



**BUILDING
FORTITUDE
ENHANCING
OUR FORESIGHT**

ANNUAL REPORT 2019



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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 Catalyst.

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 persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalyst, Investment Banking and Mr Ken Lee, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #90-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

CORPORATE PROFILE

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

From a single 10 tonne mobile crane in 1980, the Group has expanded its combining lifting and haulage fleet size to an aggregate of 308 vehicles as at 31 March 2019, consisting of 124 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 184 units of haulage equipment.

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

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

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

OUR INDUSTRIES

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



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

LEASING OF CRANES AND HAULAGE EQUIPMENT

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

- Our lifting fleet totals 124 cranes as at 31 March 2019, 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

TRADING OF CRANES AND HAULAGE EQUIPMENT

Our trading activities are opportunistic. There are no trading activities in FY2019.

LEASING OF HAULAGE FLEET

- Our haulage fleet totals 184 units as at 31 March 2019, which comprises 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., is focusing in 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 help offset the cyclical nature of the lifting service business.

Our vision of HT Ports is to drive and set benchmark level of service for safety and reliability in port operations. We also see it as our mission to improve our customer 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 2019 ("FY2019").

FINANCIAL REVIEW

For FY2019, the Group's revenue increased by S\$10.9 million or 25.5% from S\$43.2 million for FY2018 to S\$54.2 million.

The increase was mainly attributed to an increase in the Group's port services revenue by S\$7.1 million as well as the leasing business revenue of S\$3.8 million during the year.

Cost of sales increased by S\$7.8 million or 22.0% from S\$35.6 million for FY2018 to S\$43.4 million for FY2019, mainly due to higher salary related costs of S\$7.3 million and higher upkeep and maintenance expenses of S\$0.5 million.

Gross profit increased by S\$3.1 million or 41.3% from S\$7.7 million (representing a gross margin of 17.7%) for FY2018 to S\$10.8 million (representing a gross margin of 20.0%) for FY2019. The increase in gross profit was mainly due to the increase in revenue which was partially offset by an increase in cost of sales as explained above.

Other income decreased by S\$0.1 million or 4.0% from S\$2.6 million for FY2018 to S\$2.5 million for FY2019. The decrease was mainly due to a decrease in handling and storage income of S\$0.1 million.

The Group's distribution expenses decreased by S\$57,000 or 21.8% from S\$262,000 for FY2018 to S\$205,000 for FY2019, mainly due to a decrease in entertainment expenses.

Administrative expenses increased by S\$0.4 million or 5.1% from S\$7.9 million for FY2018 to S\$8.3 million for FY2019. The increase was mainly due to an increase in rental expenses of S\$0.2 million and increase in renovation expenses of S\$0.2 million.

Other expenses decreased by S\$0.6 million mainly due to a decrease in impairment of inventory which was absent during the year.

There was a fair value loss in investment properties of S\$1.1 million for FY2019 due to lower fair value of investment properties during the year. In FY2018, there was a fair value gain in investment properties of S\$1.4 million.

Taking into consideration the net finance costs and income tax credit/expense, net profit for the year increased by S\$1.1 million or 94.6% from S\$1.1 million for FY2018 to S\$2.2 million for FY2019 due to the reasons explained above.

Correspondingly, earnings per share increased from 0.38 cents in FY2018 to 0.73 cents in FY2019, while net asset value per share increased from 27.32 cents as at 31 March 2018 to 28.06 cents as at 31 March 2019.



CHAIRMAN'S MESSAGE

BUSINESS REVIEW

Singapore Operation

The leasing industry remains challenging and competitive in the current year. Nevertheless, with our extensive fleet of mobile cranes and established customer base, the Group had managed to increase its revenue for the year.

As for our Port Services business, the revenue had continued to grow during the year. We expect the segment will continue to contribute positively to the Group.

Overseas Operation

In respect of our expansion plans into Malaysia under our leasing business, there were delays and uncertainty on infrastructural investment projects that have affected our near term business performance in that market.

However, we remain cautiously optimistic about the longer-term prospects of the market.

Business Outlook

The crane industry in Singapore is expected to remain challenging and competitive in the next twelve months. Nevertheless, with the expected expansion of Jurong Island projects for the Petrochemical sector as well as the infrastructure projects planned by the government in the pipeline, the group is cautiously optimistic of a better year ahead.

Besides, the Port Services business will also be another expanded source of revenue for the Group.

However, for the trading business, it is expected to remain weak for the current financial year.

Proposed Dividend

As a token of appreciation to our shareholders for their unwavering support, the Board has recommended a first and final one-tier tax-exempt dividend of 0.05 Singapore cent per ordinary share for FY2019 (the "Proposed Dividend") which represents 6.8% of our profit attributable to the shareholders. The Proposed Dividend will be subject to shareholders' approval at the Annual General Meeting to be held on 30 July 2019.

IN APPRECIATION

On behalf of the Board, I would like to thank 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

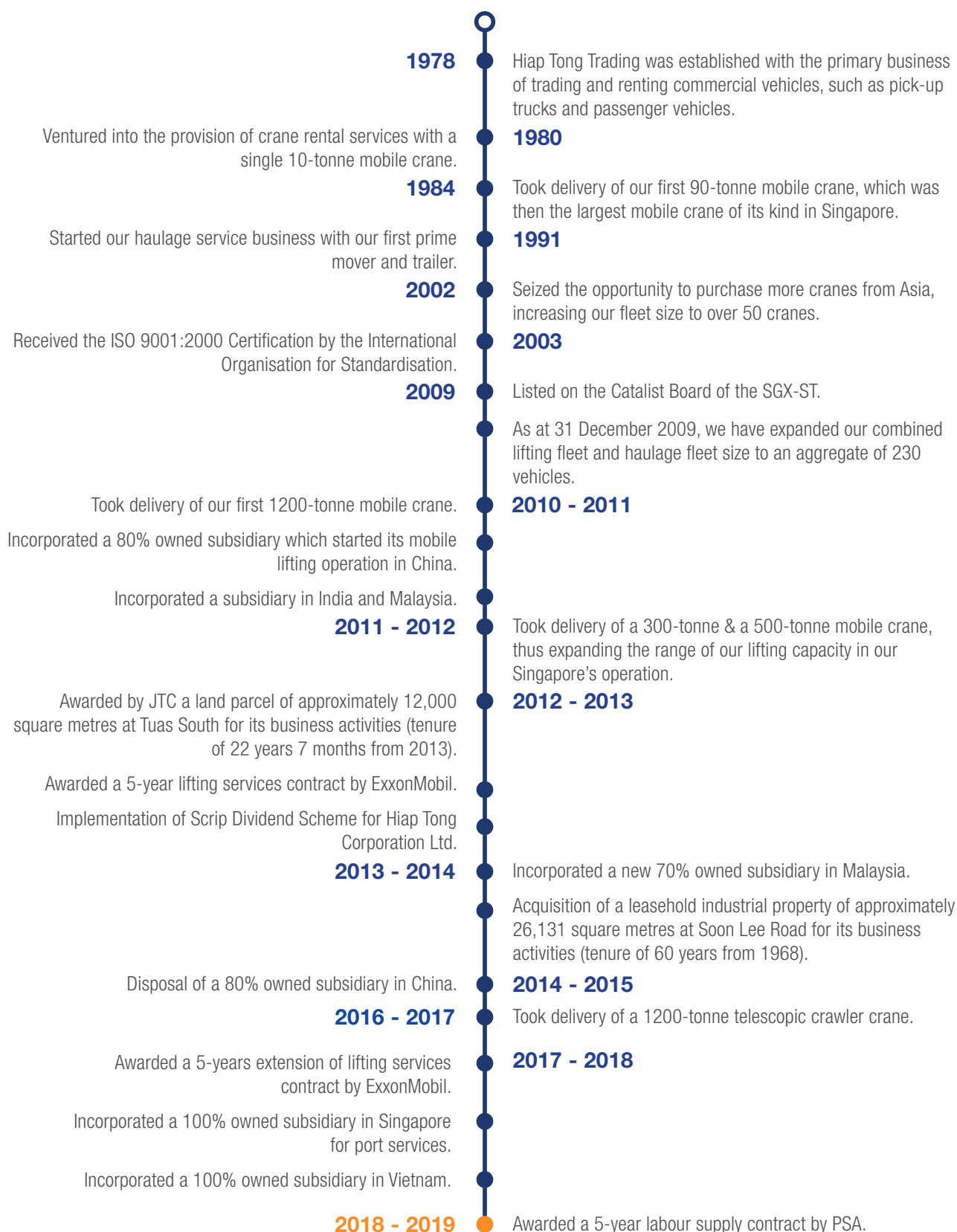
Executive Chairman and Chief Executive Officer



GROUP
STRUCTURE



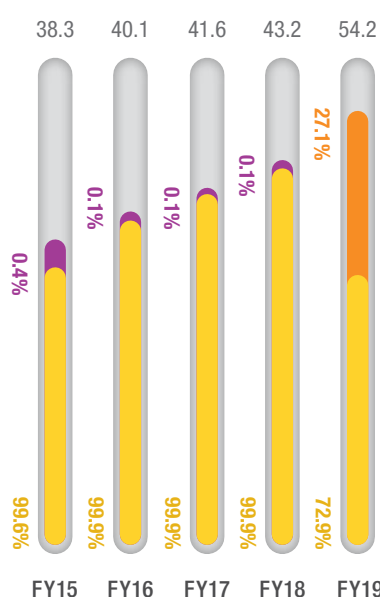
CORPORATE MILESTONES



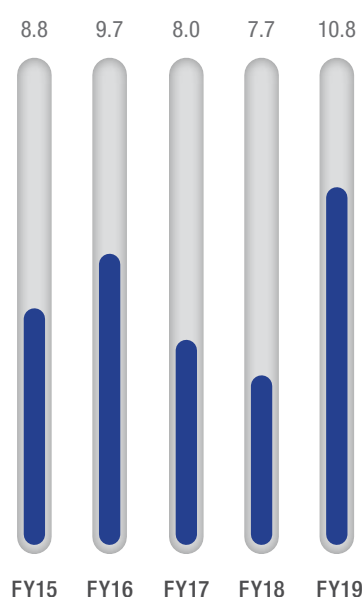
FINANCIAL HIGHLIGHTS

\$'000	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	38,330	40,071	41,554	43,239	54,221
Cost of sales	(29,576)	(30,392)	(33,568)	(35,577)	(43,396)
Gross profit	8,754	9,679	7,986	7,662	10,825
Other income	4,335	2,426	2,725	2,571	2,469
Distribution expenses	(283)	(332)	(315)	(262)	(205)
Administrative expenses	(7,336)	(6,415)	(7,199)	(7,921)	(8,303)
Other expenses	(475)	(259)	(296)	(624)	—
Net change in fair value of investment properties	—	—	3,756	1,400	(1,146)
Net finance costs	(2,522)	(2,258)	(1,495)	(1,291)	(2,068)
Profit before income tax	2,473	2,841	5,162	1,535	1,572
Tax credit / (expense)	(886)	(605)	(422)	(391)	654
Net profit for the year	1,587	2,236	4,740	1,144	2,226

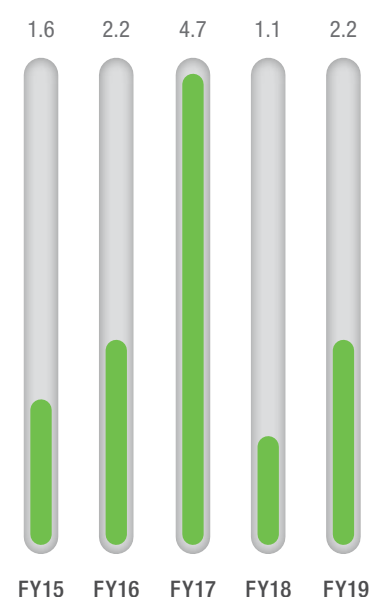
REVENUE (\$'M)



GROSS PROFIT (\$'M)



NET PROFIT (\$'M)



● Leasing Business
 ● Trading Business
 ● Port Services Business

BOARD OF DIRECTORS

MR ONG TECK MENG

Executive Chairman and Chief Executive Officer

As the Executive Chairman and Chief Executive Officer and the founder, Mr Ong Teck Meng is responsible for managing the Group's overall business 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 26 July 2017.

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 26 July 2017.

MR ONG BOON TAT ALVIN

Executive Director

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 July 2018.

MR TITO SHANE ISAAC

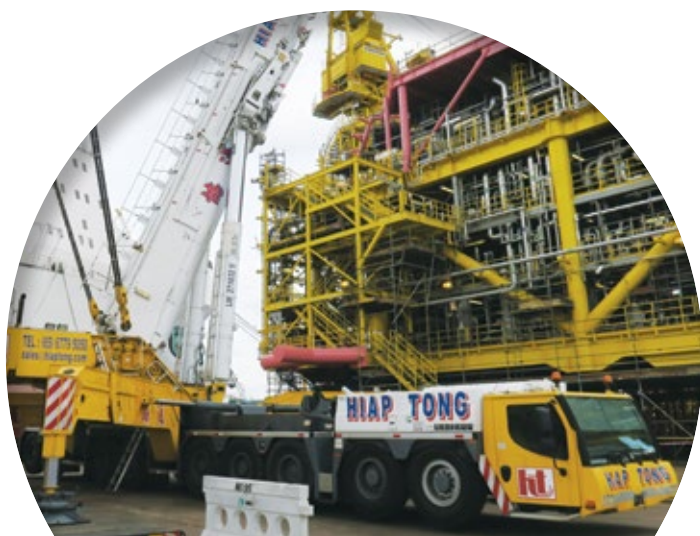
Lead Independent Director

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 27 July 2016.



BOARD OF DIRECTORS

MR CHOY BING CHOONG

Independent Director

Mr Choy Bing Choong joined Natural Cool Holdings Limited as Chief Investment Officer and Transition Manager in July 2014 and served as its Executive Director since 27 December 2015 until 20 October 2016. He is responsible for the corporate finance functions of Natural Cool Holdings Limited.

Mr Choy has more than 26 years of work experience in a variety of roles in multiple industries and countries. He spent 8 years with the corporate finance department at CIMB Bank Berhad, Singapore Branch where he last held the position of a Director, Corporate Finance. He spent 3 years at the Corporate and Capital Markets Group in Rajah & Tann.

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

Mr Choy was appointed to the Board on 10 October 2017 and was 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 Seo Long 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 Seo Long 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.



SENIOR MANAGEMENT

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 19 years of experience in the crane industry under his belt, he is also in charge of managing the deployment of the Group's resources for its leasing business.

Mr Ng joined Hiap Tong in 1998 and 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 leasing business. He is also in charge of the on-site deployment of the Group's vehicles.

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

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



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 Persons:
Mr Yee Chia Hsing, Head, Catalyst, Investment Banking
Mr Ken Lee, Associate Director, Investment Banking

PRINCIPAL BANKERS

United Overseas Bank Limited
CIMB Bank Berhad, Singapore Branch

SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

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)



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Proxy Form

CORPORATE GOVERNANCE REPORT

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

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

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the “2018 Code”) and accompanying Practice Guidance. The 2018 Code supersedes and replaces the 2012 Code and will apply to the annual reports covering financial years commencing from 1 January 2019. The Group will review and set out the corporate practices in place to comply with the 2018 Code, where appropriate, in the next annual report.

BOARD MATTERS

As at the date of this report, the Board consists of the following 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 Tay Seo Long (Independent Director)
Mr Choy Bing Choong (Independent Director)

Principle 1: Board’s Conduct of its Affairs

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

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

The Board 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 2018 to 31 March 2019 (“FY2019”), the members of the Board and their attendance at the meetings are disclosed below:

Name of Directors	No. of Board meetings attended
Ong Teck Meng	2 out of 2
Ong Boon Tat Alvin	2 out of 2
Ong Lim San	2 out of 2
Ng Eng Joo ¹	1 out of 2
Tito Shane Isaac	2 out of 2
Choy Bing Choong	2 out of 2
Tay Seo Long	2 out of 2

¹ Retired as Director on 25 July 2018

CORPORATE GOVERNANCE REPORT

All Directors are provided with the agenda and a set of Board papers prior to Board meetings. These are issued in sufficient time to enable the Directors to better understand the matters to be discussed and to have sufficient time to obtain further explanations where necessary to ensure that they are adequately informed for the Board meetings. The Company fully 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 Constitution of the Company (the “Constitution”) provides for Directors to convene any Board meeting by teleconferencing. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means, which include electronic mail and teleconferencing. In the event that any person is appointed as a Director, 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 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; 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 three Board Committees with specific terms of reference. These Committees are the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). All Board Committees have written terms of reference.

CORPORATE GOVERNANCE REPORT

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 Catalist Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") 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.

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

Principle 2: Board Composition and Balance

The current Board has six members comprising three independent non-executive Directors ("Independent Directors") and three executive Directors. The three Independent Directors are Mr Tito Shane Isaac, Mr Tay Seo Long and Mr Choy Bing Choong. The Board is in compliance with Guideline 2.2 of the Code that Independent Directors should constitute at least half of the Board where the Chairman and CEO is the same person.

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 Board independence, there are three Independent Directors out of a total of six Directors, hence the Independent Directors represent 50% of the total Board membership. 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, one Director is between the ages of 50 to 59, representing 17% of the total Board membership and two Directors are between the ages of 40 to 49, representing 33% of the total Board membership.

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.

The independence of each Director is reviewed annually by the NC. Each Director is required to complete a Confirmation of Independence Checklist, which is drawn up in accordance with the guidelines provided by the Code and requires each Director to assess his own independence. 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 Code and Rule 406(3)(d) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules").

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

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

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

CORPORATE GOVERNANCE REPORT

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

Principles 4 & 5: Board Membership and Performance

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.

Consistent with the Code, the Company has no alternate director on its Board.

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

- 1) Recommending to the Board the appropriate structure, size and composition of the Board, taking into account the size and needs of the Group, and the skill mix, qualities and experience required of Directors to advance the business interests of the Group and to promote long-term shareholders' value;
- 2) Recommending to the Board the size and composition of Board Committees to function competently and effectively;
- 3) Considering the suitability of nominees for appointment as new Directors;
- 4) Considering the suitability of Directors for re-nomination, having regard to their past contribution and performance, including attendance and participation at meetings;
- 5) Evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board. The NC has considered a number of factors including those set out in the Code, for the purpose of such evaluation and assessment;
- 6) Assessing on an annual basis, the independence of the Directors;
- 7) Review of Board succession plans for Directors, in particular, the Chairman and CEO, and
- 8) Review of training and professional development programs for the Board.

During the year, the NC met once, which was attended by all members of the NC, to evaluate the Board's performance and contribution of each Board member, reviewing the Board succession plans as well as discussing the re-election of Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM"). Article 91 of the Constitution requires one-third of the Directors to retire and subject themselves to re-election by shareholders at every AGM. The Directors must submit themselves for re-nomination and re-election at regular interval of at least once every three years. In addition, Article 97 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 Article 91 of the Constitution are Mr Ong Lim Wan @ Ong Teck Meng and Mr Tito Shane Isaac.

The NC has recommended that Mr Ong Lim Wan @ Ong Teck Meng and Mr Tito Shane Isaac, 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 91 to 95 required pursuant to Rule 720(5) of the Catalist Rules.

The Board has accepted the recommendations from the NC.

CORPORATE GOVERNANCE REPORT

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

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

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

- (a) The NC will at least annually carry out proactive review of the Board composition and on each occasion that an existing non-executive Director gives notice of his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives.
- (b) In carrying out the review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity.
- (c) The NC will assist to identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board.
- (d) External consultants may be used from time to time to access a wide base of non-executive Directors.
- (e) The NC will make recommendations to the Board on candidates it considers appropriate for appointment. New Directors are appointed by way of board resolutions.
- (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.

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.

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.

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information

To enable the Board to fulfill its responsibilities, Management provides the Board members with quarterly management accounts after the end of each quarter. In addition, the Directors are provided with half-yearly reports on the Group's activities and performance. Board members have separate and independent access to senior Management and the company secretary at all times. Board 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 FY2019.

The company secretary attended all Board meetings and Board Committee meetings during FY2019. The company secretary is responsible to ensure that board procedures are followed and is also responsible for ensuring that the Company complies with the requirements of the Companies Act, the Code and other rules and regulations, which are applicable to the Company. The appointment and removal of the company secretary should be a matter for the Board as a whole.

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

- 1) review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required calibre to manage the Group successfully;
- 2) review and recommend the Chairman and CEO's remuneration and those of the executive Directors and key management personnel whose remuneration packages include a variable bonus component which is performance-related; and
- 3) review the recommendation of the executive Directors, for approval by the Board, the fees of the non-executive Directors and such payment as may be payable pursuant to Article 79 of the Constitution.

Principle 8: Level and Mix of Remuneration

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

Principle 9: Disclosure of Remuneration

The remuneration of each individual Director and key 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.

CORPORATE GOVERNANCE REPORT

A breakdown, showing the level and mix of each individual Director's and key management personnel payable for FY2019 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.

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.

^{##} Mr Ng Eng Joo has retired as an Executive Director of the Company on 25 July 2018 but remains as Head of Operations for the Group.

The aggregate total remuneration paid to the 3 key management personnel of the Group (who are not Directors or the CEO) for FY2019 was approximately S\$554,000.

Immediate family members of Directors

Remuneration band	Base Salary	Variable Bonus	Total Remuneration
S\$50,000 to S\$100,000			
Ong Chuan Hock [^]	90%	10%	100%
Ong Hwee Cheng ^{^^}	93%	7%	100%
Wang Wenshen ^{^^^}	94%	6%	100%
Wang Wenxin ^{^^^}	98%	2%	100%

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

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

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

CORPORATE GOVERNANCE REPORT

Save as disclosed above, there are no employees whose remuneration exceeded S\$50,000 during FY2019 who are immediate family members to any of the Directors or substantial Shareholders of the Company.

The Group presently does not have any share schemes for its Directors or employees, and as such there were no options granted to any of its Directors or employees during FY2019.

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 10: Accountability

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

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

Principle 11: Risk Management and Internal Controls

In 2013, the Group undertook an Enterprise Risk Management ("ERM") Assessment exercise whereby risks which could be detrimental to the Group's objectives and to which the Group could be exposed were identified. Risks identified were grouped into six areas (a) Financial, (b) Operational, (c) Compliance, (d) Information Technology, (e) Human Capital and (f) Environmental. The Company has adopted an enterprise risk management framework to enhance its risk management capabilities and an Enterprise Risk Management ("ERM") Committee which reports to the 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.

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, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risks management systems, put in place during FY2019 are adequate and effective.

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.

Principle 12: Audit Committee

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.

CORPORATE GOVERNANCE REPORT

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

The AC held two meetings during FY2019. The attendance at AC meetings was as follows:

Name of member	No. of meetings attended
Choy Bing Choong	2 out of 2
Tito Shane Isaac	2 out of 2
Tay Seo Long	2 out of 2

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

The AC performs the following functions:

- i. review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;
- ii. review the half yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;
- iii. review at least annually, the adequacy and effectiveness of the Company's internal audit function, review the internal control procedures and ensure co-ordination between the external auditors and Management, review the assistance given by Management to the auditors, discuss problems and concerns, if any, arising from audits and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);
- iv. review and discuss with the external auditors any suspected fraud or irregularity, suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response, ;
- v. consider and evaluate the performance of the external auditors and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of auditors;
- vi. meet with the external auditors, and with the internal auditors, in each case without the presence of the Company's Management, at least annually;
- vii. review and ratify interested person transactions (if any) falling within the scope of the Catalist Rules;
- viii. review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigations and follow-up actions in relation thereto;
- ix. review potential conflicts of interests (if any);
- x. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- xi. generally undertake such other functions and duties as may be required by statute or the Catalist Rules and by such amendments as may be made thereto from time to time.

CORPORATE GOVERNANCE REPORT

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

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

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

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

The Company will protect employees who have acted in good faith, from 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 FY2019.

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 30 to 31 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 FY2019, the aggregate amount paid to the external auditors amounted to approximately S\$149,000 comprising S\$133,000 paid for the provision of audit services and S\$16,000 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.

CORPORATE GOVERNANCE REPORT

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.

Principle 13: Internal Audit

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

COMMUNICATION WITH SHAREHOLDERS

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

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

CORPORATE GOVERNANCE REPORT

Principle 16: Conduct of Shareholder Meetings

Shareholders are encouraged to attend the AGMs and extraordinary general meetings of the Company to ensure high level of accountability and to stay apprised 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.

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 64 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 FY2019.

DIRECTORS' STATEMENT

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 2019.

In our opinion:

- (a) the financial statements set out on pages 34 to 85 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 2019 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		
<i>Hiap Tong Corporation Ltd.</i>		
Ong Lim Wan @ Ong Teck Meng		
- ordinary shares		
- direct interests	662,876	662,876
- deemed interests	191,885,313	191,885,313

DIRECTORS' STATEMENT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company <i>Hiap Tong Corporation Ltd.</i>		
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	2,209,375	2,209,375
- deemed interests	78,907	78,907
The immediate and ultimate holding company <i>Tembusu Asia Holdings Pte. Ltd.</i>		
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 2019.

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.

DIRECTORS' STATEMENT

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.

DIRECTORS' STATEMENT

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

28 June 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
Hiap Tong Corporation Ltd.

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 2019, the consolidated statements of profit or loss and other 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 34 to 85.

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 2019 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 (S\$122.2 mil) (Refer to note 4 of the financial statements)	
The key audit matter	How the matter was addressed in our audit
As at 31 March 2019, the Group's market capitalisation of \$19.1 million is below the net asset value attributable to shareholders by \$67.2 million, which indicates that the property, plant and equipment may be impaired.	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.
Management has determined three Cash Generating Units (CGUs) namely the Singapore Leasing business CGU, Malaysia Leasing business CGU and the Port Services CGU. This was defined by the operating segments and their geographic locations under the Group that generate independent cash inflows.	For CGUs where discounted cash flows are prepared, we assessed the appropriateness of 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.
The Group performed an impairment assessment on the Singapore Leasing 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.	We evaluated the sensitivity of the outcomes by considering stress testing the key assumptions against reasonably plausible changes.
For the newly set-up Malaysia Leasing CGU with limited operating track record, as there is an active secondary market for plant and machinery, the fair value less costs to sell was estimated using market suppliers' quotations and recently traded prices of comparable assets.	For the Malaysia Leasing CGU where fair value less costs to sell is estimated, we compared the fair value less costs to sell of the plant and machinery of the CGU to readily available market data found for plant and machinery traded in the secondary market.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Hiap Tong Corporation Ltd.

Impairment assessment of property, plant and equipment (S\$122.2 mil) (Refer to note 4 of the financial statements)	
<i>The key audit matter (cont'd)</i>	<i>How the matter was addressed in our audit (cont'd)</i>
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.	
<p><i>Our findings</i></p> <p>We found that the identification of CGUs to be appropriate and the underlying assumptions and resulting estimates were within a balanced range of outcomes.</p>	

Valuation of trade receivables (S\$16.7 mil) (Refer to note 8 of the financial statements)	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>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, <i>Financial Instruments</i>.</p> <p>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.</p> <p>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.</p> <p>The loss rate estimated is then applied on a collective basis to the remaining trade receivables.</p> <p>Estimation of ECL of trade receivable requires significant management's estimation.</p>	<p>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.</p> <p>We reviewed management's ECL assessment on trade receivables using the historical loss rate adjusted for forward-looking information.</p> <p>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.</p> <p>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.</p>
<p><i>Our findings</i></p> <p>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.</p>	

INDEPENDENT AUDITORS' REPORT

Members of the Company
Hiap Tong Corporation Ltd.

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.

INDEPENDENT AUDITORS' REPORT

*Members of the Company
Hiap Tong Corporation Ltd.*

- 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

28 June 2019

STATEMENTS OF FINANCIAL POSITION

Year ended 31 March 2019

		Group			Company		
	Note	2019 \$'000	2018 \$'000	1 Apr 2017 \$'000	2019 \$'000	2018 \$'000	1 Apr 2017 \$'000
Non-current assets							
Property, plant and equipment	4	122,225	113,443	123,526	15,296	14,854	15,930
Investment properties	5	9,600	10,550	9,150	8,800	9,500	8,000
Subsidiaries	6	–	–	–	3,500	3,500	3,500
		131,825	123,993	132,676	27,596	27,854	27,430
Current assets							
Inventories	7	–	–	694	–	–	–
Trade and other receivables	8	16,900	12,498	16,533	5,131	4,131	6,685
Cash and cash equivalents		5,777	3,451	2,262	376	227	393
		22,677	15,949	19,489	5,507	4,358	7,078
Total assets		154,502	139,942	152,165	33,103	32,212	34,508
Equity attributable to owners of the Company							
Share capital	9	24,450	24,450	24,450	24,450	24,450	24,450
Merger reserve	10	(1,670)	(1,670)	(1,670)	–	–	–
Translation reserve		10	–	51	–	–	–
Accumulated profits/(losses)		63,646	61,398	60,223	679	(979)	(974)
		86,436	84,178	83,054	25,129	23,471	23,476
Non-controlling interest		(147)	(125)	(92)	–	–	–
Total equity		86,289	84,053	82,962	25,129	23,471	23,476
Non-current liabilities							
Loans and borrowings	11	30,538	22,894	26,477	3,650	5,607	7,523
Deferred tax liabilities	12	9,515	10,176	9,785	–	–	–
Trade and other payables	13	2,309	2,294	2,428	–	–	–
		42,362	35,364	38,690	3,650	5,607	7,523
Current liabilities							
Loans and borrowings	11	19,423	15,310	19,125	3,686	2,892	2,786
Trade and other payables	13	6,401	5,215	11,388	638	242	723
Deferred revenue		27	–	–	–	–	–
		25,851	20,525	30,513	4,324	3,134	3,509
Total liabilities		68,213	55,889	69,203	7,974	8,741	11,032
Total equity and liabilities		154,502	139,942	152,165	33,103	32,212	34,508

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

		Group	
	Note	2019 \$'000	2018 \$'000
Revenue	14	54,221	43,239
Cost of sales		(43,396)	(35,577)
Gross profit		10,825	7,662
Other income	15	2,469	2,571
Distribution expenses		(205)	(262)
Administrative expenses		(8,303)	(7,921)
Other expenses		–	(624)
Net change in fair value of investment properties	5	(1,146)	1,400
Profit from operating activities		3,640	2,826
Finance income	16	1	53
Finance costs	16	(2,069)	(1,344)
Net finance costs		(2,068)	(1,291)
Profit before tax		1,572	1,535
Tax credit/(expense)	17	654	(391)
Profit for the year	18	2,226	1,144
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences relating to foreign operations		10	(53)
Other comprehensive income, net of tax**		10	(53)
Total comprehensive income for the year		2,236	1,091
Profit attributable to:			
Owners of the Company		2,248	1,175
Non-controlling interest		(22)	(31)
Profit for the year		2,226	1,144
Total comprehensive income attributable to:			
Owners of the Company		2,258	1,124
Non-controlling interest		(22)	(33)
Total comprehensive income for the year		2,236	1,091
Earnings per share			
Basic and diluted earnings (cents)	19	0.73	0.38

** 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 2019

	Attributable to owners of the Company					Non-controlling interest \$'000	Total equity \$'000
	Share capital \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000		
At 1 April 2017	24,450	(1,670)	51	60,223	83,054	(92)	82,962
Total comprehensive income for the year							
Profit for the year	–	–	–	1,175	1,175	(31)	1,144
Foreign currency translation differences relating to foreign subsidiaries	–	–	(51)	–	(51)	(2)	(53)
Total other comprehensive income	–	–	(51)	–	(51)	(2)	(53)
Total comprehensive income for the year	–	–	(51)	1,175	1,124	(33)	1,091
At 31 March 2018	24,450	(1,670)	*	61,398	84,178	(125)	84,053
	Attributable to owners of the Company					Non-controlling interest \$'000	Total equity \$'000
	Share capital \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000		
At 1 April 2018	24,450	(1,670)	*	61,398	84,178	(125)	84,053
Total comprehensive income for the year							
Profit for the year	–	–	–	2,248	2,248	(22)	2,226
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	2,248	2,258	(22)	2,236
At 31 March 2019	24,450	(1,670)	10	63,646	86,436	(147)	86,289

* Amount less than \$1,000

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2019

		Group	
	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Profit for the year		2,226	1,144
Adjustments for:			
Depreciation	4	11,521	11,336
Gain on disposal of property, plant and equipment	15	(314)	(158)
Net change in fair value of investment properties	5	1,146	(1,400)
Net allowance for impairment loss on trade and other receivables	16	230	81
Property, plant and equipment written off	18	*	37
Write down on inventory	18	—	623
Interest expense	16	1,440	1,230
Interest income	16	*	*
Tax (credit)/expense	17	(654)	391
		15,595	13,284
Changes in:			
Inventories		—	71
Trade and other receivables		(4,828)	3,896
Trade and other payables		883	(1,237)
Income tax paid		(7)	—
Net cash from operating activities		11,643	16,014
Cash flows from investing activities			
Acquisition of property, plant and equipment		(5,948)	(1,574)
Interest received		*	*
Proceeds from sale of property, plant and equipment		474	610
Net cash used in investing activities		(5,474)	(964)
Cash flows from financing activities			
Interest paid		(1,440)	(1,230)
Payments of finance lease liabilities		(16,793)	(12,980)
Proceeds from loans and borrowings		23,923	10,900
Repayment of loans and borrowings		(9,764)	(10,538)
Net cash used in financing activities		(4,074)	(13,848)
Net increase in cash and cash equivalents		2,095	1,202
Cash and cash equivalents at beginning of the year		3,451	2,262
Effect of exchange rate changes on balances held in foreign currencies		231	(13)
Cash and cash equivalents at end of the year		5,777	3,451

Significant non-cash transactions

During the financial year, the Group acquired property, plant and equipment totalling \$20,684,000 (2018: \$1,684,000), of which \$13,606,000 (2018: \$Nil) was acquired under finance lease and \$785,000 (2018: \$110,000) was acquired under bank loans and \$345,000 (2018: \$Nil) was payable to an external supplier.

* Amount less than \$1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 June 2019.

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 2019 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)”). These are the Group’s first financial statements prepared in accordance with SFRS(I) and SFRS(I) *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 24.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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 8 – measurement of expected credit losses (“ECL”) allowance for trade and other receivables: key assumptions in determining the weighted-average loss rate

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 21 – financial risk management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 April 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

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.

Acquisition from 1 April 2017

For acquisitions from 1 April 2017, 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.

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.

Acquisition before 1 April 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 April 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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.

3.2 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

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.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 April 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

Financial assets: Business model assessment – Policy applicable from 1 April 2018

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.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018

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.

Non-derivative financial assets – Policy applicable before 1 April 2018

The Group classified non-derivative financial assets into loans and receivables.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018

Loans and receivables

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

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

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. These financial liabilities comprised loans and borrowings and trade and other payables.

(iii) 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

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. In these cases, the transferred assets are not derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

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.

(iv) 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.

(v) 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.

(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 and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

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'.

Financial guarantees in the separate financial statements – Policy applicable before 1 April 2018

The policy applied in the comparative information presented for 2018 is similar to that applied for 2019. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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.

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

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

Subsequent costs

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

Depreciation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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:

• 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 Impairment

Non-derivative financial assets

Policy applicable from 1 April 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.6 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

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.

Policy applicable before 1 April 2018

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

Non-financial assets (Cont'd)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or 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.

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.

Investment in subsidiaries

The carrying amounts of the Company's investment 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.

3.7 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.

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.9 Revenue recognition

Leasing revenue

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

Rental income from subleased property is recognised as other income.

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.

3.10 Leases

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

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

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

When entities within the Group are lessors of an operating lease

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.11 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.

3.12 Tax

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

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

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. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3 Significant accounting policies (cont'd)

3.12 Tax (cont'd)

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.

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

3.13 Earnings per share

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

3.14 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.

3.15 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 25.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4 Property, plant and equipment

	Leasehold property \$'000	Plant and machinery \$'000	Renovation \$'000	Office equipment \$'000	Motor vehicles \$'000	Property under construction \$'000	Total \$'000
Group							
Cost							
At 1 April 2017	18,827	179,292	270	615	2,645	1,091	202,740
Additions	41	641	–	77	779	146	1,684
Effect of movements in exchange rates	–	58	–	–	6	–	64
Disposals/Write-offs	–	(1,056)	–	–	(232)	–	(1,288)
At 31 March 2018	18,868	178,935	270	692	3,198	1,237	203,200
Additions	57	18,296	8	52	619	1,652	20,684
Effect of movements in exchange rates	–	(184)	–	–	(42)	–	(226)
Disposals/Write-offs	–	(2,181)	–	(4)	(152)	–	(2,337)
At 31 March 2019	18,925	194,866	278	740	3,623	2,889	221,321
Accumulated depreciation							
At 1 April 2017	4,041	72,608	176	576	1,813	–	79,214
Depreciation charge for the year	1,255	9,629	48	47	357	–	11,336
Effect of movements in exchange rates	–	1	–	–	5	–	6
Disposals/Write-offs	–	(604)	–	–	(195)	–	(799)
At 31 March 2018	5,296	81,634	224	623	1,980	–	89,757
Depreciation charge for the year	1,261	9,805	8	55	392	–	11,521
Effect of movements in exchange rates	–	(4)	–	–	(1)	–	(5)
Disposals/Write-offs	–	(2,023)	–	(2)	(152)	–	(2,177)
At 31 March 2019	6,557	89,412	232	676	2,219	–	99,096
Carrying amounts							
At 1 April 2017	14,786	106,684	94	39	832	1,091	123,526
At 31 March 2018	13,572	97,301	46	69	1,218	1,237	113,443
At 31 March 2019	12,368	105,454	46	64	1,404	2,889	122,225

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4 Property, plant and equipment (cont'd)

	Leasehold property \$'000	Renovation \$'000	Property under construction \$'000	Total \$'000
Company				
Cost				
At 1 April 2017	18,827	74	1,091	19,992
Additions	40	–	146	186
At 31 March 2018	18,867	74	1,237	20,178
Additions	57	–	1,652	1,709
At 31 March 2019	18,924	74	2,889	21,887
Accumulated depreciation				
At 1 April 2017	4,041	21	–	4,062
Depreciation charge for the year	1,255	7	–	1,262
At 31 March 2018	5,296	28	–	5,324
Depreciation charge for the year	1,260	7	–	1,267
At 31 March 2019	6,556	35	–	6,591
Carrying amounts				
At 1 April 2017	14,786	53	1,091	15,930
At 31 March 2018	13,571	46	1,237	14,854
At 31 March 2019	12,368	39	2,889	15,296

The carrying amount of the property, plant and equipment of the Group acquired under finance lease arrangements was \$54,915,000 (2018: \$50,068,000).

As at 31 March 2019, property, plant and equipment of the Group with a carrying amount of \$19,496,000 (2018: \$20,478,000) were pledged as securities to secure a bank loan of \$9,826,000 (2018: \$15,588,000) (note 11).

The depreciation charge for the year is analysed as follows:

	Group	
	2019	2018
	\$'000	\$'000
Cost of sales	11,048	10,832
Administrative expenses	473	504
	<u>11,521</u>	<u>11,336</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4 Property, plant and equipment (cont'd)

Impairment losses

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount or value in use is estimated. Determining the value in use or recoverable amount of property, plant and equipment and other long-lived assets requires the estimation of future cash flows expected to be generated from the continued use, ultimate disposition of such assets and the business environments. The Group is required to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations. Based on the review performed by the Group, no impairment loss was recognised on property, plant and equipment for the years ended 31 March 2019 and 31 March 2018.

Property, plant and equipment under construction

During 2016, the Group started construction of a new workshop on a piece of leasehold land. The construction and costs incurred up to 31 March 2019 totalled \$2,889,000 (2018: \$1,237,000).

5 Investment properties

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 April	10,550	9,150	9,500	8,000
Additions	196	—	196	—
Net change in fair value	(1,146)	1,400	(896)	1,500
At 31 March	9,600	10,550	8,800	9,500

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 gains in profit or loss and included in "net change in fair value of investment properties". All gains are unrealised.

The leasehold properties are pledged as securities to secure bank loans (see note 11).

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 fair value measurement for the investment properties of \$9,600,000 (2018: \$10,550,000) 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
Investment properties	Market comparison method: The market comparison method involved the analysis of comparable sales of similar properties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

6 Subsidiaries

	Company	
	2019	2018
	\$'000	\$'000
Equity investments, at cost	3,920	3,920
Less: Allowance for impairment of investments	(420)	(420)
	<u>3,500</u>	<u>3,500</u>

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

	Company	
	2019	2018
	\$'000	\$'000
At beginning of the year	420	420
Allowance utilised	—	—
At end of the year	<u>420</u>	<u>420</u>

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	
			2019	2018
			%	%
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/ unlashings, 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
Held through Hiap Tong Crane & Transport Sdn. Bhd.				
Jebat Machinery Sdn Bhd	Ceased operation in January 2019	Malaysia	70	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

6 Subsidiaries (cont'd)

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 Inventories

	Group	
	2019	2018
	\$'000	\$'000
Cranes and heavy equipment	1,178	1,178
Less: Allowance for inventory obsolescence	(1,178)	(1,178)
	<u>–</u>	<u>–</u>

There was no trading sales and movement in allowance for inventory obsolescence in 2019.

In 2018, the cranes and heavy equipment recognised as cost of sales amounted to \$58,000 and allowance for inventory obsolescence of \$623,000 was provided for.

8 Trade and other receivables

	Group			Company		
	2019	2018	1 April 2017	2019	2018	1 April 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables						
Third parties	14,995	10,009	14,096	–	–	–
Unbilled receivables	1,302	2,095	2,597	–	–	–
Allowance for impairment losses	(694)	(464)	(1,451)	–	–	–
Net trade receivables	15,603	11,640	15,242	–	–	–
Other receivables	754	149	377	51	28	85
Deposits	311	561	638	27	395	395
Non-trade amounts due from subsidiaries	–	–	–	5,036	3,690	6,186
	<u>16,668</u>	<u>12,350</u>	<u>16,257</u>	<u>5,114</u>	<u>4,113</u>	<u>6,666</u>
Prepayments	232	148	276	17	18	19
	<u>16,900</u>	<u>12,498</u>	<u>16,533</u>	<u>5,131</u>	<u>4,131</u>	<u>6,685</u>

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.

In 2018, included in deposits were amounts paid to suppliers for the additions to investment properties.

The Group's and the Company's exposure to credit and currency risks and impairment losses, are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

9 Share capital

Group and Company	
2019	2018
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
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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.

Capital management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Group achieved a return on shareholders' equity of 2.6% (2018: 1.4%) for the year ended 31 March 2019.

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	
	2019 \$'000	2018 \$'000
Loans and borrowings	49,961	38,204
Less: cash and cash equivalents	(5,777)	(3,451)
Net debt	44,184	34,753
Total equity	86,289	84,053
Gearing ratio (times)	0.51	0.41

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

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

10 Merger reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

11 Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Non-current				
Finance lease liabilities	23,411	12,520	–	–
Secured bank loans	7,127	10,374	3,650	5,607
	30,538	22,894	3,650	5,607
Current				
Finance lease liabilities	9,941	8,096	–	–
Secured bank loans	6,482	5,214	3,686	2,892
Unsecured bank loan	3,000	2,000	–	–
	19,423	15,310	3,686	2,892
Total loans and borrowings	49,961	38,204	7,336	8,499

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

- Legal mortgage over the leasehold property and pledge of certain property, plant and equipment of the Group (note 4);
- Legal mortgage over the investment properties (note 5); and
- Corporate guarantees executed by the Company and subsidiaries.

Terms and debt repayment schedule

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

	Nominal interest rate per annum	Year of maturity	Face value \$'000	Carrying amount \$'000
Group				
2019				
Finance lease liabilities	1.20% – 2.50%	2020 – 2024	35,691	33,352
Secured bank loans	COF* + 0.75% – 1.25%	2020 – 2029	7,998	7,998
Secured bank loans	SIBOR# + 1.00%	2022	5,611	5,611
Unsecured bank loan	COF* + 1.50% – 2.25%	2020	2,500	2,500
Unsecured bank loan	EBR@ - 0.95%	2020	500	500
Total loans and borrowings			52,300	49,961
2018				
Finance lease liabilities	1.20% – 2.00%	2019 – 2023	21,696	20,616
Secured bank loans	COF* + 0.75% – 1.25%	2019 – 2029	8,029	8,029
Secured bank loans	SIBOR# + 1.00%	2022	7,559	7,559
Unsecured bank loan	COF* + 1.50% – 2.25%	2019	2,000	2,000
Total loans and borrowings			39,284	38,204

* Cost of funds

Singapore Interbank offered rate

@ Enterprise base rate

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

11 Loans and borrowings (cont'd)

	Nominal interest rate per annum	Year of maturity	Face value \$'000	Carrying amount \$'000
Company				
2019				
Secured bank loans	COF* + 1.25%	2020	1,725	1,725
Secured bank loans	SIBOR# + 1.00%	2022	5,611	5,611
Total loans and borrowings			7,336	7,336
2018				
Secured bank loans	COF* + 1.25%	2019	940	940
Secured bank loans	SIBOR# + 1.00%	2022	7,559	7,559
Total loans and borrowings			8,499	8,499

* Cost of funds

Singapore Interbank offered rate

Finance lease liabilities

Finance leases liabilities are payable as follows:

	Present value of minimum lease payments \$'000	Interest \$'000	Future minimum lease payments \$'000
Group			
2019			
Within 1 year	9,941	1,064	11,005
After 1 year but within 5 years	23,411	1,275	24,686
	33,352	2,339	35,691
2018			
Within 1 year	8,096	516	8,612
After 1 year but within 5 years	12,520	564	13,084
	20,616	1,080	21,696

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

11 Loans and borrowings (cont'd)

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

	Liabilities		Total \$'000
	Other loans and borrowings \$'000	Finance lease liabilities \$'000	
Balance at 1 April 2018	17,588	20,616	38,204
Changes from financing cash flows			
Proceeds from loans and borrowings	8,000	15,923	23,923
Repayment of loans and borrowings	(9,764)	–	(9,764)
Payment of finance lease liabilities	–	(16,793)	(16,793)
Interest paid	(635)	(805)	(1,440)
Total changes from financing cash flows	(2,399)	(1,675)	(4,074)
Other changes			
Interest expense	635	805	1,440
Property, plant and equipment acquired	785	13,606	14,391
Total other changes	1,420	14,411	15,831
Balance at 31 March 2019	16,609	33,352	49,961

	Liabilities		Total \$'000
	Other loans and borrowings \$'000	Finance lease liabilities \$'000	
Balance at 1 April 2017	20,836	24,766	45,602
Changes from financing cash flows			
Proceeds from loans and borrowings	7,180	3,720	10,900
Repayment of loans and borrowings	(10,538)	–	(10,538)
Payment of finance lease liabilities	–	(12,980)	(12,980)
Interest paid	(504)	(726)	(1,230)
Total changes from financing cash flows	(3,862)	(9,986)	(13,848)
Other changes			
Interest expense	504	726	1,230
Property, plant and equipment acquired	110	–	110
New finance leases	–	5,110	5,110
Total other changes	614	5,836	6,450
Balance at 31 March 2018	17,588	20,616	38,204

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12 Deferred tax assets and liabilities

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

	At 1 April 2017 \$'000	Recognised in profit or loss (note 17) \$'000	At 31 March 2018 \$'000	Recognised in profit or loss (note 17) \$'000	At 31 March 2019 \$'000
Deferred tax liabilities					
Property, plant and equipment	(9,835)	(389)	(10,224)	665	(9,559)
Trade and other payables	50	(2)	48	(4)	44
	<u>(9,785)</u>	<u>(391)</u>	<u>(10,176)</u>	<u>661</u>	<u>(9,515)</u>

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	
	2019 \$'000	2018 \$'000
Deferred tax liabilities	<u>(9,515)</u>	<u>(10,176)</u>

Unrecognised deferred tax assets

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

	Group	
	2019 \$'000	2018 \$'000
Deductible temporary differences	243	199
Tax losses	<u>1,498</u>	<u>1,949</u>
	<u>1,741</u>	<u>2,148</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13 Trade and other payables

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Non-current				
Other payables	180	177	–	–
Non-trade amounts due to:				
- directors of the Company	1,899	1,893	–	–
- directors of the subsidiaries	230	224	–	–
	2,309	2,294	–	–
Current				
Trade payables	2,545	2,267	348	59
Other payables	640	490	–	–
Accrued expenses	2,944	2,183	290	183
Non-trade amounts due to:				
- directors of the Company	72	72	–	–
- directors of the subsidiaries	72	72	–	–
	6,273	5,084	638	242
Deposits and advances	128	131	–	–
	6,401	5,215	638	242
Total trade and other payables	8,710	7,509	638	242

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

Other payables includes an amount of \$345,000 (2018 : \$Nil) 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 are reclassified to current.

14 Revenue

	Group	
	2019 \$'000	2018 \$'000
- Leasing business	39,420	35,577
- Trading business	–	54
- Port services business	14,801	7,608
	54,221	43,239

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14 Revenue (cont'd)

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:

Leasing 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 leasing of plant and machinery is recognised in profit or loss on a straight-line basis over the term of the lease.
Significant payment terms	Credit terms 30 days to 90 days.

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. Variables 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 20).

15 Other income

	Group	
	2019	2018
	\$'000	\$'000
Rental income from storage space	1,516	1,729
Government grant	495	555
Commission income	3	2
Insurance claims	13	23
Gain on disposal of property, plant and equipment	314	158
Sundry income	95	69
Others	33	35
	<u>2,469</u>	<u>2,571</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

16 Finance income and costs

Recognised in profit or loss

Interest income from cash and cash equivalents

Others

Finance income

Interest expenses on:

- finance leases

- trust receipts

- loans

Net allowance for impairment loss on trade and other receivables

Bank charges

Exchange loss (net)

Finance costs

Net finance costs recognised in profit or loss

* Amount less than \$1,000

Group	
2019	2018
\$'000	\$'000
*	*
1	53
1	53
(805)	(726)
(85)	*
(550)	(504)
(1,440)	(1,230)
(230)	(81)
(41)	(29)
(358)	(4)
(2,069)	(1,344)
(2,068)	(1,291)

17 Tax (credit)/expense

Tax recognised in profit or loss

Current tax

Changes in estimates related to prior years

Deferred tax

Origination and reversal of temporary differences

Total tax (credit)/expense

Reconciliation of effective tax rate

Profit before tax

Tax calculated using Singapore tax rate of 17% (2018: 17%)

Effect of tax rates in foreign jurisdictions

Non-deductible expenses

Income not subject to tax

Tax incentives

Deferred tax assets not recognised

Changes in estimates related to prior years

Group	
2019	2018
\$'000	\$'000
7	—
(661)	391
(654)	391
1,572	1,535
267	261
81	17
685	246
(79)	(238)
(1,546)	—
(69)	105
7	—
(654)	391

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18 Profit for the year

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

	Group	
	2019	2018
	\$'000	\$'000
Audit fees paid to:		
- auditors of the Company	108	108
- other member firms of KPMG International	8	8
Non-audit fees paid to:		
- auditors of the Company	16	16
- other auditors	22	23
Operating lease expenses	1,651	1,592
Employee benefits expense	30,022	22,133
Directors' fees	80	81
Depreciation expense	11,521	11,336
Write down on inventory	—	623
Property, plant and equipment written off	*	37
Employee benefits expense		
Salaries bonuses and other costs	27,993	20,412
Contribution to defined contribution plans	2,029	1,721
	30,022	22,133

* Amount less than \$1,000

19 Earnings per share

	Group	
	2019	2018
	\$'000	\$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	2,248	1,175
	Number of shares '000	Number of shares '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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20 Segment reporting

In prior years, the Group had only one main operating segment – leasing of cranes, prime movers, heavy machinery and equipment. In 2018, the Group was awarded a long-term contract to supply labour for container lashing/unlashing, prime mover driving services and ancillary works to a major key customer. With this key contract win, the Group has identified a new business segment, port services. As such, 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 2019 and 2018.

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:

	Leasing 2019 \$'000	Port Services 2019 \$'000	Others 2019 \$'000	Total 2019 \$'000	Leasing 2018 \$'000	Port Services 2018 \$'000	Others 2018 \$'000	Total 2018 \$'000
External revenue	39,420	14,801	*	54,221	35,577	7,608	54	43,239
Interest revenue	*	–	–	*	*	–	–	*
Interest expense	1,324	16	100	1,440	1,121	–	109	1,230
Depreciation	11,402	119	–	11,521	11,336	–	–	11,336
Reportable segment profit/(loss) before tax	2,802	80	(1,310)	1,572	(85)	564	1,056	1,535
Other material non-cash items:								
- Net allowance of impairment for trade and other receivables	230	–	–	230	81	–	–	81
- Net change in fair value of investment properties	–	–	(1,146)	(1,146)	–	–	1,400	1,400
- Impairment loss on inventory	–	–	–	–	623	–	–	623
Reportable segment assets	139,641	5,261	9,600	154,502	125,169	4,223	10,550	139,942
Capital expenditure	18,365	2,123	196	20,684	1,683	1	–	1,684
Reportable segment liabilities	63,527	4,686	–	68,213	52,488	3,401	–	55,889

* Amount less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20 Segment reporting (cont'd)

Geographical information

The leasing, 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						Total	
	Leasing		Port Services		Other			
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Singapore	38,544	35,473	14,801	7,608	*	*	53,345	43,081
Malaysia	876	104	—	—	—	—	876	104
	39,420	35,577	14,801	7,608	*	*	54,221	43,185
Non-current assets								
Singapore	117,088	112,348	2,005	—	9,600	10,550	128,693	122,898
Malaysia	3,132	1,095	—	—	—	—	3,132	1,095
	129,820	113,443	2,005	—	9,600	10,550	131,825	123,993

Major customer

Revenue from one customer of the Group's leasing and port services segments represents approximately \$6,097,000 (2018: \$11,128,000) and \$14,361,000 (2018: \$7,503,000) respectively of the Group's total revenue.

21 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

The 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

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	
	2019	2018
	\$'000	\$'000
Impairment loss on trade receivables arising from contracts with customer	230	81

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 20.

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 90 days for customers.

More than 80% of the Group's customers have been transacting with the Group for over four years. 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		
	2019	2018	1 Apr
	\$'000	\$'000	2017
Singapore	15,172	11,585	15,242
Others	431	55	–
	15,603	11,640	15,242

The carrying amount of the Group's most significant customer was \$1,911,000 at 31 March 2019 (2018: \$748,000; 1 April 2018: \$539,000). There is no concentration of customers' credit risk at the Company level.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

Exposure to credit risk (cont'd)

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

	Group		1 Apr 2017
	2019	2018	
	Not credit-impaired	Credit-impaired	
	\$'000	\$'000	\$'000
Trade receivables	15,603	694	12,104
Total gross carrying amount	15,603	694	12,104
Allowance for impairment losses on trade receivables	–	(694)	(464)
Total	15,603	–	11,640

Comparative information under FRS 39

The Group and the Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. As at 31 March 2018 and 1 Apr 2017, the Group and the Company do not have any collective impairment on its loans and receivables. The impairment losses relate to several customers that are not expected to be able to pay their outstanding balances, mainly due to financial difficulties.

The ageing of trade and other receivables (excluding prepayments) and impairment losses at the reporting dates can be analysed as:

	2018		1 Apr 2017	
	Gross	Impairment losses	Gross	Impairment losses
	\$'000	\$'000	\$'000	\$'000
Group				
Not past due	6,481	–	7,794	–
Past due 1 – 90 days	4,105	–	5,881	(26)
Past due 91 – 180 days	842	–	1,635	(104)
Past due 181 – 365 days	863	(17)	848	(377)
Past due more than 365 days	523	(447)	1,550	(944)
	12,814	(464)	17,708	(1,451)
Company				
Not past due	4,111	–	6,664	–
Past due 1 – 90 days	–	–	–	–
Past due 91 – 180 days	–	–	–	–
Past due 181 – 365 days	–	–	–	–
Past due more than 365 days	2	–	2	–
	4,113	–	6,666	–

The Group's and the Company's impaired trade receivables at 31 March 2018 had a gross carrying amount of \$464,000 and \$Nil respectively (1 April 2017: \$1,451,000 and \$Nil respectively). The impairment losses of the Group as at 31 March 2018 related to several customers that had indicated that they were not expecting to be able to pay their outstanding balances, mainly due to economic circumstances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

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.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2019.

	Weighted- average loss rate %	Group Gross carrying amount \$'000	Group Impairment loss allowance \$'000	Credit- impaired
Current (not past due)	0	6,252	–	No
Past due 1 – 90 days	0	6,808	–	No
Past due 91 – 180 days	0	1,992	–	No
Past due 181 – 365 days	22.0	696	153	Yes
Past due more than 365 days	98.5	549	541	Yes
		<u>16,297</u>	<u>694</u>	

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. Comparative amounts in 2018 represent the allowance account for impairment losses under FRS 39.

	Group \$'000	Company \$'000
At 1 April 2017 under FRS 39	1,451	–
Impairment loss recognised	134	–
Amount reversed	(53)	–
Amount written off	(1,068)	–
At 31 March 2018 under FRS 39	<u>464</u>	<u>–</u>
	Group Lifetime ECL \$'000	Company Lifetime ECL \$'000
At 1 April 2018 under FRS 39	464	–
Adjustment on initial application of SFRS(I) 9	–	–
Balance at 1 April 2018 under SFRS(I) 9	<u>464</u>	<u>–</u>
Impairment losses recognised	273	–
Allowance for impairment losses written back	(43)	–
At 31 March 2019 per SFRS(I) 9	<u>694</u>	<u>–</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

Non trade amounts due from subsidiaries

The Company held non trade receivables from its subsidiaries of \$5,036,000 (2018: \$3,690,000; 1 April 2017: \$6,186,000). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. 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 \$5,777,000 at 31 March 2019 (2018: \$3,451,000). 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.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments.

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 outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

				Cash flows	
	Carrying	Contractual	Within	After 1 year	
	amount	cash flows	1 year	but within	
	\$'000	\$'000	\$'000	5 years	After
				\$'000	5 years
					\$'000
Group					
At 31 March 2019					
Non-derivative financial liabilities					
Finance lease liabilities	33,352	(35,691)	(11,005)	(24,686)	–
Secured bank loans	13,609	(14,752)	(6,781)	(5,590)	(2,381)
Unsecured bank loan	3,000	(3,009)	(3,009)	–	–
Trade and other payables *	8,582	(8,582)	(6,273)	(770)	(1,539)
Recognised financial liabilities	58,543	(62,034)	(27,068)	(31,046)	(3,920)
At 31 March 2018					
Non-derivative financial liabilities					
Finance lease liabilities	20,616	(21,696)	(8,612)	(13,084)	–
Secured bank loans	15,588	(16,845)	(5,520)	(8,620)	(2,705)
Unsecured bank loan	2,000	(2,009)	(2,009)	–	–
Trade and other payables *	7,378	(7,378)	(5,084)	(761)	(1,533)
Recognised financial liabilities	45,582	(47,928)	(21,225)	(22,465)	(4,238)

* Excludes deposits and advances

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows	
			Within 1 year \$'000	After 1 year but within 5 years \$'000
Company				
At 31 March 2019				
Non-derivative financial liabilities				
Secured bank loans	7,336	(7,796)	(3,850)	(3,946)
Trade and other payables *	638	(638)	(638)	–
	7,974	(8,434)	(4,488)	(3,946)
At 31 March 2018				
Non-derivative financial liabilities				
Secured bank loans	8,499	(9,069)	(3,041)	(6,028)
Trade and other payables *	242	(242)	(242)	–
	8,741	(9,311)	(3,283)	(6,028)

* 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.

The directors have assessed the cash flow forecast of the Group for the 18 months ended 31 March 2019 and have ascertained that adequate liquidity exists to finance its working capital requirements through cash inflow from its operations, cash reserves and its undrawn credit facilities, notwithstanding that the Group was in net current liabilities position of \$3,174,000 (2018: \$4,576,000).

The Group aims at maintaining flexibility in funding by keeping committed credit lines available. In this connection, the Group maintains approximately \$11,248,000 (2018: \$24,610,000) at 31 March 2019 of undrawn credit with banks and financial institutions that can be drawn down to meet both short-term and long-term financing needs.

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 \$42,027,000 (2018: \$29,004,000). At the reporting date, the Company does not consider it probable that the claim will be made against the Company under the financial guarantee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (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	
2019	
Financial guarantee	42,027
2018	
Financial guarantee	29,004

Market risk

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

Interest rate risk

The Group's and Company's exposure to changes in interest rates relates primarily to the Group's and Company's interest-bearing 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		Company	
	Nominal amount		Nominal amount	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial liabilities	(33,352)	(20,616)	–	–
Variable rate instruments				
Financial liabilities	(16,609)	(17,588)	7,336	(8,499)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting 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 2019 and 2018.

	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 2019				
Variable rate instruments	(166)	166	(73)	73
31 March 2018				
Variable rate instruments	(176)	176	(85)	85

Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

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.

		Carrying amounts			Fair value			
	Note	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group								
31 March 2019								
Financial assets not measured at fair value								
Trade and other receivables *	8	16,668	–	16,668				
Cash and cash equivalents		5,777	–	5,777				
		22,445	–	22,445				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(8,582)	(8,582)	–	–	(7,626)	(7,626)
Loans and borrowings ***	11	–	(16,609)	(16,609)	–	(15,864)	–	(15,864)
		–	(25,191)	(25,191)				
31 March 2018								
Financial assets not measured at fair value								
Trade and other receivables *	8	12,350	–	12,350				
Cash and cash equivalents		3,451	–	3,451				
		15,801	–	15,801				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(7,378)	(7,378)	–	–	(6,363)	(6,363)
Loans and borrowings ***	11	–	(17,588)	(17,588)	–	(16,349)	–	(16,349)
		–	(24,966)	(24,966)				

* Excludes prepayments

** Excludes deposits and advances

*** Excludes finance lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

		Carrying amounts			Fair value			
	Note	Loans and receivables \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company								
31 March 2019								
Financial assets not measured at fair value								
Trade and other receivables *	8	5,114	–	5,114				
Cash and cash equivalents		376	–	376				
		5,490	–	5,490				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(638)	(638)				
Loans and borrowings ***	11	–	(7,336)	(7,336)	–	(7,030)	–	(7,030)
		–	(7,974)	(7,974)				
31 March 2018								
Financial assets not measured at fair value								
Trade and other receivables *	8	4,113	–	4,113				
Cash and cash equivalents		227	–	227				
		4,340	–	4,340				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(242)	(242)				
Loans and borrowings ***	11	–	(8,499)	(8,499)	–	(7,877)	–	(7,877)
		–	(8,741)	(8,741)				

* Excludes prepayments

** Excludes deposits and advances

*** Excludes finance lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

21 Financial risk management (cont'd)

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.

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 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.		

Transfer between Level 1 and 2

There were no transfer between Level 1 and 2 in 2019 and 2018.

22 Commitments

(a) Commitments

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

	Group	
	2019	2018
	\$'000	\$'000
Capital expenditure	4,067	12,377

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

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

	Group	
	2019	2018
	\$'000	\$'000
Within 1 year	1,823	1,465
After 1 year but within 5 years	5,623	5,316
After 5 years	11,274	13,281
	18,720	20,062

The Group leases three pieces of land under operating leases. The leases run for a period ranging from 1 to 22 years. Lease payments are adjusted every year to reflect market rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

22 Commitments (cont'd)

(c) Operating leases commitments – where the Group is a lessor

At the reporting date, the Group leases out its warehouses. The future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Within 1 year	362	338
After 1 year but within 5 years	141	143
	<u>503</u>	<u>481</u>

The Group leases storage space under operating leases. The leases run for a period of 1 to 2 years.

23 Related parties

Key management personnel compensation

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

	Group	
	2019	2018
	\$'000	\$'000
Short-term employee benefits	1,928	1,846
Contributions to defined contribution plans	116	106
	<u>2,044</u>	<u>1,952</u>

24 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (“ASC”) issued the Singapore Financial Reporting Standards (International) (“SFRS(I)”). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) at 31 December 2017 that are applicable for annual period beginning on 1 April 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 April 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 April 2017 (the Group’s date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have a material effect on the financial statements.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 has no significant impact on the Group's and the Company's financial position as at 1 April 2017, 31 March 2018 and 1 April 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 March 2018. There were no material adjustments to the Group's statement of cash flows for the year ended 31 March 2018 arising on transition to SFRS(I).

Notes to the reconciliations

A SFRS(I) 1

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) 1 with 1 April 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 March 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. There is no significant impact on the financial statements arising from the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1.

B SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group has adopted SFRS(I) 15 using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented in the financial statements for 2018 is restated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B SFRS(I) 15 (cont'd)

The Group has applied the following practical expedients as allowed under SFRS(I) 15.

- Completed contracts that began and ended in the same annual reporting period in 2018 and contracts completed at 1 April 2017 are not restated.
- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information.
- For the year ended 31 March 2018, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

Services

The Group supplies labour for container lashing/unlashing, prime mover driving services and ancillary works. The Group previously recognised revenue from such sales as the services were being rendered. Under SFRS(I) 15, revenue continues to be recognised over time as services are being rendered.

Where applicable the Group applies the practical expedient to recognise revenue in the amount to which the Group has a right to invoice as the Group has a right to consideration from the customers in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

There is no quantitative impact on initial application of SFRS(I) 15.

C SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 April 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 April 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018.
 - The determination of the business model within which a financial asset is held;
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- If a debt investment has low credit risk at 1 April 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24 Explanation of transition to SFRS(l) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

C SFRS(l) 9 (cont'd)

The impact upon adoption of SFRS(l) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(l) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI - debt instrument, FVOCI - equity instrument; or FVTPL. The classification of financial assets under SFRS(l) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(l) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(l) 9, see note 3.3(ii).

The adoption of SFRS(l) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(l) 9 for each class of the Group's financial assets as at 1 January 2018.

<u>Group</u>	<u>Note</u>	Original classification under FRS 39	New classification under SFRS(l) 9	Original carrying amount under FRS 39 \$'000	New carrying amount under SFRS(l) 9 \$'000
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	12,350	12,350
Cash and cash equivalents		Loans and receivables	Amortised cost	3,451	3,451
Total financial assets				15,801	15,801
Company					
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	4,113	4,113
Cash and cash equivalents		Loans and receivables	Amortised cost	227	227
Total financial assets				4,340	4,340

- (a) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There is no changes in the allowance for impairment was recognised in opening retained earnings of the Group and of the Company at 1 April 2018 respectively on transition to SFRS(l) 9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

C SFRS(I) 9 (cont'd)

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and intra-group financial guarantee contracts, but not to equity investments. The adoption of the new impairment model under SFRS(I) does not affect the carrying amount of intra-group financial guarantee contracts at 1 April 2018, as the amount initially recognised less the cumulative amount of income recognised in accordance with SFRS(I) 15 is higher than the estimated ECL amount.

Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under FRS 39, and not presented separately in the statement of profit or loss due to materiality considerations.

There was no additional impairment loss recognised upon initial application at the Group and Company level.

Additional information about how the Group and the Company measure the allowance for impairment is described in note 3.6.

25 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2018 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 SFRS(I)s are effective for annual periods beginning after 1 April 2018:

Applicable to 2020 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

25 New standards and interpretations not yet adopted (cont'd)

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group and the Company as lessee

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio of warehouse and factory facilities leases. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 12.1% of consolidated total assets and 27.4% of consolidated total liabilities.

STATISTICS OF SHAREHOLDINGS

As at 10 June 2019

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 10 June 2019

	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 10 June 2019, approximately 33.86% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	6	0.74	338	0.00
100 - 1,000	16	1.96	10,786	0.00
1,001 - 10,000	175	21.45	1,296,363	0.42
10,001 - 1,000,000	590	72.30	54,589,786	17.72
1,000,001 AND ABOVE	29	3.55	252,168,009	81.86
TOTAL	816	100.00	308,065,282	100.00

STATISTICS OF SHAREHOLDINGS

As at 10 June 2019

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.	6,450,121	2.09
3	EST OF CHUA BENG SING, DEC'D	4,200,000	1.36
4	RHB SECURITIES SINGAPORE PTE. LTD.	4,036,300	1.31
5	HONG LEONG FINANCE NOMINEES PTE LTD	3,167,500	1.03
6	KIM SOON LEE (LIM) HEAVY TRANSPORT PTE LTD	2,900,000	0.94
7	FOO SEE HAN	2,710,000	0.88
8	DBS NOMINEES (PRIVATE) LIMITED	2,352,800	0.76
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,280,000	0.74
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,216,500	0.72
11	ONG BOON TAT, ALVIN (WANG WENDA, ALVIN)	2,209,375	0.72
12	ONG LYE SUM	2,150,200	0.70
13	ANG LAI HOE	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	KWOK LAI FONG EVANGELINE	1,949,000	0.63
18	ONG LIM SAN	1,900,000	0.62
19	OCBC SECURITIES PRIVATE LIMITED	1,662,000	0.54
20	TAN CHENG HWEE OR TAN CHIEW PENG	1,620,000	0.53
TOTAL		239,969,109	77.90

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting (“AGM”) of Hiap Tong Corporation Ltd will be held at SAFRA Jurong Club, Evergreen Room 4 (Level 3), 333 Boon Lay Way, Singapore 649848, on Tuesday, 30 July 2019 at 3.00 p.m. for the purpose of transacting 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 2019 together with the Auditors’ Report thereon. | Resolution 1 |
| 2. | To declare a first and final one-tier tax-exempt dividend of 0.05 Singapore cent per ordinary share in respect of the year ended 31 March 2019. | Resolution 2 |
| 3. | To approve the payment of Directors’ fees of S\$80,000 for the financial year ended 31 March 2019. | Resolution 3 |
| 4. | To re-elect the following Directors retiring pursuant to the Company’s Constitution: | |
| | (i) Mr Ong Lim Wan @ Ong Teck Meng (Article 91) [refer to explanatory note (i)] | Resolution 4 |
| | (ii) Mr Tito Shane Isaac (Article 91) [refer to explanatory note (ii)] | Resolution 5 |
| 5. | To re-appoint KPMG LLP, Public Accountants and Chartered Accountants, Singapore and to authorise the Directors to fix the Auditors’ remuneration. | Resolution 6 |

AS SPECIAL BUSINESS

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

- | | | |
|----|--|---------------------|
| 6. | Authority to allot and issue new shares in the capital of the Company | |
| | <p>“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 “Catalist Rules”), 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 Catalist Rules 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.” [See Explanatory Note (iii)]</p> | Resolution 7 |

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 8 August 2019 at 5.00 p.m. for the purpose of determining shareholders' entitlements to the proposed tax exempt (one-tier) first and final dividend of 0.05 Singapore cent per ordinary share for the financial year ended 31 March 2019 (the "Proposed Dividend").

Duly completed transfers received by the Company's Registrar, RHT Corporate Advisory Pte. Ltd. of 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, up to 5.00 p.m. on 8 August 2019 will be registered to determine shareholders' entitlement to the Proposed Dividend. Members whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with the shares as at 5.00 p.m. on 8 August 2019 will be entitled to such Proposed Dividend.

The Proposed Dividend, if approved at the Annual General Meeting to be held on 30 July 2019, will be paid on 22 August 2019.

By Order of the Board

Lo Swee Oi
Company Secretary
Singapore, 5 July 2019

Explanatory Notes on Resolutions to be passed:

- (i) Detailed information pursuant to Rule 720(5) of the Catalist Rules on Mr Ong Lim Wan @ Ong Teck Meng can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 91 to 95 of the Annual Report.
- (ii) Mr Tito Shane Isaac, if re-elected, will remain as the Chairman of the Nominating Committee and Member of the Remuneration Committee and the Audit Committee. Mr Isaac is considered an Independent Director for purposes of Rule 704(7) of the Catalist Rules. Detailed information pursuant to Rule 720(5) of the Catalist Rules on Mr Isaac can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 91 to 95 of the Annual Report
- (iii) The Ordinary Resolution 7 proposed in item 6 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 treasury 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).

Notes:

- (1) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.
- (2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, at 22 Soon Lee Road Singapore 628082, not less than 48 hours before the meeting.
- (3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- (4) In the case of joint shareholders, all holders must sign the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

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

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the meeting and any questions he may raise or motions he proposes/seconds) may be recorded by the Company for such purpose.

In addition, the Company may upon the request of any shareholder, provide such shareholder with a copy of the minutes of the AGM which may contain a member's personal data as explained above. By participating in the AGM, raising any questions and/or proposing/seconding any motion, a member will be deemed to have consented to have his personal data recorded and dealt with for the purposes and in the manner explained above.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ong Teck Meng and Mr Tito Shane Isaac are the Directors seeking re-election at the annual general meeting of the Company on 30 July 2019 ("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 Catalist Rules is set out below:

Name of Director	Ong Teck Meng	Tito Shane Isaac
Date of appointment	8 January 2008	1 July 2016
Date of last re-appointment (if applicable)	26 July 2017	27 July 2016
Age	70 years old	48 years old
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, in-depth knowledge of providing hydraulic lifting and haulage services to the marine, petrochemical and construction industries in Singapore as well as the suitability of Mr Ong Teck Meng for re-election as Executive Chairman & Chief Executive Officer of the Company. The Board has accepted the NC's recommendation and concluded that Mr Ong, the founder of the Hiap Tong Group possesses the experience, expertise, knowledge and skills 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 qualifications, expertise, work experience and suitability of Mr Tito Shane Isaac for re-election as Lead Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Isaac continues to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether Board appointment is executive, and if so, the area of responsibility	<ul style="list-style-type: none"> - Executive Director - Managing the Group's overall business strategy 	Non-Executive Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Executive Chairman and Chief Executive Officer	Lead Independent Director
Academic / professional qualifications	Primary School of Singapore	Barrister-at-law Gray's Inn LL.B Hons from University of Leeds, United Kingdom
Working experience and occupation(s) during the past 10 years	<p>Managing Director of Hiap Tong Trading Pte Ltd from 1978</p> <p>Managing Director of Hiap Tong Crane & Transport Pte Ltd from 1988</p>	<p>Legal officer, Military Prosecutor of Legal Service Commission</p> <p>Legal Associate of Nathan Isaac & Co</p> <p>Partner of Ng Isaac Partnership</p> <p>Managing Partner of Tito Isaac & Co LLP</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Teck Meng	Tito Shane Isaac
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest - 662,876 shares Deemed interest - 191,885,313 shares	Nil
Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder	<ol style="list-style-type: none"> 1. Ong Boon Tat, Alvin (son) – Executive Director 2. Ong Lim San (brother) – Executive Director 3. Wang Wenshen (nephew) – Manager 4. Ng Eng Joo (cousin) – Head of Operations 5. Ong Chuan Hock (brother) – Director of Hiap Tong Trading Pte. Ltd. 6. Wang Wenxin (nephew) – Workshop Manager 7. Ong Hwee Cheng (daughter) – Business Development Manager 8. Gwee Sze Hoe Jeremy (nephew) – Director of Hiap Tong Crane & Transport Pte. Ltd. 9. Ong Yi Na (niece) – Human Resource Senior Manager 10. Ong Jun Xiong (nephew) – Manager 	No
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	Nil	Nil
Present	Nil	Non-Executive Chairman & Independent Director of New Wave Holdings Ltd Independent Non-Executive Director of CPH Ltd
Disclose the following matters concerning appointment/re-appointment of director, chief executive 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		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Teck Meng	Tito Shane Isaac
(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?	No	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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Teck Meng	Tito Shane Isaac
(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
<p>(j) Whether I have ever, to my knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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?</p>	No	Yes; in capacity as their lawyer only. I have defended various directors and companies. None of the directors and companies related to the Hiap Tong Group.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Teck Meng	Tito Shane Isaac
(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
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.

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PROXY FORM

HIAP TONG CORPORATION LTD.

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

IMPORTANT:

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

of _____ (Address)

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

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

And/or (deleted as appropriate)

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or failing the person, or either or both the persons, referred to above, the Chairman of the Annual General Meeting of the Company (the "Meeting"), as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting to be held at SAFRA Jurong Club, Evergreen Room 4 (Level 3), 333 Boon Lay Way, Singapore 649848 on Tuesday, 30 July 2019 at 3.00 p.m. and at any adjournment thereof in the following manner. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to	For	Against
	Ordinary Business		
1.	To adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 March 2019		
2.	Declaration of a first and final one-tier tax-exempt dividend		
3.	To approve the payment of Directors' fees of S\$80,000 for the financial year ended 31 March 2019		
4.	To re-elect Mr Ong Lim Wan @ Ong Teck Meng under Article 91 of the Company's Constitution		
5.	To re-elect Mr Tito Shane Isaac under Article 91 of the Company's Constitution		
6.	To re-appoint Auditors and authorise Directors to fix their remuneration		
	Special Business		
7.	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Rules		

Date this _____ day of _____ 2019

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

Signature(s) of Member(s) /
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF



IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289)) of Singapore, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore ("the Act"), a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 3 Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.
- 4 A proxy need not be a member of the Company.
- 5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 22 Soon Lee Road Singapore 628082 not less than 48 hours before the time appointed for the meeting.
- 6 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- 7 Where an instrument appointing a proxy or proxies 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) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 8 Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
- 9 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.
- 10 The Company shall be entitled to reject an instrument of proxy which 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 of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name 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. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 July 2019.

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HIAP TONG CORPORATION LTD.

协通企业有限公司

Company Registration No. 200800657N

22 Soon Lee Road

Singapore 628082

Tel: (65) 6779 5050

Fax: (65) 6777 0841

Website: <http://www.hiaptong.com>