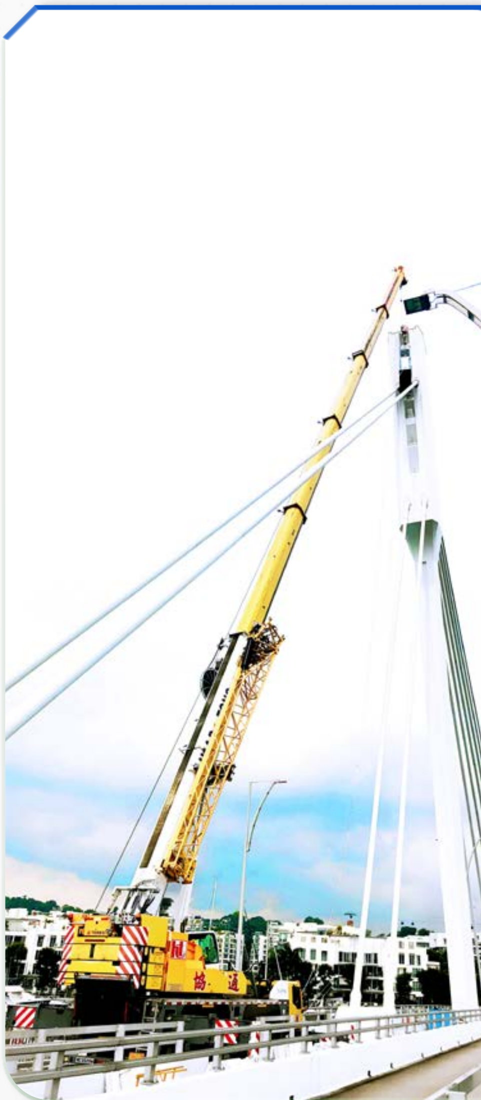
HIAP TONG CORPORATION LTD.
协通企业有限公司

BUILDING OUR FUTURE TOGETHER

ANNUAL REPORT 2021



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CORPORATE PROFILE

Established since 1978, Hiap Tong Corporation Ltd. ("Hiap Tong", or together with its subsidiaries, 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 combining lifting and haulage fleet size to an aggregate of 361 vehicles as at 31 March 2021, consisting of 144 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 217 units of haulage equipment.

Hiap Tong offers the largest range of lifting capabilities in the hydraulic mobile crane category and we believe we are 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 Marine Ltd and Keppel Corporation Limited in the marine industry; ExxonMobil Asia Pacific Pte Ltd, and Sankyu (S) Pte Ltd. in the petrochemical industry; as well as Boon Chang Structure Pte Ltd and GS Engineering and Construction Corp. in the construction industry. With our strong track record, business reputation and superior quality services, many of our major customers are recurring customers with repeat orders 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.

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

MARINE

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

OUR
BUSINESS

LIFTING AND HAULAGE SERVICES (FORMERLY NAMED AS “LEASING OF CRANES AND HAULAGE EQUIPMENT”)

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

- Our lifting fleet totals 144 cranes as at 31 March 2021, 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

ALL TERRAIN CRANE

ROUGH TERRAIN CRANE

MOBILE TOWER CRANE

MOBILE TRUCK CRANE

TELESCOPIC CRAWLER CRANE

CRAWLER CRANE

OUR BUSINESS

TRADING OF CRANES AND HAULAGE EQUIPMENT

Our trading activities are opportunistic. There were some trading activities in new cranes which were transacted on an *ad hoc* basis when favourable opportunities arose in FY2021.

HAULAGE SERVICES (FORMERLY NAMED AS "LEASING OF HAULAGE FLEET")

- Our haulage fleet totaled 217 units as at 31 March 2021, which comprised of trailers, prime movers and lorry cranes capable of lifting between 10 tonnes to 100 tonnes, as well as Multi-Axles Modular 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.

OUR HAULAGE FLEET

PRIME MOVER

TRAILER

LORRY CRANE

MULTI-AXLES MODULAR TRAILER

PORT SERVICES

The Group was awarded a long term Port Services contract by PSA Corporation Limited for a period of 5 years commencing from 1 April 2018 with an option to extend for another 5 years. The Group's wholly owned subsidiary, HT Ports Services Pte. Ltd. ("HT Ports") focuses on the provision of port services for the Group.

The formation of the Port Services business is to generate a second stream of revenue for the Group and to help offset the cyclical nature of the lifting service business.

Our vision of HT Ports is to drive and set a benchmark for the level of service for safety and reliability in port operations. We also see it as our mission to improve our customers' efficiency by providing value added services.

HT Ports now provides manpower services for lashing, prime mover driving as well as inter-gateway and terminal transfers of containers.

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 2021 ("FY2021").

FINANCIAL REVIEW

Revenue decreased by approximately S$4.5 million or 7.5% from approximately S$58.8 million for FY2020 to approximately S$54.3 million for FY2021. The decrease was mainly attributed to a decrease in the lifting and haulage revenue during the year.

Cost of sales increased by approximately S$2.8 million or 5.7% from approximately S$49.2 million for FY2020 to approximately S$52.0 million for FY2021, mainly due to an increase in cranes purchased for trading business of approximately S$4.1 million and higher salary related costs of approximately S$0.2 million. This was partially offset by a decrease in crane rental expenses of approximately S$0.4 million, lower fuel expenses of approximately S$0.5 million, lower maintenance expenses of approximately S$0.3 million and lower depreciation of approximately S$0.3 million.

Gross profit decreased by approximately S$7.2 million or 75.9% from approximately S$9.5 million (representing a gross margin of 16.2%) for FY2020 to approximately S$2.3 million (representing a gross margin of 4.2%) for FY2021. The substantial decrease in gross profit was mainly derived from the lifting and haulage business. This was mainly due to fixed costs components in the cost of sales such as depreciation and workers salary and related costs which the Group continue to incur notwithstanding the decline in utilisation rate of the lifting and haulage equipment as a result of the Pandemic.

Overall, the Group reported a net loss before tax of approximately S$1.0 million for FY2021 as compared to approximately S$7.8 million for FY2020, a decrease of approximately 87.0%. Excluding the impairment losses on property, plant and equipment and right-of-use assets of approximately S$2.1 million for FY2021 and approximately S$8.0 million for FY2020, the Group's profit before tax would be approximately S$1.1 million for FY2021 and approximately S$0.2 million for FY2020.

Correspondingly, loss per share decreased from approximately 2.64 cents in FY2020 to approximately 0.11 cents in FY2021, while net asset value per share decreased from approximately 25.38 cents as at 31 March 2020 to approximately 25.30 cents as at 31 March 2021.

BUSINESS REVIEW

Singapore Operation

The Lifting & Haulage business was significantly affected by the COVID-19 pandemic (the "Pandemic") and the circuit breaker measures introduced from April to June 2020. Although there was a gradual easing of the circuit measures after June 2020, the Pandemic continues to bring economic uncertainty in the business. Nevertheless, with our strong track record and diversified group of customers, the Group will continue to be vigilant and respond swiftly to any adverse situation brought about by the Pandemic.

As for our Port Services business, it is considered an essential service in Singapore. As such, the Group expects the segment to be minimally impacted from the Pandemic.

Overseas Operation

In respect of the Lifting & Haulage business in Malaysia, the Group remains cautious on its outlook following the reintroduction of the full Movement Control Order by the Malaysia government in May 2021. The group will continue to monitor the business disruptions caused by the Pandemic in Malaysia.

Business Outlook

Generally, the business outlook remains challenging brought about by the economic uncertainty of the Pandemic. Nevertheless, the Group believes that the long term fundamentals of the Group remain intact and is cautiously optimistic that the COVID-19 support measures provided by the Singapore and Malaysia government will lead to an eventual recovery of this market in the long term.

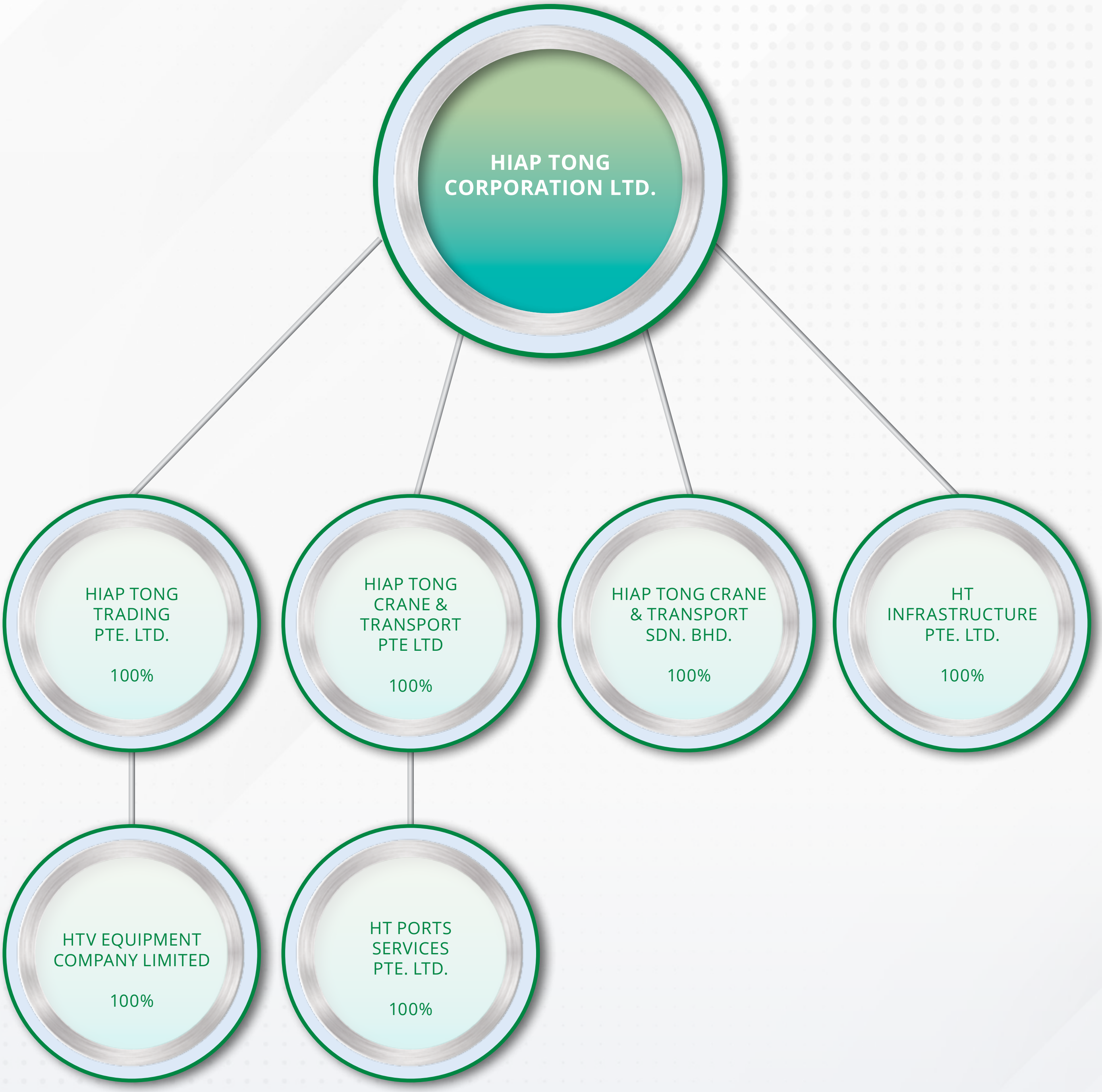
IN APPRECIATION

On behalf of the Board, I would like to extend my gratitude to our shareholders, customers and business associates for their continuous support.

I would also like to extend my sincere appreciation to my fellow directors, management team and staff for their dedication and contribution to the Group.

ONG TECK MENG
Executive Chairman and Chief Executive Officer

GROUP STRUCTURE



CORPORATE MILESTONES AND DEVELOPMENTS

1978
Hiap Tong Trading was established with the primary business of trading and renting commercial vehicles, such as pick-up trucks and passenger vehicles.

1980
Ventured into the provision of crane rental services with a single 10-tonne mobile crane.

1984
Took delivery of our first 90-tonne mobile crane, which was then the largest mobile crane of its kind in Singapore.

1991
Started our haulage service business with our first prime mover and trailer.

2002
Seized the opportunity to purchase more cranes from Asia, increasing our fleet size to over 50 cranes.

2003
Received the ISO 9001:2000 Certification by the International Organisation for Standardisation.

2009
- 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.

2010 - 2011
- Took delivery of our first 1200-tonne mobile crane.
- Incorporated a 80% owned subsidiary which started its mobile lifting operation in China.
- Incorporated a subsidiary in India and Malaysia.

2011 - 2012
Took delivery of a 300-tonne & a 500-tonne mobile crane, thus expanding the range of our lifting capacity in our Singapore's operation.

2012 - 2013
- Awarded by JTC a land parcel of approximately 12,000 square metres at Tuas South for its business activities (tenure of 22 years 7 months from 2013).
- Awarded a 5-year lifting services contract by ExxonMobil.
- Implementation of Scrip Dividend Scheme for Hiap Tong Corporation Ltd.

2013 - 2014
- Incorporated a new 70% owned subsidiary in Malaysia.
- Acquisition of a leasehold industrial property of approximately 26,131 square metres at Soon Lee Road for its business activities (tenure of 60 years from 1968).

2014 - 2015
Disposal of a 80% owned subsidiary in China.

2016 - 2017
Took delivery of a 1200-tonne telescopic crawler crane.

2017 - 2018
- Awarded a 5-years extension of lifting services contract by ExxonMobil.
- Incorporated a 100% owned subsidiary in Singapore for port services.
- Incorporated a 100% owned subsidiary in Vietnam.

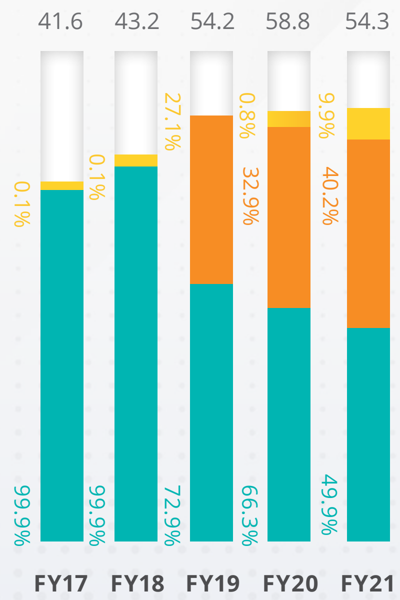
2018 - 2019
Awarded a 5-year labour supply contract by PSA.

2019 - 2020
Liquidation of a 70% owned subsidiary in Malaysia.

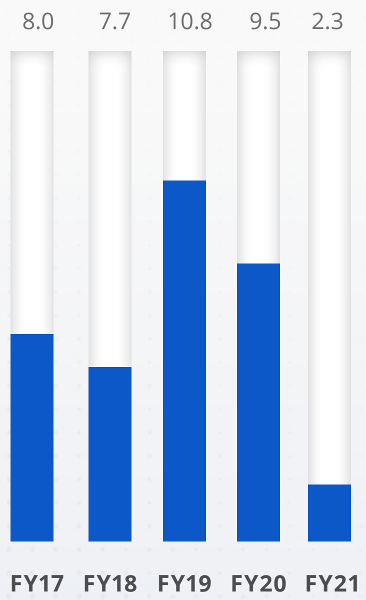
FINANCIAL **HIGHLIGHTS**

$'000	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	41,554	43,239	54,221	58,758	54,326
Cost of sales	(33,568)	(35,577)	(43,396)	(49,217)	(52,024)
Gross profit	7,986	7,662	10,825	9,541	2,302
Other income	2,725	2,571	2,469	2,242	10,468
Distribution expenses	(315)	(262)	(205)	(214)	(354)
Administrative expenses	(7,199)	(7,921)	(8,303)	(7,726)	(7,742)
Other expenses:					
Impairment losses on property, plant and equipment	—	—	—	(8,000)	(2,120)
Others	(296)	(624)	—	(154)	(1,215)
Net change in fair value of investment properties	3,756	1,400	(1,146)	(850)	(300)
Net finance costs	(1,495)	(1,291)	(2,068)	(2,589)	(2,050)
(Loss)/Profit before tax	5,162	1,535	1,572	(7,750)	(1,011)
Tax credit / (expense)	(422)	(391)	654	(369)	676
Net (Loss)/Profit for the year	4,740	1,144	2,226	(8,119)	(335)

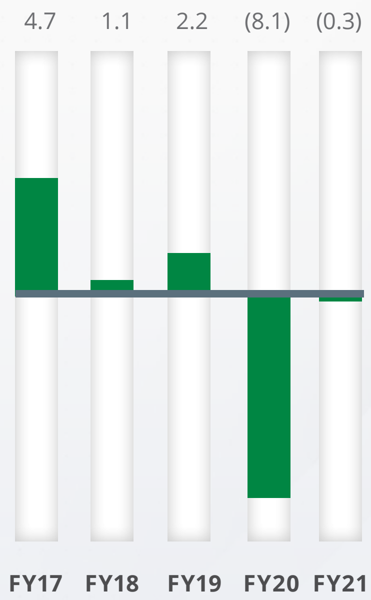
REVENUE ($'M)



GROSS PROFIT ($'M)



NET PROFIT ($'M)



Lifting and haulage services business

Trading business

Port Services business

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 strategy.

Mr Ong has been the managing director of Hiap Tong Trading since 1978 and has more than 40 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 leading integrated lifting and haulage solutions provider in Singapore.

Mr Ong was appointed to the Board on 8 January 2008 and was last re-elected as a Director on 30 July 2019.

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 September 2020.

MR ONG BOON TAT ALVIN

Executive Director

Mr Ong Boon Tat Alvin was re-designated from Non-Executive Director to Executive Director on 3 January 2017. Mr Ong 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 15 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, and was appointed to the Board on 8 January 2008 and was last re-elected as a Director on 25 September 2020.

MR TITO SHANE ISAAC

Lead Independent Director

Mr. Tito Shane Isaac is a practising advocate and solicitor with more than 20 years of experience in legal practice. He is the Managing Partner of Tito Isaac & Co LLP, a firm that provides a range of legal services including Commercial and Corporate Law, Intellectual Property Law, Civil and Criminal Litigation, Property, Family and Insurance Law.

In 2012, Mr Isaac received an Appreciation Award from the Minister of Foreign Affairs and Trade, Republic of Korea. In 2008 and again in 2014, he received an Appreciation Award from the Minister of Law, Singapore. He has also been admitted as a Fellow of the Singapore Institute of Arbitrators in 2006.

Mr Isaac is also the Independent Non-Executive Chairman of New Wave Holdings Ltd and an Independent Non-Executive Director of CPH Ltd.

Mr Isaac was appointed to the Board on 1 July 2016 and was last re-elected as a Director on 30 July 2019.

BOARD OF DIRECTORS

MR CHOY BING CHOONG
Independent Director

Mr Choy Bing Choong has 29 years of experience in a variety of roles in multiple industries and countries, and is currently an Executive Director and Group Chief Operating Officer at Natural Cool Holdings Limited where he has been for the last 6 years. Prior to that, he spent 8 years with the corporate finance department at CIMB Bank Berhad, Singapore Branch where he last held the position of Director, Corporate Finance. Before CIMB Bank Berhad, he served 3 years in the Corporate and Capital Markets Group at Rajah & Tann. Apart from his home base in Singapore, he has also worked in China, the United Kingdom and Indonesia.

He is a Fellow Chartered Accountant (Singapore), a member of the Singapore Institute of Directors, and holds a Bachelor's of Accountancy Degree from the National University of Singapore.

Mr Choy is also an Independent Director at Hoe Leong Corporation Ltd and Zhongmin Baihui Retail Group Ltd.

Mr Choy was appointed to the Board on 10 October 2017 and last re-elected as a Director on 25 July 2018.

MR TAY SEO LONG
Independent Director

Mr Tay Seo Long began his career with Lee Kim Tah Holdings Limited in 1976, where he rose to the position of Director of Finance and was a member of the audit committee. He left Lee Kim Tah Holdings Limited to join Hong Leong Asia Limited as its Group Financial Controller (2000 – 2003). He subsequently joined Hua Kok International Limited as the Group Financial Controller and company secretary. From 2004 to 2007, Mr Tay served as the Group Financial Controller and company secretary at CSC Holdings Limited. He then enjoyed a sabbatical during the intervening period between his tenure at CSC Holdings Limited and his appointment to Hiap Tong Group as Chief Financial Officer from July 2008 to August 2010. He was also appointed as an Executive Director in KH Foges Pte Ltd from 2012 to 2014.

Mr Tay graduated with a Bachelor of Commerce (Honours) (Accountancy) from Nanyang University in 1974, and obtained a Masters of Business Administration from the University of Hull, UK, in 1994. He has been a member of the Institute of Singapore Chartered Accountants since 1976.

Mr Tay was appointed to the Board on 1 July 2016 and was last re-elected as a Director on 25 July 2018.

MR NG ENG JOO
Head of Operations

Together with the Chief Executive Officer, Mr Ng Eng Joo is jointly responsible for overseeing the Group's trading business. With 20 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 lifting and haulage services business.

Mr Ng joined Hiap Tong in 1998 and was appointed to the Board on 6 October 2008 before his retirement as a Director of the Company on 25 July 2018. He 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, the Executive Chairman and Chief Executive Officer of the Company, holds a diploma in business studies from Ngee Ann Polytechnic.

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 20 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. He is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

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 lifting and haulage services 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.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr Ong Teck Meng
(Executive Chairman and Chief Executive Officer)

Mr Ong Lim San
(Executive Director)

Mr Ong Boon Tat Alvin
(Executive Director)

Mr Tito Shane Isaac
(Lead Independent Director)

Mr Choy Bing Choong
(Independent Director)

Mr Tay Seo Long
(Independent Director)

AUDIT COMMITTEE

Mr Choy Bing Choong (Chairman)
Mr Tito Shane Isaac
Mr Tay Seo Long

NOMINATING COMMITTEE

Mr Tito Shane Isaac (Chairman)
Mr Ong Boon Tat Alvin
Mr Choy Bing Choong
Mr Tay Seo Long

REMUNERATION COMMITTEE

Mr Tay Seo Long (Chairman)
Mr Tito Shane Isaac
Mr Choy Bing Choong

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 Ken Lee, Associate Director, Investment Banking

PRINCIPAL BANKERS

United Overseas Bank Limited
CIMB Bank Berhad, Singapore Branch
Maybank Singapore Limited

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.)
30 Cecil Street #19-08
Prudential Tower
Singapore 049712

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge: Mr Tan Khai Boon
(Appointed with effect from year ended 31 March 2017)

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 and provisions of the Code of Corporate Governance 2018 (the "2018 Code"), and as applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Companies Act. The Board confirms that the Company has complied substantially with the principles and provisions of the 2018 Code as set out below. Where there are deviations, reasons and explanations in relation to the Company's practices are provided, where appropriate.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provisions 1.1 and 1.2

The Board is collectively responsible for corporate governance, strategic direction and overseeing the investments of the Group. The Management provides the Board with relevant, accurate and timely information to assist the Board to discharge their duties and responsibilities. The Board sets appropriate tone-from-the-top to uphold ethics and integrity within the Group and ensures that directors are not placed in situations where there is a conflict between their duties to the Company and their own personal interests. Where there is any director facing a conflict of interest, the director discloses and recuses himself from meetings and decisions involving the issue. Directors provide a disclosure of interests in transactions, property and offices at least annually or as and when such an interest occurs.

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 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 Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist 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 Directors may also attend other appropriate courses, conferences and seminars, at the Company's expense, this include programs run by the Singapore Institute of Directors and other professional bodies.

Provisions 1.3 and 1.4

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 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, sustainability report and financial statements;
- annual budgets;
- interested person transactions;
- convening of members' meetings;
- matters covered by statutory requirements, Constitution, 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 personnel 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 personnel;
- reviewing the appointment and suitability of the key professional parties such as financial advisers, lawyers and valuers; and
- 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 Board Committees with specific terms of reference. These Committees are the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Enterprise Risk Management Committee ("ERMC"). All Board Committees have written terms of reference.

Provision 1.5

The Board meets at least two 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. Independent Directors are encouraged to meet without the presence of Management.

During the financial year from 1 April 2020 to 31 March 2021 ("FY2021"), the members of the Board and their attendance at the meetings are disclosed below:

Name of Directors	No. of Board Meetings attended	No. of AC Meetings attended	No, of NC Meetings attended	No. of RC Meetings attended
Ong Teck Meng	2 out of 2			
Ong Boon Tat Alvin	2 out of 2		1 out of 1	
Ong Lim San	2 out of 2			
Tito Shane Isaac	2 out of 2	2 out of 2	1 out of 1	1 out of 1
Choy Bing Choong	2 out of 2	2 out of 2	1 out of 1	1 out of 1
Tay Seo Long	2 out of 2	2 out of 2	1 out of 1	1 out of 1

Directors with multiple board representations are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Group. The NC will review the multiple board representations held by the directors on an annual basis to ensure that sufficient time and attention is given to the affairs of the Group.

Provisions 1.6 and 1.7

To enable the Board to fulfill its responsibilities, 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 members 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 FY2021.

All Directors are provided with the agenda and a set of Board papers prior to Board meetings. The Board papers are issued in sufficient time to allow the Directors to better understand the matters to be discussed during the Board meetings. It also allows the Directors to have sufficient time to obtain further explanations from Management where necessary so that they are adequately informed for the Board meetings. The Company fully recognises 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 company secretary attended all Board meetings and Board Committee meetings during FY2021. 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.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The current Board consist of six members comprising three independent non-executive Directors ("Independent Directors") and three executive Directors as follows:

Mr Ong Teck Meng (Executive Chairman and Chief Executive Officer)
Mr Ong Lim San (Executive Director)
Mr Ong Boon Tat Alvin (Executive Director)
Mr Tito Shane Isaac (Lead Independent Director)
Mr Tay Seo Long (Independent Director)
Mr Choy Bing Choong (Independent Director)

Provision 2.1

Under Provision 2.1 of the 2018 Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

Rule 406(3)(d) of the Catalist Rules also sets out circumstances under which a director will not be independent. In accordance with Rule 406(3)(d)(iii) of the Catalist Rules which will come into effect on 1 January 2022, a director who has been a director for an aggregate period of more than 9 years (whether before or after listing), approval for his/her continued appointment as an independent director must be sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders excluding directors, chief executive officer, and their associates. As at the date of this report, none of the Independent Directors have served on the Board beyond nine years from the respective date of their first appointment.

Provisions 2.2 and 4.4

There are three Independent Directors out of a total of six Directors, hence the Independent Directors represent 50% of the total Board membership. Provision 2.2 of the 2018 Code stated that independent directors shall make up a majority of the board where the chairman is not independent. The NC and the Board, after extensive deliberation and observation, are of the opinion that there is a strong independence in the Board and the Board is able to exercise objective judgment independently from Management as all key issues and strategies are thoroughly reviewed and discussed by all Board Members and constructively challenged by the Independent Directors. There was also no individual or a small group of individuals who dominate the decisions of the Board. The NC and the Board felt that the independence of independent directors must be based on the substance of their professionalism, integrity and objectivity and not merely based on form such as the number of independent directors making up more than half of the Board.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company and its shareholders.

The 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's proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

As such, the NC and the Board are of the view that there is no necessity that Independent Directors should make up a majority of the Board where the Chairman is not independent.

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 2018 Code and requires each Director to assess his own independence. This declaration of independence is tabled before the NC and, if accepted, the director's independence is then recommended by the NC to the Board. 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. Taking into account the views of the NC, the Board is satisfied that Mr Tito Shane Isaac, Mr Tay Seo Long and Mr Choy Bing Choong are independent in the light of the provisions of the 2018 Code and Rule 406(3)(d) of the Catalist Rules.

Provisions 2.3 and 2.5

The non-executive Directors made up half of the Board, which constitute a variation from Provision 2.3 of the 2018 Code which provides that non-executive Directors to make up a majority of the Board. The NC is of view that the intent of Principle 2 is met, as non-executive independent Directors make up half of the Board and the Company also has a Lead Independent Director. In addition, all Board Committees are chaired by Independent Directors.

Where appropriate, the non-executive Directors would also meet without the presence of the Management. During FY2021, the Independent Directors have met at least twice without the presence of the Management.

Provision 2.4

The Board has a formal Board Diversity Policy, setting out its policy and framework for promoting diversity on the Board. The Board comprises Directors who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group. The Board also collectively have the necessary mix of experience and core competencies such as accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning experience to contribute to the effective strategic leadership of the Group. In terms of age diversity, one Director is between the ages of 70 to 79, representing 17% of the total Board membership, and two Directors are between the ages of 60 to 69, representing 33% of the total Board membership, two Directors are between the ages of 50 to 59, representing 33% of the total Board membership and one Directors is between the ages of 40 to 49, representing 17% of the total Board membership. In terms of ethnicity and culture, there are five Chinese Directors representing 83% and one Indian Director representing 17% of the total Board membership. In identifying suitable candidates for new appointment to the Board, the NC will ensure that female candidates are included for consideration. Nevertheless, gender is but one aspect of diversity and new directors will continue to be selected based on their merits and the potential contributions which they can bring to the Board.

A brief profile of each Director is set out on pages 9 and 10 in the Annual Report.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Mr Ong Teck Meng, the founder and CEO of the Group, also assumes the role of Chairman of the Board. Mr Ong Teck Meng, as founder of the Group, plays an instrumental role in the development of the Group's business and is personally involved in the day-to-day operations of the Group. Mr Ong Teck Meng not only has extensive and in-depth knowledge of the cranes industry but also provides the Group with strong leadership and vision. As such, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure as the current size and scale of the Group's business and operations does not warrant a division of duties. 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.

Provision 3.1 of the 2018 Code provides that the Chairman and the CEO of the Group are separate persons to ensure that an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. This deviation has been addressed by having the AC to discuss and review all major decisions made by the Chairman. The NC reviews the Chairman's performance and re-appointment to the Board while the RC reviews his remuneration package periodically. The three Board Committees are chaired by independent directors and 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.

Provision 3.2

The Chairman is responsible for the strategic guidance and bears the responsibility for the workings of the Board. The Chairman also 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 2018 Code.

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

Provision 3.3

For good corporate governance, Mr Tito Shane Isaac 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 CEO, and Group Financial Controller ("GFC") have failed to resolve or where such communication is inappropriate. He can be contacted at tito@hiaptong.com.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2

The NC comprises Mr Tito Shane Isaac, Mr Tay Seo Long, Mr Choy Bing Choong and Mr Ong Boon Tat Alvin, with Mr Tito Shane Isaac as Chairman of the NC.

The NC is guided by its terms of reference which sets out its responsibilities. The NC is responsible for making recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).

Provision 4.3

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.

(f) 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 Constitution 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 Constitution.

(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.

With effect from January 1, 2019, all directors, including executive directors, must submit themselves for re-nomination and re-appointment at least once every three years, in accordance with Rule 720(4) of the Catalist Rules.

Regulation 91 of the Constitution requires one-third of the Directors to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM"). The Directors must submit themselves for re-nomination and re-election at regular interval of at least once every three years. In addition, Regulation 97 of the Constitution 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 due for re-nomination and re-appointment at the forthcoming AGM under Regulation 91 of the Constitution are Mr Choy Bing Cheong and Mr Tay Seo Long.

The NC has recommended that Mr Choy Bing Cheong and Mr Tay Seo Long, being eligible and who have offered themselves for re-election, be re-elected. Information relating to Directors seeking re-election as set out in Appendix F to the Catalist Rules is set out on pages 103 to 108 as required pursuant to Rule 720(5) of the Catalist Rules.

The Board has accepted the recommendations from the NC.

Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. In the event that any person is appointed as a Director, the newly appointed Director 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 the duties and obligations as a director. Orientation programmes and familiarization visits will be organised, if necessary, to facilitate a better understanding of the Group's operations. No new Director was appointed during the year under review.

The NC also assess whether 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 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.

The Board had adopted an internal guideline that seeks to address the competing time commitments that may be faced when a Director holds multiple board appointments. The NC noted that, based on the attendance of the Board and Board Committee meetings held during the financial year, the Directors present were able to participate at the meetings to carry out their duties. The NC was therefore satisfied that where a Director had multiple board representations and/or other major commitments, the Director was able to and had been adequately carrying out his duties as a Director of the Company.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

During the year, the NC had evaluated the Board's performance and contribution of each Board member as well as reviewed the Board succession plans.

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 as a Director. Upon the recommendation of the NC, the Board makes a formal annual assessment of its effectiveness as a whole, its board committee and each Director. No external facilitator was engaged for the financial year in review.

Provision 4.1(a)

The Board believes in carrying out succession planning for its top management team to ensure continuity of leadership. Since 2018, there has been an ongoing informal succession programme initiated by the Executive Chairman and CEO and the Executive Directors to prepare a team of future leaders for the Group's long term sustainability. The potential successors to key positions are identified and development plans instituted for them. The NC reviews the succession programme to ensure that development plans are instituted for the successors. All the Board members were informed of the succession plan and participated in the discussion.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2

The RC comprises three Independent Directors, namely, Mr Tay Seo Long, Mr Tito Shane Isaac and Mr Choy Bing Choong, with Mr Tay Seo Long as Chairman of the RC.

The RC is guided by its terms of reference which sets out its responsibilities. The functions of the RC is to review and make recommendations to the Board on:

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

and in doing so the RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

Provisions 6.3 and 6.4

The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. During the year, the RC had discussed various remuneration matters and recording its decisions by way of minutes. All the Committee members were involved in the deliberations. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package. No external remuneration consultant was engaged for FY2021.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1

The remuneration for executive Directors and key management personnel is structured to link rewards to corporate and individual performance. The RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, having regard to the financial and commercial health and business needs of the Group including market trends. The RC also exercises its discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders, in a manner that promotes stewardship and long term value creation.

Provision 7.2

Non-executive directors are paid Directors' fees that are based on corporate and individual responsibilities and are subject to approval of the shareholders at the AGM of the Company. The Board concurred with the RC that the proposed directors' fees for the year ended 31 March 2021 is appropriate to the level of contribution and is not excessive, taking into account factors such as consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

Provision 7.3

The RC ensures that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Principle 8: Disclosure of Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 and 8.2

The remuneration of each individual Director and key management personnel 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.

The Board is of the view that a breakdown, showing the level and mix of each individual Director's and key management personnel payable for FY2021 in bands of S$250,000 which provides sufficient overview of the remuneration of the Directors and key management personnel is as follows:

Directors' Remuneration

Remuneration band and Name of Director	Base Salary	Variable Bonus	Director's Fees	Total Remuneration
S$500,000 to below S$750,000				
Ong Teck Meng**	100%	–	–	100%
S$250,000 to below S$500,000				
Ong Boon Tat Alvin**	100%	–	–	100%
Below S$250,000				
Ong Lim San**	100%	–	–	100%
Tito Shane Isaac*	–	–	100%	100%
Tay Seo Long*	–	–	100%	100%
Choy Bing Choong*	–	–	100%	100%

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

** The CEO and Executive Directors have a 3-year service contract that expires on 1 November 2021. The 3-year service contract will be reviewed by the RC for renewal after its expiry date.

Key management personnel's Remuneration#

Remuneration band	Base Salary	Variable Bonus	Total Remuneration
Below S$250,000			
Ng Eng Joo	100%	–	100%
Sukhmunder Singh s/o Jugjit Singh	100%	–	100%
Loh Boon Wah	100%	–	100%

The Group has only 3 key executives.

The aggregate total remuneration paid to the 3 key management personnel of the Group (who are not Directors or the CEO) for FY2021 was approximately S$561,000.

Provision 8.2

None of those employees who are immediate family members of the Directors, CEO or substantial Shareholders of the Company have a remuneration which exceeds S$100,000 during FY2021.

Provision 8.3

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 FY2021.

Having reviewed and considered the incentive components of the Executive Directors, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to reclaim incentive components of remuneration from Executive Directors in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

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 AC 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.

Rule 1204(10) of the Catalist Rules

Internal auditors have conducted an 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, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board is satisfied that there were adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The AC concurs with the Board's comment.

Provision 9.2

The Board has received a letter of assurance from the CEO and GFC 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.

AUDIT COMMITTEE

Principle 10: Audit Committee

The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provisions 10.1 and 10.2

The AC comprises Mr Choy Bing Choong, Mr Tito Shane Isaac and Mr Tay Seo Long, with Mr Choy Bing Choong as Chairman of the AC. The Board considers Mr Choy Bing Choong, who has extensive and practical financial management knowledge and experience, is well qualified to chair the AC. The Board is satisfied that the AC members, collectively have many years of experience in accounting, finance, legal and business management and are appropriately qualified to discharge their responsibilities.

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's roles and responsibilities are described in its terms of reference. The AC's duties include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

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.

Provision 10.3

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Provisions 10.1(b) and 10.(d)

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.

The AC has discussed the identified key audit matters (set out in pages 34 to 35 of this annual report) with both Management (with respect to their approach in assessing impairment to the carrying value of property, plant and equipment, and recoverability of trade receivables) and with the External Auditors as to how these matters were addressed during their audit. On these bases, the AC concurs with the issues raised and manner by which they were addressed by Management. The AC further noted that the External Auditors are satisfied with Management's assessments.

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 that are relevant to the Group's preparation of financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Material non-compliance and internal control weaknesses noted during such a review are reported to the AC together with their recommendations.

During FY2021, the aggregate amount paid to the external auditors amounted to approximately S$150,000 comprising S$133,000 paid for the provision of audit services and S$17,000 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.

In line with the Catalist Rules, the Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company, had pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as directors and officers comply with the best of their abilities with the provisions of the SGX-ST's Listing Rules and the Securities and Futures Act and will procure the Company to do so.

Provision 10.1(f)

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;

i) investigations are carried out in an appropriate and timely manner;

ii) administrative, disciplinary and civil actions that are initiated following the completion of the investigations, are appropriate and fair; and

iii) 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 victimisation 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 FY2021.

Provisions 10.1(e) and 10.4

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 authorise 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.

Rule 719(3) and 1204 (10C) of the Catalist Rules

The AC is satisfied that the internal audit function is independent, effective and adequately resourced to perform its function effectively. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

Provision 10.5

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 with the internal and external auditors (without presence of Management) at least once a year to review any matter that might be raised.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meeting

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

Due to the COVID-19 restrictions and advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore that were in effect at the relevant time, the annual general meeting of the Company held in respect of the financial year ended 31 March 2020 was held on 25 September 2020 by way of electronic means and shareholders were not able to attend the annual general meeting in person. To enable shareholders to participate in and vote effectively at the annual general meeting held by way of electronic means, the Company had set out detailed information on the alternative arrangements relating to attendance at the annual general meeting, submission of questions in advance of the annual general meeting, and voting procedures for the annual general meeting (the "Alternative Arrangements") in the Company's announcement dated 3 September 2020 on the SGXNET.

The forthcoming annual general meeting of the Company to be held in respect of FY2021 will also be held by way of electronic means. The alternative arrangements relating to attendance at the AGM via electronic means i.e. live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place.

The Company provides shareholders the opportunity to participate effectively in and vote at the general meetings of shareholders and informs them of the rules, including the voting procedures that govern the general meetings of shareholders.

Shareholders are encouraged to attend the AGMs and extraordinary general meetings of the Company to ensure high level of accountability and to stay appraised of the Group's strategy and goals. At the AGMs, the shareholders are given an opportunity to air their views and ask questions regarding the Company and the Group. The Board and Management are present at the annual general meetings to address any questions that the shareholders may have. The external auditors of the Company are also present to assist the Board in addressing relevant queries by the shareholders. Shareholders have the opportunity to vote in person or by proxy.

To promote greater transparency and effective participation, since 2016, the Company has conducted the voting of all its resolutions by employing electronic poll voting for all its resolutions passed at its AGM. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were released immediately at the AGM and announced to SGX-ST via SGXNET thereafter. The Company Secretary prepares minutes of general meetings that includes a summary of comments or queries made by shareholders during that meeting, and responses from the Board. Generally, during general meetings, shareholders are invited to raise questions, and this would be recorded in the minutes.

Provision 11.2

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

Provision 11.3

The Directors, Management and the External Auditor are present and available at the general meetings to address any queries or concerns on matters relating to the Group and its operation. During FY2021, an AGM was held during the financial year.

Provision 11.4

For FY2021, the Company was not able to implement absentia voting methods such as voting via emails or fax since security, integrity of the information, authentication of the identity of shareholders and other pertinent issues have not been satisfactorily resolved. The Company will take into account any measures and legislations that may be introduced by the relevant authorities as a result of the current environment in formulating the framework and procedures to effect additional methods of voting.

Provision 11.5

Provision 11.5 of the 2018 Code provides that the Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The Company does not publish minutes of general meetings or shareholders on its corporate website. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting) including disclosure of sensitive information to the Group's competitors. Further, shareholders, including those who did not attend the relevant general meeting, have a right to be furnished copies of minutes of general meeting pursuant to Section 189 of the Companies Act, Chapter 50. Accordingly, the Company is of the view that its position is consistent with the intent of Principle 11 of the 2018 Code as shareholders are treated fairly and equitably by the Company. In accordance with the alternative arrangements, the Minutes of AGM will be published within one month after the AGM to be held in respect of FY2021 on SGXNET and the Company's website.

Provision 11.6

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.

Principle 12: Engagement with Shareholder

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

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 AGMs. 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, Director
Telephone No: (65) 6779 5050
Fax No: (65) 6777 0841

E-mail: alvinong@hiaptong.sg

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 has in place an investor relations policy which allows for an ongoing of views so as to actively engage and promote regular, effective and fair communication with shareholders. The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholder

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

Provision 13.2

Details of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2021 will be set out in the Company's Sustainability Report.

Overall, sustainability is an integral component of Hiap Tong's corporate strategy on managing business for our long term success. The Group is committed to sustainable business practices and we continue consider material environmental, social and governance topics as part of our core business strategy. In the financial year ended 30 March 2021 ("FY2021"), the Group has maintained its longstanding commitment to the Environmental, Social and Governance ("ESG") factors which has built the foundation of our operational resilience. The Group continues to actively engage in strategic initiatives that will yield a greater positive impact for the future.

The Group has engaged with our stakeholders to identify material aspects that guide decision making. We continue to work closely with our customers, suppliers, management and staff to identify and consider any economic opportunities and risks that may arise to maximise stakeholders' value. There is also a focus on the areas of environmental and social commitment. Hiap Tong's sustainability report is prepared in accordance to the Global Reporting Initiative ("GRI") Standards ("GRI Standards"): Core option, focusing on Economic, Social and Environment, as well as the Corporate Governance aspect. The efforts in maintaining sustainable business practices include training programmes for employees, implementing anti-corruption procedures and complying with relevant policies to ensure health, safety and welfare of its employees as well as other sustainability issues will be released in a stand-alone sustainability report to its shareholders within 5 months of the end of the financial year.

Provision 13.3

The Company maintains a current corporate website to communicate and engage with stakeholders. The Company's website is at http://www.hiaptong.com.

OTHER CORPORATE GOVERNANCE MATTERS

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 S$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 13 of page 76 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 FY2021.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2021.

In our opinion:

(a) the financial statements set out on pages 38 to 95 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and the financial performance, 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 (International); 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.

Directors

The directors in office at the date of this statement are as follows:

Ong Lim Wan @ Ong Teck Meng
Ong Boon Tat Alvin
Ong Lim San
Tito Shane Isaac
Tay Seo Long
Choy Bing Choong

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 year	Holdings at end of the 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	1,900,000	1,900,000
- deemed interests	189,785,313	189,785,313
Ong Boon Tat Alvin		
- ordinary shares		
- direct interests	2,978,775	2,978,775
- deemed interests	78,907	78,907

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the 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, all of which are wholly-owned, at the beginning and at the end of the financial year.

Except as disclosed in this statement, 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 of the financial year 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 2021.

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.

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.

Audit Committee

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

Choy Bing Choong	Non-executive director (Chairman)
Tito Shane Isaac	Non-executive director
Tay Seo Long	Non-executive director

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

The Audit Committee has held 2 meetings since the last directors' statement. 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 given by the Company's officers to the internal and external auditors;
- half yearly 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 Catalist Rules).

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 Catalist Rules.

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

5 July 2021

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hiap Tong Corporation Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021, the consolidated statements of comprehensive income, changes in equity and cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 38 to 95.

In our opinion, the accompanying 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 Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) in Singapore ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of property, plant and equipment ($118.7 million) (Refer to note 4 of the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
As at 31 March 2021, the Group's market capitalisation of $18.2 million is below the net asset value attributable to shareholders by $77.9 million, which indicates that the property, plant and equipment may be impaired. Management has determined three Cash Generating Units (CGUs) namely the Singapore Lifting and Haulage business CGU, Malaysia Lifting and Haulage business CGU and Port Services CGU. This was defined by the operating segments and their geographic locations under the Group that generate independent cash inflows. The Group performed an impairment assessment on the Singapore Lifting and Haulage business and Port Services CGUs using discounted future cash flows determined based on key assumptions on forecasted cash flows, revenue growth rates and discount rate of each CGU. For the Malaysia Lifting and Haulage business with limited operating track record, as there is an active secondary market for plant and machinery, the fair value less costs of disposal was estimated using a desktop valuation by an independent professional valuer and management's estimation of cost of disposal. Impairment assessment of property, plant and equipment involves judgement in the identification of CGUs and estimation uncertainties in determining key assumptions underlying the recoverable amounts.	We considered the appropriateness of management's determination of the CGUs based on our understanding of the operations and structure of the Group and corroboration with management. For CGUs where discounted cash flows are prepared, we evaluated the key assumptions used in the discounted future cash flows (including contract orders, revenue growth rate and discount rate) by comparing them against historical information, together with publicly available information where available. We checked the mathematical accuracy of the impairment calculations. We assessed the adequacy of the related disclosures in the financial statements in describing the inherent degree of estimation uncertainty and key assumptions used. For the Malaysia Lifting and Haulage business where fair value less costs of disposal is estimated, we evaluated the competence, capabilities and objectivity of the independent valuer and compared the valuation to readily available market data found for plant and machinery traded in the secondary market where available.
Our findings We found that the identification of CGUs to be appropriate and the underlying assumptions and resulting estimates were within a balanced range of outcomes.	

Valuation of trade receivables ($16.0 million) (Refer to note 22 of the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group has significant trade receivable balances with customers concentrated in the petrochemical and marine industries. There is a risk over the recoverability of these balances due to the economic uncertainties faced by these industries. Trade receivable balances are subjected to expected credit loss (ECL) assessment under SFRS(I) 9 *Financial Instruments*. The Group applied the simplified approach to provide for ECLs. Under this approach, the loss allowances are measured at amounts equal to the ECLs that result from all possible defaults over the expected life of the trade receivables. The Group estimated the loss allowances based on historical loss rates adjusted to incorporate forward-looking information. Management also considers if specific allowance on specific receivables should be made by reference to the current financial conditions of the customers, payment history and records, and nature of disputes, if any, with the customers. The loss rate estimated is then applied on a collective basis to the remaining trade receivables. Estimation of ECL of trade receivable requires significant management's estimation.	We have reviewed the Group's process to monitor outstanding receivable balances and make specific provisions for balances that are deemed uncollectible due to disputes or deteriorating financial conditions of the customers. We reviewed management's ECL assessment on trade receivables using the historical loss rate adjusted for forward-looking information. Where specific allowances on trade receivables have been made, we assessed the recoverability of these receivables by analysing the payment history and credit-worthiness of these debtors and checked for receipts subsequent to the year-end. We have also considered the adequacy of disclosures in the financial statements about the extent of estimation and judgement involved in determining the impairment loss allowances.
Our findings Management's use of estimate to determine the level of impairment losses needed in trade receivables is balanced. We found the Group's disclosures in the financial statements with regard to allowance for impairment loss allowances to be appropriate.	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Khai Boon.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 July 2021

STATEMENTS OF
FINANCIAL POSITION

Year ended 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current assets					
Property, plant and equipment	4	118,652	126,690	24,915	27,992
Investment properties	5	8,450	8,750	7,700	8,000
Subsidiaries	6	–	–	3,500	3,500
Other investment		250	200	–	–
		127,352	135,640	36,115	39,492
Current assets					
Trade and other receivables	7	18,596	18,695	3,989	4,519
Derivative financial instruments		21	–	–	–
Cash and cash equivalents		12,880	6,652	417	302
		31,497	25,347	4,406	4,821
Total assets		158,849	160,987	40,521	44,313
Equity attributable to owners of the Company					
Share capital	8	24,450	24,450	24,450	24,450
Merger reserve	9	(1,670)	(1,670)	–	–
Translation reserve		72	20	–	–
Fair value reserve		50	–	–	–
Accumulated profits		55,038	55,373	(2,925)	(1,775)
Total equity		77,940	78,173	21,525	22,675
Non-current liabilities					
Loans and borrowings	10	8,033	4,625	825	1,587
Lease liabilities	11	32,683	33,336	14,526	15,447
Deferred tax liabilities	12	8,537	9,341	–	–
Trade and other payables	13	1,809	1,809	–	–
		51,062	49,111	15,351	17,034
Current liabilities					
Loans and borrowings	10	5,611	5,845	2,533	3,434
Lease liabilities	11	13,175	11,598	920	870
Trade and other payables	13	9,417	14,221	192	257
Deferred income	14	1,282	1,487	–	43
Current tax liabilities		362	543	–	–
Derivative financial instruments		–	9	–	–
		29,847	33,703	3,645	4,604
Total liabilities		80,909	82,814	18,996	21,638
Total equity and liabilities		158,849	160,987	40,521	44,313

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

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

Year ended 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	15	54,326	58,758
Cost of sales		(52,024)	(49,217)
Gross profit		2,302	9,541
Other income	16	10,468	2,242
Distribution expenses		(354)	(214)
Administrative expenses		(7,742)	(7,726)
Other expenses		(3,335)	(8,154)
Net change in fair value of investment properties	5	(300)	(850)
Results from operating activities		1,039	(5,161)
Finance income	17	4	7
Finance costs	17	(2,054)	(2,596)
Net finance costs		(2,050)	(2,589)
Loss before tax		(1,011)	(7,750)
Tax credit/(expense)	18	676	(369)
Loss for the year	19	(335)	(8,119)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at FVOCI - net change in fair value		50	–
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to foreign operations		52	10
Other comprehensive income, net of tax**		102	10
Total comprehensive income for the year		(233)	(8,109)
Earnings per share			
Basic and diluted earnings (cents)	20	(0.11)	(2.64)

** *There was no tax effect on the components included in other comprehensive income.*

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 March 2021

	Note	Attributable to owners of the Company						
		Share capital	Merger reserve	Foreign currency translation reserve	Accumulated profits/(loss)	Total	Non-controlling interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2019		24,450	(1,670)	10	63,646	86,436	(147)	86,289
Total comprehensive income for the year								
Loss for the year		–	–	–	(8,119)	(8,119)	–	(8,119)
Foreign currency translation differences relating to foreign subsidiaries		–	–	10	–	10	–	10
Total other comprehensive income		–	–	10	–	10	–	10
Total comprehensive income for the year		–	–	10	(8,119)	(8,109)	–	(8,109)
Transactions with owners, recognised directly in equity								
Distribution to owners								
Dividend paid	9	–	–	–	(154)	(154)	–	(154)
Total distribution to owners		–	–	–	(154)	(154)	–	(154)
Changes in ownership interests in subsidiaries								
Liquidation of a subsidiary		–	–	*	–	–	147	147
Total changes in ownership interests in subsidiaries		–	–	*	–	–	147	147
Total transactions with owners		–	–	*	(154)	(154)	147	(7)
At 31 March 2020		24,450	(1,670)	20	55,373	78,173	–	78,173

* *Amount less than $1,000*

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

	Note	Attributable to owners of the Company							
		Share capital $'000	Merger reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated profits/(loss) $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
At 1 April 2020		24,450	(1,670)	–	20	55,373	78,173	–	78,173
Total comprehensive income for the year									
Loss for the year		–	–	–	–	(335)	(335)	–	(335)
Equity investment at FVOCI-net change in fair value		–	–	50	–	–	50	–	50
Foreign currency translation differences relating to foreign subsidiaries		–	–	–	52	–	52	–	52
Total other comprehensive income		–	–	50	52	–	102	–	102
Total comprehensive income for the year		–	–	50	52	(335)	(233)	–	(233)
At 31 March 2021		24,450	(1,670)	50	72	55,038	77,940	–	77,940

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Loss for the year		(335)	(8,119)
Adjustments for:			
Depreciation		13,701	14,034
Loss/(Gain) on disposal of property, plant and equipment	16,19	288	(46)
Net change in fair value of investment properties	5	300	850
Net change in fair value of financial derivatives		(30)	9
Impairment losses on property, plant and equipment	19	2,120	8,000
Interest expense	17	1,998	2,115
Interest income	17	(4)	(7)
Tax (credit)/expense	18	(676)	369
		17,362	17,205
Changes in:			
Trade and other receivables		99	(1,798)
Trade and other payables		(362)	2,653
Income tax paid		(309)	–
Net cash from operating activities		16,790	18,060
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,757)	(688)
Other investment		–	(200)
Interest received		4	7
Proceeds from sale of property, plant and equipment		2,926	51
Net cash used in investing activities		1,173	(830)
Cash flows from financing activities			
Interest paid		(1,998)	(2,115)
Dividends paid		–	(154)
Payments of lease liabilities		(13,008)	(11,944)
Proceeds from loans and borrowings		9,000	8,570
Repayment of loans and borrowings		(5,826)	(10,279)
Non-trade amounts due to directors		–	(456)
Net cash used in financing activities		(11,832)	(16,378)
Net increase in cash and cash equivalents		6,131	852
Cash and cash equivalents at beginning of the year		6,652	5,777
Effect of exchange rate changes on balances held in foreign currencies		97	23
Cash and cash equivalents at end of the year		12,880	6,652

Significant non-cash transactions

During the financial year, the Group acquired property, plant and equipment totalling $11,106,000 (2020: $8,364,000), of which $7,246,000 (2020: $933,000) was acquired under new leases and $1,658,000 (2020: $7,088,000) was payable to an external supplier.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 July 2021.

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 2021 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, trading of cranes and heavy equipment and supply labour for container lashing/unlashing, prime movers driving services and ancillary works.

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 (International) (SFRS(I)). The related changes to significant accounting policies are described in note 2.5.

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 SFRS(I)s 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 5 – determination of fair value of investment properties; and

Note 22 – measurement of expected credit losses (ECL) allowance for trade and other receivables

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Financial Controller.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 22 – financial risk management.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 April 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

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

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition 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. Any goodwill that arises is tested annually for impairment.

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 that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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 SFRS(I)s.

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.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 Significant accounting policies (cont'd)

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 translated 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 translated 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 currency differences arising on translation are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. 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

(i) Recognition and initial measurement

Non-derivative financial assets and liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting

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

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedges its foreign currency exposures.

Derivatives are initially measured at fair value and any directly 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 generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedging instrument and the hedged item, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(vi) 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.

(vii) Financial guarantees

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.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

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, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 April 2017, the Group's date of transition to SFRS(I), was determined with reference to its fair value at that date.

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.

If significant 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.

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.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Depreciation (cont'd)

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

• Right-of-use land and dormitories	Over the term of the lease of 1 to 17 years
• Leasehold property	Over the term of the lease of 15 to 22 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 to 10 years

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

3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties include the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Property that is being constructed for future use as investment property is accounted for at fair value.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of dormitories, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 Significant accounting policies (cont'd)

3.6 Leases (cont'd)

(i) As a lessee (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Significant accounting policies (cont'd)

3.6 Leases (cont'd)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see note 3.6). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

3.7 Impairment

Non-derivative financial assets

The Group recognises loss allowance for ECL on:

- financial assets measured at amortised cost;
- intra-group financial guarantee contracts.

Loss allowance of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

General approach

The Group applies the general approach to provide for ECLs for all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Credit-impaired financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, 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 of disposal. 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 CGUs.

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.

3 Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-financial assets (cont'd)

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.

Investments in subsidiaries

The carrying amounts of the Company's investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss in respect of a subsidiary is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.8 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.

3.9 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 Significant accounting policies (cont'd)

3.10 Revenue recognition

Lifting and haulage services revenue

Revenue from the rental of plant and machinery and service income from the provision of manpower is recognised in profit or loss on a straight-line basis over the period of the contract. Rental incentives granted are recognised as an integral part of the total rental income over the term of the contract.

Rental income from investment property is recognised as other income.

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.11 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3 Significant accounting policies (cont'd)

3.12 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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.

3.13 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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

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; and
- temporary differences related to investments in subsidiaries 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.

3 Significant accounting policies (cont'd)

3.13 Tax (cont'd)

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 date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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.

Deferred tax assets are recognised for unused tax losses, unused 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 used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.14 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.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

3 Significant accounting policies (cont'd)

3.16 Results from operating activities

Results from operating activities is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Results from operating activities excludes net finance costs and income taxes.

3.17 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to FRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

4 Property, plant and equipment

	Right-of-use land and dormitories $'000	Leasehold property $'000	Plant and machinery owned $'000	Right-of-use plant and machinery $'000	Renovation $'000	Office equipment $'000	Motor vehicles $'000	Property under construction $'000	Total $'000
Group									
Cost									
At 1 April 2019	18,163	18,925	119,980	74,886	278	740	3,623	2,889	239,484
Additions	596	–	1,023	6,455	30	42	147	71	8,364
Effect of movements in exchange rates	–	–	(23)	–	*	*	(2)	–	(25)
Disposals	–	–	(446)	–	(5)	–	–	–	(451)
Transfer from right-of-use to owned assets upon lease expiration	–	–	14,260	(14,260)	–	–	–	–	–
Transfer between asset class	–	2,960	–	–	–	–	–	(2,960)	–
At 31 March 2020	18,759	21,885	134,794	67,081	303	782	3,768	–	247,372
Additions	445	–	1,088	9,374	4	53	142	–	11,106
Effect of movements in exchange rates	(5)	–	(53)	–	*	*	(6)	–	(64)
Disposals/written off	–	–	(9,635)	–	–	–	–	–	(9,635)
Remeasurement	(62)	–	–	–	–	–	–	–	(62)
Transfer from right-of-use to owned assets upon lease expiration	–	–	679	(679)	–	–	–	–	–
At 31 March 2021	19,137	21,885	126,873	75,776	307	835	3,904	–	248,717
Accumulated depreciation									
At 1 April 2019	–	6,557	69,441	19,971	232	676	2,219	–	99,096
Depreciation charge for the year	1,915	1,459	5,862	4,310	10	45	433	–	14,034
Impairment loss	1,006	847	3,143	2,966	4	3	31	–	8,000
Effect of movements in exchange rates	–	–	(2)	–	*	*	*	–	(2)
Disposals	–	–	(446)	–	*	–	–	–	(446)
Transfer from right-of-use to owned assets when leases expire	–	–	5,944	(5,944)	–	–	–	–	–
At 31 March 2020	2,921	8,863	83,942	21,303	246	724	2,683	–	120,682
Depreciation charge for the year	1,799	1,462	5,311	4,651	11	49	418	–	13,701
Impairment loss	247	204	702	961	*	1	5	–	2,120
Effect of movements in exchange rates	(3)	–	(11)	–	*	*	(3)	–	(17)
Disposals	–	–	(6,421)	–	–	–	–	–	(6,421)
Transfer from right-of-use to owned assets when leases expire	–	–	4,625	(4,625)	–	–	–	–	–
At 31 March 2021	4,964	10,529	88,148	22,290	257	774	3,103	–	130,065
Carrying amounts									
At 1 April 2019	18,163	12,368	50,539	54,915	46	64	1,404	2,889	140,388
At 31 March 2020	15,838	13,022	50,852	45,778	57	58	1,085	–	126,690
At 31 March 2021	14,173	11,356	38,725	53,486	50	61	801	–	118,652

* *Amount less than $1,000.*

4 Property, plant and equipment (cont'd)

	Right-of-use land $'000	Leasehold property $'000	Renovation $'000	Property under construction $'000	Total $'000
Company					
Cost					
At 1 April 2019	17,139	18,924	74	2,889	39,026
Additions	–	–	22	71	93
Transfer between asset class	–	2,960	–	(2,960)	–
At 31 March 2020	17,139	21,884	96	–	39,119
Additions	–	–	3	–	3
Transfer between asset class	–	–	–	–	–
At 31 March 2021	17,139	21,884	99	–	39,122
Accumulated depreciation					
At 1 April 2019	–	6,556	35	–	6,591
Depreciation charge for the year	1,235	1,459	8	–	2,702
Impairment loss	983	847	4	–	1,834
At 31 March 2020	2,218	8,862	47	–	11,127
Depreciation charge for the year	1,159	1,462	9	–	2,630
Impairment loss	245	204	1	–	450
At 31 March 2021	3,622	10,528	57	–	14,207
Carrying amounts					
At 1 April 2019	17,139	12,368	39	2,889	32,435
At 31 March 2020	14,921	13,022	49	–	27,992
At 31 March 2021	13,517	11,356	42	–	24,915

Property, plant and equipment includes right-of-use assets of $67,659,000 (2020: $61,616,000) related to leased land, properties and machinery.

Impairment assessment

As at 31 March 2021, the Group's market capitalisation of $18,200,000 continues to be less than the Group's total net assets of $77,900,000. In addition, the EBITDA margin achieved (excluding Job Support Scheme grants) in FY2021 was lower than the forecast EBITDA margin made in FY2021. These are indicators that the Group's non-financial assets may be further impaired and further assessment of recoverable amounts of non-financial assets is required.

For the purpose of impairment assessment, management has determined the cash-generating units (CGUs) to be the Singapore Lifting and Haulage business, Malaysia Lifting and Haulage business and port services business.

The key assumptions used in the estimation of the recoverable amount represent management's assessment of future trends in the respective business and have been based on historical data from both external and internal sources.

4 Property, plant and equipment (cont'd)

Impairment assessment (cont'd)

Based on the review performed by the Group, impairment loss of $2,120,000 (2020: $8,000,000) was recognised on property, plant and equipment for the year ended 31 March 2021 for Singapore and Malaysia Lifting and Haulage business CGU and 31 March 2020 for Singapore Lifting and Haulage business CGU only. The impairment loss is included in 'other expenses' in the Group's income statement.

	2021	2020
	%	%
Singapore Lifting and Haulage business		
Discount rate (pre-tax)	10.3	10.3
Revenue compound annual growth rate	3.9	5.1
EBITDA compound annual growth rate	3.0	4.5

The cash flow projections included specific estimates over the weighted average useful life of the non-financial assets of twelve years (2020: twelve years). The cash flow projections were based on forecasts prepared by the management taking into account of past experience and existing market conditions and any adverse movements in the key assumptions can lead to further impairment losses in future periods.

Management has considered the impact of COVID-19 on the Group's business and its operations. However, if the COVID-19 outbreak evolve to worsen business conditions, the recoverable amounts of the CGU tested during the impairment assessment may be negatively affected. Given the fluidity of the situation, the Group and Company will remain vigilant and continue to monitor events closely.

The impairment loss was allocated *pro rata* to the different class of assets constituting the Singapore Lifting and Haulage business as follows:

	2021	2020
	$'000	$'000
Group		
Right-of-use land and dormitories	247	1,006
Leasehold property	204	847
Plant and machinery owned	702	3,143
Right-of-use plant and machinery	961	2,966
Renovation	–	4
Office equipment	1	3
Motor vehicles	5	31
	2,120	8,000
Company		
Right-of-use land	245	983
Leasehold property	204	847
Renovation	1	4
	450	1,834

4 Property, plant and equipment (cont'd)

Property, plant and equipment under construction

In 2020, construction of a new workshop on a piece of leasehold land was completed. The construction costs incurred up to 31 March 2020 totalled $2,889,000 was reclassified from 'property under construction' to 'leasehold property'.

Security

As at 31 March 2021, property, plant and equipment of the Group with a carrying amount of $11,398,000 (2020: $13,071,000) were pledged as securities to secure bank loans of $3,357,000 (2020: $6,021,000) (see note 10).

The depreciation charge for the year is analysed as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Cost of sales	13,199	13,493
Administrative expenses	502	541
	13,701	14,034

5 Investment properties

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 April	8,750	9,600	8,000	8,800
Net change in fair value	(300)	(850)	(300)	(800)
At 31 March	8,450	8,750	7,700	8,000

Investment properties comprise of two commercial properties held by the Group with the intention to hold for long term, capital appreciation or rental.

Changes in fair value are recognised as losses in profit or loss and included in 'net change in fair value of investment properties'. All losses are unrealised.

The leasehold properties are pledged as securities to secure bank loans (see note 10).

5 Investment properties (cont'd)

Measurement of fair value

Fair value hierarchy

The fair values of investment properties were determined by external independent valuers having the appropriate recognised professional qualification and recent experience in the location and categories of the properties being valued. The independent valuers provide the fair values of the Group's investment properties annually. The fair values of the investment properties are dependent on recent market transactions used by the valuers.

The outbreak of COVID-19 has resulted in market uncertainty and volatility, and accordingly the valuation of investment property may fluctuate more rapidly and significantly subsequent to valuation date as compared to normal market conditions.

The fair value measurement for the investment properties of $8,450,000 (2020: $8,750,000) has been categorised as a Level 2 fair value based on observable market sales data (see note 2.4).

Valuation technique

The following table shows the valuation technique used in measuring the fair value of investment properties.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Market comparison method	Transacted prices per square metre of comparable properties in close proximity on recent market transactions (1)	The estimated fair value varies with different adjustment factors used

(1) Adjustments are made for any difference in the time, size, condition, location, remaining lease term and type of the specific property.

6 Subsidiaries

	Company 2021 $'000	Company 2020 $'000
Equity investments, at cost	3,920	3,920
Less: Allowance for impairment of investments	(420)	(420)
	3,500	3,500

6 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group	
			2021 %	2020 %
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
Held through Hiap Tong Crane & Transport Pte Ltd				
HT Ports Services Pte Ltd	Provision of labour supply for container lashing/ unlashing, prime mover driving services and ancillary works and repair and maintenance of motor vehicles	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
Held through Hiap Tong Trading Pte. Ltd.				
HTV Equipment Company Limited	Provision of heavy lifting and haulage services, as well as the trading of cranes and heavy equipment	Vietnam	100	100
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

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of the foreign-incorporated subsidiaries, except for HT Infrastructure Private Ltd and HTV Equipment Company Limited where no audit is required. 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.

7 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade receivables				
Third parties	15,895	14,993	–	–
Unbilled receivables	964	1,343	–	–
Allowance for impairment losses	(849)	(828)	–	–
Net trade receivables	16,010	15,508	–	–
Loan due from third party	108	107	–	–
Grant receivables	1,439	1,501	–	57
Other receivables	464	995	29	29
Deposits	410	388	85	28
Non-trade amounts due from subsidiaries	–	–	3,857	4,387
	18,431	18,499	3,971	4,501
Prepayments	165	196	18	18
	18,596	18,695	3,989	4,519

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

Unbilled receivables relate to amounts recognised as revenue that have not been invoiced as at the reporting date.

Loan due from third party bears interest of 5% per annum and is repayable in 2021. During the year, the loan due from third party was extended to 2022.

Grant receivables pertains to government grant receivable under the Jobs Support Scheme (2020: government grant receivable under the Jobs Support Scheme and property tax rebates).

The Group's and the Company's exposure to credit and currency risks and impairment losses, are disclosed in Note 22.

8 Share capital

	Group and Company	
	2021	2020
	No. of shares	No. of shares
	'000	'000
Issued and fully paid ordinary shares, with no par value		
At 1 April and 31 March	308,065	308,065

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. All shares rank equally with regard to the Company's residual assets.

8 Share capital (cont'd)

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 levels of borrowings and the advantages and security afforded by a sound capital position. The Group achieved a return on shareholders' equity of -0.4% (2020: -10.4%) for the year ended 31 March 2021.

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	
	2021	**2020**
	$'000	**$'000**
Loans and borrowings	13,644	10,470
Lease liabilities	45,858	44,934
Less: cash and cash equivalents	(12,880)	(6,652)
Net debt	46,622	48,752
Total equity	77,940	78,173
Gearing ratio (times)	0.60	0.62

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.

Dividends

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

	Group and Company	
	2021	**2020**
	$'000	**$'000**
First and final tax exempt dividend of Nil cents (2020: 0.05 cents) per share	–	154

9 Merger reserve

The merger reserve represents the difference between the nominal value of shares issued by the Company, and the value of shares acquired in respect of the acquisition of subsidiaries, accounted for under the "pooling of interest" method of accounting.

10 Loans and borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Secured bank loans	3,775	4,625	825	1,587
Unsecured bank loan	4,258	–	–	–
	8,033	4,625	825	1,587
Current				
Secured bank loans	3,869	4,845	2,533	3,434
Unsecured bank loan	1,742	1,000	–	–
	5,611	5,845	2,533	3,434
Total loans and borrowings	13,644	10,470	3,358	5,021

Secured bank loans are secured by the following:

(a) Legal mortgage over the leasehold property (note 4);

(b) Legal mortgage over the investment properties (note 5); and

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

10 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

	Nominal interest rate per annum	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2021				
Secured bank loans	COF* + 0.75%–2.20%	2022 – 2029	5,220	5,220
Secured bank loans	SIBOR# + 1.00%	2023	2,424	2,424
Unsecured bank loan	COF* + 2.25%	2022	1,000	1,000
Unsecured bank loan	2.0%	2026	5,000	5,000
Total loans and borrowings			13,644	13,644
2020				
Secured bank loans	COF* + 0.75%–2.20%	2021 – 2029	5,848	5,848
Secured bank loans	SIBOR# + 1.00%	2023	3,622	3,622
Unsecured bank loan	COF* + 2.25%	2021	500	500
Unsecured bank loan	EBR@ - 0.95%	2021	500	500
Total loans and borrowings			10,470	10,470
Company				
2021				
Secured bank loans	COF* + 1.25%	2022-2023	934	934
Secured bank loans	SIBOR# + 1.00%	2023	2,424	2,424
Total loans and borrowings			3,358	3,358
2020				
Secured bank loans	COF* + 1.25%	2021	1,399	1,399
Secured bank loans	SIBOR# + 1.00%	2023	3,622	3,622
Total loans and borrowings			5,021	5,021

* Cost of funds
\# Singapore Interbank offered rate
@ Enterprise base rate

10 Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Other loans and borrowings $'000	Lease liabilities $'000	Amounts due to directors $'000	Total $'000
Balance at 1 April 2019	16,609	51,515	2,273	70,397
Changes from financing cash flows				
Proceeds from loans and borrowings	4,140	4,430	–	8,570
Repayment of loans and borrowings	(10,279)	–	–	(10,279)
Payment of lease liabilities	–	(11,944)	–	(11,944)
Interest paid	(462)	(1,653)	–	(2,115)
Payment of amounts due to directors	–	–	(456)	(456)
Total changes from financing cash flows	(6,601)	(9,167)	(456)	(16,224)
Other changes				
Interest expense	462	1,653	–	2,115
New leases	–	933	–	933
Total other changes	462	2,586	–	3,048
Balance at 31 March 2020	10,470	44,934	1,817	57,221
Balance at 1 April 2020	10,470	44,934	1,817	57,221
Changes from financing cash flows				
Proceeds from loans and borrowings	9,000	–	–	9,000
Repayment of loans and borrowings	(5,826)	–	–	(5,826)
Payment of lease liabilities	–	(13,008)	–	(13,008)
Interest paid	(420)	(1,578)	–	(1,998)
Total changes from financing cash flows	2,754	(14,586)	–	(11,832)
Other changes				
Interest expense	420	1,578		1,998
Reclassification	–	–	(242)	(242)
New leases	–	13,932	–	13,932
Total other changes	420	15,510	(242)	15,688
Balance at 31 March 2021	13,644	45,858	1,575	61,077

11 Lease liabilities

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Non-current	32,683	33,336	14,526	15,447
Current	13,175	11,598	920	870
Total lease liabilities	45,858	44,934	15,446	16,317

The Group's lease liabilities are secured by pledge of leased property, plant and equipment of the Group (note 4).

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

	Nominal interest rate per annum	Year of maturity	Carrying amount $'000
Group			
2021			
Lease liabilities	1.38% – 3.17%	2022 – 2036	45,858
2020			
Lease liabilities	1.45% – 3.17%	2021 – 2036	44,934
Company			
2021			
Lease liabilities	2.97% – 3.17%	2029 – 2036	15,446
2020			
Lease liabilities	2.97% – 3.17%	2029 – 2036	16,317

12 Deferred tax assets and liabilities

Deferred tax liabilities of the Group is mainly attributable to property, plant and equipment.

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

	At 1 April 2019	Recognised in profit or loss (note 18)	At 31 March 2020	Recognised in profit or loss (note 18)	At 31 March 2021
	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	(9,559)	188	(9,371)	818	(8,553)
Trade and other payables	44	(14)	30	(14)	16
	(9,515)	174	(9,341)	804	(8,537)

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	
	2021	2020
	$'000	$'000
Deferred tax liabilities	(8,537)	(9,341)

Unrecognised deferred tax assets

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

	Group	
	2021	2020
	$'000	$'000
Deductible temporary differences	1,359	993
Tax losses	2,129	1,694
	3,488	2,687

The tax losses are available for offset against future taxable profits of the companies in which the losses arose but for which no deferred tax asset has been recognised due to uncertainty of their recoverability. The use of tax losses is subject to the agreement by the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates.

13 Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-current				
Non-trade amounts due to:				
- directors of the Company	1,503	1,503	–	–
- former directors/directors of the subsidiaries	306	306	–	–
	1,809	1,809	–	–
Current				
Trade payables	4,269	10,417	62	53
Other payables	942	594	–	3
Accrued expenses	3,208	2,856	130	131
Non-trade amounts due from subsidiaries	–	–	–	70
Non-trade amounts due to:				
- directors of the Company	72	72	–	–
- former directors/directors of the subsidiaries	108	108	–	–
	8,599	14,047	192	257
Deposits and advances	818	174	–	–
	9,417	14,221	192	257
Total trade and other payables	11,226	16,030	192	257

The non-trade amounts due to directors are unsecured and interest-free.

Trade payables includes an amount of $1,551,000 (2020: $7,088,000) due to an external supplier for the acquisition of equipment.

In 2017, the Board of Directors approved a repayment plan to repay the non-trade amounts due to directors of the Company and its subsidiaries. Subsequently, the amounts expected to be repaid within the next 12 months from the reporting date are reclassified to current.

The Group and the Company's exposures to currency risk and liquidity risk related to trade and other payables are disclosed in note 22.

14 Deferred income

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Government grants	1,282	1,487	–	43

Government grants comprised primarily wage subsidy that relates to Singapore government grants initiative of the Jobs Support Scheme ("JSS") announced in the Unity Budget. The purpose of the JSS is to provide wage support to employees to help them retain their local employee (Singapore Citizens and Permanent Residents) during the period of economic uncertainty. The Singapore government will co-fund the wage of local employees for 17 months till August 2021. An amount of $5,297,000 (2020: Nil) was received during the year under this scheme. A portion of the grant amounting to $5,454,000 (2020: Nil) was recognised in profit or loss in 'other income' as the related wages and salaries for the employees were recognised. There is an outstanding balance of $1,282,000 (2020: $1,443,000) in deferred income relating to this grant as at 31 March 2021.

15 Revenue

	Group	
	2021	**2020**
	$'000	**$'000**
Trading business	5,374	499
Lifting and haulage services business	27,113	38,950
Port services business	21,839	19,309
	54,326	58,758

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Lifting and haulage services business

Nature of goods or services	Revenue from rental of cranes, prime movers, heavy machinery and equipment with operators.
When revenue is recognised	Rental income from the rental of plant and machinery and service income from the provision of manpower is recognised in profit or loss on a straight-line basis over the period of the contract.
Significant payment terms	Credit terms 30 days to 90 days.

15 Revenue (cont'd)

Trading business

Nature of goods or services	Revenue from sale of cranes and heavy equipment.
When revenue is recognised	Revenue is recognised when goods are delivered.
Significant payment terms	Credit terms 60 days

Port services business

Nature of goods or services	Revenue from supply of labour for container lashing/unlashing, prime mover driving services and ancillary work.
When revenue is recognised	Revenue is recognised when services are rendered. Variable consideration, if any, is estimated giving consideration to the risk of revenue reversal.
Significant payment terms	Credit terms 30 days

Revenue is disaggregated by product, geographical location and major services and presented as part of the Group's reportable segments (note 21).

16 Other income

	Group	
	2021	**2020**
	$'000	**$'000**
Rental income from storage space	1,960	1,541
Government grants	7,340	336
Commission income	4	4
Insurance claims	–	8
Gain on disposal of property, plant and equipment	–	46
Sundry income	1,164	119
Others	–	188
	10,468	2,242

Insurance claims represent amounts recovered from insurer for damages sustained by the cranes.

17 Finance income and costs

	Group	
	2021	**2020**
	$'000	**$'000**
Recognised in profit or loss		
Interest income from cash and cash equivalents	*	*
Interest income from loan due from third party	4	7
Others	*	*
Finance income	4	7
Interest expenses on:		
- leases	(1,578)	(1,653)
- trust receipts	(146)	(18)
- loans	(274)	(444)
	(1,998)	(2,115)
Net allowance for impairment loss on trade and other receivables	(49)	(134)
Bank charges	(13)	(16)
Net change in fair value of financial derivatives	29	(9)
Exchange loss (net)	(23)	(320)
Others	–	(2)
Finance costs	(2,054)	(2,596)
Net finance costs recognised in profit or loss	(2,050)	(2,589)

* *Amount less than $1,000*

18 Tax (credit)/expense

	Group	
	2021	2020
	$'000	$'000
Tax recognised in profit or loss		
Current tax		
Current year	117	329
Changes in estimates related to prior years	11	214
	128	543
Deferred tax		
Origination and reversal of temporary differences	(682)	(271)
Changes in estimates related to prior years	(122)	97
	(804)	(174)
Total (credit)/expense	(676)	369
Reconciliation of effective tax rate		
Loss before tax	(1,011)	(7,750)
Tax calculated using Singapore tax rate of 17% (2020: 17%)	(172)	(1,318)
Effect of tax rates in foreign jurisdictions	(77)	57
Non-deductible expenses	1,165	1,943
Income not subject to tax	(1,617)	(62)
Tax incentives	–	(723)
Changes in estimates related to prior years	(111)	311
Deferred tax assets not recognised	136	161
	(676)	369

19 Loss for the year

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

	Group	
	2021	**2020**
	$'000	**$'000**
Audit fees paid to:		
- auditors of the Company	125	112
- other auditors	8	7
Non-audit fees paid to:		
- auditors of the Company	17	17
Professional fees	25	23
Employee benefits expense	33,993	33,947
Directors' fees	80	80
Depreciation expense	13,701	14,034
Impairment losses on property, plant and equipment	2,120	8,000
Loss on disposal of property, plant and equipment	288	–
Employee benefits expense		
Salaries bonuses and other costs	31,483	31,489
Contribution to defined contribution plans	2,510	2,458
	33,993	33,947

20 Earnings per share

	Group	
	2021	**2020**
	$'000	**$'000**
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	(335)	(8,119)
	Number of shares	**Number of shares**
	'000	**'000**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at beginning/ end of the year	308,065	308,065

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 two main operating segments – lifting and haulage services, and port services. Revenue and results are presented in accordance with the above mentioned business segments.

Other operations include trading revenue and the rental and management of investment properties, which do not meet any of the quantitative thresholds for determining reportable segments in 2021 and 2020.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries:

Group	Lifting and haulage services 2021 $'000	Port services 2021 $'000	Others 2021 $'000	Total 2021 $'000	Lifting and haulage services 2020 $'000	Port services 2020 $'000	Others 2020 $'000	Total 2020 $'000
External revenue	27,113	21,839	5,374	54,326	38,950	19,309	499	58,758
Interest income	4	–	–	4	7	–	–	7
Interest expense	(1,506)	(51)	(441)	(1,998)	(1,578)	(60)	(477)	(2,115)
Depreciation	(12,159)	(853)	(689)	(13,701)	(12,472)	(828)	(734)	(14,034)
Reportable segment loss before tax	(4,240)	2,570	659	(1,011)	(5,903)	372	(2,219)	(7,750)
Other material non-cash items:								
- Net allowance of impairment for trade and other receivables	(49)	–	–	(49)	(134)	–	–	(134)
- Net change in fair value of investment properties	–	–	(300)	(300)	–	–	(850)	(850)
- Impairment losses on property, plant and equipment	(2,120)	–	–	(2,120)	(8,000)	–	–	(8,000)
Reportable segment assets	132,580	7,664	18,605	158,849	134,313	7,079	19,595	160,987
Capital expenditure	10,090	571	–	10,661	7,645	123	–	7,768
Reportable segment liabilities	65,207	4,216	11,486	80,909	64,657	6,251	11,906	82,814

21 Segment reporting (cont'd)

Geographical information

The lifting and haulage services, port services and others segments are managed primarily in Singapore and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Reportable segments							
	Lifting and haulage services		Port services		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
Singapore	25,884	37,433	21,839	19,309	5,374	499	53,097	57,241
Malaysia	1,229	1,517	–	–	–	–	1,229	1,517
	27,113	38,950	21,839	19,309	5,374	499	54,326	58,758
Non-current assets								
Singapore	104,201	110,791	2,017	2,249	18,606	19,595	124,824	132,635
Malaysia	2,528	3,005	–	–	–	–	2,528	3,005
	106,729	113,796	2,017	2,249	18,606	19,595	127,352	135,640

Major customer

Revenue from one customer of the Group's lifting and haulage services and port services segments represents approximately $4,553,000 (2020: $6,639,000) and $21,126,000 (2020: $18,961,000) respectively 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.

22 Financial risk management (cont'd)

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 Company's 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 Company's Audit Committee is assisted in its oversight role by a professional outsourced Internal Audit firm. This Internal Audit firm 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 trade and other receivables.

The carrying amounts of financial assets represent the maximum credit exposure to credit risk.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Impairment loss on trade receivables arising from contracts with customer	49	134

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in note 21.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Sale limits are established for each customer, which represents the maximum open amount without requiring approval from the management. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 120 days for customers.

22 Financial risk management (cont'd)

Trade receivables (cont'd)

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable for which no loss allowance is recognised because of collateral.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Group Carrying amount	
	2021	**2020**
	$'000	**$'000**
Singapore	15,218	14,595
Others	792	913
	16,010	15,508

The carrying amount of the receivable from the Group's most significant customer was $2,692,000 at 31 March 2021 (2020: $2,113,000). There is no concentration of customers' credit risk at the Company level.

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	Group			
	2021		**2020**	
	Not credit-impaired	**Credit-impaired**	**Not credit-impaired**	**Credit-impaired**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	13,563	3,296	12,686	3,650
Total gross carrying amount	13,563	3,296	12,686	3,650
Allowance for impairment losses on trade receivables	(22)	(827)	(66)	(762)
Total	13,541	2,469	12,620	2,888

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date, taking into consideration of the GDP growth of the relevant industries in Singapore.

22 Financial risk management (cont'd)

Expected credit loss assessment (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date.

	Group			
	Weighted-average loss rate	**Gross carrying amount**	**Impairment loss allowance**	**Credit-impaired**
	%	**$'000**	**$'000**	
2021				
Current (not past due)	0.3	6,370	22	No
Past due 1 – 90 days	0	7,192	–	No
Past due 91 – 180 days	0.3	1,203	4	Yes
Past due 181 – 365 days	4.2	925	39	Yes
Past due more than 365 days	67.1	1,169	784	Yes
		16,859	849	
2020				
Current (not past due)	0	6,987	–	No
Past due 1 – 90 days	1.2	5,699	66	No
Past due 91 – 180 days	1.8	2,157	38	Yes
Past due 181 – 365 days	7.6	655	50	Yes
Past due more than 365 days	80.4	838	674	Yes
		16,336	828	

Movements in the allowance for impairment in respect of trade and other receivables

The movement in impairment loss in respect of trade and other receivables (excluding prepayments) during the year was as follows.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	828	694	–	–
Impairment losses recognised	100	247	–	–
Amount written off	(28)	–		
Allowance for impairment losses written back	(51)	(113)	–	–
At 31 March	849	828	–	–

Management estimated the impairment loss allowance on specific receivables based on the aging of the loans and receivables, credit-worthiness of customers or counter-parties, future collectability of loans and receivables and historical write-off experience of loans and receivables. If the financial condition of the customers or counter-parties were to deteriorate, actual write-offs could be higher than estimated.

22 Financial risk management (cont'd)

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $3,857,000 (2020: $4,387,000). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

The Group held cash and cash equivalents of $12,880,000 at 31 March 2021 (2020: $6,652,000). Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

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.

Exposure to liquidity risk

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

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	After 1 year but within 5 years	After 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
At 31 March 2021					
Non-derivative financial liabilities					
Lease liabilities	45,858	(50,904)	(14,454)	(24,673)	(11,777)
Secured bank loans	7,644	(8,065)	(3,988)	(2,364)	(1,713)
Unsecured bank loan	6,000	(6,559)	(1,937)	(4,622)	–
Trade and other payables *	10,408	(10,408)	(8,599)	(401)	(1,408)
Recognised financial liabilities	69,910	(75,936)	(28,978)	(32,060)	(14,898)
At 31 March 2020					
Non-derivative financial liabilities					
Lease liabilities	44,934	(50,465)	(12,935)	(24,279)	(13,251)
Secured bank loans	9,470	(9,978)	(5,016)	(3,555)	(1,407)
Unsecured bank loan	1,000	(1,001)	(1,001)	–	–
Trade and other payables *	15,856	(15,856)	(14,047)	(666)	(1,143)
Recognised financial liabilities	71,260	(77,300)	(32,999)	(28,500)	(15,801)

22 Financial risk management (cont'd)

Exposure to liquidity risk (cont'd)

			Cash flows		
	Carrying amount	**Contractual cash flows**	**Within 1 year**	**After 1 year but within 5 years**	**After 5 years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Company					
At 31 March 2021					
Non-derivative financial liabilities					
Lease liabilities	15,446	(18,894)	(1,374)	(5,743)	(11,777)
Secured bank loans	3,358	(3,422)	(2,582)	(840)	–
Trade and other payables *	192	(192)	(192)	–	–
	18,996	(22,508)	(4,148)	(6,583)	(11,777)
At 31 March 2020					
Non-derivative financial liabilities					
Lease liabilities	16,317	(20,245)	(1,351)	(5,643)	(13,251)
Secured bank loans	5,021	(5,185)	(3,525)	(1,660)	–
Trade and other payables *	257	(257)	(257)	–	–
	21,595	(25,687)	(5,133)	(7,303)	(13,251)

* *Excludes deposits 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.

Intra-group financial guarantees

The Company is exposed to credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to wholly-owned subsidiaries.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The maximum exposure of the Company in respect of the financial guarantee at the end of the reporting period is $37,372,000 (2020: $32,624,000). At the reporting date, the Company does not consider it probable that the claim will be made against the Company under the financial guarantee.

22 Financial risk management (cont'd)

Intra-group financial guarantees (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	
2021	
Financial guarantee	37,372
2020	
Financial guarantee	32,624

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.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All these transactions are carried out within the guidelines set by the Audit Committee.

Interest rate risk

The Group's and Company's exposure to changes in interest rates relates primarily to the Group's and Company's interest-bearing financial assets and financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Company's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal amount		Company Nominal amount	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Fixed rate instruments				
Financial assets	108	107	–	–
Financial liabilities	(50,858)	(44,934)	–	–
Variable rate instruments				
Financial liabilities	(8,644)	(10,470)	(3,358)	(5,021)

22 Financial risk management (cont'd)

Intra-group financial guarantees (cont'd)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting dates would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the financial year would have increased/ (decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021 and 2020.

	Group		Company	
	Profit before tax		Profit before tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	$'000	$'000	$'000	$'000
31 March 2021				
Variable rate instruments	(86)	86	(34)	34
31 March 2020				
Variable rate instruments	(105)	105	(50)	50

Foreign currency risk

The Group is not exposed to significant foreign currency risk as the majority of its transactions, assets and liabilities are denominated in Singapore dollars.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

22 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amounts			Fair value			
	Note	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
31 March 2021								
Financial assets not measured at fair value								
Other investment		250	–	250				
Trade and other receivables*	7	16,992	–	16,992				
Derivative financial instruments		21	–	21	–	21	–	21
Cash and cash equivalents		12,880	–	12,880				
		30,143	–	30,143				
Financial liabilities not measured at fair value								
Trade and other payables**	13	–	(6,869)	(6,869)	–	–	(9,693)	(9,693)
Loans and borrowings***	10	–	(13,644)	(13,644)	–	(13,388)	–	(13,388)
Current tax liabilities		–	(362)	(362)				
		–	(20,875)	(20,875)				
31 March 2020								
Financial assets not measured at fair value								
Other investment		200	–	200				
Trade and other receivables*	7	18,499	–	18,499				
Cash and cash equivalents		6,652	–	6,652				
		25,351	–	25,351				
Financial liabilities not measured at fair value								
Trade and other payables**	13	–	(15,856)	(15,856)	–	–	(15,213)	(15,213)
Loans and borrowings***	10	–	(10,470)	(10,470)	–	(10,014)	–	(10,014)
Current tax liabilities		–	(543)	(543)				
Derivative financial instruments		–	(9)	(9)	–	(9)	–	(9)
		–	(26,878)	(26,878)				

22 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Carrying amounts			Fair value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
31 March 2021								
Financial assets not measured at fair value								
Trade and other receivables *	7	3,971	–	3,971				
Cash and cash equivalents		417	–	417				
		4,388		4,388				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(192)	(192)				
Loans and borrowings ***	10	–	(3,358)	(3,358)	–	(3,345)	–	(3,345)
		–	(3,550)	(3,550)				
31 March 2020								
Financial assets not measured at fair value								
Trade and other receivables *	7	4,501	–	4,501				
Cash and cash equivalents		302	–	302				
		4,803		4,803				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(257)	(257)				
Loans and borrowings ***	10	–	(5,021)	(5,021)	–	(4,916)	–	(4,916)
		–	(5,278)	(5,278)				

* *Excludes prepayments and grant receivables*
** *Excludes deposits, advances and payroll accruals*
*** *Excludes lease liabilities*

The carrying values of the Group's financial assets and liabilities with a maturity of less than one year are assumed to approximate fair values due to their short-term nature. These financial assets and liabilities either re-price to the market rates in the short term or are receivable or payable on demand.

22 Financial risk management (cont'd)

Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments not measured at fair value

Type	Valuation techniques	Significant unobservable inputs
Group and Company		
Bank loans	*Discounted cash flows**	Not applicable
Group		
Trade and other payables	*Discounted cash flows**	Not applicable

* *It is assumed that inputs considered observable used in the valuation technique are significant to the fair value measurement.*

23 Commitments

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

	Group	
	2021	**2020**
	$'000	**$'000**
Capital expenditure	2,782	16,513

24 Related parties

Key management personnel compensation

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

	Group	
	2021	**2020**
	$'000	**$'000**
Director fees	80	80
Short-term employee benefits	1,961	1,960
Contributions to defined contribution plans	115	117
	2,156	2,157

25 Leases

Leases as lessee

The Group leases land and dormitories, and plant and machinery. The leases run for a period ranging from 1 to 22 years.

The Group leases dormitories with contract terms of one year. These leases are short-term leases and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets are presented as property, plant and equipment (see note 4).

	Plant and machinery $'000	Land and dormitories $'000	Total $'000
Group			
Balance at 1 April 2019	54,915	18,163	73,078
Depreciation charge for the year	(4,310)	(1,915)	(6,225)
Balance at 31 March 2020	45,778	15,838	61,616

Additions to the right-of use assets during 2020 were $7,051,000.

	Plant and machinery $'000	Land and dormitories $'000	Total $'000
Group			
Balance at 1 April 2020	45,778	15,838	61,616
Depreciation charge for the year	(4,651)	(1,799)	(6,450)
Balance at 31 March 2021	53,486	14,173	67,659

Additions to the right-of use assets during 2021 were $9,819,000.

Amounts recognised in profit or loss

	Group	
	2021 $'000	2020 $'000
Interest on lease liabilities	1,578	1,653
Expenses related to short-term leases	503	532

25 Leases (cont'd)

Leases as lessee (cont'd)

Amounts recognised in statement of cash flows

	Group	
	2021	2020
	$'000	$'000
Total cash outflow for leases	14,586	9,167

Extension options

Some leases of dormitories contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liabilities of $85,000 (2020: $82,000).

Leases as lessor

The Group leases out its warehouses. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its warehouses. The Group has classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from storage space recognised by the Group during 2021 was $1,960,000 (2020: $1,541,000).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2021	2020
	$'000	$'000
Operating leases		
Less than one year	499	582
One to two years	235	137
Total	734	719

STATISTICS OF **SHAREHOLDINGS**

As at 11 June 2021

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	8	1.03	399	0.00
100 - 1,000	17	2.20	9,986	0.00
1,001 - 10,000	165	21.32	1,222,589	0.40
10,001 - 1,000,000	553	71.45	52,173,578	16.94
1,000,001 AND ABOVE	31	4.00	254,658,730	82.66
TOTAL	**774**	**100.00**	**308,065,282**	**100.00**

The Company does not hold any treasury shares or subsidiary holdings as at 11 June 2021.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TEMBUSU ASIA HOLDINGS PTE LTD	189,785,313	61.61
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,939,521	1.93
3	DBS NOMINEES (PRIVATE) LIMITED	3,513,836	1.14
4	GOH GUAN SIONG (WU YUANXIANG)	3,305,800	1.07
5	ANG LAI HOE	3,251,000	1.06
6	HONG LEONG FINANCE NOMINEES PTE LTD	3,067,500	1.00
7	KIM SOON LEE (LIM) HEAVY TRANSPORT PTE LTD	2,900,000	0.94
8	IFAST FINANCIAL PTE. LTD.	2,536,400	0.82
9	CITIBANK NOMINEES SINGAPORE PTE LTD	2,216,564	0.72
10	ONG BOON TAT, ALVIN (WANG WENDA, ALVIN)	2,209,375	0.72
11	ONG LYE SUM	2,170,200	0.70
12	PHILLIP SECURITIES PTE LTD	2,135,321	0.69
13	CHUA SIO KAH (CAI XIAOJIA)	2,100,000	0.68
14	ONG CHUAN HOCK	2,100,000	0.68
15	TAN SIEW DUAN	2,100,000	0.68
16	ONG LAY SUAN	2,080,000	0.68
17	POH KA THENG	2,000,000	0.65
18	FOO SEE HAN	1,950,000	0.63
19	KWOK LAI FONG EVANGELINE	1,949,000	0.63
20	ONG LIM SAN	1,900,000	0.62
	TOTAL	**239,209,830**	**77.65**

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 11 June 2021.

	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 to have an interest 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 to have an interest in the entire equity stake held by Tembusu Asia Holdings Pte Ltd in the Company.

FREE FLOAT

As at 11 June 2021, approximately 33.61% of the issued ordinary shares (excluding preference shares, convertible equity securities and treasury shares) of the Company was held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting ("**AGM**") of Hiap Tong Corporation Ltd will be held by way of electronic means on Thursday, 29 July at 3.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2021 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$80,000 for the financial year ended 31 March 2021. **Resolution 2**

3. To re-elect the following Directors retiring pursuant to the Company's Constitution:

   (i) Mr Tay Seo Long (Regulation 91) [refer to explanatory note (i)] **Resolution 3**

   (ii) Mr Choy Bing Choong (Regulation 91) [refer to explanatory note (ii)] **Resolution 4**

4. To re-appoint KPMG LLP, Public Accountants and Chartered Accountants, Singapore and to authorize the Directors to fix the Auditors' remuneration. **Resolution 5**

AS SPECIAL BUSINES

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

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

   "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, the Directors of the Company be authorised and empowered to: issue shares and convertible securities in the capital of the Company, including additional convertible securities issued pursuant to adjustments and new shares arising from the conversion of convertible securities and additional convertible securities (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority which would or might require shares or convertible securities to be issued during the continuance of this authority or thereafter) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit (notwithstanding that such issue of shares pursuant to the offer, agreement or option or the conversion of the convertible securities may occur after the expiration of the authority contained in this Resolution), provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and provided further that where shareholders of the Company with registered addresses in Singapore are not given an opportunity to participate in the same on a pro-rata basis, then the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to all existing shareholders of the Company must not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and for the purpose of this Resolution, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed (after adjusting for (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and (iii) any subsequent bonus issue, consolidation or subdivision of shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." [refer to Explanatory Note (iii)]

6. **Renewal of the Share Buyback Mandate** **Resolution 7**

"That

(a) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or acquire its issued and fully paid-up Shares representing not more than ten per cent. (10%) of the total number of issued Shares of the Company at such price(s) as may be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company from time to time up to the Maximum Price (as defined below), whether by way of:

(i) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(ii) an off-market purchase ("**Off-Market Purchase**"), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Shareholders in a general meeting, purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate may be made, at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting, whichever the earliest.

(c) in this Resolution:

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/ or authorised by this Resolution." [refer to explanatory note (iv)]

By Order of the Board

Lo Swee Oi
Company Secretary
Singapore, 7 July 2021

Explanatory Notes:

(i) Detailed information pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of SGX-ST on Mr Tay Seo Long can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 103 to 108 of the Annual Report. Mr Tay, will, upon re-election as an Independent Non-Executive Director of the Company, remain as the Chairman of the Remuneration Committee and a Member of both the Audit Committee and Nominating Committee.

(ii) Detailed information pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of SGX-ST on Mr Choy Bing Choong can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 103 to 108 of the Annual Report. Mr Choy, will, upon re-election as an Independent Non-Executive Director of the Company, remain as the Chairman of Audit Committee and a Member of both the Nominating Committee and the Remuneration Committee.

(iii) The Ordinary Resolution 6 proposed in item 5 above, if passed, will empower the Directors from the date of the above AGM 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 and subsidiary holdings), 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 and subsidiary holdings).

(iv) Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM is held or is required by law to be held, whichever is the earlier, to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial effects on the Group, are set out in the Letter to Shareholders dated 7 July 2021.

Notes:

(1) The AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020. On October 1, 2020, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation have updated a checklist to guide listed and non-listed entities on the conduct of general meeting arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations.

(2) Printed copies of this Notice of AGM, the Company's Annual Report for the financial year ended 31 March 2021 ("**Annual Report 2021**"), Letter to Shareholders, and the Proxy Form) will not be sent to members. Instead, all these documents containing the information relating to the business of this AGM will be published on the Company's website at https://www.hiaptong.com/ and on the SGX website at https://www.sgx.com/securities/company-announcements.

(3) **In view of the current COVID-19 situation and in the light of the advisories issued by the relevant authorities in Singapore as well as the related safe distancing measures in Singapore, the AGM will be held via webcast.**

(4) Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to, or at, the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 7 July 2021. The announcement may be accessed at the Company's website at https://www.hiaptong.com/ and on the SGX website at https://www.sgx.com/securities/company-announcements.

As the AGM will be held by way of electronic means, a member will NOT be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The proxy form for the AGM will be published on the Company's website at https://www.hiaptong.com/ and on the SGX website at https://www.sgx.com/securities/company-announcements.

(5) Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.00 p.m. on 16 July 2021.

(6) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(7) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(i) if submitted electronically, be submitted via email to hiaptong-agm@complete-corp.com; or

(ii) if submitted by post, be lodged with the Company's Polling Agent, Complete Corporate Services Pte Ltd, 10 Anson Road #29-07, International Plaza, Singapore 079903

in either case, at least 72 hours before the time for the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

In view of the current COVID-19 situation and the related safe distancing measures, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

This document has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Ken Lee, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

ADDITIONAL INFORMATION **ON DIRECTORS SEEKING RE-ELECTION**

Mr Choy Bing Choong and Mr Tay Seo Long are the Directors seeking re-election at the annual general meeting of the Company on 29 July 2021 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of SGX-ST (the "Catalist Rules"), the information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual of the Catalist is set out below:

Name of Director	**Choy Bing Choong**	**Tay Seo Long**
Date of appointment	10 October 2017	1 July 2016
Date of last re-appointment (if applicable)	25 July 2018	25 July 2018
Age	55	69
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Mr Choy Bing Choong for re-election as Non-Executive & Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Choy's background experience in investment banking and corporate finance will continue to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Mr Tay Seo Long for re-election as Non-Executive & Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Tay's vast experience in financial management will continue to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Non-executive & Independent Director Chairman of Audit Committee and Member of both the Nominating Committee and the Remuneration Committee	Non-executive & Independent Director Chairman of Remuneration Committee, Member of both the Audit Committee and the Nominating Committee
Academic / professional qualifications	Bachelors in Accountancy, National University of Singapore Fellow Chartered Accountant, Singapore, Institute of Singapore Chartered Accountants	B.Comm. Accountancy, Nanyang University Chartered Accountant, Singapore, Institution of Singapore Chartered Accountants MBA, University of Hull

ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Choy Bing Choong	Tay Seo Long
Working experience and occupation(s) during the past 10 years	1. CIMB Bank Berhad (Singapore Branch) - Director, Corporate Finance (2006 – 2014) 2. Natural Cool Holdings Limited (SGX Listed company) - Chief Investment Officer and Transition Manager (2014 till February 2020) - Group Chief Operating Officer (March 2020 to current)	KH Foges Pte Ltd & its subsidiaries – Executive Director (2012 – 2014)
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Nil	Nil
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes
Other Principal Commitments including Directorships		
Past 5 years	1. HMK Investments Ltd - Director 2. HMK Energy Pte Ltd - Director 3. PT Harpindo Mitra Kharisma – President Director 4. Natural Cool Holdings Limited – Director (Dec 2015 to Oct 2016) 5. Neo Group Limited – Independent Director	Nil
Present	1. Hoe Leong Corporation Ltd – Independent Director 2. Zhongmin Baihui Retail Group Ltd – Independent Director 3. Natural Cool Holdings Ltd – Executive Director	Nil

Name of Director	Choy Bing Choong	Tay Seo Long
Disclose the following matters concerning appointment/re-appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against me or against a partnership of which I was a partner at the time when I was a partner or at any time within 2 years from the date I ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which I was a director or an equivalent person or a key executive, at the time when I was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date I ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Mr Choy Bing Choong was appointed as Non-Executive, Independent Director of Hoe Leong Corporation Ltd. ("Hoe Leong") on 1 September 2019. On 2 October 2019, Hoe Leong received an Originating Summons without a supporting affidavit filed by United Overseas Bank ("UOB") to place the Company under judicial management pursuant to Section 277B of the Companies Act (Cap. 50. 2006 Rev Ed) ("JM Application"). On 7 November 2019, leave was granted by the High Court for UOB to wholly discontinue and/or withdraw the JM Application and UOB has accordingly filed the Notice of Discontinuance/Withdrawal accordingly to wholly discontinue/withdraw the JM Application.	No
(c) Whether there is any unsatisfied judgment against me?	No	No
(d) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or have been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such purpose?	No	No

Name of Director	Choy Bing Choong	Tay Seo Long
(e) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against me in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on my part, or I have been the subject of any civil proceedings (including any pending civil proceedings of which I am aware) involving an allegation of fraud, misrepresentation or dishonesty on my part?	No	No
(g) Whether I have ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether I have ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether I have ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining me from engaging in any type of business practice or activity?	No	No

Name of Director	Choy Bing Choong	Tay Seo Long
(j) Whether I have ever, to my knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when I was so concerned with the entity or business trust?	No	No
(k) Whether I have been the subject of any current or past investigation or disciplinary proceedings, or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Choy Bing Choong	Tay Seo Long
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.**	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

PROXY FORM

HIAP TONG CORPORATION LTD.

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

1. The Annual General Meeting ("**AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to, or at, the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 7 July 2021. The announcement may be accessed at the Company's website at https://www.hiaptong.com/ and on the SGX website at https://www.sgx.com/securities/company-announcements.
2. **As the AGM will be held by way of electronic means, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
3. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.00 p.m. on 16 July 2021.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 July 2021 which may be accessed at the Company's website at https://www.hiaptong.com/ and on the SGX website at https://www.sgx.com/securities/company-announcements.
5. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the Annual General Meeting.**

I/We ______________________ (Name) ______________ (NRIC/Passport No/Company Registration No.)

of ____ (Address)

being a member/members of HIAP TONG CORPORATION LTD., hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held by way of electronic means on **Thursday, 29 July 2021 at 3.00 p.m.** and at any adjournment thereon in the following manner:

No.	Resolutions relating to:	For*	Against*	Abstain*
1.	Adoption of Directors' Statement and Audited Financial Statements			
2.	Approval of Directors' Fees			
3.	Re-election of Director (Mr Tay Seo Long)			
4.	Re-election of Director (Mr Choy Bing Choong)			
5.	Re-appointment of Auditors			
6.	Authority to issue shares pursuant to Share Issue Mandate			
7.	Renewal of Share Buyback Mandate			

(*Please indicate your vote "For", "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" within the box provided. If you wish the Chairman of the Meeting as your proxy to "Abstain" from voting on a resolution, please indicate "X" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

Dated this ________ day of ________________ 2021

Total No. of Shares Held	

____
Signature(s) of Member(s) or Common Seal

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.

2 **In view of the current COVID-19 situation and in the light of the advisories issued by the relevant authorities in Singapore as well as the related safe distancing measures in Singapore, the AGM will be held via webcast. As the AGM will be held by way of electronic means, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the Meeting as the member's proxy.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3 The Chairman of the Meeting, as proxy, need not be a member of the Company.

4 The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(i) if submitted electronically, be submitted via email to hiaptong-agm@complete-corp.com; or

(ii) if submitted by post, be lodged with the Company's Polling Agent, Complete Corporate Services Pte Ltd, 10 Anson Road #29-07, International Plaza, Singapore 079903.

in either case, by no later than 26 July 2021, 3.00 p.m., being at least 72 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5 The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.

6 Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

7 The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

8 Members should take note that once this proxy form is submitted electronically via email to hiaptong-agm@complete-corp.com or lodged with the Company's Polling Agent, they cannot change their vote as indicated in the box provided above.

This document has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Ken Lee, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

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