HIAP TONG
协通企业

HIAP TONG CORPORATION LTD.

STRENGTHENED to RISE

ANNUAL REPORT 2014

CONTENTS

This document has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

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CORPORATE PROFILE

Established since 1978, Hiap Tong Corporation Ltd. and its subsidiaries ("Hiap Tong" or the "Group") is a leading provider of hydraulic lifting and haulage services to the marine, petrochemical and construction industries in Singapore.

From a single 10 tonne mobile crane in 1980, the Group has expanded its combined lifting and haulage fleet size to an aggregate of 302 vehicles as at 31 March 2014, consisting of 132 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 170 units of haulage equipment.

Hiap Tong offers the largest range of lifting capabilities in the hydraulic mobile crane category and is the only Singapore company with the ability to provide mobile lifting services with lifting capacities of up to 1200 tonnes. Our current lifting capabilities of up to 1200 tonnes allow us to undertake specialised lifting jobs.

We pride ourselves as an integrated one-stop service provider, offering a complete solution to customers from lifting services, with our extensive fleet of mobile cranes, to transportation services, with our haulage fleet.

With an established customer base of more than 300 customers, some of our notable customers include business units and affiliates of SembCorp Industries Ltd and Keppel Corporation Limited in the marine industry; ExxonMobil Asia Pacific Pte Ltd, Sankyu (S) Pte. Ltd. and Singapore Takada Industries Pte. Ltd. in the petrochemical industry; as well as Yongnam Engineering & Construction Pte Ltd in the construction industry. With our strong track record, business reputation and superior quality services, many of our major customers are repeat customers who have been doing business with us for more than 10 years.

OUR INDUSTRIES

We service a large and diverse customer base, mainly from the marine, petrochemical and construction industries.

SCOPE OF BUSINESS

MARINE

- Conversion and repairs of vessels
- Lifting cranes and equipment onto vessels
- Construction and lifting of large containers

PETROCHEMICAL

- Construction of plants and refineries
- Maintenance of plants and refineries
- Boiler maintenance
- Lifting of steel structures and parts

CONSTRUCTION

- Lifting of pre-cast slabs, steel fittings and beams in construction works

OUR BUSINESS

LEASING OF CRANES AND HAULAGE EQUIPMENT

Our focus has always been primarily on the provision of leasing services. As part of our total lifting and haulage solutions service, we provide on-site consultation and inspection services.

- Our lifting fleet totals 132 cranes as at 31 March 2014, which comprises rough terrain cranes, mobile truck cranes, all terrain cranes, telescopic crawler cranes, crawler cranes, and a mobile tower crane
- Our current lifting capabilities range from 10 tonnes to 1200 tonnes, allowing us to undertake specialised lifting jobs requiring heavy lifting beyond the capability of most conventional cranes commonly found in the market

OUR LIFTING FLEET

ROUGH TERRAIN CRANE

MOBILE TRUCK CRANE

CRAWLER CRANE

ALL TERRAIN CRANE

TELESCOPIC CRAWLER CRANE

MOBILE TOWER CRANE

TRADING OF CRANES AND HAULAGE EQUIPMENT

Our trading activities are opportunistic. There are some trading activities in FY2014 but no trading activity in FY2013.

- Our haulage fleet totals 170 units as at 31 March 2014, which comprises trailers, prime movers and lorry cranes capable of lifting between 10 tonnes to 100 tonnes, as well as Cometto trailers
- Our haulage fleet is often employed for transportation of accessories for heavy cranes and provides support services for our lifting business. Our haulage services enable large cranes to be disassembled and their components transported in parts to job sites
- We believe that our 100-tonne lorry crane has the largest lifting capacity in its class in Singapore

OUR HAULAGE FLEET

TRAILER

PRIME MOVER

LORRY CRANE

COMETTO TRAILER

CHAIRMAN'S MESSAGE

Dear Shareholders

On behalf of the Board of Directors (the "Board"), I am pleased to present to you the annual report of Hiap Tong Corporation Ltd. ("Hiap Tong", the "Company" or together with its subsidiaries, the "Group") for the financial year ended 31 March 2014 ("FY2014").

Financial Review

For FY2014, the Group's revenue increased by S$7.2 million or 18.7% from approximately S$38.5 million for the financial year ended 31 March 2013 ("FY2013") to approximately S$45.7 million for FY2014.

The increase in leasing revenue was mainly attributed to an increase in the lifting and haulage equipment fleets during the year. The Group's lifting fleet increased from 127 cranes to 132 cranes, whereas the haulage fleet increased from 143 to 170 vehicles.

Trading revenue was approximately S$0.7 million for FY2014 due to demand from overseas market. There was no trading income for FY2013 due to a lack of demand in the market.

The Group's cost of sales increased by S$7.4 million or 29.6% from approximately S$25.0 million for FY2013 to approximately S$32.4 million in FY2014. This was mainly due to an increase in payroll and related expenses of approximately S$2.5 million, an increase in depreciation expense of approximately S$2.0 million due to an increase in property, plant and equipment, an increase in rental expenses of approximately S$1.0 million, an increase in crane rental expense of approximately S$0.8 million and an increase in maintenance expenses of approximately S$0.5 million.

Gross profit decreased by approximately S$185,000 or 1.4% from approximately S$13.5 million (representing a gross margin of 35.0%) for FY2013 to approximately S$13.3 million (representing a gross margin of 29.1%) for FY2014. The decrease in gross profit was mainly due to the increase in cost of sales as explained above.

Other income increased by approximately S$1.1 million or 54.4% from approximately S$1.8 million for FY2013 to approximately S$2.9 million for FY2014. The increase was mainly due to an increase in handling services and storage income of approximately S$0.9 million as well as an increase in net gain in disposal of property, plant and equipment of approximately S$0.2 million.

On an operating level, the Group's distribution expenses decreased by approximately S$19,000 or 5.8% from approximately S$326,000 for FY2013 to approximately S$307,000 for FY2014. This was mainly due to a decrease in commission expenses of approximately S$90,000 which was partly offset by higher entertainment expenses of approximately S$71,000.

Administrative expenses increased by approximately S$1.9 million or 34.6% from approximately S$5.5 million for FY2013 to approximately S$7.4 million for FY2014. The increase was mainly due to an increase in salary and related expenses of approximately S$1.1 million, an increase in rental expenses of approximately S$0.5 million as well as an increase in depreciation expenses of approximately S$0.2 million.

Taking into consideration the net finance costs and income and tax expense, profit for the year decreased by S$0.9 million or 19.1% from approximately S$4.6 million for FY2013 to approximately S$3.7 million for FY2014 due to the reasons explained above.

Correspondingly, earnings per share declined from 1.87 cents in FY2013 to 1.33 cents in FY2014, whereas net asset value per share increased from 23.76 cents as at 31 March 2013 to 23.94 cents as at 31 March 2014.

Business Review

Singapore Operations

On 28 June 2013, the Group completed a placement of 50 million new ordinary shares of S$0.217 each to a list of investors. The proceeds of approximately S$10.85 million have been fully utilized as per our announcement dated 23 December 2013.

During the financial year under review, the Group has also acquired a new leasehold industrial property located at 22 Soon Lee Road Singapore 628082 with land area of 26,131 square meters for a consideration of S$18.0 million. The tenure of this leasehold property is 60 years commencing from 1 December 1968 and the Group has started its operation and business activities at the new premise since January 2014.

Overseas Expansion

In FY2014, the Group's wholly-owned subsidiary in Malaysia, Hiap Tong Crane & Transport Sdn Bhd has subscribed for a 70% equity interest in the capital of Jebat Machinery Sdn. Bhd. ("Jebat Machinery"), a newly incorporated company in Malaysia. The principal activity of Jebat Machinery is manufacturing and trading of heavy machineries.

The Group will continue to monitor its overseas operations as well as to explore any overseas growth opportunity which will enhance its value.

Business Outlook

The crane industry in Singapore is currently facing an excess of cranes situation. In addition, labour market condition continues to remain tight and operating costs are increasing. As such, the Group expects the crane leasing business environment to remain competitive. The trading business is also expected to remain weak.

Nevertheless, the Group will continue to focus on strengthening its market position and will strive to improve on its operational efficiency.

In Appreciation

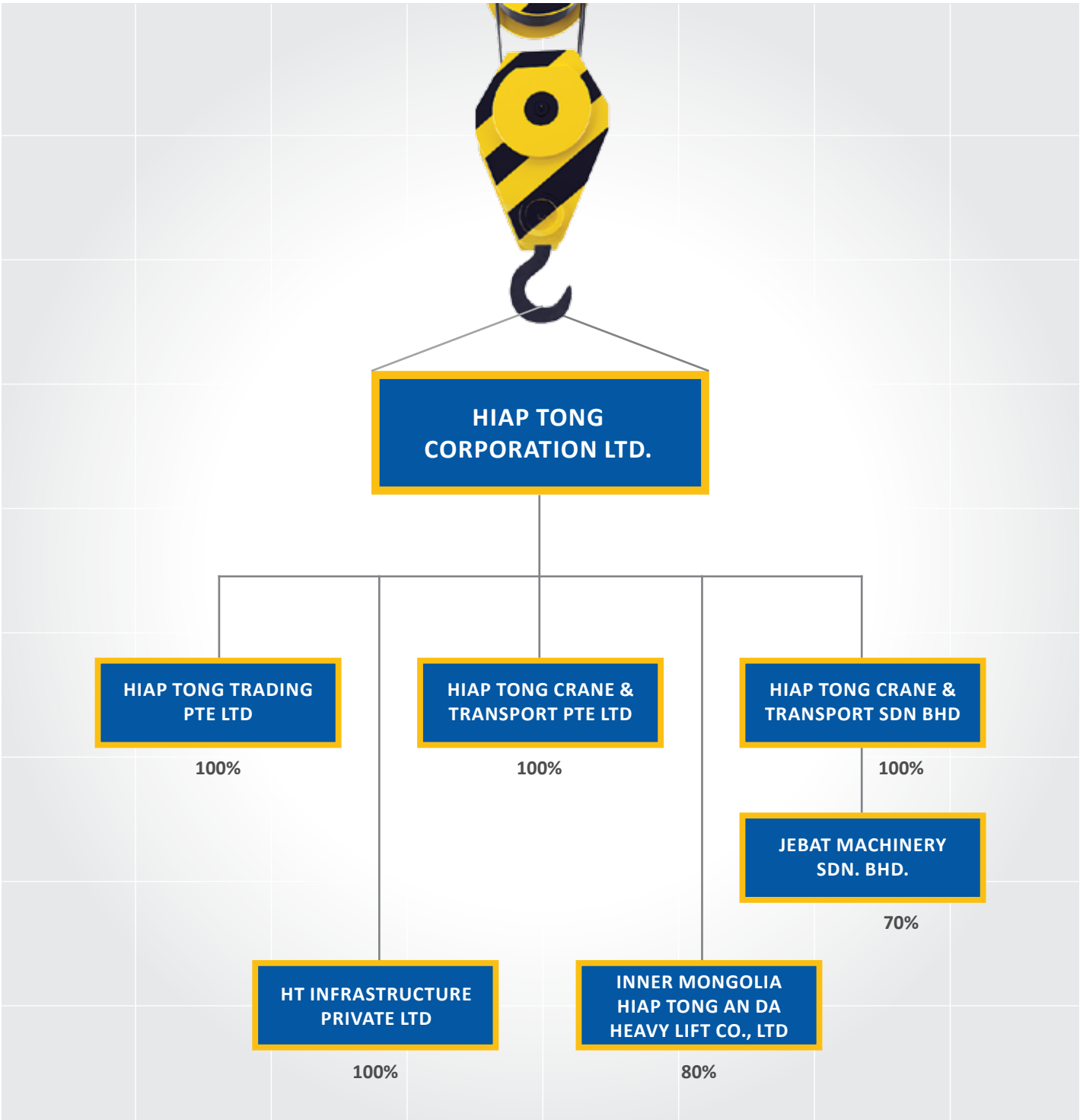
On behalf of the Board, I would like to extend my appreciation to our directors, management team and employees for their invaluable contribution and commitment to the Group.

I would also like to take this opportunity to thank our shareholders, customers and business associates for their continuous support throughout the years.

Ong Teck Meng
Executive Chairman and Chief Executive Officer

With comprehensive solutions to all our customers' lifting needs, our performance as an integrated one-stop service provider is only getting better. Hiap Tong will also carry on with its pursuit for possible overseas growth.

GROUP STRUCTURE

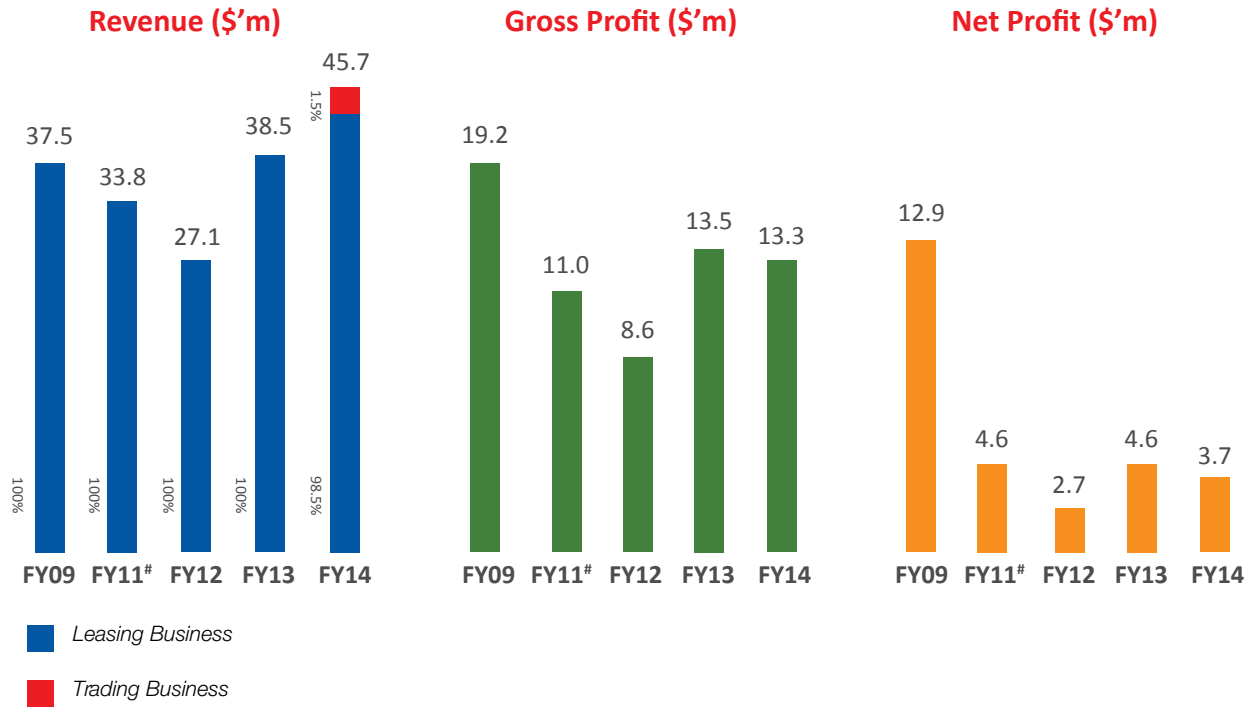


Strong and reliable, our business reputation has garnered numerous major customers. With decades worth of experience in delivering superior quality services, it is evident that there is nowhere to go for Hiap Tong but up.

CORPORATE MILESTONES

• Incorporated a new 70% owned subsidiary in Malaysia. • Acquisition of a leasehold industrial property of approximately 26,131 square metres.	**2013 / 2014**
• Awarded by JTC a land parcel of approximately 12,000 square metres. • Awarded a 5-year lifting services contract by ExxonMobil. • Implementation of Scrip Dividend Scheme for Hiap Tong Corporation Ltd.	**2012 / 2013**
• Took delivery of a 300-tonne & a 500-tonne mobile crane, thus expanding the range of our lifting capacity in our Singapore's operation.	**2011 / 2012**
• Took delivery of our first 1200-tonne mobile crane. • Incorporated a subsidiary which started its mobile lifting operation in China. • Incorporated a subsidiary in India and Malaysia.	**2010 / 2011**
• Listed on the Catalist Board of the SGX-ST. • As at 31 December 2009, we have expanded our combined lifting fleet and haulage fleet size to an aggregate of 230 vehicles.	**2009**
• Received the ISO 9001:2000 Certification by the International Organisation for Standardisation.	**2003**
• Seized the opportunity to purchase more cranes from Japan, increasing our fleet size to over 50 cranes.	**2002**
• Started our haulage service business with our first prime mover and trailer.	**1991**
• Took delivery of our first 90-tonne mobile crane, which was then the largest mobile crane of its kind in Singapore.	**1984**
• Ventured into the provision of crane rental services with a single 10-tonne mobile crane.	**1980**
• Hiap Tong Trading was established with the primary business of trading and renting commercial vehicles, such as pick-up trucks and passenger vehicles.	**1978**

FINANCIAL HIGHLIGHTS



$'000	FY2009	FY2011#	FY2012	FY2013	FY2014
Revenue	37,514	33,832	27,087	38,513	45,726
Cost of sales	(18,336)	(22,813)	(18,498)	(25,018)	(32,416)
Gross profit	19,178	11,019	8,589	13,495	13,310
Other income	919	1,272	3,255	1,849	2,855
Distribution expenses	(155)	(240)	(271)	(326)	(307)
Administrative expenses	(4,190)	(5,844)	(4,360)	(5,482)	(7.380)
Other expenses	(17)	-	(380)	-	(108)
Net finance costs	(1,249)	(1,660)	(3,325)	(3,021)	(2,706)
Profit before income tax	14,486	4,547	3,508	6,515	5,664
Income tax (expense)/credit	(1,614)	52	(814)	(1,918)	(1,945)
Net profit for the year	12,872	4,599	2,694	4,597	3,719

#FY2011 is for a 15-month period from 1 January 2010 to 31 March 2011.

BOARD OF DIRECTORS

Mr Ong Teck Meng

Executive Chairman and Chief Executive Officer

As the Executive Chairman and Chief Executive Officer and the founder, Mr Ong Teck Meng is responsible for managing the Group's overall business development.

Mr Ong has been the managing director of Hiap Tong Trading since 1978 and has 35 years of experience in the crane industry. He established Hiap Tong Trading in 1978 to engage in the business of trading and renting commercial vehicles. Under his leadership, the Group has developed from a small commercial vehicle leasing and trading company to a small crane leasing company with a single crane, and has now emerged as a leading integrated lifting and haulage solutions provider in Singapore.

Mr Ong received primary school level education, was appointed to the Board on 8 January 2008 and was last re-elected as a Director on 27 July 2012.

Mr Ong Boon Tat Alvin

Executive Director

Mr Ong Boon Tat Alvin assists the Chief Executive Officer, in the day-to-day management of the Group, as well as managing the Group's strategic planning functions.

Mr Ong has more than 9 years of experience in the crane industry. From 2002 to 2004, he was a manager at Hiap Tong Crane and was responsible for its accounts and payroll. In 2005, he joined Kim Eng Securities Pte Ltd as a dealer involved in retail and institutional dealing. In mid-2007, Mr Ong returned to Hiap Tong Crane as a director in charge of corporate finance and the operations of the company.

Mr Ong, son of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company, graduated from the National University of Singapore in 2002 with a Bachelor of Arts degree, majoring in Economics and Statistics, was appointed to the Board on 8 January 2008 and was last re-elected as a Director on 25 July 2013.

Mr Ong Lim San

Executive Director

With extensive technical experience in the crane industry, Mr Ong Lim San oversees the technical aspects and manages the maintenance department of the Group, which involves all maintenance, repair and reconditioning works done on our lifting and haulage fleets.

Mr Ong joined the Group in 1978, and was appointed as a director of Hiap Tong Trading and Hiap Tong Crane in 1980 and 1988 respectively.

Mr Ong, brother of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company, graduated from Singapore Polytechnic with a certificate in mechanical draughting in 1974, was appointed to the Board on 6 October 2008 and was last re-elected as a Director on 25 July 2013.

Mr Ng Eng Joo

Executive Director

Together with the CEO, Mr Ng Eng Joo is jointly responsible for overseeing the Group's trading business. With 15 years of experience in the crane industry under his belt, he is also in charge of managing the deployment of the Group's resources for its leasing business.

Mr Ng joined Hiap Tong in 1998 and has held various positions in the administration, as well as sales and trading functions. He had also worked in the Finance and Insurance industry sector between 1993 to 1998.

Mr Ng, cousin of Mr Ong Teck Meng, holds a diploma in business studies from Ngee Ann Polytechnic in 1993, was appointed to the Board on 6 October 2008 and was last re-elected as a Director on 25 July 2013.

Mr Yong Yean Chau

Lead Independent Director

Mr Yong Yean Chau is the Chief Executive Officer and Executive Director of Parkway Trust Management Limited, the manager of Parkway Life REIT.

Mr Yong was previously the CFO of the Singapore Tourism Board, overseeing its finance and corporate services functions. Prior to that, he was the CFO of Ascendas Pte Ltd (Ascendas).During his tenure with Ascendas, he was seconded to China-Singapore Suzhou Development Ltd and Singapore- Suzhou Township Development Pte Ltd as the CFO, in Suzhou, China. Before joining Ascendas, Mr Yong held other finance and audit positions in Beijing ISS International School, Housing and Development Board and Arthur Andersen.

Mr Yong graduated from the National University of Singapore in 1992 with a Bachelor of Accountancy (Honours) and was conferred a Fellow Chartered Accountant of Singapore (FCA) by the Institute of Singapore Chartered Accountants (ISCA). He completed the Advanced Management Programme with Harvard Business School.

Mr Yong was appointed to the Board on 6 October 2008 and was last re-elected as a Director on 27 July 2011.

BOARD OF DIRECTORS

Mr Tan Eng Ann
Independent Director

Mr Tan Eng Ann is currently the Executive Director and Chief Financial Officer of R H Energy Ltd, a publicly-listed company in Singapore and is also a Director of Isoteam Ltd.

Mr Tan began his career in 1992 as an audit assistant with Ernst & Young. He has over 20 years of experience in the financial field, having held managerial positions with Yamaichi Merchant Bank, AIB Govett (Asia) Ltd and Standard Chartered Bank and held Chief Financial Officer positions with Beijing Concept Holdings Pte Ltd and Technics Oil & Gas Limited.

He is a qualified Chartered Financial Analyst of the Association for Investment Management and Research (USA) and a Fellow Member of the Institute of Singapore Chartered Accountants. He holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University.

Mr Tan was appointed to the Board on 10 November 2009 and was last re-elected as a Director on 27 July 2012.

Mr Ng Sey Ming
Independent Director

Mr Ng Sey Ming is a practising Advocate and Solicitor of the Supreme Court of Singapore. Mr Ng was called to the Singapore Bar in 2000. In 2007, he was admitted as a Solicitor of England and Wales. In the same year, he was also admitted as an Advocate and Solicitor of the High Court of Malaya.

Mr Ng is currently a partner in the Banking and Finance Practice Group in Rajah & Tann LLP, which he joined as a pupil in 1999. He is also an independent director of XMH Holdings Ltd and Gaylin Holdings Limited. He holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

Mr Ng was appointed to the Board on 6 October 2008 and was last re-elected as a Director on 27 July 2011.

SENIOR MANAGEMENT

Mr Sukhmunder Singh s/o Jugjit Singh
General Manager

Mr Sukhmunder Singh s/o Jugjit Singh is responsible for advising the Group's customers on the technical and sales aspects of our leasing business. He is also in charge of the on-site deployment of the Group's vehicles.

Mr Singh started work as a crane operator in 1981, and worked for various construction and logistics companies until 1994. In 1994, Mr Singh joined Neo Corporation Pte Ltd as a plant supervisor, where he stayed till 1997. He then joined Chin Guan Transport & Warehousing Pte Ltd as a heavy lift supervisor. Mr Singh was engaged by Mammoet (S) Pte Ltd as a crane operator in 2000.

He joined our Group in 2002 and held various positions, such as heavy lift supervisor and sales manager, and was eventually appointed as our General Manager in June 2008. In November 2009, Mr Singh completed the Specialist Diploma in Safety and Risk Management Programme with Global School of Technology and Management. The Diploma was awarded by the Universiti Teknologi Malaysia.

Mr Loh Boon Wah
Group Financial Controller

Mr Loh Boon Wah joined the Group in October 2008 as a Senior Finance Manager and was subsequently promoted to the position of Group Financial Controller in 2010. He oversees the financial and accounting aspects of the Group. Mr Loh has more than 18 years of accounting and financial management experience.

Mr Loh joined KPMG Peat Marwick as an Audit Assistant In 1994 and subsequently joined Keppel Land Limited as an Accountant in 1996. He then went on to be the Finance Manager of I.R.E. Corporation Limited in 2001, and of A &P Maintenance Services Pte Ltd in 2003. In 2004, he joined Friven & Co Ltd as their Finance Manager until 2007, during which he was promoted to be the Financial Controller. He then went on to become the Group Financial Controller of TTL Holdings Limited and was working as the Financial Controller of Guangzhao Industrial Forest Biotechnology Group Limited before he joined the Group.

Mr Loh obtained his Bachelor of Accountancy degree from the Nanyang Technological University of Singapore in 1993. He is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

CORPORATE GOVERNANCE REPORT & FINANCIAL CONTENTS

CORPORATE GOVERNANCE **REPORT**

The Board of Directors (the "Board") of Hiap Tong Corporation Ltd. (the "Company") and its subsidiaries (the "Group") are committed to achieving high standards of corporate governance within the Group and to put in place effective self-regulatory corporate practices to ensure greater transparency, protecting the interests of its shareholders ("Shareholders") as well as strengthening investors' confidence in its management and financial reporting.

The Board is pleased to report to the Shareholders on the manner in which it has applied the principles of good governance and the extent to which it has complied with the principles of the Code of Corporate Governance 2012 (the "Code") for listed companies in Singapore issued by the Monetary Authority of Singapore on 2 May 2012.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investments of the Company. Apart from its fiduciary duties and statutory responsibilities, the principal functions of the Board are to:

- ⌘ guide the corporate strategy and direction of the Group, including decisions on strategic directions and guidelines and the approval of major funding, investments and divestments;
- ⌘ oversee the business and affairs of the Group, establish with Management, the strategies and financial objectives to be implemented by Management, and monitor their performance;
- ⌘ oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance; and
- ⌘ approve the nomination of new Directors and appointment of key Management personnel

The Board plans to meet at least four times a year, with additional meetings where necessary to deliberate on specific issues including share issuance, recommendation of any declaration of dividends, significant transactions, investments and disposals, the annual budget, review of performance of the Group and approval of the half year and year-end results. Non-executive Directors are encouraged to meet without the presence of Management.

During the financial year from 1 April 2013 to 31 March 2014 ("FY2014"), the members of the Board and their attendance at the meetings are disclosed below:

Name of Directors	No. of meetings attended
Ong Teck Meng	4 out of 4
Ong Boon Tat Alvin	4 out of 4
Ong Lim San	4 out of 4
Ng Eng Joo	4 out of 4
Yong Yean Chau	4 out of 4
Ng Sey Ming	4 out of 4
Tan Eng Ann	4 out of 4

All Directors are provided with the agenda and a set of Board papers prior to Board meetings. These are issued in sufficient time to enable the Directors to better understand the matters to be discussed and to have sufficient time to obtain further explanations where necessary to ensure that they are adequately informed for the Board meetings. The Company fully recognizes that the continuous flow of relevant information on an accurate and timely basis is critical for the Board to be effective in discharging its duties.

The Articles of Association of the Company ("Articles") provides for Directors to convene any Board meeting by teleconferencing. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means, which include electronic mail and teleconferencing. In the event that any person is appointed as a Director, he will be given briefings by Management on the business activities and the strategic directions of the Group. New Directors will be given a formal letter explaining his duties and obligations as a director. Orientation programmes and familiarization visits will be organized, if necessary, to facilitate a better understanding of the Group's operations.

The Board has adopted a set of internal guidelines on matters requiring Board approval. Matters which are specifically reserved to the Board for decision in the Company's internal guidelines, which include the following corporate events and actions :

- material acquisitions and disposal of assets, corporate or financial restructuring and share issuances and dividends;
- approval of results announcements;
- approval of the annual report and financial statements;
- annual budgets;
- interested person transactions;
- convening of members' meetings;
- matters covered by statutory requirements, Article of Association, Best Practices Guide, and Corporate Governance;
- matters relating to or having significant impact on the interest of shareholders, including communications to shareholders, or affecting the capital structure of the company;
- matters that may have material impact on the system of internal controls; or significantly exposes the Company and the Group to financial or operating risks;
- matters relating to proper corporate and financial governance of performance of the Company and the Group;
- matters recommended by the Remuneration Committee relating to the Chairman and Chief Executive Officer ("CEO"), executive Directors and key management staff who report directly to the Chairman and CEO, and any other significant matters affecting employees;
- matters recommended by the Nominating Committee in respect of the appointment of Directors, re-election of Directors and appointment of key management staff;
- all other matters in the reasonable view of Management is of such material nature that requires the approval of the Board;

The Board is supported by three Board committees with specific terms of reference. These committees are the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). All Board committees have written terms of reference.

The Company worked closely with its company secretary and professionals to provide its Directors with regular updates on relevant legal, regulatory and technical developments. Changes to regulations and accounting standards are monitored closely by Management. The Directors are provided with updates released by regulatory authorities and institutes on directors' duties and responsibilities, corporate governance, changes in financial reporting standards in Singapore, developments in Companies Act and Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. Appropriate external trainings will be arranged where necessary.

The Board has no dissenting views on the Chairman's Statement for the year in review.

CORPORATE GOVERNANCE **REPORT**

Principle 2: Board Composition and Balance

The current Board has seven members comprising three independent non-executive Directors and four executive Directors. More than one-third of the Directors are non-executive Directors and are independent of Management. The three independent non-executive Directors are Mr Yong Yean Chau, Mr Ng Sey Ming and Mr Tan Eng Ann. For good corporate governance, Mr Yong Yean Chau had been appointed as the Lead Independent Director, who is available to the shareholders in situations where they have concerns or issues which communication through the normal channels with the Executive Chairman and Chief Executive Officer, and Group Financial Controller have failed to resolve or where such communication is inappropriate. He can be contacted at yeanchau@hiaptong.com.

Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

The independence of each Director is reviewed annually by the NC. Each Director is required to complete a Confirmation of Independence Checklist, which is drawn up in accordance with the guidelines provided by the Code and requires each Director to assess his own independence. The NC is of the view that the current Board has an independent element ensuring objectivity in the exercise of judgment on corporate affairs independently from Management. The NC is also of the view that no individual or small group of individuals dominates the Board's decision making process.

A brief profile of each Director is set out on pages 11 and 12 in the Annual Report.

Principle 3: Chairman and Chief Executive Officer

Mr Ong Teck Meng, the founder and CEO of the Group, also assumes the role of Chairman of the Board. The Board is mindful of the dual roles held but is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide the necessary check and balance. Further, the dual roles have to a certain extent been balanced by the presence of the other executive Directors.

The Chairman ensures that Board meetings are held when necessary and sets the meeting agenda in consultation with the other executive Directors. He and the executive Directors review the Board papers before they are presented to the Board and ensure that Board members are provided with adequate and timely information. He also assists to ensure that the Company complies with the Code.

All major decisions made by the Chairman are reviewed by the AC. The NC reviews his performance and appointment to the Board and the RC reviews his remuneration package periodically. Both the NC and RC comprise a majority of Independent Directors of the Company. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Principles 4 & 5: Board Membership and Performance

The NC comprises Mr Ng Sey Ming, Mr Yong Yean Chau, Mr Tan Eng Ann and Mr Ong Boon Tat Alvin, with Mr Ng Sey Ming as Chairman of the NC.

The NC is guided by its terms of reference which sets out its responsibilities. The terms of reference had been amended to be in line with the Code. The NC is responsible for :-

1) Recommending to the Board the appropriate structure, size and composition of the Board, taking into account the size and needs of the Group, and the skill mix, qualities and experience required of Directors to advance the business interests of the Group and to promote long-term shareholders' value;

2) Recommending to the Board the size and composition of Board Committees to function competently and effectively;

3) Considering the suitability of nominees for appointment as new Directors;

4) Considering the suitability of Directors for re-nomination, having regard to their past contribution and performance, including attendance and participation at meetings;

5) Evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board. The NC has considered a number of factors including those set out in the Code, for the purpose of such evaluation and assessment;

6) Assessing on an annual basis, the independence of the Directors;

7) Review of Board succession plans for Directors, in particular, the Chairman and CEO, and

8) Review of training and professional development programs for the Board.

During the year, the NC met once, which was attended by all members of the NC, to evaluate the Board's performance and contribution of each Board member as well as discussing the re-election of Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM"). Article 91 of the Articles requires one-third of the Directors to retire and subject themselves to re-election by shareholders at every AGM. The Directors must submit themselves for re-nomination and re-election at regular interval of at least once every three years. In addition, Article 97 requires that a newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years.

The Directors standing for re-election at the forthcoming AGM under Article 91 are Mr Ong Teck Meng , Mr Yong Yean Chau and Mr Ng Sey Ming. The NC recommends their re-election, after assessing their contribution and performance (including attendance, preparedness, participation and candour). The retiring Directors have offered themselves for re-election. The Board has accepted the recommendations from the NC.

The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Some of the factors taken into consideration by the NC include attendance at Board and Committee meetings, quality and value of contributions at Board and Committee meetings and how resolute in maintaining own views and resisting pressure from others. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

The NC has assessed that each Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC is of the opinion that the Board has been effective due to the active participation of Board members during each meeting.

The process for selecting, appointing, identifying and re-electing non-executive Directors to the Board is as follows:-

(a) The NC will at least annually carry out proactive review of the Board composition and on each occasion that an existing non-executive Director gives notice of his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives.

(b) In carrying out the review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity.

(c) The NC will assist to identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board.

(d) External consultants may be used from time to time to access a wide base of non-executive Directors.

(e) The NC will make recommendations to the Board on candidates it considers appropriate for appointment. New Directors are appointed by way of board resolutions.

(e) With regard to the re-election of existing Directors each year, the NC will advise the Board of those Directors who are retiring in accordance with the provisions of the Articles of the Company.

(g) The NC will make recommendations to the Board as to whether the Board should support the re-election of a Director retiring in accordance with the provisions of the Articles.

(h) In making recommendations, the NC will undertake a process of review of the retiring non-executive Director's performance during the period in which the non-executive Director has been a member of the Board.

The above process will be reviewed periodically at the discretion of the Board.

The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full time employment and their other responsibilities.

Currently there is no succession plan for the Chairman and CEO. At the relevant time, the NC will look into drawing up a Board succession plan.

Principle 6: Access to Information

To enable the Board to fulfill its responsibilities, Management provides the Board members with quarterly management accounts and financial statements after the end of each quarter. In addition, the Directors are provided with half-yearly reports on the Group's activities and performance. Board members have separate and independent access to senior Management and the company secretary at all times. Board member may also obtain independent professional advice in furtherance of their duties, at the Company's expense. No such advice was sought by any Board Member during FY2014.

The company secretary attended all Board meetings and Board Committee meetings during FY2014. The company secretary is responsible to ensure that board procedures are followed and is also responsible for ensuring that the Company complies with the requirements of the Companies Act, the Code and other rules and regulations, which are applicable to the Company. The appointment and removal of the company secretary should be a matter for the Board as a whole.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company's Board of Directors and Board Committees.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three independent non-executive Directors, namely, Mr Tan Eng Ann, Mr Yong Yean Chau and Mr Ng Sey Ming, with Mr Tan Eng Ann as Chairman of the RC.

The RC is guided by its terms of reference that had been amended in line with the Code. During the year, the RC met twice, which was attended by all members of the RC, discussing various remuneration matters and recording its decisions by way of minutes. All the Committee members were involved in the deliberations. No Directors were involved in fixing of his own remuneration. The RC's principal responsibilities are to:

1) review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required caliber to manage the Group successfully;

2) review and recommend the Chairman and CEO's remuneration and those of the executive Directors and key management whose remuneration packages include a variable bonus component which is performance-related;

3) review the recommendation of the executive Directors, for approval by the Board, the fees of the non-executive Directors and such payment as may be payable pursuant to Article 79 of the Articles.

Principle 8: Level and Mix of Remuneration

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind will be considered by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package.

Principle 9: Disclosure of Remuneration

The remuneration of each individual Director and key executive officers of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

A breakdown, showing the level and mix of each individual Director's and key executive's remuneration payable for FY2014 in bands of S$250,000 which provides sufficient overview of the remuneration of the Directors and key executives is as follows:

Directors' Remuneration

Remuneration band and Name of Director	Base Salary	Variable Bonus	Director's Fees	Total Remuneration
S$250,000 to S$500,000				
Ong Teck Meng**	92.8%	7.2%	–	100%
Ong Boon Tat Alvin**	91.7%	8.3%	–	100%
Ong Lim San**	92.6%	7.4%	–	100%
Below S$250,000				
Ng Eng Joo**	92.5%	7.5%	–	100%
Yong Yean Chau*	–	–	100%	100%
Ng Sey Ming*	–	–	100%	100%
Tan Eng Ann*	–	–	100%	100%

* Independent Directors have no service contracts and their terms are specified in the Articles.

** The CEO and Executive Directors have a 3-year service contract that expires on 1 November 2015.

Key Executives' Remuneration*

Remuneration Band	Base Salary	Variable Bonus	Total Remuneration
Below S$250,000			
Sukhmunder Singh s/o Jugjit singh	88.2%	11.8%	100%
Loh Boon Wah	91.6%	8.4%	100%

* The Group has only 2 key executives.

Family members related to Directors

Remuneration Band	Base Salary	Variable Bonus	Total Remuneration
S$100,001 to S$150,000			
Ong Lay Suan [n]	92.1%	7.9%	100%
S$50,000 to S$100,000			
Ong Chuan Hock [^]	92.0%	8.0%	100%
Wang Wenshen [©]	90.5%	9.5%	100%
Wang Wenxin [©]	90.5%	9.5%	100%
Ong Hwee Cheng [®]	91.3%	8.7%	100%

n Ms Ong Lay Suan is the sister of Mr Ong Teck Meng, the Executive Chairman and CEO of the Company and Mr Ong Lim San, the Executive Director of the Company.

^ Mr Ong Chuan Hock is the brother of Mr Ong Teck Meng, the Executive Chairman and CEO of the Company and Mr Ong Lim San, the Executive Director of the Company.

© Mr Wang Wenshen and Mr Wang Wenxin are the sons of Mr Ong Lim San, the Executive Director of the Company.

® Ms Ong Hwee Cheng is the daughter of Mr Ong Teck Meng, the Executive Chairman and CEO of the Company.

Save as disclosed above, there are no employees whose remuneration exceeded S$50,000 during FY2014 who are related to any of the Directors or substantial Shareholders of the Company.

The Group presently does not have any share schemes for its Directors or employees, and as such there were no options granted to any of its Directors or employees during FY2014.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board provides Shareholders with half-yearly and annual financial results of the Group in accordance with the requirement under the SGX-ST Listing Manual Section B : Rules of Catalist ("Catalist Rules"). In presenting the Group's half-yearly and annual financial results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

Management currently provides all Directors with quarterly financial summary of the Group's performance.

Principle 11: Risk Management and Internal Controls

In 2013, the Group undertook an Enterprise Risk Management ("ERM") Assessment exercise whereby risks which could be detrimental to the Group's objectives and to which the Group could be exposed were identified. Risks identified were grouped into six areas (a) Financial, (b) Operational, (c) Compliance, (d) Information Technology, (e) Human Capital and (f) Environmental. The Company has adopted an enterprise risk management framework to enhance its risk management capabilities and an Enterprise Risk Management ("ERM") Committee which reports to the Board of Directors was formed on 28 February 2013. The ERM Committee members are responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks. The risk management and control procedures are reviewed and updated regularly to reflect changes in market conditions and the activities of the Group.

Internal auditors have conducted audit that cover not only financial controls but also operational and compliance controls. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors are reported to the AC. Based on the internal controls established and maintained by the Group, worked performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risks management systems, were adequate.

The Board has received a letter of assurance from the CEO and Group Financial Controller that to the best of their knowledge:

(a) the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Principle 12: Audit Committee

The AC comprises Mr Yong Yean Chau, Mr Ng Sey Ming and Mr Tan Eng Ann, with Mr Yong Yean Chau as Chairman of the AC.

The AC will assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, Management and external auditors on matters relating to audit.

The AC held four meetings during FY2014. The attendance at AC meetings were as follows:

Name of member	No. of meetings attended
Yong Yean Chau	4 out of 4
Ng Sey Ming	4 out of 4
Tan Eng Ann	4 out of 4

The Board is of the view that the members of the AC have the appropriate accounting or related financial management expertise or experience to discharge the AC's functions.

The AC's roles and responsibilities are described in its terms of reference. The terms of reference had been amended to be in line with the recommendations of the Code.

The AC performs the following functions:

i. review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;

ii. review the half yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

iii. review the internal control procedures and ensure co-ordination between the external auditors and Management, review the assistance given by Management to the auditors, discuss problems and concerns, if any, arising from audits and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

iv. review and discuss with the external auditors any suspected fraud or irregularity, suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;

v. consider and evaluate the performance of the external auditors and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of auditors;

vi. review and ratify interested person transactions (if any) falling within the scope of the Catalist Rules;

vii. review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigations and follow-up actions in relation thereto;

viii review potential conflicts of interests (if any);

ix. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

x. generally undertake such other functions and duties as may be required by statute or the Catalist Rules and by such amendments as may be made thereto from time to time.

Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls, infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

To effectively discharge its responsibilities, the AC has full access to and the co-operation of Management and full discretion to invite any Director and executive to attend its meetings. It is also able to obtain external professional advice, if necessary and to investigate any matter within its terms of reference. Full resources have been made available to the AC to enable it to discharge its function properly. The AC meets the internal and external auditors (without presence of Management) at least once a year.

The Group has put in place a Whistle Blowing Policy (the "Policy") which provides a channel for employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Policy is to assist the AC in managing allegations of fraud or other misconduct which may be made, so that;

- investigations are carried out in an appropriate and timely manner;
- administrative, disciplinary and civil actions that are initiated following the completion of the investigations, are appropriate and fair; and
- actions are taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence.

The Company will protect employees who have acted in good faith, from victimization and harassment by their colleagues. The Company will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There have been no reported incidents pertaining to whistle-blowing for FY2014.

During the year, the AC discussed with Management the internal controls and financial reporting matters, reviewed the accounting principles and practices adopted by the Group and the effectiveness of the Group's internal control systems.

The AC reviewed the findings of the external and internal auditors and the assistance given to them by Management. Minutes of the AC meetings are circulated to the Board for its information.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC Meetings half yearly.

The Company's external auditors KPMG LLP, in the course of performing their statutory audit, reviews the effectiveness of the key internal controls within the scope of their audits. Material non-compliance and internal control weaknesses noted during such a review are reported to the AC together with their recommendations.

During FY2014, the aggregate amount paid to the external auditors amounted to approximately S$206,000, comprising S$127,000 paid for the provision of audit services and S$79,000 paid for the provision of non-audit services to the Group. The AC confirms that it has undertaken a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence of the external auditors. It is satisfied with the independence and objectivity of the external auditors and recommends to the Board, the nomination of KPMG LLP for reappointment as the external auditors at the forthcoming AGM.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Catalist Rules.

Principle 13: Internal Audit

The Board supports the need and is responsible for maintaining a system of internal controls and processes to safeguard shareholders' investments and the Group's assets. The AC is tasked to oversee the implementation of an effective system of internal controls and together with the Board, to put in place a risk management framework to continually identify, evaluate and manage significant business risk of the Group. The AC has the mandate to authorize special reviews or investigations, where appropriate, in discharging its responsibilities.

The internal auditors support the AC in their role to assess the effectiveness of the Group's overall system of operational and financial controls as well as assist in the implementation of a risk management framework. The AC reviews and approves the annual internal audit plan proposed by the internal auditors. Material non- compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the AC periodically.

The Company has outsourced the internal audit function to Mazars LLP ("Mazars"). Mazars has unfettered access to all of the Group's documents, records, properties and personnel, including access to the AC. In accordance with the risk-based internal audit plan approved by the AC, Mazars conducts regular audit reviews of the Group's companies, recommends necessary improvements and enhancements to internal controls, and reports to the AC. The AC is satisfied that the internal auditors are independent and has appropriate standing to perform its functions effectively.

COMMUNICATION WITH SHAREHOLDERS

Principles 14 & 15: Regular, Effective and Fair Communication with Shareholders and Shareholder Participation

The Board believes in regular, timely and effective communication with shareholders. In addition to the mandatory public announcements made through the SGXNET, timely release of the financial results provides Shareholders with an overview of the Group's performance and operations. The principal forum for dialogue with Shareholders remains at the AGM, during which Shareholders are encouraged to raise questions and participate in discussions pertaining to the operations and financials of the Group. The chairman of the Board, AC, RC and NC will be present and available to address questions at the AGM. The external auditors will also be present to address Shareholders' questions about the conduct of the audit and the preparation and comfort of the auditors' report. Any queries and concerns regarding the Group can be conveyed to the following person:

Mr Ong Boon Tat Alvin, Executive Director
Telephone No: (65) 6779 5050
Fax No: (65) 6777 0841
E-mail: alvinong@hiaptong.com

The Company maintains minutes of general meetings that include substantial and relevant comments or questions from Shareholders relating to the agenda of the meeting and response from the Board and Management. These minutes can be made available to the Shareholders upon request. The Group also maintains a website at http://www.hiaptong.com at which shareholders can access information on the Group. The website provides, *inter alia*, corporate announcements, press releases and profiles of the Group.

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business condition, development plans and other factors as the Directors may deem appropriate.

SECURITIES TRANSACTIONS

The Company observes closely the Best Practice Guide on Securities Transactions ("Securities Transaction Guide") on dealings in the Company's shares by Directors and employees. The Securities Transaction Guide provides guidance to the Directors and employees of the Group with regard to dealing in the Company's shares. It emphasises that the law on insider trading is applicable at all times notwithstanding the window periods for dealing in the shares. The Securities Transaction Guide also enables the Company to monitor such share transactions by requiring employees to report to the Company whenever they deal in the Company's shares.

The Company issues circulars or electronic mails to its Directors, executives and employees that they must not trade in the shares of the Company one month before the release of the half year and year-end financial results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are discouraged from dealing in the Company's shares on short term considerations.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and are reviewed by the AC. There is no interested person transaction conducted during the year, which exceeds $100,000 in value.

The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules.

The Board is satisfied with the Group's commitment to comply with the Code of Corporate Governance.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, and the non-trade amounts due to various interested persons as disclosed in Note 14 of page 62 of the Annual Report, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder either still subsisting at the end of the financial year under review or if not subsisting, were entered into since the end of the previous financial year.

NON SPONSOR FEES

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during FY2014.

DIRECTORS' **REPORT**

We are pleased to submit this annual report to the members of Hiap Tong Corporation Ltd. (the "Company") together with the audited financial statements for the financial year ended 31 March 2014.

Directors

The Directors of the Company ("Directors") in office at the date of this report are as follows:

Ong Lim Wan @ Ong Teck Meng
Ong Boon Tat Alvin
Ong Lim San
Ng Eng Joo
Yong Yean Chau
Ng Sey Ming
Tan Eng Ann

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of Director and corporation in which interests are held	Holdings at beginning of the financial year	Holdings at end of the financial year
The Company		
Hiap Tong Corporation Ltd.		
Ong Lim Wan @ Ong Teck Meng		
- ordinary shares		
- direct interests	662,876	662,876
- deemed interests	191,885,313	191,885,313
Ong Lim San		
- ordinary shares		
- direct interests	2,100,000	1,900,000
- deemed interests	189,785,313	189,785,313
Ong Boon Tat Alvin		
- ordinary shares		
- direct interests	2,209,375	2,209,375
- deemed interests	78,907	78,907
Ng Eng Joo		
-ordinary shares		
- direct interests	105,209	210,418

Name of Director and corporation in which interests are held	Holdings at beginning of the financial year	Holdings at end of the financial year
The immediate and ultimate holding company		
Tembusu Asia Holdings Pte. Ltd.		
Ong Lim Wan @ Ong Teck Meng		
- ordinary shares		
- direct interests	910,001	910,001
- deemed interests	525,000	525,000
Ong Lim San		
- ordinary shares		
- direct interests	689,500	689,500

By virtue of Section 7 of the Act, Ong Lim Wan @ Ong Teck Meng and Ong Lim San are deemed to have interests in the other subsidiaries of the Company, at the beginning and at the end of the financial year.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 April 2014.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the 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.

Except for salaries, bonuses, fees and those benefits that are disclosed in this report and in note 24 to the financial statements, since the end of the last financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

DIRECTORS' **REPORT**

Audit Committee

The members of the Audit Committee of the Company during the year and at the date of this report are:

Yong Yean Chau	Non-executive director (Chairman) and Lead Independent Director
Ng Sey Ming	Non-executive director
Tan Eng Ann	Non-executive director

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last Directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual)

The Audit Committee has full access to Management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its Singapore-incorporated subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

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

On behalf of the Board of Directors

Ong Lim Wan @ Ong Teck Meng
Director

Ong Lim San
Director

30 June 2014

STATEMENT BY **DIRECTORS**

In our opinion:

(a) the financial statements set out on pages 32 to 78 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Ong Lim Wan @ Ong Teck Meng
Director

Ong Lim San
Director

30 June 2014

INDEPENDENT AUDITORS' **REPORT**

Members of the Company
Hiap Tong Corporation Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Hiap Tong Corporation Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the statement of financial position of the Group and the Company as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 78.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 June 2014

STATEMENT OF **FINANCIAL POSITION**

As at 31 March 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Property, plant and equipment	4	147,738	106,595	18,280	–
Deposit	5	257	–	–	–
Subsidiaries	6	–	–	7,476	7,515
		147,995	106,595	25,756	7,515
Current assets					
Inventories	7	1,041	–	–	–
Trade and other receivables	8	16,241	16,641	17,017	10,779
Cash and cash equivalents		3,575	5,796	704	145
		20,857	22,437	17,721	10,924
Total assets		168,852	129,032	43,477	18,439
Equity attributable to owners of the Company					
Share capital	9	24,450	13,864	24,450	13,864
Merger reserve	10	(1,670)	(1,670)	–	–
Translation reserve		10	(65)	–	–
Retained earnings		50,973	49,194	3,787	3,579
		73,763	61,323	28,237	17,443
Non-controlling interest		860	1,059	–	–
Total equity		74,623	62,382	28,237	17,443
Non-current liabilities					
Loans and borrowings	11	49,786	25,671	13,151	–
Provision	12	100	100	–	–
Deferred tax liabilities	13	7,908	6,679	–	–
		57,794	32,450	13,151	–
Current liabilities					
Trade and other payables	14	8,087	9,313	196	985
Loans and borrowings	11	28,347	24,876	1,892	–
Current tax payable		1	11	1	11
		36,435	34,200	2,089	996
Total liabilities		94,229	66,650	15,240	996
Total equity and liabilities		168,852	129,032	43,477	18,439

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT **OF COMPREHENSIVE INCOME**

For the financial year ended 31 March 2014

	Note	Group 2014 $'000	2013 $'000
Revenue	15	45,726	38,513
Cost of sales		(32,416)	(25,018)
Gross profit		13,310	13,495
Other income	16	2,855	1,849
Distribution expenses		(307)	(326)
Administrative expenses		(7,380)	(5,482)
Other expenses		(108)	–
Profit from operating activities		8,370	9,536
Finance income	17	278	7
Finance costs	17	(2,984)	(3,028)
Net finance costs		(2,706)	(3,021)
Profit before tax		5,664	6,515
Tax expense	18	(1,945)	(1,918)
Profit for the year	19	3,719	4,597
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries		92	13
Other comprehensive income for the year, net of tax		92	13
Total comprehensive income for the year		3,811	4,610
Profit attributable to:			
Owners of the Company		3,935	4,743
Non-controlling interest		(216)	(146)
Profit for the year		3,719	4,597
Total comprehensive income attributable to:			
Owners of the Company		4,010	4,752
Non-controlling interest		(199)	(142)
Total comprehensive income for the year		3,811	4,610
Earnings per share			
Basic and diluted earnings (cents)	20	1.33	1.87

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2014

		Attributable to owners of the Company						
	Note	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
At 1 April 2012		12,898	(1,670)	(74)	45,691	56,845	1,201	58,046
Total comprehensive income for the year								
Profit for the year		–	–	–	4,743	4,743	(146)	4,597
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries		–	–	9	–	9	4	13
Total other comprehensive income		–	–	9	–	9	4	13
Total comprehensive income for the year		–	–	9	4,743	4,752	(142)	4,610
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owner								
Issue of shares pursuant to scrip dividend scheme	9	966	–	–	(966)	–	–	–
Dividends paid	9	–	–	–	(274)	(274)	–	(274)
Total contributions by and distributions to owner		966	–	–	(1,240)	(274)	–	(274)
Total transaction with owners of the Company		966	–	–	(1,240)	(274)	–	(274)
At 31 March 2013		13,864	(1,670)	(65)	49,194	61,323	1,059	62,382

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2014

		Attributable to owners of the Company						
	Note	**Share capital $'000**	**Merger reserve $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interest $'000**	Total equity $'000
At 1 April 2013		13,864	(1,670)	(65)	49,194	61,323	1,059	62,382
Total comprehensive income for the year								
Profit for the year		–	–	–	3,935	3,935	(216)	3,719
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries		–	–	75	–	75	17	92
Total other comprehensive income		–	–	75	–	75	17	92
Total comprehensive income for the year		–	–	75	3,935	4,010	(199)	3,811
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owner								
Issue of ordinary shares, net of expenses	9	10,586	–	–	–	10,586	–	10,586
Dividends paid	9	–	–	–	(2,156)	(2,156)	–	(2,156)
Total contributions by and distributions to owner		10,586	–	–	(2,156)	8,430	–	8,430
Total transaction with owners of the Company		10,586	–	–	(2,156)	8,430	–	8,430
At 31 March 2014		24,450	(1,670)	10	50,973	73,763	860	74,623

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2014

	Note	Group 2014 $'000	2013 $'000
Cash flows from operating activities			
Profit for the year		3,719	4,597
Adjustments for:			
Depreciation	4	10,850	8,580
Gain on disposal of property, plant and equipment	16	(1,425)	(1,240)
Loss on disposal of available-for-sale equity security	17	–	1
Net change in fair value of financial derivatives	17	(272)	680
Reversal of impairment loss on trade and other receivables	17	(361)	–
Impairment loss on trade and other receivables	17	64	307
Impairment loss on property, plant and equipment	19	108	–
Bad debts written off	17	673	–
Interest income	17	(6)	(5)
Interest expense	17	2,033	1,705
Tax expense	18	1,945	1,918
		17,328	16,543
Changes in:			
Inventories		(1,041)	–
Trade and other receivables		(419)	(3,200)
Trade and other payables		769	2,267
Cash generated from operations		16,637	15,610
Tax refunded		–	17
Tax paid		(726)	(736)
Net cash from operating activities		15,911	14,891
Cash flows from investing activities			
Deposit of property, plant and equipment		(257)	–
Acquisition of property, plant and equipment		(21,581)	(9,625)
Interest received		6	5
Proceeds from sale of property, plant and equipment		2,173	1,839
Net cash used in investing activities		(19,659)	(7,781)
Cash flows from financing activities			
Balances with related parties (non-trade)		(1,180)	(2,929)
Interest paid		(2,033)	(1,705)
Dividends paid		(2,156)	(274)
Decrease in deposit pledged		–	100
Proceeds from the issuance of ordinary shares		10,586	–
Payments of finance lease liabilities		(12,399)	(8,176)
Proceeds from loans and borrowings		15,300	13,197
Repayment of loans and borrowings		(6,577)	(5,902)
Net cash from/(used in) financing activities		1,541	(5,689)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2014

	Group	
	2014	**2013**
	$'000	**$'000**
Net (decrease)/increase in cash and cash equivalents	(2,207)	1,421
Cash and cash equivalents at beginning of the year	5,796	4,379
Effect of exchange rate changes on balances hold in foreign currencies	(14)	(4)
Cash and cash equivalents at end of the year	3,575	5,796

Significant non-cash transactions

During the financial year, the Group acquired property, plant and equipment totalling $52,747,000 (2013: $25,856,000). The cash flows arising from the acquisition of property, plant and equipment excluded/included the following items:

(a) acquisitions under finance lease arrangements amounting to $31,262,000 (2013: $16,110,000);

(b) an increase of $539,000 (2013: $121,000) arising from exchange differences; and

(c) for the year ended 31 March 2014, a net decrease of $443,000 related to deposits paid to supplier of property, plant and equipment.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 March 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 June 2014.

1 Domicile and activities

Hiap Tong Corporation Ltd. (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 22 Soon Lee Road, Singapore 628082.

The financial statements of the Group as at and for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily involved in renting of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment.

The immediate and ultimate holding company is Tembusu Asia Holdings Pte. Ltd., a company incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

There are no critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4 – measurement of recoverable amount of property, plant and equipment
Note 6 – assessment of impairment losses on investment in subsidiaries
Note 8 – assessment of impairment losses on trade and other receivables
Note 18 – estimation of provisions for current and deferred taxation

2.5 Changes in accounting policies

Presentation of items of other comprehensive income

From 1 January 2014, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 Financial Instruments: Disclosures.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosure necessary as a result of the adoption of this standard has been included in note 22.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 Business Combination as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), which are recognised in other comprehensive income.

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

Non-derivative financial liabilities

The Group initially recognises debt derivatives issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

The Group holds derivative financial instruments, principally forward exchange contracts, to hedge its foreign currency exposures arising from operating activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Intra-group financial guarantees are accounted for in the Company's financial statements as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of setting all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing the individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

- Leasehold property — Over the term of the lease of 15 years
- Plant and machinery — 5 to 20 years from the year of manufacture
- Renovation — 10 years
- Office equipment — 3 to 5 years
- Motor vehicles — 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Significant accounting policies (cont'd)

3.5 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Inventories

Cranes and heavy equipment

Inventories are measured at the lower of cost and net realisable value. The cost of cranes and heavy equipment is determined on specific identification cost basis and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 Significant accounting policies (cont'd)

3.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

3.8 Provisions

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

Site restoration

Provision for site restoration is recognised in accordance with the applicable contractual requirements to restore the leasehold property back to its original condition upon expiry of the lease.

3.9 Revenue recognition

Rental income

Rental income from the leasing of plant and machinery is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Rental income from subleased property is recognised as other income.

3 Significant accounting policies (cont'd)

3.9 Revenue recognition (cont'd)

Sale of cranes and heavy equipment

Revenue from the sale of cranes and heavy equipment in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the contract of sale. For the sale of cranes and heavy equipment, transfer usually occurs upon the delivery of the goods to the customer, however, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port of seller.

3.10 Leases

When entities within the Group are a lessee of an operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When entities within the Group are lessors of an operating lease

Where the Group leases out assets under operating leases, the leased assets are included in statement of financial position according to their nature and, where applicable, are depreciated in accordance with Group's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies.

3.11 Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, and changes in the fair value of financial assets at fair value through profit and loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets of fair value through profit or loss and impairment losses recognised on financial assets.

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3 Significant accounting policies (cont'd)

3.12 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflect the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 Significant accounting policies (cont'd)

3.13 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Group that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt except as otherwise indicated below, are set out below.

Applicable for the Group's 2014 financial statements

FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees at 1 April 2014. The adoption of FRS 110 has no significant impact on the Group's assessment of its control over its subsidiaries.

FRS 112 *Disclosures of Interests in Other Entities* which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosure being made in the Group's financial statements in respect of its interests in other entities; as FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company upon the adoption of this standard by the Group in 2014.

Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* which clarifies the existing criteria for net presentation on the face of the statement of financial position.

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of the amendment is not expected to have a significant impact on the consolidated financial statement of the Group.

4 Property, plant and equipment

Group	Leasehold property $'000	Plant and machinery $'000	Renovation $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost						
At 1 April 2012	2,105	126,911	112	330	936	130,394
Additions	–	24,835	91	127	803	25,856
Effect of movements in exchange rates	–	18	–	(1)	1	18
Disposals	–	(1,917)	(72)	–	–	(1,989)
At 31 March 2013	2,105	149,847	131	456	1,740	154,279
Additions	18,535	33,754	58	153	247	52,747
Effect of movements in exchange rates	–	108	–	–	(2)	106
Disposals	–	(3,171)	–	–	–	(3,171)
At 31 March 2014	20,640	180,538	189	609	1,985	203,961
Accumulated depreciation and impairment loss						
At 1 April 2012	2,068	37,434	49	214	727	40,492
Depreciation charge for the year	28	8,330	32	55	135	8,580
Effect of movements in exchange rates	–	2	–	–	–	2
Disposals	–	(1,351)	(39)	–	–	(1,390)
At 31 March 2013	2,096	44,415	42	269	862	47,684
Depreciation charge for the year	317	10,163	35	89	246	10,850
Impairment loss	–	71	–	37	–	108
Effect of movements in exchange rates	–	5	–	–	(1)	4
Disposals	–	(2,423)	–	–	–	(2,423)
At 31 March 2014	2,413	52,231	77	395	1,107	56,223
Carrying amounts						
At 1 April 2012	37	89,477	63	116	209	89,902
At 31 March 2013	9	105,432	89	187	878	106,595
At 31 March 2014	18,227	128,307	112	214	878	147,738

Company	Leasehold property $'000	Renovation $'000	Total $'000
Cost			
At 1 April 2013	–	–	–
Additions	18,535	55	18,590
At 31 March 2014	18,535	55	18,590

4 Property, plant and equipment (cont'd)

Company	Leasehold property $'000	Renovation $'000	Total $'000
Accumulated depreciation			
At 1 April 2013	–	–	–
Depreciation charge for the year	309	1	310
At 31 March 2014	309	1	310
Carrying amounts			
At 31 March 2013	–	–	–
At 31 March 2014	18,226	54	18,280

The carrying amount of the property, plant and equipment acquired under finance lease arrangements was $61,593,000 (2013: $35,567,000).

As at 31 March 2014, property, plant and equipment with a carrying amount of $43,685,000 (2013: $31,397,000) were pledged as securities to secure a bank loan of $25,332,000 (2013: $16,342,000) (note 11).

The depreciation charge for year is analysed as follows:

	Group	
	2014 $'000	2013 $'000
Cost of sales	10,458	8,346
Administrative expenses	392	234
	10,850	8,580

Impairment losses

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount or value in use is estimated. Determining the value in use or recoverable amount of property, plant and equipment and other long-lived assets requires the determination of future cash flows expected to be generated from the continued use, ultimate disposition of such assets and the business environments. Certain determinations required the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations. Based on review performed by the Group, there are no indications of impairment except for certain plant and machinery and office equipment, which were no longer in use. An impairment loss of $108,000 (2013: $Nil) was recognised under "other expenses". The impairment loss represents the write-down of certain items of plant and machinery and office equipment to its recoverable amount. Based on current market conditions, the Group estimated that the recoverable amount of the plant and machinery and office equipment is lower than its carrying amount.

5 Deposit

Deposit related to monies paid in advance for acquisition of a leasehold property. The acquisition is expected to be completed in 2017.

6 Subsidiaries

	Company	
	2014	2013
	$'000	$'000
Equity investments, at cost	10,462	10,462
Less: Impairment losses	(2,986)	(2,947)
	7,476	7,515

The movements in the allowance for impairment in respect of investments are as follows:

	Company	
	2014	2013
	$'000	$'000
At beginning of the year	2,947	1,300
Impairment loss recognised	39	1,647
At end of the year	2,986	2,947

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2014	2013
			%	%
Hiap Tong Crane & Transport Pte Ltd	Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	Singapore	100	100
Hiap Tong Trading Pte. Ltd.	Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	Singapore	100	100
Inner Mongolia Hiap Tong An Da heavy lift Co., Ltd	Rental of cranes, prime movers, heavy machinery and equipment	People's Republic of China ("PRC")	80	80
HT Infrastructure Private Ltd	Dormant	India	100	100
Hiap Tong Crane & Transport Sdn. Bhd.	Rental of cranes, prime movers and heavy machinery and equipment	Malaysia	100	100
Jebat Machinery Sdn Bhd	Trading of truck and other used machineries	Malaysia	70	–

The foreign incorporated subsidiaries outside Singapore are not considered significant. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits amount for 20% or more of the Group's consolidated pre-tax profits.

KPMG LLP, Singapore is the auditor of all Singapore-incorporated subsidiaries.

6 Subsidiaries (cont'd)

Impairment losses for subsidiaries

During the year, the PRC and Malaysia subsidiaries incurred losses and the Company has performed a general impairment review to assess the recoverable amount of the investment in the subsidiaries. The estimates of the recoverable amount of the subsidiaries were based on the fair value less cost to sell method. The review led to the recognition of an impairment loss amounting to $2,986,000 (2013: $2,947,000) by the Company in relation to the investments.

7 Inventories

	Group	
	2014	**2013**
	$'000	**$'000**
Cranes and heavy equipment	1,041	–

In 2014, the cranes and heavy equipment recognised as cost of sales amounted to $569,000 (2013: $Nil).

8 Trade and other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
- third parties	12,876	13,794	–	–
- an affiliated company	81	161	–	–
- non-controlling interest	927	240	–	–
Unbilled receivables	1,117	1,603	–	–
Allowance for impairment losses	(178)	(866)	–	–
Net trade receivables	14,823	14,932	–	–
Other receivables	458	786	2	2
Allowance for impairment losses	–	(80)	–	–
Net other receivables	458	706	2	2
Deposits	303	662	118	157
Non-trade amounts due from:				
- subsidiaries	–	–	16,871	10,586
- ultimate holding company	–	4	–	4
Loans and receivables	15,584	16,304	16,991	10,749
Prepayments	657	337	26	30
	16,241	16,641	17,017	10,779

8 Trade and other receivables (cont'd)

In 2013, deposits of $443,000 relates to the purchase of plant and machinery.

An affiliated company is defined as one:

(a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or

(b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

The non-trade amounts due from subsidiaries and ultimate holding company are unsecured, interest-free and repayable on demand.

The Group's primary exposure to credit risks arises through its trade and other receivables. The Group does not require collateral in respect of trade and other receivables. As at 31 March 2014, the Group has concentration of credit risk in 5 (2013: 5) major customers, representing approximately 34% (2013: 27%) of total trade receivables. However, the good credit history of these customers reduces the risk to the Group to an acceptable level.

The Group's customers are mainly from the marine, oil, gas and petrochemical as well as the construction industries in Singapore. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. As at 31 March 2014 and 2013, the Group and the Company do not have any collective impairment on its loans and receivables.

The ageing of loans and receivables and impairment losses at the reporting dates can be analysed as:

	2014		2013	
	Gross	Impairment losses	Gross	Impairment losses
	$'000	$'000	$'000	$'000
Group				
Not past due	5,477	–	7,279	–
Past due 1 - 90 days	6,181	–	5,697	1
Past due 91- 180 days	2,739	–	2,557	3
Past due 181- 365 days	521	–	854	152
Past due more than 365 days	844	178	863	790
	15,762	178	17,250	946
Company				
Not past due	16,989	–	10,747	–
Past due 1 - 90 days	–	–	–	–
Past due 91- 180 days	–	–	–	–
Past due more than 365 days	2	–	2	–
	16,991	–	10,749	–

8 Trade and other receivables (cont'd)

The movement in impairment loss in respect of loans and receivables during the year was as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning of the year	946	990
Impairment loss recognised	64	307
Amount reversed	(361)	(351)
Amounts written off	(471)	–
At end of the year	178	946

9 Share capital

		Company	
	Note	**2014**	**2013**
		No. of Shares '000	**No. of Shares '000**
At beginning of the year		258,065	248,000
Shares allotted pursuant to scrip dividend scheme	(a)	–	10,065
Issue of shares	(b)	50,000	–
At end of the year		308,065	258,065

(a) In the previous year, the Company issued 10,065,000 shares amounting to $966,000 as a result of the payment of scrip dividend.

(b) On 28 June 2013, the Company issued 50,000,000 shares at $0.217 per share amounting to $10,850,000, net of transaction costs of $264,000.

All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid with no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

9 Share capital (cont'd)

Dividends

The following exempt (one-tier) dividends were declared and paid by the Company.

	Company	
	2014	**2013**
	$'000	**$'000**
Paid by the Company to owners of the Company		
0.7 cents (2013: 0.5 cents) per qualifying ordinary share		
- cash	2,156	274
- scrip	–	966
	2,156	1,240

In 2013, the Company proposed dividends of 0.7 cents per share amounting to $2,156,000 in respect of the financial year ended 31 March 2013.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Group achieved a return on shareholders' equity of 5.3% for the year ended 31 March 2014 compared to 7.7% for the year ended 31 March 2013.

The Group monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as loans and borrowings, less cash and cash equivalents. Total equity includes equity attributable to equity holders of the Company and reserves.

	Group	
	2014	**2013**
	$'000	**$'000**
Loans and borrowings	78,133	50,547
Less: cash and cash equivalents	(3,575)	(5,796)
Net debt	74,558	44,751
Total equity	74,623	62,382
Gearing ratio (times)	1.00	0.72

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to any other externally imposed capital requirements.

10 Merger reserve

The merger reserve represents that difference between the nominal value of shares issued by the Company in exchange for paid-in capital in respect of the acquisition of subsidiaries accounted for under the "pooling of interest" method of accounting.

11 Loans and borrowings

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current				
Finance lease liabilities	32,431	15,889	–	–
Secured bank loans	17,355	9,782	13,151	–
	49,786	25,671	13,151	–
Current				
Finance lease liabilities	14,794	7,279	–	–
Secured bank loans	7,977	6,560	1,892	–
Unsecured bank loan	–	267	–	–
Trust receipts	5,576	10,770	–	–
	28,347	24,876	1,892	–
Total loans and borrowings	78,133	50,547	15,043	–

Finance leases and secured bank loans are secured by the followings:

(a) Legal mortgage over the leasehold property and pledge of certain property, plant and equipment of the Group (note 4); and

(b) Corporate guarantees executed by the Company and subsidiaries.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
Group			
2014			
Finance lease liabilities	1.20 – 2.00	2015 – 2019	47,225
Secured bank loans	1.35 – 2.70	2015 – 2022	25,332
Trust receipts	2.20 – 2.32	2015	5,576
Total loans and borrowings			78,133

11 Loans and borrowings (cont'd)

	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
2013			
Finance lease liabilities	1.35 – 2.00	2014 – 2018	23,168
Secured bank loans	1.65 – 2.01	2014 – 2017	16,342
Unsecured loan	2.57	2015	267
Trust receipts	1.37 – 1.56	2014	10,770
Total loans and borrowings			50,547
Company			
2014			
Secured bank loans	1.35	2022	15,043
Total loans and borrowings			15,043

Finance lease liabilities

Finance leases liabilities are payable as follows:

	Principal $'000	Interest $'000	Payments $'000
2014			
Within 1 year	14,794	1,106	15,900
After 1 year but within 5 years	32,431	1,119	33,550
	47,225	2,225	49,450
2013			
Within 1 year	7,279	761	8,040
After 1 year but within 5 years	15,889	765	16,654
	23,168	1,526	24,694

12 Provision

Provision for site restoration cost relates to the Group's obligation to restore its leasehold property back to its original condition upon expiry of the lease.

13 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 April 2012 $'000	Recognised in profit or loss (note 18) $'000	At 31 March 2013 $'000	Recognised in profit or loss (note 18) $'000	At 31 March 2014 $'000
Deferred tax assets					
Tax losses carry-forwards	293	(293)	–	–	–
Deferred tax liabilities					
Property, plant and equipment	(5,378)	(1,323)	(6,701)	(1,236)	(7,937)
Trade and other payables	22	–	22	7	29
	(5,356)	(1,323)	(6,679)	(1,229)	(7,908)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2014 $'000	2013 $'000
Deferred tax liabilities	(7,908)	(6,679)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014 $'000	2013 $'000
Tax losses	4,180	2,533

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operates. Except for tax losses of $2,834,000 (2013: $1,768,000) which expire in 5 years, the remaining amounts do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

14 Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables	3,450	2,886	78	132
Trade amount due to an affiliated company	62	86	–	–
Accrued purchases	55	–	–	–
Other payables	132	101	23	–
Accrued expenses	1,585	1,589	95	82
Financial derivatives	–	811	–	–
Non-trade amounts due to:				
- an affiliated company	199	199	–	–
- a subsidiary	–	–	–	771
- directors of the Company	1,417	2,868	–	–
- directors of the subsidiaries	893	626	–	–
	7,793	9,166	196	985
Deposits and advances	294	147	–	–
	8,087	9,313	196	985

Financial derivatives represented embedded derivatives and forward exchange contracts stated at fair value.

The non-trade amount due to an affiliated company is with a company in which a director has substantial financial interests.

The non-trade amounts due to a subsidiary and directors are unsecured, interest-free and repayable on demand.

15 Revenue

	Group	
	2014	2013
	$'000	$'000
Leasing income	45,032	38,513
Trading income	694	–
	45,726	38,513

16 Other income

	Group	
	2014	**2013**
	$'000	**$'000**
Rental income from sublease of leasehold property	10	130
Handling services and storage income	1,252	244
Commission income	39	57
Net gain on disposal of property, plant and equipment	1,425	1,240
Sundry income	129	178
	2,855	1,849

17 Finance income and costs

	Group	
	2014	**2013**
	$'000	**$'000**
Recognised in profit or loss		
Recovery of bad debts written off	–	3
Interest income from cash and cash equivalents	6	5
Loss on sale of available-for-sale equity security	–	(1)
Net change in fair value of financial derivatives	272	–
Finance income	278	7
Interest expenses on:		
- finance leases	(1,299)	(851)
- trust receipts	(239)	(218)
- loans	(494)	(635)
- bank overdrafts	(1)	(1)
Subtotal of interest expenses	(2,033)	(1,705)
Bad debts written off	(673)	–
Reversal of impairment loss/(Impairment loss) on trade and other receivables	297	(307)
Net change in fair value of financial derivatives	–	(680)
Bank charges	(7)	(10)
Exchange loss (net)	(568)	(326)
Finance costs	(2,984)	(3,028)
Net finance costs recognised in profit or loss	(2,706)	(3,021)

18 Tax expense

	Group	
	2014	**2013**
	$'000	**$'000**
Current tax		
Under provision in prior years	716	302
Deferred tax		
Origination and reversal of temporary differences	1,360	1,554
(Over)/Under provision in prior years	(131)	62
	1,229	1,616
Total tax expense	1,945	1,918
Reconciliation of effective tax rate		
Profit before tax	5,664	6,515
Tax calculated using Singapore tax rate of 17% (2013: 17%)	963	1,108
Effect of tax rates in foreign jurisdictions	(90)	(78)
Expenses not deductible for tax purposes	118	233
Income not subject to tax	–	(25)
Tax incentives	–	(32)
Deferred tax benefits not recognised	369	309
Under/(Over) provision in prior years:		
- current tax	716	302
- deferred tax	(131)	62
Others	–	39
	1,945	1,918

19 Profit for the year

The following items have been included in arriving at profit for the year:

	Group	
	2014	**2013**
	$'000	**$'000**
Audit fees paid to:		
- auditors of the Company	121	127
- other auditors	6	6
Non-audit fees paid to other auditors	79	54
Operating lease expenses	2,294	870
Staff costs	15,770	12,215
Contributions to defined contribution plans included in staff costs	1,124	868
Impairment loss on property, plant and equipment	108	–

20 Earnings per share

	Group	
	2014	**2013**
	$'000	**$'000**
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	3,935	4,743

	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	253,184	248,000
Effect of shares allotted pursuant to scrip dividend scheme	–	5,184
Effect of shares issued in June 2013	42,826	–
Weighted average number of ordinary shares at end of the year	296,010	253,184

The weighted average number of ordinary shares detailed above is used for both the basic and diluted earnings per share as there are no dilutive potential ordinary shares.

21 Segment reporting

The Group has only one operating segment which is renting of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment. No analysis by geographical segment has been prepared as the result of the PRC and Malaysia segment are not qualified as a reportable segment. Hence, relevant segment information for the Group will be the information presented in the statement of financial position and statement of comprehensive income.

Major customer

Revenue from one customer of the Group's leasing segment represents approximately $5,574,000 (2013: $8,119,000) of the Group's total revenue.

22 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

Credit evaluation and exposure to credit risk is monitored on an on-going basis by the Group. In addition, collections and credit limits of customers are monitored by the Group. The Group's concentration of credit risk is disclosed in note 8.

22 Financial risk management (cont'd)

Credit risk (cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is based on a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical date of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the receivable is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired receivable.

The carrying amount of financial assets in the statement of financial position represents the Groups' and Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Cash and cash equivalents

The Group held cash and cash equivalents of $3,575,000 as at 31 March 2014 (2013: $5,796,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are regulated.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The maximum exposure of the Company in respect of the financial guarantee at the end of the reporting period is $12,083,000 (2013: $11,083,000). At the reporting date the Company does not consider it probable that the claim will be made against the Company under the financial guarantee.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

22 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
At 31 March 2014					
Non-derivative financial liabilities					
Finance lease liabilities	47,225	(49,450)	(15,900)	(33,550)	–
Secured bank loans	25,332	(26,660)	(8,342)	(12,503)	(5,815)
Trust receipts	5,576	(5,594)	(5,594)	–	–
Trade and other payables*	7,793	(7,793)	(7,793)	–	–
Recognised financial liabilities	85,926	(89,497)	(37,629)	(46,053)	(5,815)
At 31 March 2013					
Non-derivative financial liabilities					
Finance lease liabilities	23,168	(24,694)	(8,040)	(16,654)	–
Secured bank loans	16,342	(17,104)	(6,998)	(10,106)	–
Unsecured loan	267	(275)	(275)	–	–
Trust receipts	10,770	(10,955)	(10,955)	–	–
Trade and other payables*	8,355	(8,355)	(8,355)	–	–
Recognised financial liabilities	58,902	(61,383)	(34,623)	(26,760)	–
Derivative financial liabilities					
Financial derivatives used for hedging	811				
- inflow		17,501	17,501	–	–
- outflow		(18,312)	(18,312)	–	–
	811	(811)	(811)	–	–
	59,713	(62,194)	(35,434)	(26,760)	–

22 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Company					
At 31 March 2014					
Non-derivative financial liabilities					
Secured bank loans	15,043	(16,044)	(2,018)	(10,263)	(3,763)
Trade and other payables*	196	(196)	(196)	–	–
	15,239	(16,240)	(2,214)	(10,263)	(3,763)
At 31 March 2013					
Non-derivative financial liabilities					
Trade and other payables*	985	(985)	(985)	–	–

* *Excludes deposit and advances*

The Group monitors the working capital requirements periodically to ensure that there are sufficient financial resources available to meet the needs of the business.

The directors have assessed the cash flow forecast of the Group for the twelve months ending 31 March 2015 and have ascertained that adequate liquidity exists to finance its working capital requirements through cash inflow from its operations, cash reserves and its undrawn credit facilities, notwithstanding that the Group was in net current liabilities position of $15,578,000 (2013: $11,763,000).

The Group aims at maintaining flexibility in funding by keeping committed credit lines available. In this connection, the Group maintains approximately $75,497,000 (2013: $58,211,000) at 31 March 2014 of undrawn credit with banks and financial institutions that can be drawn down to meet both short-term and long-term financing needs.

22 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year $'000
Company	
2014	
Financial guarantee	12,083
2013	
Financial guarantee	11,083

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-bearing financial liabilities which are all fixed rate financial instruments. The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting rates would not affect profit or loss.

22 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which those transactions primarily are denominated are the Euro and Malaysian Ringgit. Exposure to foreign currency risk is monitored on an on-going basis by the Group to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk based on notional amount is as follows:

	2014 $'000	2013 $'000
Euro		
Cash and cash equivalents	232	114
Loans and borrowings	–	(2,387)
	232	(2,273)
Malaysian Ringgit		
Cash and cash equivalents	175	34
Trade and other payables	–	(164)
	175	(130)

The Group hedges its foreign currency exposure in respect of forecasted capital commitments over the next financial year. The Group uses forward contracts to hedge its foreign currency risk, most with a maturity of less than one year after the reporting date. Where necessary, the forward exchange contract is rolled over at maturity.

The Group's forward exchange contracts hedge an unrecognised capital commitment and are stated at fair value as they do not qualify for hedge accounting. The changes in fair value of the forward exchange contracts are recognised as part of "net change in fair value of financial derivatives". As at 31 March 2013, the fair value of forward exchange contracts used as hedges of forecasted transactions was $508,000 and had been recognised as a liability under "trade and other payables" on the statement of financial position.

In 2014, the Group has not entered into any forward exchange contracts for unrecognised capital commitment.

22 Financial risk management (cont'd)

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting dates held by the Group would increase/(decrease) profit, and accumulated profits, before any tax effect by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2014 $'000	2013 $'000
Euro	(23)	227
Malaysian Ringgit	18	(13)
	(5)	214

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Derivatives

The fair value of forward exchange contracts is based on their listed market prices, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

(b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting dates. For finance leases, the market rate of interest is determined by reference to similar lease agreements. The fair value is determined for disclosure purposes.

(c) Other financial assets and liabilities

The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalent, trade and other payables and loans and borrowings) are assumed to approximate their fair value because of the short period of maturity. All other financial assets and liabilities are discounted to determine their fair value. This fair value is determined for disclosure purposes.

22 Financial risk management (cont'd)

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets and financial liabilities carried at fair value				
Group				
31 March 2013				
Financial derivatives	–	(811)	–	(811)
*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**				
Group				
31 March 2014				
Secured bank loans	–	(20,178)	–	(20,178)
Company				
31 March 2014				
Secured bank loan	–	(10,618)	–	(10,618)

* *Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.*

22 Financial risk management (cont'd)

Fair value hierarchy (cont'd)

Interest rates used in determining fair values

The Group uses the market rate of similar financial instruments as at reporting dates to discount financial instruments. The effective interest rates used are as follows:

	2014 %	2013 %
Loans and borrowings	9.0	8.0

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables $'000	Asset at fair value through profit and loss $'000	Other financial liabilities within scope of FRS 39 $'000	Other liabilities outside scope of FRS39 $'000	Total $'000	Fair value $'000
Group							
31 March 2014							
Assets							
Trade and other receivables	8	15,584	–	–	–	15,584	15,584
Cash and cash equivalents		3,575	–	–	–	3,575	3,575
		19,159	–	–	–	19,159	19,159
Liabilities							
Trade and other payables*	14	–	–	(7,793)	–	(7,793)	(7,793)
Loans and borrowings	11	–	–	(52,801)	(25,332)	(78,133)	(60,274)
		–	–	(60,594)	(25,332)	(85,926)	(68,067)

22 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Loans and receivables $'000	Asset at fair value through profit and loss $'000	Other financial liabilities within scope of FRS 39 $'000	Other liabilities outside scope of FRS39 $'000	Total $'000	Fair value $'000
Group							
31 March 2013							
Assets							
Trade and other receivables	8	16,304	–	–	–	16,304	16,304
Cash and cash equivalents		5,796	–	–	–	5,796	5,796
		22,100	–	–	–	22,100	22,100
Liabilities							
Trade and other payables*	14	–	(811)	(8,355)	–	(9,166)	(9,166)
Loans and borrowings	11	–	–	(23,168)	(27,379)	(50,547)	(34,583)
		–	(811)	(31,523)	(27,379)	(59,713)	(43,749)

22 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Loans and receivables $'000	Asset at fair value through profit and loss $'000	Other financial liabilities within scope of FRS 39 $'000	Other liabilities outside scope of FRS39 $'000	Total $'000	Fair value $'000
Company							
31 March 2014							
Assets							
Trade and other receivables	8	16,991	–	–	–	16,991	16,991
Cash and cash equivalents		704	–	–	–	704	704
		17,695	–	–	–	17,695	17,695
Liabilities							
Trade and other payables*	14	–	–	(196)	–	(196)	(196)
Loans and borrowings	11	–	–	(15,043)	–	(15,043)	(10,618)
		–	–	(15,239)	–	(15,239)	(10,814)
31 March 2013							
Assets							
Trade and other receivables	8	10,749	–	–	–	10,749	10,749
Cash and cash equivalents		145	–	–	–	145	145
		10,894	–	–	–	10,894	10,894
Liabilities							
Trade and other payables*	14	–	–	(985)	–	(985)	(985)

* *Excludes deposit and advances*

23 Commitments

(a) Commitments

Commitments of the Group not reflected in the financial statements at the respective dates are as follows:

	Group	
	2014	2013
	$'000	$'000
Purchase of property, plant and equipment	146	23,893

(b) Operating leases commitments – where the Group is a lessee

At the reporting date, the Group has the following future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2014	2013
	$'000	$'000
Within 1 year	2,252	1,570
After 1 year but within 5 years	6,041	3,771
After 5 years	18,395	16,658
	26,688	21,999

The Group leases three pieces of land under operating leases. The leases run for a period ranging from 2.5 to 22 years. Lease payments are adjusted every year to reflect market rates.

24 Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) Key management personnel compensation

Key management personnel compensation, included in staff costs, comprise:

	Group	
	2014	2013
	$'000	$'000
Short-term employee benefits	1,806	1,724
Contributions to defined contribution plans	82	76
	1,888	1,800

24 Related parties (cont'd)

(b) Other related parties transactions

	2014 $'000	2013 $'000
Affiliated companies		
Freight and transportation expenses	59	28
Income from sale of fuel	(38)	(82)
Rental income for cranes and lorries	(38)	(2)

25 Comparative information

Management has reviewed the classification of the leases expense for the parking of cranes and is of the view that it is more appropriate to consider the operating lease expenses to be classified under cost of sales instead of administrative expenses for the purpose of preparing the consolidated statement of comprehensive income.

Accordingly, certain comparative amounts have been reclassified as follows to be consistent with current year presentation:

	As previously reported $'000	Reclassification $'000	As restated $'000
Group			
Cost of sales	(24,330)	(688)	(25,018)
Administrative expenses	(6,170)	688	(5,482)

There is no impact to profit or loss in the current and comparative periods as a result of the reclassifications.

STATISTICS OF **SHAREHOLDINGS**

As at 11 June 2014

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 11 June 2014.

	Note	Direct Interest	%	Indirect Interest	%
Ong Teck Meng	1	662,876	0.22	191,885,313	62.29
Ong Lim San	2	1,900,000	0.62	189,785,313	61.61
Tembusu Asia Holdings Pte Ltd		189,785,313	61.61	–	–

Notes:

(1) Mr Ong Teck Meng is deemed interested in the entire equity stake held by his wife, Ms Tan Siew Duan, and Tembusu Asia Holdings Pte Ltd in the Company.

(2) Mr Ong Lim San is deemed interested in the entire equity stake held by Tembusu Asia Holdings Pte Ltd in the Company.

FREE FLOAT

As at 11 June 2014, approximately 33.67% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B : Rules of Catalist.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	9	0.89	3,170	0.00
1,000 - 10,000	221	21.86	1,698,857	0.55
10,001 - 1,000,000	754	74.58	62,162,046	20.18
1,000,001 AND ABOVE	27	2.67	244,201,209	79.27
TOTAL	**1,011**	**100.00**	**308,065,282**	**100.00**

The Company has no treasury shares as at 11 June 2014.

STATISTICS OF **SHAREHOLDINGS**

As at 11 June 2014

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TEMBUSU ASIA HOLDINGS PTE LTD	189,785,313	61.61
2	CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,173,000	1.68
3	ESTATE OF CHUA BENG SING, DECEASED	4,200,000	1.36
4	LIM & TAN SECURITIES PTE LTD	3,501,000	1.14
5	ONG LYE SUM	3,300,000	1.07
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,899,000	0.94
7	UOB KAY HIAN PRIVATE LIMITED	2,600,000	0.84
8	OCBC SECURITIES PRIVATE LIMITED	2,480,000	0.81
9	ONG BOON TAT ALVIN (WANG WENDA, ALVIN)	2,209,375	0.72
10	ANG LAI HOE	2,100,000	0.68
11	ONG CHUAN HOCK	2,100,000	0.68
12	TAN SIEW DUAN	2,100,000	0.68
13	ONG LAY SUAN	2,080,000	0.68
14	YU LIMIN	2,030,000	0.66
15	NG HOCK KON	1,970,000	0.64
16	ONG LIM SAN	1,900,000	0.62
17	HONG LEONG FINANCE NOMINEES PTE LTD	1,800,000	0.58
18	SUA NAM HENG	1,500,000	0.49
19	PHILLIP SECURITIES PTE LTD	1,481,521	0.48
20	LING MANG KHONG STANLEY	1,317,000	0.43
	TOTAL	**236,526,209**	**76.79**

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of Hiap Tong Corporation Ltd. will be held at Kallang Theatre, Orchid Room (Level 1), Stadium Walk, Singapore 397688 on Thursday, 24 July 2014 at 3.00 p.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 March 2014 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of up to S$145,000 for the financial year ending 31 March 2015, to be paid quarterly in arrears. [refer to explanatory note (i)] **Resolution 2**

3. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association:

   (i) Mr Ong Teck Meng **Resolution 3**

   (ii) Mr Yong Yean Chau [refer to explanatory note (ii)] **Resolution 4**

   (iii) Mr Ng Sey Ming [refer to explanatory note (iii)] **Resolution 5**

4. To re-appoint KPMG LLP, Public Accountants and Chartered Accountants and to authorise the Directors to fix the Auditors' remuneration. **Resolution 6**

5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without modifications) as Ordinary Resolution:-

6. **Authority to allot and issue new shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Catalist Rules"), the Directors be and are hereby authorized to: (i) allot and issue shares in the Company ("Shares"), and (ii) issue convertible securities and any Shares pursuant to the conversion of such convertible securities, (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that the aggregate number of Shares and convertible securities to be issued pursuant to such authority shall not exceed 100% of all the issued capital of the Company and that the aggregate number of Shares to be issued other than on a *pro rata* basis to all shareholders of the Company shall not exceed 50% of the issued share capital of the Company, and unless revoked or varied by the Company in general meeting, such authority shall continue to be in force until the next annual general meeting or the date by which the next general meeting is required by law or by the Articles to be held, whichever is earlier. **Resolution 7**

NOTICE OF
ANNUAL GENERAL MEETING

For the purposes of this resolution, the percentage of issued share capital shall be based on the Company's issued share capital at the time of the passing of this resolution after adjusting for:-

(a) New Shares arising from the conversion or exercise of convertible securities;

(b) New Shares arising from the exercise of share options or the vesting of shares awards outstanding or subsisting at the time such authority is given, provided the options or awards were granted in compliance with the SGX-ST;

(c) Any subsequent consolidation or subdivision of shares.

[refer to explanatory note (iv)]

By Order of the Board

Lo Swee Oi
Company Secretary
Singapore, 8 July 2014

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolution 2 proposed in item 2 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is during the financial year ending 31 March 2015. The amount of Directors' Fees is computed based on the anticipated number of Board Meetings for the financial year ending 31 March 2015, assuming full attendance by all Directors. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.

(ii) Mr Yong Yean Chau, the Lead Independent Director, if re-elected, will remain as the Chairman of the Audit Committee and Member of the Remuneration Committee and the Nominating Committee. Mr Yong is considered an Independent Director for purposes of Rule 704(8) of the Catalist Rules. Full particulars on Mr Yong are set out on page 11 of the Annual Report.

(iii) Mr Ng Sey Ming, if re-elected, will remain as the Chairman of the Nominating Committee and Member of the Remuneration Committee and the Audit Committee. Mr Ng is considered an Independent Director for purposes of Rule 704(8) of the Catalist Rules. Full particulars on Mr Ng are set out on page 12 of the Annual Report.

(iv) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total issued Shares (excluding treasure shares), of which the aggregate number of Shares and/or convertible securities other than on a *pro-rata* basis to all existing shareholders of the Company shall not exceed 50% of the total issued Shares (excluding treasury shares).

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 22 Soon Lee Road Singapore 628082 not less than forty-eight hours before the time appointed for holding the Meeting.

Personal data privacy:

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

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PROXY FORM

HIAP TONG CORPORATION LTD.

Company Registration No. 200800657N
Incorporated in the Republic of Singapore

I/We _____ (Name) _____ (NRIC/Passport No/Co Reg. No.)

of _____ (Address)

being a member/members of HIAP TONG CORPORATION LTD., hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
And/or (deleted as appropriate)			

or failing the person, or either or both the persons, referred to above, the Chairman of the Annual General Meeting of the Company (the "Meeting"), as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting to be held at Kallang Theatre, Orchid Room (Level 1), Stadium Walk, Singapore 397688 on Thursday, 24 July 2014 at 3.00 p.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to	For	Against
	Ordinary Business		
1.	To adopt the Audited Financial Statements, Directors' Report and Auditors' Report for the financial year ended 31 March 2014		
2.	To approve the payment of Directors' fees for the financial year ending 31 March 2015		
3.	To re-elect Mr Ong Teck Meng under Article 91 of the Articles of Association		
4.	To re-elect Mr Yong Yean Chau under Article 91 of the Articles of Association		
5.	To re-elect Mr Ng Sey Ming under Article 91 of the Articles of Association		
6.	To re-appoint Auditors and authorize Directors to fix their remuneration		
	Special Business		
7.	To authorize Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Rules		

Date this _____ day of _____ 2014

Total Number of shares in	No of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Member(s)/Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 22 Soon Lee Road Singapore 628082 not less than forty-eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable form the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by the Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 July 2014.

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CORPORATE INFORMATION

Board of Directors
Mr Ong Teck Meng
(Executive Chairman and Chief Executive Officer)
Mr Ong Boon Tat Alvin
(Executive Director)
Mr Ong Lim San
(Executive Director)
Mr Ng Eng Joo
(Executive Director)
Mr Yong Yean Chau
(Lead Independent Director)
Mr Tan Eng Ann
(Independent Director)
Mr Ng Sey Ming
(Independent Director)

Audit Committee
Mr Yong Yean Chau (Chairman)
Mr Tan Eng Ann
Mr Ng Sey Ming

Nominating Committee
Mr Ng Sey Ming (Chairman)
Mr Ong Boon Tat Alvin
Mr Tan Eng Ann
Mr Yong Yean Chau

Remuneration Committee
Mr Tan Eng Ann (Chairman)
Mr Yong Yean Chau
Mr Ng Sey Ming

Company Secretaries
Ms Lo Swee Oi, ACIS
Mr Loh Boon Wah, CA

Registered Office
22 Soon Lee Road
Singapore 628082
Telephone: (65) 6779 5050
Facsimile: (65) 6777 0841

Sponsor
CIMB Bank Berhad, Singapore Branch
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6337 5115
Contact Person:
Mr Lim Hoon Khiat, Associate Director, Corporate Finance

Principal Bankers
United Overseas Bank Limited
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

Auditors
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge: Ms Teo Han Jo
(Appointed with effect from year ended 31 March 2012)

HIAP TONG
协 通 企 业

HIAP TONG CORPORATION LTD.
协通企业有限公司
(Company Registration No. 200800657N)

22 Soon Lee Road
Singapore 628082
Tel: (65) 6779 5050
Fax: (65) 6777 0841
Website: http://www.hiaptong.com