RM and USD may have an adverse impact on the operations of our Group.

As such, our Group uses forward foreign exchange contracts to hedge our Group's exposure to foreign exchange arising from our operational activities. Nevertheless, there is no assurance that the measures adopted/taken are adequate such that there are no adverse and material effects on the financial performance of our Group.

6.1.8 Dependence on operating licences

Our Group has been granted various licences, permits and certificates from authorities including, among others, manufacturing licences issued by the MITI, permits for controlled goods issued by the Ministry of Domestic Trade, Co-operatives and Consumerism, and certificates of fitness for equipment issued by the Department of Occupational Safety and Health. These licences, permits and certificates are necessary for our Group to conduct our day-to-day operations, some of which are subject to periodic renewals.

Any revocation or non-renewal of our licences, permits and certificates from authorities or failure to obtain new licenses, permits and certificates from authorities (if so required) may have a material impact on our Group's ability to continue our operations and hence, may affect our profitability. To mitigate the risk of revocation or non-renewal, our Group will ensure continued compliance with the requirements of these licences, certificates and permits at all times.

6.2 Risks relating to our industry

6.2.1 Dependence on the construction and infrastructure sectors

Our Group trades and manufactures steel pipes, hollow-sections, scaffoldings components and accessories, hardware and building materials which are mainly used in the construction and infrastructure sectors. As such, demand for our Group's products is dependent on the prospects of the construction industry, which in turn, is affected by the general economic conditions in Malaysia and is driven by factors beyond our control. The Malaysian economy and the steel industry are cyclical in nature. Any downturn in the Malaysian economy in general or in either of these industries specifically may result in delays and cancellations of construction projects which may have a cascading effect on the demand for our steel products thus reduce our sales volume and selling prices, thereby adversely affecting our financial performance.

We seek to diversify our customer base by exporting to the international markets so as to reduce our dependence on the domestic market. Approximately 12% of our revenue for the most recent FYE 31 July 2015 was generated from overseas markets. Our exports are mainly to Singapore and Australia. We plan to further penetrate our existing market in Australia, where we currently export square and rectangle hollow-sections. Besides that, we are also exploring to export to other developing countries such as the Philippines.

However, there can be no assurance that we will be able to maintain the targeted level of the foreign sales as the demand for our Group's products is also dependent upon the state of global economy. Should such overseas diversification succeed, it will be sufficient to mitigate any material and adverse effect on our business and results of operations as a consequence of any downturn in the Malaysian economy.

6.2.2 Competition risk

Our Group faces competition from new and existing players, foreign and local, which offer similar products to our Group's offerings, in terms of product quality, service, timeliness of delivery and price. In particular, the influx of steel products from China had significantly increased the supply of steel products in Malaysia, which has resulted in lower margins for local steel producers. Despite the trade actions implemented by the Government, the volume of imported steel products remains high.

Due to competitive market environment, we will improve our competitive edge by providing efficient product delivery and deployment, constantly improving the quality and reliability of our Group's products, and offering competitive pricing to our customers. However, there can be no assurance that our Group will be able to compete effectively against our competitors and that competitive pressure will not materially and adversely affect our Group's business, results of operations and/or financial condition.

6.2.3 Political, economic and regulatory risks

Our business operations are subject to the jurisdiction of various governmental agencies or ministries. Any adverse development in the political, economic and regulatory conditions in Malaysia as well as in countries where our Group exports our products to could materially and adversely affect the financial and operational conditions and the profitability of our Group. Political and economic uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, political or social development, risk of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

While we will continue to take precautionary measures such as exporting our products to new overseas markets, there can be no assurance that any material change in political, economic and regulatory conditions in jurisdictions or countries where our Group exports our products to will not materially affect our operations and financial performance.

6.3 Risks relating to the Corporate Exercises

6.3.1 Credit risk of the RCUIDS

The RCUIDS bear a fixed profit rate of 5% per annum calculated on the outstanding nominal value of the RCUIDS, payable in arrears on a semi-annual basis. However, there can be no assurance that our Group will be able to maintain our financial performance and generate sufficient revenue and cash flow, which may affect our Company's ability to service the profit payments. In this respect, our Company will maintain prudent cash flow management and monitor our cash flow position to fulfil our obligation to service the profit payments in order to mitigate the credit risk of the RCUIDS and minimise the risk of default.

However, upon the occurrence of an event of default pursuant to the Trust Deed, the outstanding nominal value of the RCUIDS and the profit payments will immediately be due and payable by our Company to the holders of the RCUIDS.

6.3.2 Delay in or failure of the Corporate Exercises

The Rights Issue and Bonus Issue, which are inter-conditional, may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) force majeure events or circumstances which are beyond the control of our Company and the Joint Principal Advisers, including without limitation, acts of government, acts of God (including, without limitation, the occurrence of a tsunami, flooding, landslide and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of war, diseases or accidents, any change in law, regulation, policy or ruling, arising prior to the implementation of the Rights Issue; and
- (ii) the Joint Managing Underwriters and Joint Underwriters collectively (and not singly), exercising their rights under the Underwriting Agreement to terminate the Underwriting Agreement and discharge themselves from their obligations therein for any reasons whatsoever, as set out in Section 2.1.6.3 of this Abridged Prospectus.

There can be no assurance that the above events will not occur and cause a delay in or abortion of the Rights Issue and Bonus Issue. If the listing of the RCUIDS, New Warrants and Bonus Shares does not take place, all monies received for the RCUIDS will be refunded in full without interest to our Entitled Shareholders and/or their renouncee(s) and/or transferee(s), in accordance with Section 243 of the CMSA.

6.3.3 Market risks

The price of the RCUIDS, New Warrants and HTVB Shares as traded on Bursa Securities may fluctuate, like all other listed securities. A variety of factors could cause the price of the RCUIDS, New Warrants and HTVB Shares to fluctuate, including prevailing market sentiments, volatility of the stock market, interest rate movements, trades of substantial amount of HTVB's securities in the open market on Bursa Securities in the future, corporate developments and future profitability of our Group as well as the prospects of the industry in which our Group operates.

RCUIDS

The RCUIDS is a new class of securities for which there is currently no prior market. No assurance can be given that an active market for the RCUIDS will develop upon or subsequent to the listing of and quotation for the RCUIDS on the Main Market of Bursa Securities or, if developed, that such a market is sustainable or adequately liquid during the tenure of the RCUIDS. The RCUIDS will be traded on Bursa Securities at prices which are dependent upon market forces and is beyond our control.

There can be no assurance that the market price of the RCUIDS will trade at or above the nominal value of RM0.50 subsequent to their listing. In addition, there can be no assurance that the market price of the HTVB Shares will remain at or above the conversion price of the RCUIDS during the tenure of the RCUIDS.

New Warrants

The New Warrants will be detached from the RCUIDS immediately upon issuance and will be traded separately on Bursa Securities.

As there is no prior market for the New Warrants, there can be no assurance that there will be an active market for the New Warrants upon or subsequent to its listing on Bursa Securities or if developed, that such a market is sustainable or adequately liquid during the tenure of the New Warrants. The New Warrants will be traded on Bursa Securities at prices which are dependent upon market forces and is beyond our control. In addition, there is no assurance that the New Warrants will be “in-the-money” during the tenure of the New Warrants. “In-the-money” refers to a market situation where the trading price of the HTVB Shares is higher than the exercise price of the New Warrants.

6.4 Forward-looking statements

This Abridged Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Abridged Prospectus including, among others, those regarding our financial position, business strategies, plans and objectives of our management for our future operations, are forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our Group’s actual results, performance or achievements to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competition, the impact of new laws and regulations affecting us and the industry we operate in, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by us or the Joint Principal Advisers that such plans and objectives will be achieved.

7. EFFECTS OF THE CORPORATE EXERCISES

7.1 Share capital

The proforma effects of the Corporate Exercises on the issued and paid-up share capital of our Company as at the LPD are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of HTVB Shares	RM	No. of HTVB Shares	RM
As at the LPD	718,390,808	359,195,404	718,390,808	359,195,404
Treasury Shares	(5,482,000)	(2,741,000)	(5,482,000)	(2,741,000)
Assuming all the outstanding Warrants 2012/2017 are exercised	-	-	88,533,692	44,266,846
Assuming all the outstanding Convertible Bonds are converted	-	-	210,000,000	105,000,000
Assuming all the outstanding Options are exercised	-	-	54,979,000	27,489,500
Total HTVB Shares with voting rights	712,908,808	356,454,404	1,066,421,500	533,210,750
To be issued pursuant to the Bonus Issue	316,000,000	158,000,000	853,137,200	426,568,600
After the Bonus Issue	1,028,908,808	514,454,404	1,919,558,700	959,779,350
To be issued assuming full conversion of the RCUIDS	158,000,000	79,000,000	426,568,600	213,284,300
After full conversion of the RCUIDS	1,186,908,808	593,454,405	2,346,127,300	1,173,063,650
To be issued assuming full exercise of the New Warrants	158,000,000	79,000,000	426,568,600	213,284,300
Enlarged HTVB Shares with voting rights	1,344,908,808	672,454,404	2,772,695,900	1,386,347,950

7.2 NA per HTVB Share and gearing

The proforma effects of the Corporate Exercises on the NA per HTVB Share and gearing of our Group based on the latest audited consolidated statement of financial position of our Company as at 31 July 2015 assuming that the Corporate Exercises had been effected on that date are as follows:

Minimum Scenario

		(I)	(II)	(III)	(IV)	(V)
	As at 31 July 2015	After adjustments for subsequent events after 31 July 2015 ⁽¹⁾	After (I) and the Rights Issue	After (II) and the Bonus Issue	After (III) and assuming full conversion of the RCUIDS	After (IV) and assuming full exercise of the New Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	359,195	359,195	359,195	517,195	596,195	675,195
Share premium	38,160	38,160	38,160	-	-	22,120
RCUIDS – Equity component	-	-	30,454 ⁽⁵⁾	30,454	-	-
Reserves						
- Warrants 2012/2017 reserves	18,459	18,459	18,459	18,459	18,459	18,459
- New Warrants reserves	-	-	16,811 ⁽⁶⁾	16,811	16,811	-
- Other reserves	(997)	(997)	(997)	(997)	(997)	(997)
Share option reserves	3,742	3,966	3,966	3,966	3,966	3,966
Treasury shares	(7,496)	(7,496)	(7,496)	(7,496)	(7,496)	(7,496)
Retained earnings	461,086	458,723	456,223	336,383	314,263	314,263
Total equity attributable to owners of our Company/NA	872,149	870,010	914,775	914,775	941,201	1,025,510
No. of HTVB Shares in issue with voting rights ('000)	712,909	712,909	712,909	1,028,909	1,186,909	1,344,909
NA per HTVB Share (RM) ⁽²⁾	1.22	1.22	1.28	0.89	0.79	0.76
Total borrowings (RM'000) ⁽³⁾	526,726	526,726	543,535	543,535	526,726	526,726
Gearing (times) ⁽⁴⁾	0.60	0.61	0.59	0.59	0.56	0.51

Notes:

- (1) Subsequent events after 31 July 2015 represent the following transactions:
- (i) the fair value adjustment for the Options pursuant to MFRS 2 Share-based Payment amounting to RM224,222 during the period from 1 August 2015 to the LPD; and
 - (ii) payment of single-tier final dividend of 0.30 sen per HTVB Share for the FYE 31 July 2015 totaling approximately RM2.14 million on 27 January 2016.
- (2) Calculated as total equity attributable to owners of our Company/NA divided by number of HTVB Shares in issue with voting rights.
- (3) Comprises interest-bearing borrowings, including liability component of the RCUIDS.
- (4) Calculated as total borrowings divided by total equity attributable to owners of our Company/NA.
- (5) The estimated equity component of the RCUIDS of RM30.45 million is determined by deducting the fair value of the New Warrants (net of deferred tax), liability component of the RCUIDS and the resultant deferred tax liabilities from the gross proceeds from the Rights Issue as illustrated below: .

	RM'000
Gross proceeds from the Rights Issue	79,000
Less: Liability component of the RCUIDS ^(a)	(16,809)
Less: Deferred tax liabilities ^(b)	(14,926)
Less: Fair value of the New Warrants (net of deferred tax) ^(c)	(16,811)
Equity component of the RCUIDS	<u>30,454</u>

- (a) The liability component of the RCUIDS is determined by discounting the profit payments of the RCUIDS over the tenure of five (5) years based on an effective interest cost of 6.09% per annum.
 - (b) The deferred tax liabilities arising thereon is recognised based on the Malaysian statutory tax rate of 24%.
 - (c) The fair value of the New Warrants is measured using the Trinomial Option Pricing Model at fair value of approximately RM0.14 for each New Warrant.
- (6) The New Warrants reserves of RM16.81 million is based on the fair value of the New Warrants (net of deferred tax).

Maximum Scenario

	(I)	(II)	(III)	(IV)	(V)	(VI)	
	As at 31 July 2015	After adjustments for subsequent events after 31 July 2015 ⁽¹⁾	Assuming all the outstanding HTVB Convertible Securities are exercised/ converted into new HTVB Shares	After (I) and the Rights Issue	After (II) and the Bonus Issue	After (III) and assuming full conversion of the RCUIDS	After (IV) and assuming full exercise of the New Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	359,195	359,195	535,952	535,952	962,521	1,175,805	1,389,089
Share premium	38,160	38,160	121,174	121,174	-	-	51,188
RCUIDS – Equity component	-	-	-	88,704 ⁽⁵⁾	88,704	-	-
Reserves							
- Warrants 2012/2017 reserves	18,459	18,459	-	-	-	-	-
- New Warrants reserves	-	-	-	38,903 ⁽⁶⁾	38,903	38,903	-
- Other reserves	(997)	(997)	(644)	(644)	(644)	(644)	(644)
Share option reserves	3,742	3,966	-	-	-	-	-
Treasury shares	(7,496)	(7,496)	(7,496)	(7,496)	(7,496)	(7,496)	(7,496)
Retained earnings	461,086	458,723	448,824	446,324	140,929	89,741	89,741
Total equity attributable to owners of our Company/NA	872,149	870,010	1,097,810	1,222,917	1,222,917	1,296,309	1,521,878
No. of HTVB Shares in issue with voting rights ('000)	712,909	712,909	1,066,422	1,066,422	1,919,559	2,346,127	2,772,696
NA per HTVB Share with voting rights (RM) ⁽²⁾	1.22	1.22	1.03	1.15	0.64	0.55	0.55
Total borrowings (RM'000) ⁽³⁾	526,726	526,726	393,181	438,561	438,561	393,181	393,181
Gearing (times) ⁽⁴⁾	0.60	0.61	0.36	0.36	0.36	0.30	0.26

Notes:

- (1) Subsequent events after 31 July 2015 represent the following transactions:
- (i) the fair value adjustment for the Options pursuant to MFRS 2 Share-based Payment amounting to RM224,222 during the period from 1 August 2015 to the LPD; and
 - (ii) payment of single-tier final dividend of 0.30 sen per HTVB Share for the FYE 31 July 2015 totaling approximately RM2.14 million on 27 January 2016.
- (2) Calculated as total equity attributable to owners of our Company/NA divided by number of HTVB Shares in issue with voting rights.
- (3) Comprises interest-bearing borrowings, including liability component of the RCUIDS.
- (4) Calculated as total borrowings divided by total equity attributable to owners of our Company/NA.
- (5) The estimated equity component of the RCUIDS of RM88.70 million is determined by deducting the fair value of the New Warrants (net of deferred tax), liability component of the RCUIDS and the resultant deferred tax liabilities from the gross proceeds from the Rights Issue as illustrated below:

	RM'000
Gross proceeds from the Rights Issue	213,284
Less: Liability component of the RCUIDS ^(a)	(45,380)
Less: Deferred tax liabilities ^(b)	(40,297)
Less: Fair value of the New Warrants (net of deferred tax) ^(c)	(38,903)
Equity component of the RCUIDS	<u>88,704</u>

- (a) The liability component of the RCUIDS is determined by discounting the profit payments of the RCUIDS over the tenure of five (5) years based on an effective interest cost of 6.09% per annum.
- (b) The deferred tax liabilities arising thereon is recognised based on the Malaysian statutory tax rate of 24%.
- (c) The fair value of the New Warrants is measured using the Trinomial Option Pricing Model at fair value of approximately RM0.12 for each New Warrant.
- (6) The New Warrants reserves of RM38.90 million is based on the fair value of the New Warrants (net of deferred tax).

7.3 Earnings and EPS

Save for the estimated expenses, the Rights Issue is not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 July 2016.

There will be a corresponding dilution in the EPS of our Group upon completion of the Bonus Issue as a result of the increase in the number of HTVB Shares in issue.

Any increase in the number of HTVB Shares following the conversion of the RCUIDS and/or exercise of the New Warrants will dilute the EPS of our Group in the event that the earnings of our Group does not increase in tandem with the increase in the number of HTVB Shares in issue.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital

Our Board is of the opinion that after taking into consideration the amount to be raised from the Rights Issue, funds generated from our operations and banking facilities available, our Group will have sufficient working capital for a period of 12 months from the date of this Abridged Prospectus.

8.2 Borrowings

As at the LPD, the total borrowings of our Group is approximately RM575.31 million. All borrowings are interest bearing and comprise the following:

Short term borrowings (payable within twelve (12) months)	Currency	Amount in USD'000	Amount in RM'000
<i>Secured</i>			
Convertible Bonds ⁽¹⁾	RM	-	550
<i>Unsecured</i>			
Bankers' acceptance ⁽²⁾	RM	-	313,361
Revolving credit ⁽²⁾	RM	-	60,000
Term Loan	USD	15,000	63,902
Long term borrowings (payable after twelve (12) months)			
<i>Secured</i>			
Convertible Bonds ⁽¹⁾	RM	-	137,499

Notes:

(1) The Convertible Bonds are secured by a first legal charge over the property of a subsidiary and the land and buildings of our Company.

(2) Our Company has extended corporate guarantees amounting to RM373.36 million as at the LPD to financial institutions for banking facilities granted to certain subsidiaries. Our 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 and will be able to meet their obligations as and when they fall due.

There has not been any default on payments of either interest and/or principal sums by our Group for any borrowings throughout the past one (1) financial year and for the subsequent financial period up to the LPD.

8.3 Contingent liabilities

As at the LPD, save as disclosed below, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the net profits or NA of our Group:

Contingent liability for	RM'000
Indemnity provided for bank guarantees issued	6,520
Guarantees issued in favour of Royal Malaysian Customs Department	3,000
Corporate guarantee issued in favour of the financial institutions for banking facilities granted to ESSB	42,659
Total	52,179

8.4 Material commitments

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the net profits or NA of our Group.

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, AND THE PROCEDURES TO BE FOLLOWED BY YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S), IF APPLICABLE, SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S), IF APPLICABLE, WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT(S) AS WELL AS INSTRUCTIONS FOR APPLICATION FOR EXCESS RCUIDS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE DOCUMENTS CAREFULLY.

UNLESS OTHERWISE STATED, ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS EITHER IN FULL OR IN PART MUST BE MADE ON THE RSF ISSUED TOGETHER WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE DOCUMENTS. ACCEPTANCES WHICH DO NOT STRICTLY CONFORM TO THE TERMS AND CONDITIONS AS WELL AS NOTES AND INSTRUCTIONS IN THE DOCUMENTS OR WHICH ARE ILLEGIBLE MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

9.1 General

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s), if applicable, are required to have valid and subsisting CDS Accounts when making applications to subscribe for the RCUIDS.

If you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Provisional Allotments that have been provisionally allotted to you, as well as to apply for Excess RCUIDS, if you choose to do so.

Our Entitled Shareholders should note that the entitlements to the RCUIDS and New Warrants and entitlement to the Bonus Shares are not separately renounceable. If you choose to renounce your entitlement to the RCUIDS, in full or in part, you will not be entitled to the New Warrants, which are attached to the RCUIDS and the corresponding Bonus Shares to be issued pursuant to the Bonus Issue.

The entitlement to the Bonus Shares will be provisionally allotted to our Entitled Shareholders but the Bonus Shares will only be ultimately issued to the final subscribers for the RCUIDS. Accordingly, our Entitled Shareholders who renounce their entitlement to the RCUIDS provisionally allotted to them under the Rights Issue will also renounce their entitlements to the Bonus Shares as well as the New Warrants which are attached to the RCUIDS.

Example

In summary, for every 100 HTVB Shares held by you, your entitlement pursuant to the Rights Issue and Bonus Issue would be 40 RM0.50 nominal value of RCUIDS amounting to RM20 together with 40 New Warrants and 80 Bonus Shares.

However, assuming you decide to renounce your Rights Issue entitlement in full, i.e. you renounce all your entitlement of 40 RM0.50 nominal value of RCUIDS, you will not be allotted any New Warrants or Bonus Shares, as you did not subscribe for the RCUIDS. Instead, the New Warrants and Bonus Shares will be allotted to the renouncee(s) and/or transferee(s) who had subscribed for the RCUIDS.

Assuming you renounce your entitlement of 20 RM0.50 nominal value of RCUIDS and subscribe for the remaining 20 RM0.50 nominal value of RCUIDS, you would have to pay RM10 for the 20 RCUIDS subscribed for. In return you will be allotted 20 RM0.50 nominal value of RCUIDS together with 20 New Warrants and 40 Bonus Shares.

9.2 Procedures for acceptance and payment

If you wish to accept your entitlement to the Provisional Allotments, either in full or in part, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Thereafter, please send each completed and signed RSF with the relevant payments in the reply envelope enclosed with this Abridged Prospectus, by the mode of despatch of your choice (at your own risk) to our Share Registrar, Symphony Share Registrars Sdn Bhd, at the following addresses:

FOR DELIVERY BY HAND AND/OR COURIER

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel. no.: +603-7849 0777
Fax no.: +603-7841 8151/8152

FOR ORDINARY POST

Peti Surat 9150
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor

so as to arrive not later than 5.00 p.m. on the Closing Date.

If you have lost, misplaced or for any other reasons require another copy of the RSF, you may obtain additional copies from one of the following:

- (i) all Malaysian stockbroking companies;

- (ii) our registered office at:
Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan;
- (iii) our Share Registrar at:
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan; or
- (iv) Bursa Securities' website at the following address:
www.bursamalaysia.com

One (1) RSF can only be used for acceptance of the Provisional Allotments standing to the credit in one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit in more than one (1) CDS Account. The Provisional Allotments accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are credited.

The minimum number of Provisional Allotments that can be accepted is one (1) RCUIDS with one (1) New Warrant and two (2) Bonus Shares. However, you should note that a trading board lot of the RCUIDS, New Warrants and Bonus Shares comprises one hundred (100) RCUIDS, New Warrants and Bonus Shares respectively.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Provisional Allotments accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "**HTVB Rights Issue Account**" crossed "**A/C PAYEE ONLY**" and **endorsed on the reverse side with your name in block letters, your address, contact number and CDS Account number**. The payment must be made for the exact amount. Any application accompanied by excess or insufficient payment or payment other than in the manner prescribed in this Abridged Prospectus may or may not be accepted at the absolute discretion of our Board.

If acceptance and payment for the Provisional Allotments allotted to you (whether in full or in part) are not received by our Share Registrar by 5.00 p.m. on the Closing Date, your Provisional Allotments will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such RCUIDS, New Warrants and Bonus Shares not taken up to applicants who have applied for Excess RCUIDS in the manner as set out in Section 9.4 of this Abridged Prospectus.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHOULD NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR THE APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE CORPORATE EXERCISES.

Applications should not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right at its absolute discretion not to accept any application, in full or in part, without assigning any reason thereof.

Notification on the outcome of your application will be despatched to you by ordinary post to the address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the Closing Date and the RCUIDS, New Warrants and Bonus Shares will be allotted within eight (8) Market Days from the Closing Date; or
- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

9.3 Procedures for sale or transfer of the Provisional Allotments

The Provisional Allotments are renounceable securities and will be traded on Bursa Securities commencing from 30 May 2016 up to and including 3 June 2016. As such, you may sell all or part of your entitlement to the Provisional Allotments during such period. You may also transfer all or part of your entitlement to the Provisional Allotments from 30 May 2016 to 4.00 p.m. on 8 June 2016.

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit in your CDS Account.

You may sell such entitlement on Bursa Securities or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository, both for the period up to the last day and time for the sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU NEED NOT DELIVER ANY DOCUMENT (INCLUDING THE RSF) TO YOUR STOCKBROKERS IN RESPECT OF THE PORTION OF THE PROVISIONAL ALLOTMENTS SOLD OR TRANSFERRED. HOWEVER, YOU ARE ADVISED TO ENSURE THAT YOU MUST HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT IN YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments not sold or transferred by completing Parts I(a) and II of the RSF. Please refer to Section 9.2 of this Abridged Prospectus for the procedures for acceptance and payment.

9.4 Procedures for application for Excess RCUIDS

If you wish to apply for Excess RCUIDS in excess of your Provisional Allotments, you may do so by completing Part I(b) of the RSF (in addition to Parts I(a) and II) in accordance with the notes and instructions contained in the RSF. Thereafter, please send each completed and signed RSF with a **separate remittance** for the full amount payable on the Excess RCUIDS applied for in the reply envelope enclosed with this Abridged Prospectus by the mode of despatch of your choice (at your own risk) to our Share Registrar so as to arrive not later than 5.00 p.m. on the Closing Date.

The minimum number of Excess RCUIDS that can be applied for is one (1) RCUIDS with one (1) New Warrant and two (2) Bonus Shares. However, you should note that a trading board lot of RCUIDS with New Warrants and Bonus Shares comprises one hundred (100) RCUIDS, New Warrants and Bonus Shares respectively.

Payment for the Excess RCUIDS applied for should be made in the same manner described in Section 9.2 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia should be made payable to "**HTVB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and **endorsed on the reverse side with your name in block letters, your address, contact number and CDS Account number**. The payment must be made for the exact amount. Any application accompanied by excess or insufficient payment or payment other than in the manner prescribed in this Abridged Prospectus may or may not be accepted at the absolute discretion of our Board.

It is the intention of our Board to allocate the Excess RCUIDS, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, who have applied for Excess RCUIDS in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to ensure the spread requirements of the RCUIDS and New Warrants of a minimum one hundred (100) holders holding not less than one (1) board lot each is met prior to the listing of the RCUIDS and New Warrants on the Main Market of Bursa Securities;
- (iii) thirdly, for allocation to our Entitled Shareholders who have applied for Excess RCUIDS on a pro rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date; and
- (iv) lastly, for allocation to our Entitled Shareholders and/or their renounee(s) and/or transferee(s), if applicable, who have applied for Excess RCUIDS, on a pro rata basis and in board lots, calculated based on the quantum of their respective Excess RCUIDS application.

In the event of any Excess RCUIDS balance after the above allocations are completed, the balance will be allocated in accordance with the processes set out in items (iii) and (iv) above.

Nevertheless, our Board reserves the right to allot any Excess RCUIDS applied for in such manner as it deems fit or expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in items (i) to (iv) above is achieved. Our Board reserves the right at its absolute discretion not to accept any application for Excess RCUIDS, in full or in part, without assigning any reason thereof.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHOULD NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF FOR THE EXCESS RCUIDS APPLICATION OR THE APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR.

Applications for Excess RCUIDS shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right at its absolute discretion not to accept any Excess RCUIDS application, in full or in part, without assigning any reason thereof.

Notification on the outcome of your application for the Excess RCUIDS will be despatched to you by ordinary post to the address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the Closing Date and the RCUIDS, New Warrants and Bonus Shares will be allotted within eight (8) Market Days from the Closing Date; or
- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

9.5 Procedures to be followed by renounees and transferees

If you are a renounee or transferee or if you had purchased any Provisional Allotments, you may obtain a copy of this Abridged Prospectus and/or the accompanying RSF to enable you to accept the Provisional Allotments, from one of the following:

- (i) all Malaysian stockbroking companies;
- (ii) our registered office at:
Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan;
- (iii) our Share Registrar at:
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan; or
- (iv) Bursa Securities' website at the following address:
www.bursamalaysia.com

As a renounee or transferee, the procedures for acceptance, payment, selling or transferring of the Provisional Allotments are the same as that which are applicable to our Entitled Shareholders as described in Sections 9.2 and 9.3 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

Renounees and transferees are advised to read and adhere to the RSF and the notes and instructions contained in the RSF.

9.6 CDS Accounts

Bursa Securities has prescribed the securities listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotments are prescribed securities and as such, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Provisional Allotments. Failure to comply with these specific instructions for application or inaccuracy in the CDS Account numbers may result in your application being rejected.

Your subscription for the Provisional Allotments should mean consent to receiving such RCUIDS, New Warrants and Bonus Shares as deposited securities which will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess RCUIDS allotted should be credited directly into the CDS Account of successful applicants.

If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to apply for all these Provisional Allotments. Separate RSFs must be used for separate CDS Accounts. If successful, the RCUIDS, New Warrants and Bonus Shares that you applied for will be credited into the respective CDS Accounts into which the Provisional Allotments have been credited.

9.7 Foreign Addressed Shareholders and/or shareholders subject to laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any jurisdiction other than Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Provisional Allotments will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Provisional Allotments to which this Abridged Prospectus relates is only available to persons receiving the Documents electronically or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) despatched to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, who will be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia other than as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Provisional Allotments and the acceptance thereof by you would be in compliance with the terms and conditions of the Corporate Exercises and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you have accepted the Provisional Allotments in Malaysia and will at all applicable times be subject to the laws of Malaysia.

As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s), if applicable, may only accept or renounce or transfer (as the case may be) all or any of the Provisional Allotments to the extent that it would be lawful to do so, and our directors and officers of our Company, the Joint Principal Advisers, Joint Managing Underwriters and Joint Underwriters (collectively, the "**Parties**"), would not in connection with the Corporate Exercises, be in breach of the laws of any foreign country or jurisdiction to which you and/or your renounee(s) and/or transferee(s), if applicable, is or might be subject to. You and/or your renounee(s) and/or transferee(s), if applicable, shall be solely responsible to seek advice from your legal and/or professional advisers as to the laws of the country or jurisdiction to which you are or might be subject to. The Parties shall not accept any responsibility or liability whatsoever to any party if any acceptance and/or renunciation and/or transfer made by any Entitled Shareholder and/or his renounee(s) and/or transferee(s), if applicable, is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

In addition, each person, by accepting the delivery of the Documents, accepting any Provisional Allotments by signing any of the forms accompanying the Documents or subscribing for or acquiring any Provisional Allotments, will be deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Provisional Allotments, be in breach of the laws of any jurisdiction to which you and/or your renounee(s) and/or transferee(s), if applicable, are or may be subject to;
- (ii) you and/or your renounee(s) and/or transferee(s), if applicable, have complied with the laws to which you and/or your renounee(s) and/or transferee(s) are or may be subject to in connection with the acceptance or renunciation;
- (iii) you and/or your renounee(s) and/or transferee(s), if applicable, are not a nominee or agent of a person for whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) you and/or your renounee(s) and/or transferee(s), if applicable, are aware that the Provisional Allotments can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) you and/or your renounee(s) and/or transferee(s), if applicable, have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as you and/or your renounee(s) and/or transferee(s), if applicable, deem necessary in connection with your and/or your renounee(s)' and/or transferee(s)', if applicable, decision to subscribe for or purchase the Provisional Allotments; and
- (vi) you and/or your renounee(s) and/or transferee(s), if applicable, have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Provisional Allotments, and are prepared to bear the economic and financial risks of investing in and holding the Provisional Allotments.

PERSONS RECEIVING THE DOCUMENTS (INCLUDING, WITHOUT LIMITATION, CUSTODIANS, NOMINEES AND TRUSTEES) MUST NOT, IN CONNECTION WITH THE CORPORATE EXERCISES, DISTRIBUTE OR SEND THE DOCUMENTS INTO ANY JURISDICTIONS WHERE TO DO SO WOULD OR MIGHT CONTRAVENE LOCAL SECURITIES, EXCHANGE CONTROL OR RELEVANT LAWS OR REGULATIONS.

ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY PROVISIONAL ALLOTMENTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS IN SUCH TERRITORY.

WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID, IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE APPLICABLE LEGAL OR REGULATORY REQUIREMENTS. THE PROVISIONAL ALLOTMENTS RELATING TO ANY ACCEPTANCE WHICH IS TREATED AS INVALID WILL BE INCLUDED IN THE POOL OF EXCESS RCUIDS AVAILABLE FOR EXCESS APPLICATION BY THE OTHER ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) AND/OR TRANSFEREE(S), IF APPLICABLE. YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S), IF APPLICABLE, WILL ALSO HAVE NO CLAIMS WHATSOEVER AGAINST THE PARTIES IN RESPECT OF YOUR AND/OR YOUR RENOUNCEE(S)' AND/OR TRANSFEREE(S)', IF APPLICABLE, ENTITLEMENT UNDER THE CORPORATE EXERCISES OR TO ANY NET PROCEEDS THEREOF.

10. TERMS AND CONDITIONS

The issuance of the RCUIDS with New Warrants and Bonus Shares pursuant to the Corporate Exercises is governed by the terms and conditions as set out in the Documents and the respective Trust Deed and Deed Poll.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

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

A handwritten signature in black ink, appearing to read 'Al' followed by a long horizontal stroke and a small hook at the end.

TAN SRI ABD RAHMAN BIN MAMAT
Chairman/Independent Non-Executive Director

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 6 MAY 2016

HIAP TECK VENTURE BERHAD

(Company No. 421340-U)

(Incorporated in Malaysia)

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON 6 MAY 2016

It was **RESOLVED:-**

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM213,534,700.00 NOMINAL VALUE OF FIVE (5)-YEAR 5% REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES (“RCUIDS”) AT 100% OF ITS NOMINAL VALUE ON THE BASIS OF TWO (2) RM0.50 NOMINAL VALUE OF RCUIDS FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM0.50 EACH IN HTVB (“HTVB SHARES” OR “SHARES”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“ENTITLEMENT DATE”) TOGETHER WITH UP TO 427,069,400 FREE DETACHABLE WARRANTS (“NEW WARRANTS”) ON THE BASIS OF ONE (1) NEW WARRANT FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED (“PROPOSED RIGHTS ISSUE”)

“THAT subject to the passing of all the resolutions stated herein and all relevant approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Board of Directors of HTVB (“Board”) to provisionally allot, by way of a renounceable rights issue, of up to RM213,534,700.00 nominal value of RCUIDS at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing HTVB Shares held on the Entitlement Date together with up to 427,069,400 New Warrants on the basis of one (1) New Warrant for every one (1) RM0.50 nominal value of RCUIDS subscribed;

THAT approval be and is hereby given to the Board to create and issue the RCUIDS and New Warrants based on the salient terms of the RCUIDS and New Warrants as set out in Appendix I and Appendix II of the circular to the shareholders of the Company dated 14 April 2016 (“Circular”) respectively and the terms and conditions of a trust deed constituting the RCUIDS to be executed between the Company and Pacific Trustees Berhad, who acts for the benefit of the holders of the RCUIDS (“Trust Deed”) and the deed poll constituting the New Warrants to be executed by the Company (“Deed Poll”);

THAT approval be and is hereby given to the Board to determine and vary if deemed fit, necessary and/or expedient, the conversion price of the RCUIDS and/or the exercise price of the New Warrants in accordance with the provisions of the Trust Deed and/or the Deed Poll;

THAT approval be and is hereby given to the Board to issue and allot such further New Warrants and new HTVB Shares arising from any exercise of such further New Warrants by the holders of the New Warrants or pursuant to any adjustment in the number of the New Warrants which may be carried out in accordance with the Deed Poll and/or as may be required by the relevant authorities;

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 6 MAY 2016 (Cont'd)

Hiap Teck Venture Berhad

Certified True Extract of the Resolutions passed at the Extraordinary General Meeting held on 6 May 2016 (Cont'd)

THAT approval be and is hereby given to the Board to issue and allot such number of new HTVB Shares credited as fully paid-up upon conversion of the RCUIDS during the conversion period and at the conversion price of the RCUIDS and/or upon exercise of the New Warrants during the exercise period of the New Warrants and that such new HTVB Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing HTVB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the allotment date of the new HTVB Shares to be issued upon conversion of the RCUIDS and/or exercise of the New Warrants;

THAT fractional entitlement of the RCUIDS and New Warrants arising from the Proposed Rights Issue, if any, will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion deem fit or expedient and in the best interest of the Company;

THAT any RCUIDS together with New Warrants which is not subscribed or validly subscribed shall be made available for excess applications in such manner as the Board shall determine in a fair and equitable manner on a basis to be determined by the Board;

THAT the Board be and is hereby authorised to enter into and execute the Trust Deed and the Deed Poll and to do all acts, deeds and things as it may deem fit or expedient in order to implement, finalise and give effect to the aforesaid Trust Deed and Deed Poll;

THAT approval be and is hereby given for the proceeds of the Proposed Rights Issue to be utilised by the Company for the purposes as set out in Section 2.1.6 of the Circular, and the Board be and is hereby authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company, subject (where required) to the approval of the relevant authorities;

THAT in order to implement, complete and give full effect to the Proposed Rights Issue, approval be and is hereby given to the Board to do or to procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and complete the Proposed Rights Issue, with full powers to assent to any condition, modification, variation and/or amendment thereto as required by the relevant authorities (including, without limitation, any changes to the conditions relating to the RCUIDS and the New Warrants) or as the Board may deem fit in connection with the Proposed Rights Issue and in the best interest of the Company;

THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all RCUIDS and New Warrants to be issued pursuant to or in connection with the Proposed Rights Issue have been duly issued and allotted in accordance with the terms of the Proposed Rights Issue;

AND THAT no other documents pertaining to the Proposed Rights Issue shall be issued or sent to the shareholders of the Company having registered addresses outside Malaysia or who have not provided an address in Malaysia at which such documents may be delivered to prior to the Entitlement Date.”

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 6 MAY 2016 (Cont'd)

Hiap Teck Venture Berhad

Certified True Extract of the Resolutions passed at the Extraordinary General Meeting held on 6 May 2016 (Cont'd)

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF UP TO 854,138,800 NEW HTVB SHARES (“BONUS SHARES”) TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) RM0.50 NOMINAL VALUE OF RCUIDS SUBSCRIBED BY THE ENTITLED SHAREHOLDERS OF HTVB AND/OR THEIR RENOUNCEE(S) PURSUANT TO THE PROPOSED RIGHTS ISSUE (“PROPOSED BONUS ISSUE”)

“**THAT** subject to the passing of all the resolutions stated herein and all relevant approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Board to capitalise up to RM427,069,400 from the Company’s share premium account and retained earnings account for the purpose of the Proposed Bonus Issue;

THAT approval be and is hereby given to the Board to apply such capitalised sums to pay for in full the nominal value of RM0.50 per Bonus Share for up to 854,138,800 Bonus Shares and for such Bonus Shares to be allotted, issued and credited as fully paid-up, to the entitled shareholders of the Company whose names shall appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date and/or their renounee(s) on the basis of two (2) Bonus Shares for every one (1) RM0.50 nominal value of RCUIDS subscribed by the entitled shareholders of the Company and/or their renounee(s);

THAT such Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing HTVB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the allotment date of the Bonus Shares;

THAT fractional entitlement of the Bonus Shares arising from the Proposed Bonus Issue, if any, will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion deem fit or expedient and in the best interest of the Company;

AND THAT in order to implement, complete and give full effect to the Proposed Bonus Issue, approval be and is hereby given to the Board to do or to procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and complete the Proposed Bonus Issue, with full powers to assent to any condition, modification, variation and/or amendment thereto as required by the relevant authorities or as the Board may deem fit in connection with the Proposed Bonus Issue and in the best interest of the Company.”

ORDINARY RESOLUTION 3

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF HTVB FROM RM1,000,000,000 COMPRISING 2,000,000,000 HTVB SHARES TO RM2,000,000,000 COMPRISING 4,000,000,000 HTVB SHARES (“PROPOSED IASC”)

“**THAT** subject to the passing of all the resolutions stated herein and all relevant approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Board to increase the authorised share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 HTVB Shares to RM2,000,000,000 comprising 4,000,000,000 HTVB Shares;

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 6 MAY 2016 (Cont'd)

Hiap Teck Venture Berhad

Certified True Extract of the Resolutions passed at the Extraordinary General Meeting held on 6 May 2016 (Cont'd)

AND THAT in order to implement, complete and give full effect to the Proposed IASC, approval be and is hereby given to the Board to do or to procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and complete the Proposed IASC, with full powers to assent to any condition, modification, variation and/or amendment thereto as required by the relevant authorities or as the Board may deem fit in connection with the Proposed IASC and in the best interest of the Company.”

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED AMENDMENTS”)

“THAT subject to the passing of all the resolutions stated herein and all relevant approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Board to amend the Memorandum and Articles of Association of the Company in the following manner:

Existing Clause 5 of the Memorandum of Association and Article 3 of the Articles of Association	Proposed Clause 5 of the Memorandum of Association and Article 3 of the Articles of Association
The share capital of the Company is RM1,000,000,000 divided into 2,000,000,000 ordinary shares of RM0.50 each.	The share capital of the Company is RM2,000,000,000 divided into 4,000,000,000 ordinary shares of RM0.50 each.
Existing Article 144 of the Articles of Association	Proposed Article 144 of the Articles of Association
The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on conditions that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the	Subject to the Act and applicable laws, the Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst (i) the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on conditions that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other; or (ii) to Qualifying Members only in proportion to

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 6 MAY 2016 (Cont'd)

Hiap Teck Venture Berhad

Certified True Extract of the Resolutions passed at the Extraordinary General Meeting held on 6 May 2016 (Cont'd)

Directors shall give effect to such resolution. A share premium account and a capital redemption reserve may, for the purpose of this regulation, be applied in accordance with Section 60(3) of the Companies Act, 1965 ("Act").

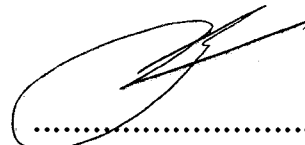
which those Qualifying Members are entitled pursuant to a resolution of the Company to that effect and for the purposes of this Article, "Qualifying Members" refer to (a) members, who pursuant to a renounceable rights issue by the Company, have subscribed for the securities; (b) in the case of renounees who are non-members, those who have subscribed for the securities renounced to them; and (c) underwriters, who have been allotted with the securities, and the Directors shall give effect to such resolution. A share premium account and a capital redemption reserve may, for the purpose of this regulation, be applied in accordance with Section 60(3) of the Act.

AND THAT in order to implement, complete and give full effect to the Proposed Amendments, approval be and is hereby given to the Board to do or to procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and complete the Proposed Amendments, with full powers to assent to any condition, modification, variation and/or amendment thereto as required by the relevant authorities or as the Board may deem fit in connection with the Proposed Amendments and in the best interest of the Company."

CERTIFIED TRUE AND CORRECT,



FOO KOK SIEW
DIRECTOR



NG YIM KONG (LS 0009297)
COMPANY SECRETARY

SALIENT TERMS OF THE RCUIDS

- | | | | |
|----|---------------------------------------|---|---|
| 1. | Issuer | : | HTVB |
| 2. | Sukuk Trustee | : | Pacific Trustees Berhad |
| 3. | RCUIDS Holders | : | Holders of the RCUIDS |
| 4. | Commodity Trading Participant (“CTP”) | : | Maybank Islamic Berhad |
| 5. | Issue Size | : | Up to RM213,284,300.00 ⁽¹⁾ nominal value of five (5)-year 5% RCUIDS on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) HTVB Shares held on the Entitlement Date. |
| 6. | Issue Price | : | Each RCUIDS shall be issued at 100% of its nominal value of RM0.50 each. |
| 7. | Facility Description | : | Issuance of RCUIDS pursuant to the renounceable rights issue of the RCUIDS at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) HTVB Shares held on the Entitlement Date. |

The RCUIDS shall be issued together with the New Warrants on the basis of one (1) New Warrant for every one (1) nominal value of RCUIDS subscribed, provided that the Rights Issue has met the Minimum Subscription Level in accordance with the following procedures:

- (i) The Sukuk Trustee (on behalf of the RCUIDS Holders) will appoint the CTP to purchase on a spot basis the Commodities (as defined below) from commodity supplier(s) in the Bursa Suq Al-Sila’ commodity market (“**Commodity Supplier**”) at a purchase price which shall be an amount equivalent to the proceeds of the RCUIDS (“**Purchase Price**”).
- (ii) The Sukuk Trustee (on behalf of the RCUIDS Holders) will then sell the Commodities to HTVB at a deferred sale price (“**Deferred Sale Price**”) (which shall be an amount equivalent to the Purchase Price plus aggregate of the periodic profit payments).
- (iii) HTVB will issue the RCUIDS to the RCUIDS Holders to evidence its payment obligation of the Deferred Sale Price to the RCUIDS Holders.
- (iv) Upon completion of the purchase from the RCUIDS Holders, HTVB shall appoint the CTP to sell on a spot basis the Commodities to Bursa Malaysia Islamic Services Sdn Bhd (“**BMIS**”) at a selling price equivalent to the Purchase Price.

Note:

⁽¹⁾ The issue size of the RCUIDS which was approved by the SC on 23 February 2016 is up to RM213,534,700.00.

SALIENT TERMS OF THE RCUIDS (Cont'd)

7. Facility Description (Cont'd) : On conversion of the RCUIDS
- (i) HTVB shall issue a conversion right undertaking ("**Conversion Right Undertaking**") in favour of the RCUIDS Holders to convert their RCUIDS into the new HTVB Shares at the relevant Conversion Price on the Conversion Date (i.e. at any time during the Conversion Period including upon the declaration of an event of default) by way of issuing a conversion notice under the Conversion Right Undertaking.
 - (ii) Upon issuance of a conversion notice in accordance with Conditions for Conversion by a RCUIDS Holder pursuant to the Conversion Right Undertaking given by HTVB, HTVB shall purchase on a spot basis the Commodities from the Commodity Supplier on a spot basis at the relevant purchase price (which shall be an amount equivalent to the nominal value of RCUIDS to be converted into new HTVB Shares) ("**Relevant Purchase Price**"). HTVB shall thereafter exchange the Commodities as payment "in kind" of its existing obligation under the RCUIDS (which shall be an amount equivalent to the RCUIDS' nominal value and the accrued but unpaid RCUIDS periodic profit payments), pursuant to HTVB's obligation to pay the Deferred Sale Price.
 - (iii) Subsequently, the relevant RCUIDS Holder shall contribute the Commodities (which the value is known) as capital contribution into HTVB. HTVB shall thereafter sell the Commodities to BMIS to obtain cash. For avoidance of doubt, the value of the Commodities is equal to the nominal value of RCUIDS that each RCUIDS Holders wish to convert.
 - (iv) Pursuant to the capital contribution in the form of Commodities made by the relevant RCUIDS Holder, HTVB shall issue new HTVB Shares to the relevant RCUIDS Holders of which the number of new HTVB Shares to be issued to the relevant RCUIDS Holders shall be based on the relevant Conversion Price and computed based on the Relevant Purchase Price. The relevant RCUIDS shall thereafter be cancelled.
- "**Commodities**" refers to Shariah-compliant commodities which may include but not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform (Bursa Suq Al-Sila') as approved by the Shariah Adviser which will be identified at or around the time of issuance of the RCUIDS or conversion of the RCUIDS, as the case may be.
8. Issue Date : The date of issuance of the RCUIDS which shall be a Market Day and shall take place within the period commencing from the date on which the conditions precedent to the issuance of the RCUIDS have been fulfilled and ending no later than one (1) year from the date of approval by the SC.

SALIENT TERMS OF THE RCUIDS (Cont'd)

9. Form and Denomination : The RCUIDS will be issued in registered form and in denominations and multiples of RM0.50 each, and constituted by the Trust Deed.
10. Tenure : Five (5) years commencing from the Issue Date and expiring on the date falling five (5) years from the Issue Date ("**Maturity Date**").
11. Basis of Allotment : Two (2) RM0.50 nominal value of RCUIDS for every five (5) existing HTVB Shares held on the Entitlement Date.
12. Shariah non-compliant : The Issuer shall maintain the status of its HTVB Shares as Shariah-compliant at all times, i.e. HTVB Shares to be maintained and included in the list of Shariah-compliant securities issued by the SC's Shariah Advisory Council ("**SAC**") ("**List of Shariah-Compliant Securities**").

However, if the HTVB Shares are removed from the List of Shariah-Compliant Securities during the tenure of the RCUIDS, the below shall apply:

In the event the RCUIDS have been issued but not yet converted into new HTVB Shares

If the RCUIDS have not been converted into new HTVB Shares and the HTVB Shares are removed from the List of Shariah-Compliant Securities, the RCUIDS holders have the rights to do the following:

- (i) convert the RCUIDS into new HTVB Shares. In the event the RCUIDS is converted into new HTVB Shares, then the guidance by the SAC on timing for disposal of Shariah non-compliant securities as provided in the List of Shariah-Compliant Securities ("**Guidance on Disposal of Shariah Non-Compliant Securities**") may be applicable;
- (ii) sell the RCUIDS to third parties; and/or
- (iii) require the Issuer to redeem the RCUIDS in cash at 100% nominal amount of the RCUIDS, including any accrued but unpaid RCUIDS periodic profit payments.

In the event the RCUIDS have been issued and converted into new HTVB Shares

If the RCUIDS have been converted into new HTVB Shares and the HTVB Shares are removed from the List of Shariah-Compliant Securities, the Guidance on Disposal of Shariah Non-Compliant Securities may be applicable.

13. Profit Rate : Fixed rate of 5% per annum calculated on the nominal value of the RCUIDS then outstanding.
14. Profit Payment Frequency : The periodic profit payment shall be made semi-annually in arrears commencing six (6) months from the Issue Date except that the last periodic profit payment shall be made on the Maturity Date.

SALIENT TERMS OF THE RCUIDS (Cont'd)

15. Conversion Rights : The RCUIDS Holder shall have the right to convert all or any amount of the RCUIDS held by them into fully paid-up new HTVB Shares at the Conversion Price upon meeting the required Conditions for Conversion at any time during the Conversion Period. Once delivered, the conversion notice shall be irrevocable.

If any RCUIDS Holder exercises his right to convert all or any amount of the RCUIDS held by him into fully paid-up new HTVB Shares, no profit payment shall be payable on such RCUIDS as from the Issue Date or the profit payment date immediately preceding the conversion date, whichever is later.

Subject to the Issuer giving irrevocable notice to the RCUIDS Holders of at least thirty (30) days' notice prior to the Maturity Date, the Issuer shall have the option to redeem the outstanding RCUIDS (if not earlier converted) in cash at 100% nominal amount of the RCUIDS, in whole or in part, on the Maturity Date. During such notice period but not later than the eighth (8th) Market Day prior to the Maturity Date, the RCUIDS Holders shall be entitled to exercise their Conversion Rights, subject to compliance with the Conditions for Conversion.

All outstanding RCUIDS which have not been earlier converted or redeemed on the Maturity Date, shall be mandatorily converted into new HTVB Shares at the Conversion Price on the Maturity Date (the "**Mandatory Conversion**"). In the event of a Mandatory Conversion, the RCUIDS Holders shall be deemed to have submitted a valid conversion notice on the Maturity Date for the purpose of converting such outstanding RCUIDS into fully paid-up new HTVB Shares.

Any fractional new HTVB Shares arising from the Mandatory Conversion shall be disregarded and be dealt with by our Board as it may deem fit and expedient in the best interest of HTVB.

16. Conversion Period : The RCUIDS shall be convertible into new HTVB Shares on any Market Day after the Issue Date and up to the Maturity Date.
17. Conversion Price : The Conversion Price is fixed at RM0.50 for every one (1) new HTVB Share. The Conversion Price is subject to adjustments as set out below.
18. Conversion Date : The date(s) on which the RCUIDS are converted into new HTVB Shares in accordance with the Trust Deed.
19. Conditions for Conversion : The following conditions must be complied with before any conversion can be made:
- (i) A conversion notice must be concurrently served on the Share Registrar and HTVB informing the intention to convert the RCUIDS into new HTVB Shares;
 - (ii) Upon receipt of the conversion notice by the Share Registrar, the Share Registrar shall act in accordance with the Listing Requirements for the issue and/or allotment of the new HTVB Shares arising from the conversion; and

SALIENT TERMS OF THE RCUIDS (Cont'd)

- (iii) Such other conditions as may be advised by the legal counsel and to be agreed with HTVB.
20. Conversion Mode : The conversion of the RCUIDS will not require any cash payment by the RCUIDS Holders. The Conversion Price shall be satisfied by surrendering the RCUIDS' nominal value and the unpaid RCUIDS periodic profit payments at an amount equivalent to the Conversion Price for cancellation by HTVB. Any fraction of the new HTVB Shares arising from the conversion of the RCUIDS shall be disregarded.
21. Status and ranking : The obligations of HTVB in respect of the RCUIDS will constitute direct, unsubordinated and unsecured obligations of HTVB ranking *pari passu* without discrimination, preference or priority among themselves and *pari passu* with all present and future unsecured obligations of HTVB from time to time (subject to those preferred by law).
22. Redemption on Maturity Date : Subject to HTVB giving irrevocable notice to the RCUIDS Holders of at least thirty (30) days' prior to the Maturity Date, HTVB shall have the option to redeem the outstanding RCUIDS (if not earlier converted) in cash at 100% nominal amount of the RCUIDS, in whole or in part, on the Maturity Date.
- During such notice period but not later than the eighth (8th) Market Day prior to the Maturity Date, the RCUIDS Holders shall be entitled to exercise their Conversion Rights subject to compliance with the Conditions for Conversion.
- Upon the exercise by HTVB of its option to redeem the RCUIDS on the Maturity Date, HTVB shall pay the RCUIDS Holders (no later than the Maturity Date) all unpaid profit accruing from the immediately preceding profit payment date until but excluding the Maturity Date.
- For avoidance of doubt, the RCUIDS Holders shall not have the right to require HTVB to redeem the RCUIDS on the Maturity Date.
- The RCUIDS which have been redeemed will be cancelled and cannot be re-sold.
23. Status and ranking of new HTVB Shares arising from the conversion of the RCUIDS : The new HTVB Shares to be issued pursuant to the conversion of the RCUIDS shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing HTVB Shares in issue.
24. Adjustment to the Conversion Price in the event of alteration to the share capital : HTVB shall make necessary adjustment to the Conversion Price of the RCUIDS then outstanding in the event of any alteration in the issued and paid-up HTVB Shares on or before the Maturity Date, whether by way of rights issue, bonus issue, capitalisation issue, consolidation of HTVB Shares, subdivision of HTVB Shares or reduction of capital howsoever being effected, in accordance with the provisions of the Trust Deed but in no event shall it be adjusted to below the par value of HTVB Shares.

SALIENT TERMS OF THE RCUIDS (Cont'd)

25. RCUIDS Holders' rights to participate in any distribution and/or offer of further securities in our Company : The RCUIDS Holders are not entitled to any dividend, rights, allotments, distribution and/or offer of securities in HTVB until and unless such RCUIDS Holders have validly converted the RCUIDS into new HTVB Shares, and such HTVB Shares are allotted prior to the entitlement date of such dividend, rights, allotments, distribution and/or offer of securities.
26. Amendments to the RCUIDS Holders' rights : Save as otherwise provided in the Trust Deed, a special resolution of the RCUIDS Holders is required to sanction any modification, variation, abrogation or compromise of or arrangement in respect of the rights of the RCUIDS Holders against HTVB.
27. Events of Default : Customary events of default (each an "**Event of Default**") which shall include but are not limited to the following:
- (1) HTVB fails to pay any amount due from it under the RCUIDS or any of the other legal documentation relating to the issuance of the RCUIDS ("**Transaction Documents**") on the due date or if so payable, on demand, and HTVB does not remedy the failure within a period of seven (7) business days from the relevant due date or demand date.
 - (2) Any representation or warranty made or given by HTVB under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of any of the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of representations which are repeated, or deemed repeated, such representation is similarly materially incorrect or materially misleading when repeated or deemed repeated.
 - (3) HTVB fails to observe or perform its obligations under any of the Transaction Documents or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred in paragraph (1) above, and in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, HTVB does not remedy the failure within a period of thirty (30) days after HTVB becomes aware or having been notified by the Sukuk Trustee of the failure, whichever is the earlier.
 - (4) There has been a breach by HTVB of any obligation under any of HTVB's existing contractual obligations which may materially and adversely affect HTVB's ability to perform its obligations under the Transaction Documents.
 - (5) Any indebtedness for borrowed moneys of HTVB becomes due or payable or capable of being declared due or payable prior to its stated maturity or where the security created for any such indebtedness becomes enforceable or any guarantee or similar obligations of HTVB is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by HTVB in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call.

SALIENT TERMS OF THE RCUIDS (Cont'd)

- (6) Any provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void, voidable or unenforceable.
- (7) An encumbrancer takes possession of, or a trustee, receiver and manager or similar officer is appointed in respect of the whole or any part of the business or assets of any member of the HTVB Group, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against any member of the HTVB Group which may have a Material Adverse Effect.
- (8) Any member of the HTVB Group fails to satisfy any judgment passed against it by any court of competent jurisdiction, which in the opinion of the Sukuk Trustee has a Material Adverse Effect, and no action has been taken in good faith to set aside or to appeal against such judgment or no application for stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for stay of execution by any member of the HTVB Group has been dismissed by a final court of competent jurisdiction.
- (9) Any member of the HTVB Group convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, unless during or following such reconstruction the relevant member of the HTVB Group becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Act has been instituted against HTVB.
- (10) Save as disclosed and other than in respect of any subsidiaries of HTVB which is not a material subsidiary, any step is taken for the winding-up, dissolution or liquidation of any member of the HTVB Group or a resolution is passed for the winding-up of any member of the HTVB Group or a petition for winding-up is presented against any member of the HTVB Group and the relevant member of the HTVB Group has not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding-up petition or a winding-up order has been made against any member of the HTVB Group.

For the purposes of this paragraph (10), the "**Material Subsidiary**" means any subsidiary of HTVB which according to the latest annual audited consolidated financial statements of HTVB represents at least 10% of the consolidated PAT and minority interest of HTVB, which shall at all times exclude any subsidiary which is dormant.

SALIENT TERMS OF THE RCUIDS (Cont'd)

- (11) Any of the assets, undertakings, rights or revenue of any member of the HTVB Group is seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Sukuk Trustee may have a Material Adverse Effect.
- (12) Any member of the HTVB Group changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend, or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation in the opinion of the Sukuk Trustee may have a Material Adverse Effect.
- (13) Where there is a revocation, withholding, invalidation, suspension or modification of any license, authorisation, approval or consent which in the opinion of the Sukuk Trustee may materially and adversely impair or prejudice the ability of HTVB to comply with the terms and conditions of the RCUIDS or the other Transaction Documents.
- (14) Any member of the HTVB Group is deemed unable to pay any of its debts within Section 218(2) of the Act or becomes unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts, begins negotiations or takes any proceedings or other steps with a view of readjusting, rescheduling or deferring all of its indebtedness (or of any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors which would have a Material Adverse Effect.
- (15) The RCUIDS ceases to be listed on Bursa Securities or such other stock exchanges approved by the Sukuk Trustee on which the RCUIDS are listed.
- (16) Any member of the HTVB Group enters into or proposes to enter into, or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspensions of payments generally.
- (17) HTVB repudiates any of the Transaction Documents or HTVB does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents.
- (18) Any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee may have a Material Adverse Effect and in the case of the occurrence of such event or situation which in the opinion of the Sukuk Trustee is capable of being remedied, HTVB does not remedy it within a period of thirty (30) days after HTVB became aware or having been notified by the Sukuk Trustee of the event or situation.

SALIENT TERMS OF THE RCUIDS (Cont'd)

If any of the above occurs, the Sukuk Trustee may, or if instructed in writing by the RCUIDS Holders by way of a special resolution, shall, declare (by giving notice to HTVB) that an Event of Default has occurred and the Sukuk Trustee is entitled to enforce its rights under the Transaction Documents, including but not limited to the Sukuk Trustee's right to declare that the outstanding deferred sale price are immediately due and payable (subject to Ibra', if applicable). Notwithstanding the declaration of an Event of Default, subject to the compliance with the Conditions for Conversion, the RCUIDS Holders shall have the right to convert their RCUIDS into new HTVB Shares at the relevant Conversion Price at any time during the Conversion Period by way of issuing a conversion notice under the Conversion Right Undertaking.

"Material Adverse Effect" means, in relation to any event, the occurrence of which in the reasonable opinion of the Sukuk Trustee may materially and adversely affect:

- (i) the financial condition of the HTVB Group taken as a whole;
- (ii) the ability of HTVB to perform any of its obligations under any of the Transaction Documents; or
- (iii) the legality, validity or enforceability of any of the Transaction Documents and/or the rights, benefits and remedies available to the Sukuk Trustee or the RCUIDS Holders under any provision of the Transaction Documents.

28. Rights in the event of winding-up/liquidation : If a resolution is passed for a voluntary winding-up of the Issuer whilst any of the RCUIDS remain capable of being converted, then:
- (i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the RCUIDS Holder or some person designated by them for such purpose, shall be a party, the terms of such scheme of arrangement if approved by an extraordinary resolution shall be binding on all the RCUIDS Holders; and
 - (ii) in any other case, every RCUIDS Holders shall be entitled to upon and subject to the Trust Deed at any time within six (6) weeks ("**Specified Period**") after the passing of such resolution for a members' voluntary winding-up of HTVB deliver to HTVB a duly completed conversion notice in relation to the RCUIDS to elect to be treated as if he had on the last day of the month immediately before the commencement of such winding-up, exercised the Conversion Rights to the extent specified in the conversion notice(s) and be entitled to receive out of the assets of HTVB which will be available in liquidation if he had on such date been the holder of the new HTVB Shares to which he would have become entitled pursuant to such exercise and the liquidator of HTVB shall give effect to such election accordingly. Upon such election taking effect, all RCUIDS converted under such election shall cease to carry any profit payment as from the last day of the month immediately preceding the month in which the RCUIDS are converted or deemed converted under this provision.

SALIENT TERMS OF THE RCUIDS (Cont'd)

- All Conversion Rights which have not been exercised at the expiry date of the Specified Period shall lapse and cease to be valid for any purpose.
29. Ibra' : Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full.
- The RCUIDS Holders in subscribing the RCUIDS agree to grant Ibra' on the Deferred Sale Price, upon the declaration of an event of default.
- Ibra' shall be the unearned periodic profit payments due to the RCUIDS' Holders calculated from the declaration of an event of default up to the Maturity Date.
- The amount payable ("**Dissolution Amount**") by HTVB to the RCUIDS Holders upon declaration of an event of default will be calculated by the Sukuk Trustee based on the formula below:
- Dissolution Amount = Deferred Sale Price determined at the Issue Date less aggregate of the RCUIDS' periodic profit payments paid (if any) less Ibra' (if any).
30. Ta'widh (compensation) : In the event of any delay in payments of the Deferred Sale Price, HTVB shall pay to the RCUIDS Holders Ta'widh (compensation) on such delayed payments at the rate and in the manner prescribed by the SC's Shariah Advisory Council as may be amended from time to time.
31. Listing Status : The RCUIDS and new HTVB Shares to be issued pursuant to the conversion of the RCUIDS will be listed on the Main Market of Bursa Securities.
32. Board Lot : For the purpose of trading on Main Market of Bursa Securities, the RCUIDS shall be tradable upon listing in board lots of 100 units of RCUIDS, or such denomination as may be determined by Bursa Securities.
33. Trust Deed : The RCUIDS shall be constituted by the trust deed dated 10 May 2016 which has been executed by HTVB and the Sukuk Trustee.
34. Rating : The RCUIDS are exempted from rating requirement pursuant to paragraph 5.02(b) of the Guidelines as this is an issuance of convertible sukuk whereby:
- (i) the RCUIDS Holders are given the right to convert the RCUIDS into new HTVB Shares at any time during the Conversion Period; and
 - (ii) the underlying HTVB Shares will be listed on the Main Market of Bursa Securities.
35. Governing Law : Laws of Malaysia.

SALIENT TERMS OF THE NEW WARRANTS

1. Issuer : HTVB
2. Issue Size : Up to 426,568,600 New Warrants.
3. Issue Price : The New Warrants are to be issued free to the Entitled Shareholders and/or renounees and/or transferees, if applicable, who subscribe for the RCUIDS.
4. Form and Denomination : The New Warrants shall be issued (together with the RCUIDS) in registered form and shall be detached from the RCUIDS upon issuance and shall be separately traded.
5. Tenure : Five (5) years from and inclusive of the date of issuance of the New Warrants.
6. Exercise Period : The period commencing on and including the Issue Date and ending at the close of business at 5.00 p.m. on the Expiry Date in accordance to the procedure set out in the Deed Poll and/or the laws.
7. Issue Date : The date on which the New Warrants are issued and allotted.
8. Expiry Date : The date falling five (5) years commencing from and including the Issue Date and if such a day is not a Market Day on the immediately preceding Market Day in accordance to the procedure set out in the Deed Poll and/or the laws. Any New Warrants which have not been exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose.
9. Exercise Price : RM0.50 only payable in respect of each new HTVB Share to which a New Warrant holder will be entitled to subscribe upon exercise of the Subscription Rights, subject to such adjusted price in accordance with the Deed Poll provided that the Exercise Price shall not be lower than the par value of HTVB Shares.
10. Subscription Rights : The rights or entitlements of a New Warrant holder to subscribe for one (1) new HTVB Share at the Exercise Price upon the terms of and subject to the Deed Poll.
11. Market Day : Any day between Monday and Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities.
12. Mode of Exercise : A New Warrant holder must complete and sign the subscription form (which shall be irrevocable and in the form as set out in the Deed Poll and made available by our Company's Share Registrar upon request in writing by the New Warrant holders or in the manner stipulated by Bursa Securities) and deliver the same to our Company's Share Registrar together with a remittance in Malaysian currency by way of Banker's Draft, Cashier's Order, Money Order or Postal Order drawn on a bank or a post office in Malaysia (which shall be made in Ringgit Malaysia and in full free of all commissions and/or any other bank or postal charges) for the credit of and account maintained by our Company's Share Registrar to be known as "**Hiap Teck Venture Berhad New Warrants Exercise Account**" for the

SALIENT TERMS OF THE NEW WARRANTS (Cont'd)

- amount equal to the Subscription Money for the total number of new HTVB Shares in respect of which the Subscription Rights are being exercised and the documents referred to in the subscription form.
13. Subscription Money : In relation to the exercise by any New Warrant holder of his Subscription Rights, the amount of the Exercise Price multiplied by the aggregate number of new HTVB Shares to be subscribed for in respect of those New Warrants.
14. Ranking of the New Warrants : The New Warrants shall be of the same class rank *pari passu* and rateably without discrimination or preference regardless of denomination as unsecured obligations of our Company ranking (subject to such exceptions as may from time to time exist under any applicable law or the Deed Poll) *pari passu* with all other present and future unsecured obligations (other than subordinated obligations, if any) of our Company.
15. Ranking of the new HTVB Shares to be issued pursuant to the exercise of the New Warrants : The new HTVB Shares to be issued upon exercise of the New Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing HTVB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the allotment date of the new HTVB Shares to be issued upon exercise of the New Warrants.
16. Adjustment to the Exercise Price and/or the number of the New Warrants : The Exercise Price of the New Warrants and/or the number of the New Warrants shall be subject to adjustments in the event of any alteration in the share capital of our Company during the Exercise Period, whether by way of rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Deed Poll but in no event shall it be adjusted to below the par value of HTVB Shares.
17. Rights of the New Warrants holders : The New Warrants holders shall not be entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such New Warrant holders exercise their New Warrants for new HTVB Shares in which event any entitlement will be as specified under "Ranking of the new HTVB Shares to be issued pursuant to the exercise of the New Warrants".
18. Amendments to the New Warrants holders' rights : Our Company, after consultation with an approved investment bank, may, without the consent of the New Warrant holders but in accordance with the terms of the Deed Poll, effect:-
- (i) any modification to the New Warrants or the Deed Poll which, in the opinion of our Company, is not materially prejudicial to the interests to the New Warrant holders; or
 - (ii) any modification of the New Warrants or the Deed Poll which in our opinion, is to correct a manifest error or to comply with the Rules of Bursa Depository, or SICDA or Bursa Securities or any other provisions of Malaysian law (in respect of which each New Warrant holder shall sign any document or do any act which our Company

SALIENT TERMS OF THE NEW WARRANTS (Cont'd)

reasonably require for the purpose of complying with such rules or laws). Any such modification shall be binding on New Warrant holders and shall be notified to them in accordance with the conditions of the Deed Poll as soon as practicable thereafter.

19. Board Lot : For the purpose of trading on Bursa Securities, one (1) board lot of New Warrants shall comprise one hundred (100) New Warrants carrying the right to subscribe for one hundred (100) new HTVB Shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities.
20. Rights in the event of winding-up/liquidation : In the event of a resolution is passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:
- (i) for the purposes of such winding-up or compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the New Warrant holders or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the New Warrant holders; and
 - (ii) in any other case, every New Warrant holder shall be entitled upon and subject to the Deed Poll within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his New Warrants to our Company, to exercise his New Warrants and be treated as if he had exercised the New Warrants immediately prior to the commencement of such winding-up or such compromise or arrangement. If our Company is wound up, all Exercise Rights which have not been exercised within six (6) weeks of the passing of such resolution, shall lapse and the New Warrants shall cease to be valid for any purpose.
21. Shariah non-compliant : If the New Warrants have not been exercised and the HTVB Shares are removed from the List of Shariah-Compliant Securities, the Guidance on Disposal of Shariah Non-Compliant Securities may be applicable.
22. Listing Status : The New Warrants and the new HTVB Shares to be issued upon exercise of the New Warrants will be listed on the Main Market of Bursa Securities.
23. Deed Poll : The New Warrants will be constituted by the Deed Poll.
24. Governing Law : Laws of Malaysia.

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 1 March 1997 as a private limited company under the name of Hiap Teck Venture Sdn Bhd. Our Company was converted to a public company on 2 April 1997 under the name of Hiap Teck Venture Berhad. On 2 September 2003, our Company was listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities).

The principal activities of our Company are investment holding and provision of management services.

The principal activities of our subsidiaries are as stated in Section 5 of this Appendix.

2. SHARE CAPITAL**2.1 Authorised, issued and paid-up share capital**

The authorised and issued and paid-up share capital of our Company as at 6 May 2016 are as follows:

	No. of HTVB Shares	Par value RM	Total RM
Authorised	4,000,000,000	0.50	2,000,000,000
Issued and fully paid-up	718,390,808	0.50	359,195,404

2.2 Changes in authorised share capital

Details of the changes in our authorised share capital for the past three (3) years up to 6 May 2016 are as follows:

<u>Date of change</u>	<u>Authorised share capital before change</u>	<u>Description</u>	<u>Authorised share capital after change</u>
6 May 2016	RM1,000,000,000.00 divided into 2,000,000,000 ordinary shares of RM0.50 each	Increase in authorised share capital	RM2,000,000,000.00 divided into 4,000,000,000 ordinary shares of RM0.50 each

2.3 Changes in issued and paid-up share capital

Details of the changes in our issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of HTVB Shares allotted</u>	<u>Par value RM</u>	<u>Consideration</u>	<u>Cumulative issued and paid-up share capital RM</u>
15 January 2014	30,000	0.50	Cash	356,886,037.50
17 February 2014	158,000	0.50	Cash	356,965,037.50
17 March 2014	703,000	0.50	Cash	357,316,537.50
15 April 2014	1,719,000	0.50	Cash	358,176,037.50
15 May 2014	903,000	0.50	Cash	358,627,537.50
17 June 2014	490,000	0.50	Cash	358,872,537.50

INFORMATION ON OUR COMPANY (Cont'd)

Date of allotment	No. of HTVB Shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
3 July 2014	2,733	0.50	Cash	358,873,904.00
16 July 2014	209,000	0.50	Cash	358,978,404.00
15 August 2014	102,000	0.50	Cash	359,029,404.00
15 September 2014	186,000	0.50	Cash	359,122,404.00
15 October 2014	72,000	0.50	Cash	359,158,404.00
17 November 2014	46,000	0.50	Cash	359,181,404.00
16 March 2015	28,000	0.50	Cash	359,195,404.00

INFORMATION ON OUR COMPANY (Cont'd)

3. SUBSTANTIAL SHAREHOLDERS

The Rights Issue is not expected to have any immediate effect on the shareholdings of our substantial shareholders until such time when the RCUIDS are converted and/or the New Warrants are exercised into new HTVB Shares, the potential effect of which is also dependent on the issued and paid-up share capital of our Company at the relevant point in time.

The proforma effects of the Corporate Exercises on the substantial shareholders' shareholdings in our Company based on the Register of Substantial Shareholders as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD				(I) After the Rights Issue ⁽⁶⁾			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Dato' Law Tien Seng	-	-	187,582,048 ⁽¹⁾	26.31	-	-	187,582,048 ⁽¹⁾	26.31
Puan Sri Datin Saw Geok Ngor	-	-	187,582,048 ⁽²⁾	26.31	-	-	187,582,048 ⁽²⁾	26.31
TS Law	187,582,048	26.31	-	-	187,582,048	26.31	-	-
Amardale Offshore Inc.	-	-	187,582,048 ⁽³⁾	26.31	-	-	187,582,048 ⁽³⁾	26.31
Lembaga Tabung Haji	48,763,400	6.84	-	-	48,763,400	6.84	-	-
SISPL	64,392,000	9.03	-	-	64,392,000	9.03	-	-
China Shougang International Trade & Engineering Corporation	-	-	64,392,000 ⁽⁴⁾	9.03	-	-	64,392,000 ⁽⁴⁾	9.03
Shougang Corporation	-	-	64,392,000 ⁽⁵⁾	9.03	-	-	64,392,000 ⁽⁵⁾	9.03

INFORMATION ON OUR COMPANY (Cont'd)

Name	(II)				(III)			
	After (I) and the Bonus Issue				After (II) and assuming full conversion of the RCUIDS			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Dato' Law Tien Seng	-	-	337,647,686 ⁽¹⁾	32.82	-	-	412,680,505 ⁽¹⁾	34.77
Puan Sri Datin Saw Geok Ngor	-	-	337,647,686 ⁽²⁾	32.82	-	-	412,680,505 ⁽²⁾	34.77
TS Law	337,647,686 ⁽⁶⁾	32.82	-	-	412,680,505	34.77	-	-
Amardale Offshore Inc.	-	-	337,647,686 ⁽³⁾	32.82	-	-	412,680,505 ⁽³⁾	34.77
Lembaga Tabung Haji	48,763,400	4.74	-	-	48,763,400	4.11	-	-
SISPL	64,392,000	6.26	-	-	64,392,000	5.43	-	-
China Shougang International Trade & Engineering Corporation	-	-	64,392,000 ⁽⁴⁾	6.26	-	-	64,392,000 ⁽⁴⁾	5.43
Shougang Corporation	-	-	64,392,000 ⁽⁵⁾	6.26	-	-	64,392,000 ⁽⁵⁾	5.43
Name	(IV)							
	After (III) and assuming full exercise of the New Warrants							
	Direct		Indirect					
	No. of HTVB Shares	%	No. of HTVB Shares	%				
Tan Sri Dato' Law Tien Seng	-	-	487,713,324 ⁽¹⁾	36.26				
Puan Sri Datin Saw Geok Ngor	-	-	487,713,324 ⁽²⁾	36.26				
TS Law	487,713,324	36.26	-	-				
Amardale Offshore Inc.	-	-	487,713,324 ⁽³⁾	36.26				
Lembaga Tabung Haji	48,763,400	3.63	-	-				
SISPL	64,392,000	4.79	-	-				
China Shougang International Trade & Engineering Corporation	-	-	64,392,000 ⁽⁴⁾	4.79				
Shougang Corporation	-	-	64,392,000 ⁽⁵⁾	4.79				

INFORMATION ON OUR COMPANY (Cont'd)

Notes:

- (1) Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in Amardale Offshore Inc. which has a controlling interest in TS Law.
- (2) Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of her spouse, Tan Sri Dato' Law Tien Seng's indirect shareholding in our Company via Amardale Offshore Inc. which has a controlling interest in TS Law.
- (3) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its shareholding in TS Law.
- (4) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its controlling interest in SISPL.
- (5) Deemed interest pursuant to Section 6A(4) of the Act by virtue of it being the holding company of China Shougang International Trade & Engineering Corporation which in turn has a controlling interest in SISPL.
- (6) Assuming subscription of the Rights Issue by TS Law only pursuant to the Undertaking.

INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Name	As at the LPD				(I) Assuming all the outstanding HTVB Convertible Securities are exercised/converted into new HTVB Shares			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Dato' Law Tien Seng	-	-	187,582,048 ⁽¹⁾	26.31	7,000,000	0.66	212,227,844 ⁽¹⁾	19.90
Puan Sri Datin Saw Geok Ngor	-	-	187,582,048 ⁽²⁾	26.31	-	-	219,227,844 ⁽²⁾	20.56
TS Law	187,582,048	26.31	-	-	212,227,844	19.90	-	-
Amardale Offshore Inc.	-	-	187,582,048 ⁽³⁾	26.31	-	-	212,227,844 ⁽³⁾	19.90
Lembaga Tabung Haji	48,763,400	6.84	-	-	48,763,400	4.57	-	-
SISPL	64,392,000	9.03	-	-	72,441,000	6.79	-	-
China Shougang International Trade & Engineering Corporation	-	-	64,392,000 ⁽⁴⁾	9.03	-	-	72,441,000 ⁽⁴⁾	6.79
Shougang Corporation	-	-	64,392,000 ⁽⁵⁾	9.03	-	-	72,441,000 ⁽⁵⁾	6.79
Name	(II) After (I) and the Rights Issue				(III) After (II) and the Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Dato' Law Tien Seng	7,000,000	0.66	212,227,844 ⁽¹⁾	19.90	12,600,000	0.66	382,010,118 ⁽¹⁾	19.90
Puan Sri Datin Saw Geok Ngor	-	-	219,227,844 ⁽²⁾	20.56	-	-	394,610,118 ⁽²⁾	20.56
TS Law	212,227,844	19.90	-	-	382,010,118	19.90	-	-
Amardale Offshore Inc.	-	-	212,227,844 ⁽³⁾	19.90	-	-	382,010,118 ⁽³⁾	19.90
Lembaga Tabung Haji	48,763,400	4.57	-	-	87,774,120	4.57	-	-
SISPL	72,441,000	6.79	-	-	130,393,800	6.79	-	-
China Shougang International Trade & Engineering Corporation	-	-	72,441,000 ⁽⁴⁾	6.79	-	-	130,393,800 ⁽⁴⁾	6.79
Shougang Corporation	-	-	72,441,000 ⁽⁵⁾	6.79	-	-	130,393,800 ⁽⁵⁾	6.79

INFORMATION ON OUR COMPANY (Cont'd)

Name	(IV)				(V)			
	After (III) and assuming full conversion of the RCUIDS				After (IV) and assuming full exercise of the New Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Dato' Law Tien Seng	15,400,000	0.66	466,901,255 ⁽¹⁾	19.90	18,200,000	0.66	551,792,392 ⁽¹⁾	19.90
Puan Sri Datin Saw Geok Ngor	-	-	482,301,255 ⁽²⁾	20.56	-	-	569,992,392 ⁽²⁾	20.56
TS Law	466,901,255	19.90	-	-	551,792,392	19.90	-	-
Amardale Offshore Inc.	-	-	466,901,255 ⁽³⁾	19.90	-	-	551,792,392 ⁽³⁾	19.90
Lembaga Tabung Haji	107,279,480	4.57	-	-	126,784,840	4.57	-	-
SISPL	159,370,200	6.79	-	-	188,346,600	6.79	-	-
China Shougang International Trade & Engineering Corporation	-	-	159,370,200 ⁽⁴⁾	6.79	-	-	188,346,600 ⁽⁴⁾	6.79
Shougang Corporation	-	-	159,370,200 ⁽⁵⁾	6.79	-	-	188,346,600 ⁽⁵⁾	6.79

Notes:

- (1) Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in Amardale Offshore Inc. which has a controlling interest in TS Law.
- (2) Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of her spouse, Tan Sri Dato' Law Tien Seng's direct and indirect shareholding in our Company via Amardale Offshore Inc. which has a controlling interest in TS Law.
- (3) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its shareholding in TS Law.
- (4) Deemed interest pursuant to Section 6A(4) of the Act by virtue of its controlling interest in SISPL.
- (5) Deemed interest pursuant to Section 6A(4) of the Act by virtue of it being the holding company of China Shougang International Trade & Engineering Corporation which in turn has a controlling interest in SISPL.

INFORMATION ON OUR COMPANY (Cont'd)

4. DIRECTORS

For illustration purposes, the proforma effects of the Corporate Exercises on the shareholdings of our directors based on our Register of Directors as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD				(I) After the Rights Issue ⁽⁴⁾			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Abd Rahman Bin Mamat	-	-	-	-	-	-	-	-
Tan Sri Dato' Law Tien Seng	-	-	187,582,048 ⁽¹⁾	26.31	-	-	187,582,048 ⁽¹⁾	26.31
Lee Ching Kion	-	-	41,864 ⁽²⁾	0.01	-	-	41,864 ⁽²⁾	0.01
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-	-	-	-	-
Foo Kok Siew	-	-	-	-	-	-	-	-
Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-	-	-	-	-
Tan Shau Ming	-	-	330 ⁽³⁾	-*	-	-	330 ⁽³⁾	-*
Wang Shenghua	-	-	-	-	-	-	-	-

Name	(II) After (I) and the Bonus Issue ⁽⁴⁾				(III) After (II) and assuming full conversion of the RCUIDS			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Abd Rahman Bin Mamat	-	-	-	-	-	-	-	-
Tan Sri Dato' Law Tien Seng	-	-	337,647,686 ⁽¹⁾	32.82	-	-	412,680,505 ⁽¹⁾	34.77
Lee Ching Kion	-	-	41,864 ⁽²⁾	-*	-	-	41,864 ⁽²⁾	-*
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-	-	-	-	-
Foo Kok Siew	-	-	-	-	-	-	-	-
Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-	-	-	-	-
Tan Shau Ming	-	-	330 ⁽³⁾	-*	-	-	330 ⁽³⁾	-*
Wang Shenghua	-	-	-	-	-	-	-	-

INFORMATION ON OUR COMPANY (Cont'd)

Name	(IV)			
	After (III) and assuming full exercise of the New Warrants			
	Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Abd Rahman Bin Mamat	-	-	-	-
Tan Sri Dato' Law Tien Seng	-	-	487,713,324 ⁽¹⁾	36.26
Lee Ching Kion	-	-	41,864 ⁽²⁾	-*
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
Foo Kok Siew	-	-	-	-
Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-
Tan Shau Ming	-	-	330 ⁽³⁾	-*
Wang Shenghua	-	-	-	-

Notes:

* Negligible

(1) Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in Amardale Offshore Inc. which has a controlling interest in TS Law.

(2) Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of his spouse, Madam Mok Qwee Hwa's direct shareholding in our Company.

(3) Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of his spouse, Madam Ng Siew Cho's direct shareholding in our Company.

(4) Assuming subscription of the Rights Issue by TS Law only pursuant to the Undertaking.

INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Name	As at the LPD				(I) Assuming all the outstanding HTVB Convertible Securities are exercised/converted into new HTVB Shares			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Abd Rahman Bin Mamat	-	-	-	-	800,000	0.08	-	-
Tan Sri Dato' Law Tien Seng	-	-	187,582,048 ⁽¹⁾	26.31	7,000,000	0.66	212,227,844 ⁽¹⁾	19.90
Lee Ching Kion	-	-	41,864 ⁽²⁾	0.01	500,000	0.05	41,864 ⁽²⁾	-*
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-	500,000	0.05	-	-
Foo Kok Siew	-	-	-	-	4,000,000	0.38	-	-
Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-	500,000	0.05	-	-
Tan Shau Ming	-	-	330 ⁽³⁾	-*	2,000,000	0.19	330 ⁽³⁾	-*
Wang Shenghua	-	-	-	-	-	-	-	-

Name	(II) After (I) and the Rights Issue				(III) After (II) and the Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Abd Rahman Bin Mamat	800,000	0.08	-	-	1,440,000	0.08	-	-
Tan Sri Dato' Law Tien Seng	7,000,000	0.66	212,227,844 ⁽¹⁾	19.90	12,600,000	0.66	382,010,118 ⁽¹⁾	19.90
Lee Ching Kion	500,000	0.05	41,864 ⁽²⁾	-*	900,000	0.05	475,354 ⁽²⁾	-*
Ng Soon Lai @ Ng Siek Chuan	500,000	0.05	-	-	900,000	0.05	-	-
Foo Kok Siew	4,000,000	0.38	-	-	7,200,000	0.38	-	-
Leow Hoi Loong @ Liow Hoi Loong	500,000	0.05	-	-	900,000	0.05	-	-
Tan Shau Ming	2,000,000	0.19	330 ⁽³⁾	-*	3,600,000	0.19	597 ⁽³⁾	-*
Wang Shenghua	-	-	-	-	-	-	-	-

INFORMATION ON OUR COMPANY (Cont'd)

Name	(IV)				(V)			
	After (III) and assuming full conversion of the RCUIDS				After (IV) and assuming full exercise of the New Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%	No. of HTVB Shares	%
Tan Sri Abd Rahman Bin Mamat	1,760,000	0.08	-	-	2,080,000	0.08	-	-
Tan Sri Dato' Law Tien Seng	15,400,000	0.66	466,901,255 ⁽¹⁾	19.90	18,200,000	0.66	551,792,392 ⁽¹⁾	19.90
Lee Ching Kion	1,100,000	0.05	92,099 ⁽²⁾	-*	1,300,000	0.05	108,844 ⁽²⁾	-*
Ng Soon Lai @ Ng Siek Chuan	1,100,000	0.05	-	-	1,300,000	0.05	-	-
Foo Kok Siew	8,800,000	0.38	-	-	10,400,000	0.38	-	-
Leow Hoi Loong @ Liow Hoi Loong	1,100,000	0.05	-	-	1,300,000	0.05	-	-
Tan Shau Ming	4,400,000	0.19	726 ⁽³⁾	-*	5,200,000	0.19	858 ⁽³⁾	-*
Wang Shenghua	-	-	-	-	-	-	-	-

Notes:

* Negligible

(1) Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in Amardale Offshore Inc. which has a controlling interest in TS Law.

(2) Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of his spouse, Madam Mok Qwee Hwa's direct shareholding in our Company.

(3) Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of his spouse, Madam Ng Siew Cho's direct shareholding in our Company

INFORMATION ON OUR COMPANY (Cont'd)**5. SUBSIDIARIES AND ASSOCIATED COMPANIES**

The subsidiaries and associated company of our Company as at the LPD are as follows:

<u>Company</u>	<u>Date / Country of incorporation</u>	<u>Issued and paid- up share capital</u>	<u>Effective equity interest %</u>	<u>Principal activities</u>
<u>Subsidiaries</u>				
APMSB	24 June 1993 / Malaysia	RM20,000,000.00	100	Manufacturing and selling of pipes, hollow sections and other steel products
Briliant Decade Transport Agency Sdn Bhd	17 July 1993 / Malaysia	RM1,200,000.00	100	Provision of transportation services
ESSB ⁽¹⁾	23 August 2001 / Malaysia	RM447,600,000.00	55	Manufacturing, selling and dealing in a range of steel products using blast furnace plant (temporary suspended trial production)
Hiap Teck Resources Sdn Bhd	14 November 1996 / Malaysia	RM2,400,000.00	100	Dormant
Tiek Hong Hardware (B'worth) Sdn Bhd	11 October 1993 / Malaysia	RM2,400,002.00	100	Dormant
HSSB	20 May 1992 / Malaysia	RM6,000,012.00	100	Manufacturing, selling and renting in scaffolding equipment and a range of steel products
HTHSB	16 September 1993 / Malaysia	RM12,000,000.00	100	Importers, exporters and general dealer of steel products, hardware and building materials
<u>Subsidiary of HTHSB</u>				
Hiap Teck Property Sdn Bhd	26 August 1994 / Malaysia	RM100,000.00	100	Dormant
<u>Subsidiary of Hiap Teck Resources Sdn Bhd</u>				
Vista Mining Sdn Bhd	4 March 2013 / Malaysia	RM1,000,000.00	55	Exploring, contracting and all activities related to the mining, processing and sale of iron ore
<u>Subsidiaries of HSSB</u>				
Huatraco Contracts Sdn Bhd	26 November 1993/ Malaysia	RM2,500,000.00	100	Dormant
Huatraco Industries Sdn Bhd	16 September 1987 / Malaysia	RM570,000.00	100	In Members' voluntary winding-up

INFORMATION ON OUR COMPANY (Cont'd)

Company	Date / Country of incorporation	Issued and paid- up share capital	Effective equity interest %	Principal activities
Huatraco Investment Pte Ltd	25 January 2011/ Singapore	SGD100.00	100	Investment holdings
<u>Subsidiary of Huatraco Investment Pte Ltd.</u>				
Huatraco Singapore Pte Ltd	11 February 2011/ Singapore	SGD200,000.00	100	Scaffolding works and wholesale of industrial, construction and related machinery and equipment
<u>Associated Company of HSSB</u>				
Huatraco Ges Scaffold Sdn Bhd	18 September 2014 / Malaysia	RM1,000,000.00	48	Dormant

Note:

- (1) Pursuant to MFRS 11, Joint Arrangements, ESSB is considered as a jointly controlled entity of our Company from accounting perspective with reference to its rights and obligations.

6. PROFIT AND DIVIDEND RECORD

Our profit and dividend record based on our audited consolidated financial statements for the past three (3) FYEs 31 July 2013 to 31 July 2015 and our unaudited consolidated interim financial statements for the six (6)-month FPE 31 January 2016 are as follows:

	Audited FYE 31 July			Unaudited six (6)-month FPE 31 January 2016
	2013	2014	2015	
	RM'000	RM'000	RM'000	RM'000
Revenue	1,107,318	1,110,490	1,257,619	592,467
- Cost of sales	(1,106,920)	(1,013,868)	(1,145,656)	(540,334)
Gross profit	90,398	96,622	111,963	52,133
- Other operating income	25,933	34,021	40,571	15,764
- Operating costs for income generating investment properties	(157)	(180)	(158)	(123)
- Administrative expenses	(26,940)	(30,610)	(34,067)	(10,341)
- Selling and marketing expenses	(21,443)	(21,333)	(27,573)	(17,160)
- Other operating expenses	(4,999)	(2,765)	(65,421)	(4,759)
Results from operating activities	62,792	75,755	25,315	35,514
- Finance costs	(24,792)	(26,388)	(32,101)	(15,240)
- Share of (loss)/profit of equity accounted investees, net of tax	(3,772)	484	(59,674)	(75,229)
(Loss)/ Profit before tax	34,228	49,851	(66,460)	(54,955)
- Tax expense	(9,936)	(4,286)	(10,346)	(5,440)
(Loss)/Profit for the year/period	24,292	45,565	(76,806)	(60,395)
PAT/(Loss after tax) attributable to:				
- Equity holders of our Company	24,292	45,565	(77,089)	(60,025)
- Non-controlling interests	-	-	283	(370)

INFORMATION ON OUR COMPANY (Cont'd)

	Audited FYE 31 July			Unaudited six (6)-month FPE 31 January 2016
	2013 RM'000	2014 RM'000	2015 RM'000	RM'000
Earnings/(Loss) before interest, taxation, depreciation and amortisation	80,924	99,234	(10,358)	(27,860)
Weighted average number of HTVB Shares in issue ('000)	713,742	713,742	713,742	713,742
Basic EPS* /(loss per share) (sen)	3.43	6.42	(10.88)	(5.22)
Net dividend per HTVB Share declared (sen)	0.60	0.60	0.30	-
Profit/(Loss) margin:				
- Gross profit margin (%)	8.2%	8.7%	8.9%	8.8%
- Net profit/(loss) margin (%)	2.2%	4.1%	-6.1%	-10.2%

Note:

* There was no dilution effect on EPS for the FYE 31 July 2013, 2014 and 2015 as the exercise price of Warrants 2012/2017 and Options, and the conversion price of Convertible Bonds were higher than the average market price of HTVB Shares.

Commentaries on financial performance:**FYE 31 July 2013**

For the FYE 31 July 2013, our Group posted revenue of RM1.11 billion as compared to RM1.12 billion for the FYE 31 July 2012. While revenue was flat as a result of lower steel prices, PBT grew by 64% with a reported PBT of RM34.23 million as compared to RM20.94 million in the previous financial year. This is mainly due to the decrease in other operating expenses which amounted to approximately RM17.38 million. As a result, PAT rose 56% to RM24.29 million from RM15.63 million in the previous financial year.

The decrease in the other operating expenses were mainly due to write-down of inventories amounting to RM12.49 million reported in FYE 31 July 2012, while no inventories were being written down in the FYE 31 July 2013.

With improvement in production efficiency and changes to product mix, the manufacturing division registered a PBT of RM25.7 million in the FYE 31 July 2013 (FYE 31 July 2012: RM4.5 million) on revenue of RM599.0 million (FYE 31 July 2012: RM593.0 million) which contributed approximately 75% of PBT.

Growing competition exacerbated by greater price volatility saw the margins of the trading division being compressed. The trading division posted revenue of RM572.0 million and a PBT of RM6.6 million in the FYE 31 July 2013, compared to RM562.0 million and RM18.0 million, respectively in the FYE 31 July 2012.

INFORMATION ON OUR COMPANY (Cont'd)

FYE 31 July 2014

Our Group's revenue of RM1.11 billion for the FYE 31 July 2014 was comparable to the RM1.11 billion revenue registered in the preceding financial year. However, PBT of our Group improved from RM34.23 million in the FYE 31 July 2013 to RM49.85 million in the FYE 31 July 2014. PAT rose from RM24.29 million previously to RM45.56 million.

The performance improvement was the result of operational efficiency. The manufacturing division posted segment profit of RM37.28 million in the FYE 31 July 2014, compared to RM25.68 million in the FYE 31 July 2013. The higher segment profit was mainly due to various measures taken by our Group, such as enhancing inventory and receivable management, increase productivity and efficiency while keeping a tight control on costs and expenses to achieve operational excellence.

Manufacturing division remained the key contributor to our Group's profit for the FYE 31 July 2014. Pipe making division contributed RM28.50 million, representing 63% of our Group's net profit (FYE 31 July 2013: 43%). Higher production volume coupled with tighter cost control and increased efficiency, resulted in lower production cost and better margin. Both scaffolding and trading divisions accounted for 12% and 11% respectively of our Group's net profit (FYE 31 July 2013: 34% and 19% respectively).

FYE 31 July 2015

Our Group recorded higher revenue of RM1.26 billion for the FYE 31 July 2015 compared to RM1.11 billion revenue achieved in the preceding financial year. However, a LBT of RM66.46 million was registered for the FYE 31 July 2015 as compared to a PBT of RM49.85 million in FYE 31 July 2014. LAT stood at RM76.81 million for the FYE 31 July 2015 whereas our Group recorded a PAT of RM45.57 million for the FYE 31 July 2014.

The performance of our Group was affected by the loss incurred by ESSB, our jointly controlled entity, as a result of the strengthening of the USD. An amount of RM54.95 million of unrealised foreign exchange loss arising from USD denominated shareholders' loan was recorded in ESSB's book. The results of ESSB was further hit by the higher cost associated with trial production which started during the financial year. In view of the depressed market prices of steel slabs, soft demand and the increased volatility of foreign exchange rates, ESSB has temporarily suspended its trial production in October 2015 as part of the strategy to minimise losses. Our Group has, in the FYE 31 July 2015, made a provision of RM55.00 million for the impairment of its investment in ESSB.

For illustration purposes only, assuming we exclude the share of loss of equity accounted investee of RM59.67 million which resulted from ESSB, and also exclude the impairment for investment in ESSB of RM55.00 million, our Group would have shown a PBT of RM48.21 million in the FYE 31 July 2015 as compared to RM49.37 million in the FYE 31 July 2014. The lower PBT in the FYE 31 July 2015 as compared to the FYE 31 July 2014 was mainly due to a write-down of inventories of RM8.81 million during the financial year from the caving-in incident that happened at one of our Group's factories in Klang. The incident resulted in failure of the existing concrete slab, surrounding structure and the hot-rolled coils at the particular areas to sink into the soft ground underneath.

INFORMATION ON OUR COMPANY (Cont'd)

FPE 31 January 2016

Our Group reported revenue of RM275.09 million for the FPE 31 January 2016, representing a decrease of 8.64% against the preceding year's corresponding quarter's revenue of RM301.12 million.

Both the trading and manufacturing divisions reported lower revenues as compared to the preceding year's corresponding quarter. Manufacturing division reported revenue of RM141.8 million as compared to RM150.4 million in the preceding year's corresponding quarter, while the trading division reported revenue of RM134.4 million as compared to RM150.6 million in the preceding year's corresponding quarter. The decline in revenues as compared to the preceding year corresponding quarter was due to lower selling prices following the depressed global steel market. Average selling prices dropped from RM2,300 per metric tonne to RM2,015 per metric tonne for the FPE 31 January 2016, a decrease of 12.4%.

Our Group registered LBT of RM19.15 million for the FPE 31 January 2016 as compared to a LBT of RM1.95 million for the preceding year's corresponding quarter. This is mainly due to lower interest income and a higher share of loss from ESSB in the reporting quarter. The higher share of losses from ESSB was due to costs associated with its trial production and lower demand for the products due to weak market conditions. To minimise losses, ESSB has temporarily suspended its trial production starting from October 2015 until market conditions improved. As a result, our Group has also ceased to recognise interest income from ESSB effective FPE 31 January 2016.

INFORMATION ON OUR COMPANY (Cont'd)

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the HTVB Shares as traded on the Main Market of Bursa Securities for the past twelve (12) months from May 2015 to April 2016 are set out below:

	<u>High</u> RM	<u>Low</u> RM
2015		
May	0.525	0.490
June	0.515	0.390
July	0.400	0.350
August	0.370	0.235
September	0.285	0.230
October	0.330	0.245
November	0.335	0.265
December	0.280	0.245
2016		
January	0.255	0.200
February	0.235	0.200
March	0.325	0.215
April	0.525	0.280
Last transacted price of HTVB Shares on 14 January 2016, being the last Market Day immediately prior to the announcement on the Corporate Exercises on 15 January 2016		0.245
Last transacted price of HTVB Shares as at the LPD		0.505
Last transacted price of HTVB Shares on 24 May 2016, being the last trading day prior to the ex-date for the Rights Issue		0.360

(Source: Bloomberg Finance L.P.)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



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The Board of Directors
Hiap Teck Venture Berhad
Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

Date: 19 May 2016

Dear Sirs

**Hiap Teck Venture Berhad (“HTVB” or the “Company”)
Reporting accountants’ letter on the pro forma consolidated statements of financial position
as at 31 July 2015**

The pro forma consolidated statements of financial position of HTVB and its subsidiaries (collectively, the “Group”) have been compiled for inclusion in the Abridged Prospectus in relation to the following:

- (i) Renounceable rights issue of up to RM213,284,300 nominal value of five (5)-year 5% redeemable convertible unsecured Islamic debt securities (“RCUIDS”) at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing ordinary shares of RM0.50 each in HTVB (“HTVB Shares”) held as at 5.00 pm on 27 May 2016 together with up to 426,568,600 free detachable warrants (“New Warrants”) on the basis of one (1) New Warrant for every one (1) RM0.50 nominal value of RCUIDS subscribed (“Rights Issue”); and
- (ii) Bonus issue of up to 853,137,200 new HTVB Shares (“Bonus Shares”) to be credited as fully paid-up on the basis of two (2) Bonus Shares for every one (1) RM0.50 nominal value of RCUIDS subscribed pursuant to the Rights Issue (“Bonus Issue”).

Items above are collectively referred to as the “Corporate Exercises”.

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position as at 31 July 2015 of the Group prepared by the management of the Company (the “Management”). The pro forma consolidated statement of financial position as at 31 July 2015 and related notes as attached to this report have been stamped by us for identification purposes only. The applicable criteria on the basis of which the Management has compiled the pro forma consolidated statements of financial position are described in the notes to the pro forma consolidated statements of financial position.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

*Hiap Teck Venture Berhad ("the Company" or "HTVB")
Reporting accountants' letter on the pro forma consolidated
statements of financial position as at 31 July 2015*

The pro forma consolidated statements of financial position have been compiled by the Management for inclusion in the Abridged Prospectus solely to illustrate the impact of the Corporate Exercises on the Group's consolidated statements of financial position as at 31 July 2015, as if the Corporate Exercises had taken place as at 31 July 2015. As part of this process, information about the Group's consolidated statements of financial position have been extracted by the Management from the financial statements of the Group for the financial year ended 31 July 2015, on which an audit report has been published.

Management's Responsibilities for the Pro Forma Consolidated Statements of Financial Position

The Management is responsible for compiling the pro forma consolidated statements of financial position as at 31 July 2015 on the basis as set out in Note 1 and Note 2 to the pro forma consolidated statements of financial position.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines – Abridged Prospectus issued by the Securities Commission Malaysia, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Management on the basis set out in the notes.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis set out in the notes.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



*Hiap Teck Venture Berhad ("the Company" or "HTVB")
Reporting accountants' letter on the pro forma consolidated
statements of financial position as at 31 July 2015*

Reporting Accountants' Responsibilities (continued)

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 July 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves the evaluation of the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis as stated in Note 1 and Note 2 to the pro forma consolidated statements of financial position.

Other Matters

Our report on the pro forma consolidated statements of financial position has been prepared for inclusion in the Abridged Prospectus in connection with the Corporate Exercises and should not be relied upon for any other purposes.

Yours faithfully

KPMG
Firm Number: AF 0758
Chartered Accountants

Lam Shuh Siang
Approval Number: 3045/02/17(J)
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Appendix I

**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

1. Basis of preparation

The pro forma consolidated statements of financial position of Hiap Teck Venture Berhad and its subsidiaries (“HTVB” or the “Group”) as at 31 July 2015 are based on the audited financial statements of HTVB for the financial year ended 31 July 2015, which were prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The accounting policies and basis used in the preparation of the pro forma consolidated statements of financial position are consistent with those adopted and disclosed by HTVB in the preparation of their audited financial statements for the financial year ended 31 July 2015. These accounting policies are in compliance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Directors are of the opinion that there is no significant impact on the financial statements from the adoption by the Company of the new or revised applicable accounting standards issued by the Malaysian Accounting Standards Board which are effective for the financial year beginning on 1 August 2015.

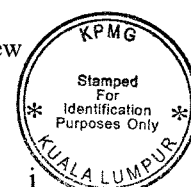
2. Pro forma consolidated statements of financial position as at 31 July 2015

The pro forma consolidated statements of financial position of HTVB as at 31 July 2015, as set out below have been prepared solely for illustrative purposes only to show the effects of the transactions referred to in the notes, and should be read in conjunction with the notes accompanying the pro forma consolidated statements of financial position.

The pro forma consolidated statements of financial position are presented under the following scenarios:

a) Scenario 1 – minimum scenario

- (i) The Corporate Exercises entail, among others, the renounceable rights issue of RM79,000,000 nominal value of RCUIDS at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) HTVB Shares held as at 5.00 pm on 27 May 2016 together with 158,000,000 New Warrants on the basis of one (1) New Warrant for every one (1) RM0.50 nominal value of RCUIDS subscribed;
- (ii) The Corporate Exercises entail, among others, the bonus issue of 316,000,000 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) RM0.50 nominal value of RCUIDS subscribed pursuant to the Rights Issue;
- (iii) Full conversion of RM79,000,000 nominal value of RCUIDS into 158,000,000 new HTVB Shares by surrendering one (1) RM0.50 nominal value of RCUIDS for one (1) new HTVB Share at a conversion price of RM0.50 each; and
- (iv) Full exercise of 158,000,000 New Warrants to subscribe for 158,000,000 new HTVB Shares at an exercise price of RM0.50 each.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



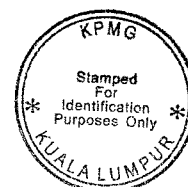
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**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

2. Pro forma consolidated statements of financial position as at 31 July 2015 (continued)

b) Scenario 2 – maximum scenario

- (i) The Corporate Exercises are assumed to be implemented after the full exercise or conversion of the existing convertible instruments of HTVB as at 29 April 2016, being the latest practicable date (“LPD”): (a) full exercise of 88,533,692 outstanding warrants issued on 10 January 2012 (“Warrants 2012/2017”) at an exercise price of RM0.69 each; (b) full conversion of RM147,000,000 nominal value of seven (7)-year 4.5% redeemable convertible secured bonds issued on 5 April 2012 (“Convertible Bonds”) that are convertible into 210,000,000 new HTVB Shares at a conversion price of RM0.70 each; and (c) full exercise of 54,979,000 outstanding Employee Share Option Scheme options (“ESOS Options”) at the respective exercise prices per ESOS option of RM0.50, RM0.53 and RM0.67;
- (ii) The Corporate Exercises entail, among others, the renounceable rights issue of RM213,284,300 nominal value of RCUIDS at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) HTVB Shares held as at 5.00 pm on 27 May 2016 together with 426,568,600 New Warrants on the basis of one (1) New Warrant for every one (1) RM0.50 nominal value of RCUIDS subscribed;
- (iii) The Corporate Exercises entail, among others, the bonus issue of 853,137,200 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) RM0.50 nominal value of RCUIDS subscribed pursuant to the Rights Issue;
- (iv) Full conversion of RM213,284,300 nominal value of RCUIDS into 426,568,600 new HTVB Shares by surrendering one (1) RM0.50 nominal value of RCUIDS for one (1) HTVB Share at a conversion price of RM0.50 each; and
- (v) Full exercise of 426,568,600 New Warrants to subscribe for 426,568,600 new HTVB Shares at an exercise price of RM0.50 each.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

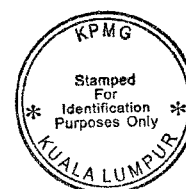


Appendix I

**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

Scenario 1 (minimum scenario) – issuance of RM79,000,000 nominal value of RCUIDS

	As at 31.07.2015 ^(iv) RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000	Proforma V RM'000
Assets						
Property, plant and equipment	275,714	275,714	275,714	275,714	275,714	275,714
Mining exploration and evaluation assets	18,704	18,704	18,704	18,704	18,704	18,704
Investment properties	7,635	7,635	7,635	7,635	7,635	7,635
Investment in joint venture	154,376	154,376	154,376	154,376	154,376	154,376
Investment in associate	479	479	479	479	479	479
Available-for-sale financial assets	2,106	2,106	2,106	2,106	2,106	2,106
Deferred tax assets	1,351	1,351	1,351	1,351	1,351	1,351
Trade and other receivables	152,336	152,336	152,336	152,336	152,336	152,336
Total non-current assets	612,701	612,701	612,701	612,701	612,701	612,701
Inventories	293,157	293,157	293,157	293,157	293,157	293,157
Trade and other receivables	534,221	534,221	534,221	534,221	534,221	534,221
Tax recoverable	2,109	2,109	2,109	2,109	2,109	2,109
Available-for-sale financial assets	1,234	1,234	1,234	1,234	1,234	1,234
Cash and cash equivalents	65,484	63,345	139,845	139,845	139,845	218,845
Total current assets	896,205	894,066	970,566	970,566	970,566	1,049,566
Total assets	1,508,906	1,506,767	1,583,267	1,583,267	1,583,267	1,662,267



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Appendix I

HIAP TECK VENTURE BERHAD (“HTVB”)

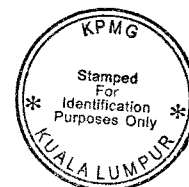
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

Scenario 1 (minimum scenario) – issuance of RM79,000,000 nominal value of RCUIDS (continued)

	As at 31.07.2015 ^(iv) RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000	Proforma V RM'000
Equity						
Share capital	359,195	359,195	359,195	517,195	596,195	675,195
Share premium	38,160	38,160	38,160	-	-	22,120
Reserves	474,794	472,655	517,420	397,580	345,006	328,195
Total equity attributable to owners of the Company	872,149	870,010	914,775	914,775	941,201	1,025,510
Non-controlling interest	792	792	792	792	792	792
Total equity	872,941	870,802	915,567	915,567	941,993	1,026,302
Liabilities						
Deferred tax liabilities	11,351	11,351	26,277	26,277	16,660	11,351
Loans and borrowings	131,346	131,346	148,155	148,155	131,346	131,346
Total non-current liabilities	142,697	142,697	174,432	174,432	148,006	142,697
Loans and borrowings	395,380	395,380	395,380	395,380	395,380	395,380
Trade and other payables	97,347	97,347	97,347	97,347	97,347	97,347
Current tax payable	541	541	541	541	541	541
Total current liabilities	493,268	493,268	493,268	493,268	493,268	493,268
Total liabilities	635,965	635,965	667,700	667,700	641,274	635,965
Total equity and liabilities	1,508,906	1,506,767	1,583,267	1,583,267	1,583,267	1,662,267
No. of HTVB Shares in issue ('000) (net of treasury shares)	712,909	712,909	712,909	1,028,909	1,186,909	1,344,909
Net assets ⁽ⁱ⁾ per share ⁽ⁱⁱ⁾ (RM)	1.22	1.22	1.28	0.89	0.79	0.76
Total loans and borrowings (RM'000)	526,726	526,726	543,535	543,535	526,726	526,726
Gearing ratio (times) ⁽ⁱⁱⁱ⁾	0.60	0.61	0.59	0.59	0.56	0.51

Notes:

- (i) Net assets = Total assets – Total liabilities
(ii) Net assets per share = Net assets / Number of HTVB Shares in issue (net of treasury shares)
(iii) Gearing ratio = Total loans and borrowings / Total equity attributable to owners of the Company
(iv) Extracted from the audited financial statements for the financial year ended 31 July 2015



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



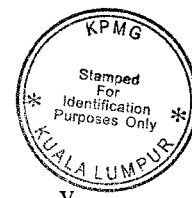
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HIAP TECK VENTURE BERHAD (“HTVB”)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

Scenario 2 (maximum scenario) – issuance of RM213,284,300 nominal value of RCUIDS

	As at 31.07.2015 ^(iv) RM'000	Pro forma I RM'000	Pro forma II RM'000	Pro forma III RM'000	Pro forma IV RM'000	Pro forma V RM'000	Pro forma VI RM'000
Assets							
Property, plant and equipment	275,714	275,714	275,714	275,714	275,714	275,714	275,714
Mining exploration and evaluation assets	18,704	18,704	18,704	18,704	18,704	18,704	18,704
Investment properties	7,635	7,635	7,635	7,635	7,635	7,635	7,635
Investment in joint ventures	154,376	154,376	154,376	154,376	154,376	154,376	154,376
Investment in associate	479	479	479	479	479	479	479
Available-for-sale financial assets	2,106	2,106	2,106	2,106	2,106	2,106	2,106
Deferred tax assets	1,351	1,351	1,351	1,351	1,351	1,351	1,351
Trade and other receivables	152,336	152,336	152,336	152,336	152,336	152,336	152,336
Total non-current assets	612,701	612,701	612,701	612,701	612,701	612,701	612,701
Inventories	293,157	293,157	293,157	293,157	293,157	293,157	293,157
Trade and other receivables	534,221	534,221	534,221	534,221	534,221	534,221	534,221
Tax recoverable	2,109	2,109	2,109	2,109	2,109	2,109	2,109
Available-for-sale financial assets	1,234	1,234	1,234	1,234	1,234	1,234	1,234
Cash and cash equivalents	65,484	63,345	153,691	364,475	364,475	364,475	577,759
Total current assets	896,205	894,066	984,412	1,195,196	1,195,196	1,195,196	1,408,480
Total assets	1,508,906	1,506,767	1,597,113	1,807,897	1,807,897	1,807,897	2,021,181



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



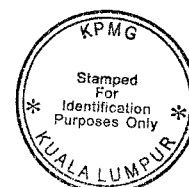
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HIAP TECK VENTURE BERHAD (“HTVB”)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

Scenario 2 (maximum scenario) – issuance of RM213,284,300 nominal value of RCUIDS (continued)

	As at 31.07.2015 ^(iv) RM'000	Pro forma I RM'000	Pro forma II RM'000	Pro forma III RM'000	Pro forma IV RM'000	Pro forma V RM'000	Pro forma VI RM'000
Equity							
Share capital	359,195	359,195	535,952	535,952	962,521	1,175,805	1,389,089
Share premium	38,160	38,160	121,174	121,174	-	-	51,188
Reserves	474,794	472,655	440,684	565,791	260,396	120,504	81,601
Total equity attributable to owners of the Company	872,149	870,010	1,097,810	1,222,917	1,222,917	1,296,309	1,521,878
Non-controlling interest	792	792	792	792	792	792	792
Total equity	872,941	870,802	1,098,602	1,223,709	1,223,709	1,297,101	1,522,670
Liabilities							
Deferred tax liabilities	11,351	11,351	7,442	47,739	47,739	19,727	7,442
Loans and borrowings	131,346	131,346	-	45,380	45,380	-	-
Total non-current liabilities	142,697	142,697	7,442	93,119	93,119	19,727	7,442
Loans and borrowings	395,380	395,380	393,181	393,181	393,181	393,181	393,181
Trade and other payables	97,347	97,347	97,347	97,347	97,347	97,347	97,347
Current tax payable	541	541	541	541	541	541	541
Total current liabilities	493,268	493,268	491,069	491,069	491,069	491,069	491,069
Total liabilities	635,965	635,965	498,511	584,188	584,188	510,796	498,511
Total equity and liabilities	1,508,906	1,506,767	1,597,113	1,807,897	1,807,897	1,807,897	2,021,181



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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



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HIAP TECK VENTURE BERHAD (“HTVB”)

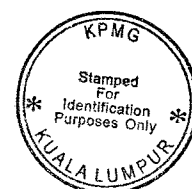
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

Scenario 2 (maximum scenario) – issuance of RM213,284,300 nominal value of RCUIDS (continued)

	As at 31.07.2015 (iv)	Pro forma I	Pro forma II	Pro forma III	Pro forma IV	Pro forma V	Pro forma VI
No. of HTVB Shares in issue (‘000) (net of treasury shares)	712,909	712,909	1,066,422	1,066,422	1,919,559	2,346,127	2,772,696
Net assets⁽ⁱ⁾ per share⁽ⁱⁱ⁾ (RM)	1.22	1.22	1.03	1.15	0.64	0.55	0.55
Total loans and borrowings (RM’000)	526,726	526,726	393,181	438,561	438,561	393,181	393,181
Gearing ratio (times)⁽ⁱⁱⁱ⁾	0.60	0.61	0.36	0.36	0.36	0.30	0.26

Notes:

- (i) Net assets = Total assets – Total liabilities
- (ii) Net assets per share = Net assets / Number of HTVB Shares in issue (net of treasury shares)
- (iii) Gearing ratio = Total loans and borrowings / Total equity attributable to owners of the Company
- (iv) Extracted from the audited financial statements for the financial year ended 31 July 2015



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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Appendix I

**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

3. Effects of the Corporate Exercises

For illustrative purposes, the pro forma consolidated statements of financial position have been prepared assuming the completion of the Corporate Exercises in the following scenarios:

SCENARIO 1 – MINIMUM SCENARIO

(A) Pro forma I incorporates the following:

- i) The equity-settled share based payments of RM224,000 during the period from 1 August 2015 to the LPD.
- ii) Payment of single tier final dividend of 0.30 sen per HTVB Share in respect of the financial year ended 31 July 2015 totalling RM2.139 million was paid on 27 January 2016.

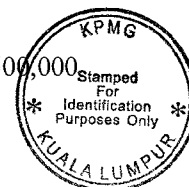
(B) Pro forma II incorporates Pro forma I and the Rights Issue:

The fair value of the RCUIDS is assessed and allocated into its liability and equity components. The fair value of the RCUIDS equity components of RM30,454,000 is determined based on gross proceeds, net of the following:

- i) The liability components of the RCUIDS of RM16,809,000 which is arrived at by discounting the coupon payments of RCUIDS over the tenure of 5 years and the RM79,000,000 nominal value of the RCUIDS at the maturity date, applying an effective interest cost of 6.09%;
- ii) The deferred tax liabilities of RM14,926,000 which are computed based on Malaysian statutory tax rate of 24%; and
- iii) The New Warrants reserve of RM16,811,000 (net of deferred tax) which is derived at by measuring the fair value of New Warrants based on Trinomial Option Pricing Model. The fair value of the New Warrants is approximately RM0.14 for each New Warrant, measured based on the following key assumptions:

(1) Underlying share price	RM0.51 per HTVB Share
(2) Exercise price	RM0.50 per New Warrant
(3) Tenure of the New Warrants	5 years
(4) Risk free interest rate	3.487%
(5) Expected share price volatility	34.47%
(6) Dividend yield	0.65%

The estimated expenses of the Corporate Exercises is approximately RM2,500,000 charged to profit or loss (reflected in retained earnings).



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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Appendix I

**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

3. Effects of the Corporate Exercises (continued)

SCENARIO 1 – MINIMUM SCENARIO (continued)

(C) Pro forma III incorporates Pro forma II and Bonus Issue:

- i) The Company’s subsidiaries have declared interim dividends totalling RM170,000,000 in respect of the financial year ending 31 July 2016 on 1 April 2016 to the Company.
- ii) Assuming the issuance of 316,000,000 Bonus Shares pursuant to the Bonus Issue.

The Bonus Issue will give rise to an increase in share capital of HTVB by RM158,000,000, and a reduction of RM38,160,000 and RM119,840,000 respectively in share premium and retained earnings.

(D) Pro forma IV incorporates Pro forma III and full conversion of RCUIDS:

Assuming the full conversion of RM79,000,000 nominal value of RCUIDS into 158,000,000 new HTVB Shares by surrendering one (1) RM0.50 nominal value of RCUIDS for one (1) HTVB Share at a conversion price of RM0.50 each.

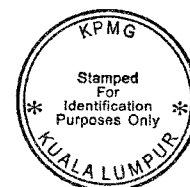
The assumed full conversion of RCUIDS will result in an increase in share capital of HTVB by RM79,000,000 and a corresponding reduction in equity and liability component of the RCUIDS by RM30,454,000 and RM16,809,000 respectively and its total corresponding deferred tax liabilities by RM9,617,000. The resulting debit of RM22,120,000 is charged to retained earnings as transaction with owners.

(E) Pro forma V incorporates Pro forma IV and full exercise of New Warrants:

Assuming the full exercise of 158,000,000 New Warrants to subscribe for 158,000,000 new HTVB Shares at an exercise price of RM0.50 each.

The assumed full exercise of the New Warrants would give rise to cash proceeds of RM79,000,000 with an increase in HTVB Share Capital of RM79,000,000.

The New Warrants reserve of RM16,811,000 and deferred tax liabilities of RM5,309,000 will be transferred to the share premium account upon the exercise of the New Warrants.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Appendix I

**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

3. Effects of the Corporate Exercises (continued)

SCENARIO 2 – MAXIMUM SCENARIO

(A) Pro forma I incorporates the following:

- i) The equity-settled share based payments of RM224,000 during the period from 1 August 2015 to the LPD.
- ii) Payment of single tier final dividend of 0.30 sen per HTVB Share in respect of the financial year ended 31 July 2015 totalling RM2.139 million was paid on 27 January 2016.

(B) Pro forma II incorporates Pro forma I and the following:

- i) Assuming full exercise of 88,533,692 outstanding Warrants 2012/2017 at an exercise price of RM0.69 each;
- ii) Assuming full conversion of RM147,000,000 nominal value of Convertible Bonds at a conversion price of RM0.70 each; and
- iii) Assuming full exercise of 54,979,000 outstanding ESOS options at the respective exercise prices per ESOS option of RM0.50, RM0.53 and RM0.67.

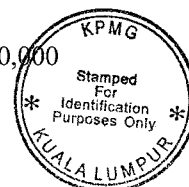
(C) Pro forma III incorporates Pro forma II and the Rights Issue:

The fair value of the RCUIDS is assessed and allocated into its liability and equity components. The fair value of the RCUIDS equity components of RM88,704,000 is determined based on gross proceeds, net of the following:

- i) The liability components of the RCUIDS of RM45,380,000 which is arrived at by discounting the coupon payments of RCUIDS over the tenure of 5 years and the RM213,284,300 nominal value of the RCUIDS at the maturity date, applying an effective interest cost of 6.09%;
- ii) The deferred tax liabilities of RM40,297,000, which are computed based on Malaysian statutory tax rate of 24%; and
- iii) The New Warrants reserve of RM38,903,000 (net of deferred tax) which is derived at by measuring the fair value of New Warrants based on Trinomial Option Pricing Model. The fair value of the New Warrants is approximately RM0.12 for each New Warrant, measured based on the following key assumptions:

(1) Underlying share price	RM0.51 per HTVB Share
(2) Exercise price	RM0.50 per New Warrant
(3) Tenure of the New Warrants	5 years
(4) Risk free interest rate	3.487%
(5) Expected share price volatility	34.47%
(6) Dividend yield	0.65%

The estimated expenses of the Corporate Exercises is approximately RM2,500,000 charged to profit or loss (reflected in retained earnings).



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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Appendix I

**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2014**

3. Effects of the Corporate Exercises (continued)

SCENARIO 2 – MAXIMUM SCENARIO (continued)

(D) Pro forma IV incorporates Pro forma III and Bonus Issue:

- i) The Company’s subsidiaries have declared interim dividends totalling RM170,000,000 in respect of the financial year ending 31 July 2016 on 1 April 2016 to the Company.
- ii) Assuming the Company’s subsidiaries will declare additional interim dividends of approximately RM80,000,000 to the Company.
- iii) Assuming the issuance of 853,137,200 Bonus Shares pursuant to the Bonus Issue.

The Bonus Issue will give rise to an increase in share capital of HTVB by RM426,568,600 and a reduction of RM121,174,000 and RM305,394,600 respectively in share premium and retained earnings.

(E) Pro forma V incorporates Pro forma IV and full conversion of RCUIDS:

Assuming the full conversion of RM213,284,300 nominal value of RCUIDS into 426,568,600 new HTVB Shares by surrendering one (1) RM0.50 nominal value of RCUIDS for one (1) HTVB Share at a conversion price of RM0.50 each.

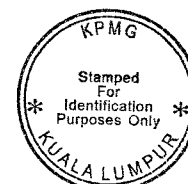
The assumed full conversion of RCUIDS will result in an increase in share capital of HTVB by RM213,284,300 and a corresponding reduction in equity and liability component of the RCUIDS by RM88,704,000 and RM45,380,000 respectively and its total corresponding deferred tax liabilities by RM28,012,000. The resulting debit of RM51,188,300 is charged to retained earnings as transaction with owners.

(F) Pro forma VI incorporates Pro forma V and full exercise of New Warrants:

Assuming the full exercise of 426,568,600 New Warrants to subscribe for 426,568,600 new HTVB Shares at an exercise price of RM0.50 each.

The assumed full exercise of the New Warrants would give rise to cash proceeds of RM213,284,300 with an increase in HTVB Share Capital of RM213,284,300.

The New Warrants reserve of RM38,903,000 and deferred tax liabilities of RM12,285,000 will be transferred to the share premium account upon the exercise of the New Warrants.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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**HIAP TECK VENTURE BERHAD ("HTVB")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

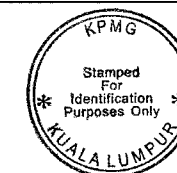


4. Explanation of pro forma movement

a. Movement in total equity

Scenario 1 – minimum scenario

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Share option reserves RM'000	Capital reserves RM'000	Translation reserves RM'000	Fair value reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 31 July 2015	359,195	38,160	(7,496)	18,459	3,742	(353)	(140)	(504)	461,086	872,149	792	872,941
Effects of adjustment for:												
- Equity-settled share based payments	-	-	-	-	224	-	-	-	(224)	-	-	-
- Payment of dividend	-	-	-	-	-	-	-	-	(2,139)	(2,139)	-	(2,139)
Pro forma I	359,195	38,160	(7,496)	18,459	3,966	(353)	(140)	(504)	458,723	870,010	792	870,802
Effect of pro forma II:												
- Rights Issue	-	-	-	16,811	-	30,454	-	-	(2,500)	44,765	-	44,765
Pro forma II	359,195	38,160	(7,496)	35,270	3,966	30,101	(140)	(504)	456,223	914,775	792	915,567
Effect of pro forma III:												
- Bonus Issue	158,000	(38,160)	-	-	-	-	-	-	(119,840)	-	-	-
Pro forma III	517,195	-	(7,496)	35,270	3,966	30,101	(140)	(504)	336,383	914,775	792	915,567
Effect of pro forma IV:												
- Full conversion of RCUIDS	79,000	-	-	-	-	(30,454)	-	-	(22,120)	26,426	-	26,426
Pro forma IV	596,195	-	(7,496)	35,270	3,966	(353)	(140)	(504)	314,263	941,201	792	941,993
Effect of pro forma V:												
- Full exercise of New Warrants	79,000	22,120	-	(16,811)	-	-	-	-	-	84,309	-	84,309
Pro forma V	675,195	22,120	(7,496)	18,459	3,966	(353)	(140)	(504)	314,263	1,025,510	792	1,026,302



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

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4. Explanation of pro forma movement (continued)

a. Movement in total equity (continued)

Scenario 2 – maximum scenario

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Share option reserves RM'000	Capital reserves RM'000	Translation reserves RM'000	Fair value reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 31 July 2015	359,195	38,160	(7,496)	18,459	3,742	(353)	(140)	(504)	461,086	872,149	792	872,941
Effects of adjustments for:												
- Equity-settled share based payments	-	-	-	-	224	-	-	-	(224)	-	-	-
- Payment of dividend	-	-	-	-	-	-	-	-	(2,139)	(2,139)	-	(2,139)
Pro forma I	359,195	38,160	(7,496)	18,459	3,966	(353)	(140)	(504)	458,723	870,010	792	870,802
Effect of pro forma II:												
- Full exercise of existing ESOS options	27,490	5,734	-	-	(3,966)	-	-	-	-	29,258	-	29,258
- Full exercise of existing Warrants 2012/2017	44,267	35,280	-	(18,459)	-	-	-	-	-	61,088	-	61,088
- Full exercise of existing redeemable convertible secured bonds	105,000	42,000	-	-	-	353	-	-	(9,899)	137,454	-	137,454
Pro forma II	535,952	121,174	(7,496)	-	-	-	(140)	(504)	448,824	1,097,810	792	1,098,602
Effect of pro forma III:												
- Rights Issue	-	-	-	38,903	-	88,704	-	-	(2,500)	125,107	-	125,107
Pro forma III	535,952	121,174	(7,496)	38,903	-	88,704	(140)	(504)	446,324	1,222,917	792	1,223,709
Effect of pro forma IV:												
- Bonus Issue	426,569	(121,174)	-	-	-	-	-	-	(305,395)	-	-	-
Pro forma IV	962,521	-	(7,496)	38,903	-	88,704	(140)	(504)	140,929	1,222,917	792	1,223,709
Effect of pro forma V:												
- Full conversion of RCUIDS	213,284	-	-	-	-	(88,704)	-	-	(51,188)	73,392	-	73,392
Pro forma V	1,175,805	-	(7,496)	38,903	-	-	(140)	(504)	89,741	1,296,309	792	1,297,101
Effect of pro forma VI:												
- Full exercise of New Warrants	213,284	51,188	-	(38,903)	-	-	-	-	-	225,569	-	225,569
Pro forma VI	1,389,089	51,188	(7,496)	-	-	-	(140)	(504)	89,741	1,521,878	792	1,522,670

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



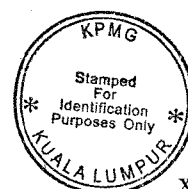
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**HIAP TECK VENTURE BERHAD (“HTVB”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

4. Explanation of pro forma movement (continued)

b. Movement in cash and cash equivalents

Scenario 1 – minimum scenario	RM'000
Balance as at 31 July 2015	65,484
Effects of Pro forma I	
- Payment of single tier final dividend	(2,139)
Pro forma I	<u>63,345</u>
Effects of Pro forma II	
- Proceeds from issuance of RCUIDS	79,000
- Estimated expenses for Corporate Exercises	(2,500)
Pro forma II/ III/ IV	<u>139,845</u>
Effects of Pro forma V	
- Full exercise of New Warrants	79,000
Pro forma V	<u>218,845</u>
 Scenario 2 – maximum scenario	 RM'000
Balance as at 31 July 2015	65,484
Effects of Pro forma I	
- Payment of single tie final dividend	(2,139)
Pro forma I	<u>63,345</u>
Effects of Pro forma II	
- Proceeds from full exercise of outstanding ESOS options	29,258
- Proceeds from full exercise of Warrants 2012/2017	61,088
Pro forma II	<u>153,691</u>
Effects of Pro forma III	
- Proceeds from issuance of RCUIDS	213,284
- Estimated expenses for Corporate Exercises	(2,500)
Pro forma III/ IV/V	<u>364,475</u>
Effects of Pro forma VI	
- Full exercise of New Warrants	213,284
Pro forma VI	<u>577,759</u>



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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



Appendix I

HIAP TECK VENTURE BERHAD ("HTVB")

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015**

4. Explanation of pro forma movement (continued)

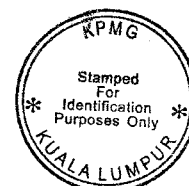
c. Movement in loans and borrowings

Scenario 1 – minimum scenario

	Current RM'000	Non-current RM'000	Total RM'000
Balance as at 31 July 2015/Pro forma I	395,380	131,346	526,726
Effects of Pro forma II			
- Liability component of RCUIDS	-	16,809	16,809
Pro forma II/ III	395,380	148,155	543,535
Effects of Pro forma IV			
- Full conversion of RCUIDS	-	(16,809)	(16,809)
Pro forma IV/V	395,380	131,346	526,726

Scenario 2 – maximum scenario

	Current RM'000	Non-current RM'000	Total RM'000
Balance as at 31 July 2015/Pro forma I	395,380	131,346	526,726
Effects of Pro forma II			
- Full conversion of Convertible bonds	(2,199)	(131,346)	(133,545)
Pro forma II	393,181	-	393,181
Effects of Pro forma III			
- Liability component of RCUIDS	-	45,380	45,380
Pro forma III/IV	393,181	45,380	438,561
Effects of Pro forma V			
- Full conversion of RCUIDS	-	(45,380)	(45,380)
Pro forma V/VI	393,181	-	393,181



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON

1

Hiap Teck Venture Berhad

(Company No. 421340-U)

(Incorporated in Malaysia)

and its subsidiaries

Directors' report for the year ended 31 July 2015

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2015.

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.

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(77,089)	(29,926)
Non-controlling interests	283	-
	<u>(76,806)</u>	<u>(29,926)</u>

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 0.6 sen per ordinary share totalling RM4,277,910 in respect of financial year ended 31 July 2014 on 13 February 2015.

The single tier final dividend recommended by the Directors in respect of the financial year ended 31 July 2015 is 0.3 sen per ordinary share totalling RM2,155,172. The 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 since the date of the last report are:

Tan Sri Abdul Rahman Mamat
 Tan Sri Dato' Law Tien Seng
 Ng Soon Lai @ Ng Siek Chuan

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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Directors of the Company (continued)

Directors who served since the date of the last report are: (continued)

Foo Kok Siew
 Leow Hoi Loong @ Liow Hoi Loong
 Lee Ching Kion
 Tan Shau Ming
 Sun Yan Min (appointed on 29 June 2015)
 Lu Zongyou (resigned on 29 June 2015)
 Low Choong Sing (retired on 17 December 2014)

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 year end (including the interest 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 of RM0.50 each			
	At 1.8.2014	Bought	Sold	At 31.7.2015
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng	187,582,048	-	-	187,582,048
Lee Ching Kion	41,864	-	-	41,864
Tan Shau Ming	330	-	-	330
	Number of options over ordinary shares of RM0.50 each			
	At 1.8.2014	Granted	Exercised	At 31.7.2015
Interest in the Company:				
Tan Sri Abdul Rahman Mamat - own	800,000	-	-	800,000
Tan Sri Dato' Law Tien Seng - own	7,000,000	-	-	7,000,000
Ng Soon Lai @ Ng Siek Chuan - own	500,000	-	-	500,000
Lee Ching Kion - own	500,000	-	-	500,000
Foo Kok Siew - own	4,000,000	-	-	4,000,000
Leow Hoi Loong @ Liow Hoi Loong - own	500,000	-	-	500,000
Tan Shau Ming - own	1,500,000	500,000	-	2,000,000

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

3

Directors' interests in shares (continued)

By virtue of his shareholdings in the Company, Tan Sri Dato' Law Tien Seng is also deemed to be interested in shares in all the subsidiaries of the Company.

None of the other Directors holding office at 31 July 2015 had any interest in the ordinary 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 a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in Note 22 to the financial statements or the fixed salary of a full time employee of the Company or of the related corporations) 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 except as disclosed in Note 31 to the financial statements.

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 apart from the issuance of the options pursuant to the Employees Share Option Scheme ("ESOS").

Issue of shares and debentures

During the financial year, the Company issued 434,000 new ordinary shares of RM0.50 each for cash arising from the exercise of the employees' shares options at a weighted average price of RM0.50 per ordinary share.

There were no other changes in the authorised, issued, and paid-up capital of the Company during the financial year.

Treasury shares

During the financial year, the Company repurchased 1,000 of its issued ordinary shares from the open market at an average price of approximately RM0.58 per share. The total consideration paid for the repurchases including transaction costs was RM621.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 14 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

4

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 issue of options pursuant to the Employees Share Option Scheme ("ESOS") which governed by ESOS By-Laws.

At an extraordinary general meeting held on 23 November 2011, the Company's shareholders approved the establishment of ESOS to eligible Directors and employees of the Group.

The salient terms of the ESOS are disclosed in Note 32 to the financial statements.

The options offered to take up unissued ordinary shares of RM0.50 each and the exercise prices are as follows:

Date of offer	Exercise price	No. of share options over ordinary shares of RM0.50 each				
		At 1.8.2014	Granted	Exercised	Forfeited	At 31.7.2015
19 April 2013	RM0.50	40,493,000	-	(434,000)	(2,038,000)	38,021,000
10 January 2014	RM0.67	10,030,000	-	-	(260,000)	9,770,000
15 January 2015	RM0.53	-	8,950,000	-	(510,000)	8,440,000
		50,523,000	8,950,000	(434,000)	(2,808,000)	56,231,000

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose in this report the names and details of holdings of persons to whom have been granted not more than 1,300,000 options as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

The names of the persons who were granted options over ordinary shares of RM0.50 each of 1,300,000 or more are as follows:

	Number of options over ordinary shares of RM0.50 each			
	At 1.8.2014	Granted	Exercised	At 31.7.2015
Interests in the Company:				
Tan Sri Dato Law Tien Seng	7,000,000	-	-	7,000,000
Foo Kok Siew	4,000,000	-	-	4,000,000
Teh Swee See	2,300,000	1,000,000	-	3,300,000
Ooi Ai Leng	2,000,000	500,000	-	2,500,000
Phang Chin Khiong	1,700,000	300,000	-	2,000,000
Seh Kwang Weoi	1,500,000	500,000	-	2,000,000
Tan Shau Ming	1,500,000	500,000	-	2,000,000
Teoh Peir Song	1,260,000	500,000	-	1,760,000
Tan Yuen Hong	1,084,000	500,000	-	1,584,000

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

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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.

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, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 July 2015 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.

Significant event

Significant event during the year is disclosed in Note 34 to the financial statements.

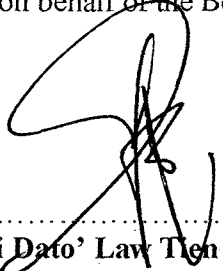
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)


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Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:


.....
Tan Sri Dato' Law Ten Seng


.....
Foo Kok Siew

Kuala Lumpur,

Date: 26 October 2015

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

7

Hiap Teck Venture Berhad

(Company No. 421340-U)

(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 July 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	275,714	288,188	328	551
Mining exploration and evaluation assets	4	18,704	-	-	-
Investment properties	5	7,635	7,794	100,735	102,050
Investment in subsidiaries	6	-	-	93,970	93,970
Investment in joint venture	7	154,376	132,869	220,798	139,618
Investment in associate	8	479	-	-	-
Available-for-sale financial assets	9	2,106	2,451	-	-
Deferred tax assets	10	1,351	2,670	-	-
Trade and other receivables	11	152,336	466,678	174,959	497,002
Total non-current assets		<u>612,701</u>	<u>900,650</u>	<u>590,790</u>	<u>833,191</u>
Inventories	12	293,157	354,840	-	-
Trade and other receivables	11	534,221	276,502	231,526	114
Tax recoverable		2,109	1,056	-	-
Available-for-sale financial assets	9	1,234	27,879	73	1,006
Cash and cash equivalents	13	65,484	56,677	22,056	4,459
Total current assets		<u>896,205</u>	<u>716,954</u>	<u>253,655</u>	<u>5,579</u>
Total assets		<u>1,508,906</u>	<u>1,617,604</u>	<u>844,445</u>	<u>838,770</u>
Equity					
Share capital		359,195	358,978	359,195	358,978
Share premium		38,160	38,143	38,160	38,143
Reserves		474,794	555,512	105,567	138,621
Total equity attributable to owners of the Company	14	872,149	952,633	502,922	535,742
Non-controlling interests		792	-	-	-
Total equity		<u>872,941</u>	<u>952,633</u>	<u>502,922</u>	<u>535,742</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

8

Hiap Teck Venture Berhad

(Company No. 421340-U)

(Incorporated in Malaysia)

and its subsidiaries

**Statements of financial position as at 31 July 2015
(continued)**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Liabilities					
Deferred tax liabilities	10	11,351	11,750	3,909	4,810
Loans and borrowings	15	131,346	127,758	131,346	127,758
Total non-current liability		<u>142,697</u>	<u>139,508</u>	<u>135,255</u>	<u>132,568</u>
Loans and borrowings	15	395,380	449,974	32,199	32,199
Trade and other payables	16	97,347	75,489	173,531	136,759
Current tax payable		541	-	538	1,502
Total current liabilities		<u>493,268</u>	<u>525,463</u>	<u>206,268</u>	<u>170,460</u>
Total liabilities		<u>635,965</u>	<u>664,971</u>	<u>341,523</u>	<u>303,028</u>
Total equity and liabilities		<u>1,508,906</u>	<u>1,617,604</u>	<u>844,445</u>	<u>838,770</u>

The notes set out on pages 19 to 96 are an integral part of these financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

9

Hiap Teck Venture Berhad

(Company No. 421340-U)

(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 July 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	17	1,257,619	1,110,490	31,272	17,880
Cost of sales	18	(1,145,656)	(1,013,868)	-	-
Gross profit		111,963	96,622	31,272	17,880
Other operating income		40,571	34,021	22,244	19,762
Operating costs in respect of income generating investment properties		(158)	(180)	(1,315)	(1,315)
Administrative expenses		(34,067)	(30,610)	(12,073)	(10,309)
Selling and marketing expenses		(27,573)	(21,333)	-	-
Other operating expenses		(65,421)	(2,765)	(56,188)	(1,712)
Results from operating activities		25,315	75,755	(16,060)	24,306
Finance cost	19	(32,101)	(26,388)	(11,910)	(9,936)
Share of (loss)/profit of equity accounted investees, net of tax		(59,674)	484	-	-
(Loss)/Profit before tax		(66,460)	49,851	(27,970)	14,370
Tax expense	20	(10,346)	(4,286)	(1,956)	(3,213)
(Loss)/Profit for the year	21	(76,806)	45,565	(29,926)	11,157
Other comprehensive expense, net of tax					
<i>Items that are or maybe reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences for foreign operation		(33)	(670)	-	-
Fair value of available-for-sale financial assets		(468)	(845)	-	-
Other comprehensive expense for the year, net of tax		(501)	(1,515)	-	-
Total comprehensive (expense) /income for the year		(77,307)	44,050	(29,926)	11,157

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 JULY 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)

10

Hiap Teck Venture Berhad

(Company No. 421340-U)

(Incorporated in Malaysia)

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 July 2015 (continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(77,089)	45,565	(29,926)	11,157
Non-controlling interests		283	-	-	-
(Loss)/Profit for the year		<u>(76,806)</u>	<u>45,565</u>	<u>(29,926)</u>	<u>11,157</u>
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(77,590)	44,050	(29,926)	11,157
Non-controlling interests		283	-	-	-
Total comprehensive (expense)/income for the year		<u>(77,307)</u>	<u>44,050</u>	<u>(29,926)</u>	<u>11,157</u>
(Loss)/Earnings per ordinary share (sen):					
Basic	23	<u>(10.88)</u>	<u>6.42</u>		

The notes set out on pages 19 to 96 are an integral part of these financial statements.