2017
ANNUAL REPORT

HIAP TONG 协通企业

HIAP TONG CORPORATION LTD.

SHAPED BY
FOCUS AND RESILIENCE

CONTENTS

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

This document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor are Mr Yee Chia Hsing, Head, Catalist, Investment Banking and Mr Lee Chee Cheong, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 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 294 vehicles as at 31 March 2017, consisting of 116 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 178 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 Singapore Takada Industries Pte. Ltd. in the petrochemical industry; as well as G-Tech Metal 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 116 cranes as at 31 March 2017, which comprises rough terrain cranes, mobile truck cranes, all terrain cranes, telescopic crawler cranes, crawler cranes, and a mobile tower crane

- Our current lifting capabilities range from 10 tonnes to 1200 tonnes, allowing us to undertake specialised lifting jobs requiring heavy lifting beyond the capability of most conventional cranes commonly found in the market

OUR LIFTING FLEET

ALL TERRAIN CRANE


ROUGH TERRAIN CRANE


MOBILE TOWER CRANE

MOBILE TRUCK CRANE


TELESCOPIC CRAWLER CRANE


CRAWLER CRANE

OUR BUSINESS

TRADING OF CRANES AND HAULAGE EQUIPMENT

Our trading activities are opportunistic. There are some trading activities in FY2017.

LEASING OF HAULAGE FLEET

- Our haulage fleet totals 178 units as at 31 March 2017, 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

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 2017 ("FY2017").

FINANCIAL REVIEW

For FY2017, the Group's revenue increased by approximately S$1.5 million or 3.7% from approximately S$40.1 million for FY2016 to approximately S$41.6 million for FY2017.

The increase was mainly attributed to an increase in our leasing revenue by approximately S$1.5 million or 3.8% during the year mainly due to an increase in contributions from new projects. Trading revenue has also increased by approximately S$22,000 or 59.5%.

Cost of sales increased by approximately S$3.2 million or 10.5% from approximately S$30.4 million for FY2016 to approximately S$33.6 million for FY2017, mainly due to higher salary related costs of approximately S$3.4 million. This was partly offset by a decrease in depreciation expenses of approximately S$0.1 million and lower freight and handling expenses of approximately S$0.1 million.

Gross profit decreased by approximately S$1.7 million or 17.5% from approximately S$9.7 million (representing a gross margin of 24.2%) for FY2016 to approximately S$8.0 million (representing a gross margin of 19.2%) for FY2017. The decrease in gross profit was mainly due to the increase in cost of sales as explained above.

Other income increased by approximately S$4.1 million or 167.1% from approximately S$2.4 million for FY2016 to approximately S$6.5 million for FY2017. The increase was mainly due to a net change in fair value of investment properties of approximately S$3.8 million and an increase in net gain on disposal of equipment of approximately S$0.3 million.

The Group's distribution expenses decreased by approximately S$17,000 or 5.1% from approximately S$332,000 for FY2016 to approximately S$315,000 for FY2017, mainly due to a decrease in commission expenses.

Administrative expenses increases by approximately S$0.8 million or 12.2% from approximately S$6.4 million for FY2016 to approximately S$7.2 million for FY2017. The increase was mainly due to an increase in salary related costs of approximately S$0.7 million and an increase in depreciation expense of approximately S$0.1 million.

Other expenses increased by approximately S$37,000 or 14.3% mainly due to an increase in impairment of inventory.

Taking into consideration the net finance costs and income tax expense, net profit for the year increased by approximately S$2.5 million or 112.0% from approximately S$2.2 million for FY2016 to approximately S$4.7 million for FY2017 due to the reasons explained above.

Correspondingly, earnings per share increased from 0.74 cents in FY2016 to 1.55 cents in FY2017, whereas net asset value per share increased from 25.40 cents as at 31 March 2016 to 26.96 cents as at 31 March 2017.

CHAIRMAN'S MESSAGE

BUSINESS REVIEW

Singapore Operations

The business environment of the Singapore operation continued to be challenging which exerted considerable pressure on its profit margin. As a result, excluding the net change in fair value of investment properties, the Group has remained profitable with a lower profit margin for FY2017 as compared to prior year.

In view of the current market environment, the Group will continue to be vigilant and will remain competitive and adaptive to the prevailing weak market condition.

Overseas Investment

On its overseas investments, the Group will continue to explore crane leasing opportunities in regional markets.

Business Outlook

In view of the uncertainty in the global economy and the weak local business environment, the competitive pricing in the industry is expected to continue for the next 12 months. Nevertheless, the Group will continue to look into improving its business and efficiency.

As for the Group's trading business, it is expected to be weak as many customers remain cautious on their capital expenditures.

IN APPRECIATION

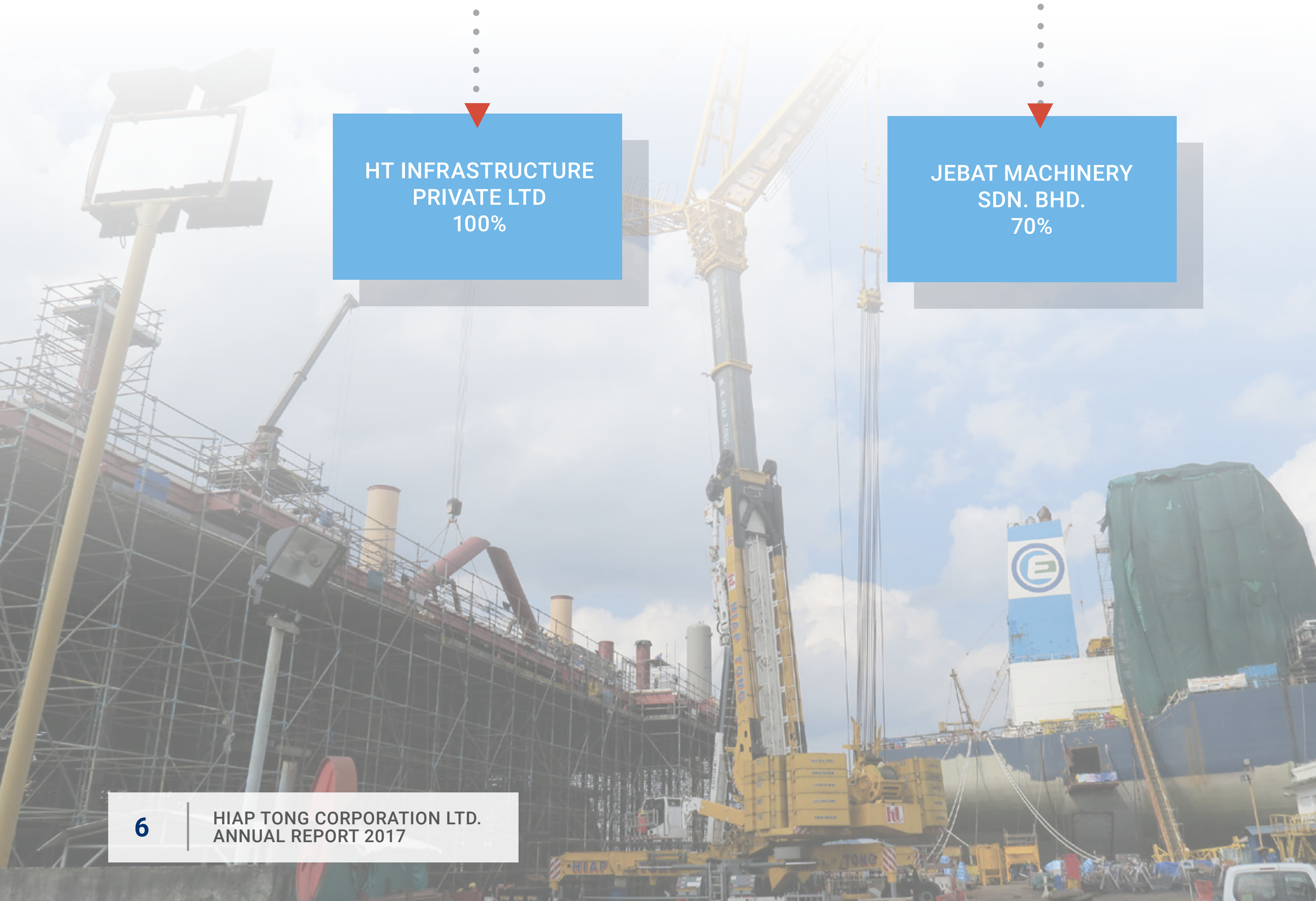
On behalf of the Board, I would like to thank our shareholders, customers and business associates for their unwavering support.

I would also like to thank my fellow directors, management team and staff for their invaluable contributions and commitment to the Group. Special thanks to our director, Mr Tan Eng Ann, who will be retiring as our Independent Director after serving on our Board with dedication for almost eight years.

ONG TECK MENG
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

GROUP STRUCTURE

- **HIAP TONG CORPORATION LTD.**
  - HIAP TONG TRADING PTE. LTD. 100%
  - HIAP TONG CRANE & TRANSPORT PTE LTD 100%
  - HIAP TONG CRANE & TRANSPORT SDN. BHD. 100%
    - JEBAT MACHINERY SDN. BHD. 70%
  - HT INFRASTRUCTURE PRIVATE LTD 100%



CORPORATE MILESTONES

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

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

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

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

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

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

2009
- Listed on the Catalist Board of the SGX-ST.
- As at 31 December 2009, we have expanded our combined lifting fleet and haulage fleet size to an aggregate of 230 vehicles.

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

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

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

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

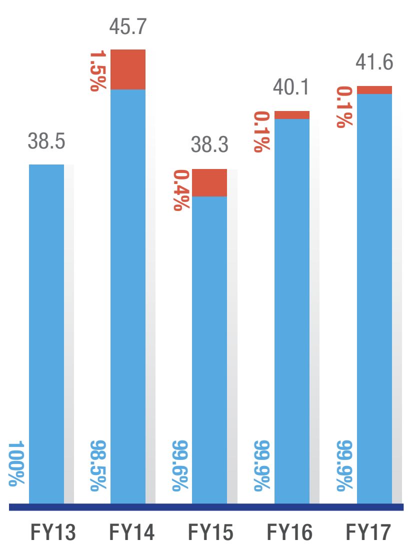
2014 - 2015
- Disposal of a 80% owned subsidiary in China.

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

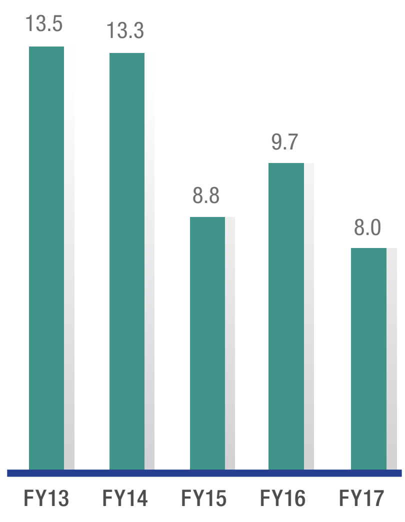
FINANCIAL HIGHLIGHTS

$'000	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	38,513	45,726	38,330	40,071	41,554
Cost of sales	(25,018)	(32,416)	(29,576)	(30,392)	(33.568)
Gross profit	13,495	13,310	8,754	9,679	7,986
Other income	1,849	2,855	4,335	2,426	6,481
Distribution expenses	(326)	(307)	(283)	(332)	(315)
Administrative expenses	(5,482)	(7,380)	(7,336)	(6,415)	(7,199)
Other expenses	-	(108)	(475)	(259)	(296)
Net finance costs	(3,021)	(2,706)	(2,522)	(2,258)	(1,495)
Profit before income tax	6,515	5,664	2,473	2,841	5,162
Tax expense	(1,918)	(1,945)	(886)	(605)	(422)
Net profit for the year	4,597	3,719	1,587	2,236	4,740

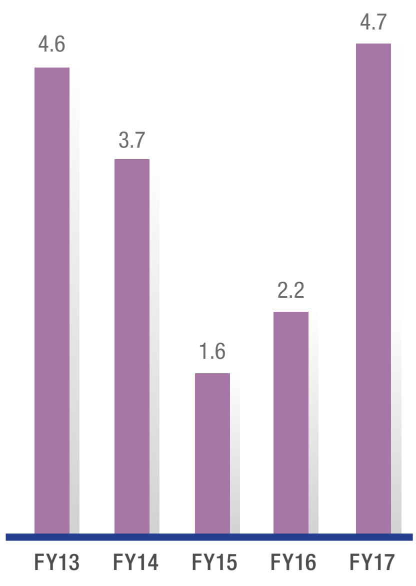
REVENUE ($'M)



GROSS PROFIT ($'M)



NET PROFIT ($'M)



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 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 24 July 2014.

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 23 July 2015.

MR NG ENG JOO

EXECUTIVE DIRECTOR

Together with the Chief Executive Officer, Mr Ng Eng Joo is jointly responsible for overseeing the Group's trading business. With 18 years of experience in the crane industry under his belt, he is also in charge of managing the deployment of the Group's resources for its leasing business.

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

Mr Ng, cousin of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company, holds a diploma in business studies from Ngee Ann Polytechnic in 1993, was appointed to the Board on 6 October 2008 and was last re-elected as a Director on 27 July 2016.

MR ONG BOON TAT ALVIN

EXECUTIVE DIRECTOR

Mr Ong Boon Tat Alvin was re-designated from Non-Executive Director to Executive and Non-Independent Director on 3 January 2017. Mr Ong assists the Chief Executive Officer in the day-to-day management of the Group, as well as managing the Group's strategic planning functions.

Mr Ong has more than 15 years of experience in the crane industry. From 2002 to 2004, he was a manager at Hiap Tong Crane and was responsible for its accounts and payroll. In 2005, he joined Kim Eng Securities Pte Ltd as a dealer involved in retail and institutional dealing. In mid-2007, Mr Ong returned to Hiap Tong Crane as a director in charge of corporate finance and the operations of the company.

Mr Ong, son of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company, graduated from the National University of Singapore in 2002 with a Bachelor of Arts degree, majoring in Economics and Statistics, and was appointed to the Board on 8 January 2008 and was last re-elected as a Director on 23 July 2015.

MR TAN ENG ANN

LEAD INDEPENDENT DIRECTOR

Mr Tan Eng Ann is currently the Chief Financial Officer of R H International Pte Ltd. He was formerly the Executive Director and the Chief Financial Officer of SGX-ST Mainboard listed CWG International Limited (formally known as R H Energy Limited) which he joined in 2006.

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

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

Mr Tan is currently the Lead Independent Director of Isoteam Ltd.

Mr Tan was appointed to the Board on 10 November 2009 and was last re-elected as a Director on 23 July 2015. He will be retiring as a director at the forthcoming Annual General Meeting of the Company and will not be seeking re-election as a Director.

BOARD OF DIRECTORS

MR TITO SHANE ISAAC

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.

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 27 July 2016.

SENIOR MANAGEMENT

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 Ng Eng Joo
(Executive Director)

Mr Ong Boon Tat Alvin
(Executive Director)

Mr Tan Eng Ann
(Lead Independent Director)

Mr Tito Shane Isaac
(Independent Director)

Mr Tay Seo Long
(Independent Director)

AUDIT COMMITTEE

Mr Tan Eng Ann (Chairman)
Mr Tito Shane Isaac
Mr Tay Seo Long

NOMINATING COMMITTEE

Mr Tito Shane Isaac (Chairman)
Mr Ong Boon Tat Alvin
Mr Tan Eng Ann
Mr Tay Seo Long

REMUNERATION COMMITTEE

Mr Tay Seo Long (Chairman)
Mr Tan Eng Ann
Mr Tito Shane Isaac

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

SPONSOR

CIMB Bank Berhad, Singapore Branch
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6337 5115
Contact Person:
Mr Yee Chia Hsing, Head, Catalist, Investment Banking
Mr Lee Chee Cheong, 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)

CORPORATE GOVERNANCE REPORT AND FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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

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

BOARD MATTERS

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 Ng Eng Joo (Executive Director)
Mr Ong Boon Tat Alvin (Executive Director) (redesignated to Executive Director on 3 Jan 2017)
Mr Tan Eng Ann (Lead Independent Director)
Mr Tito Shane Isaac (Independent Director)
Mr Tay Seo Long (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 plans to meet 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 2016 to 31 March 2017 ("FY2017"), 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	3 out of 3
Ong Boon Tat Alvin	3 out of 3
Ong Lim San	3 out of 3
Ng Eng Joo	3 out of 3
Tan Eng Ann	3 out of 3
Tito Shane Isaac [1]	2 out of 3
Tay Seo Long [1]	2 out of 3
Yong Yean Chau [2]	1 out of 3
Ng Sey Ming [2]	1 out of 3

[1] Appointed as Directors on 1 July 2016
[2] Retired as Directors on 26 July 2016

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

The 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, he will be given briefings by Management on the business activities and the strategic directions of the Group. New Directors will be given a formal letter explaining his duties and obligations as a director. Orientation programmes and familiarization visits will be organized, if necessary, to facilitate a better understanding of the Group's operations. Two new Directors, Mr Tito Shane Isaac and Mr Tay Seo Long were 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 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 staff who report directly to the Chairman and CEO, and any other significant matters affecting employees;

– matters recommended by the Nominating Committee in respect of the appointment of Directors, re-election of Directors and appointment of key management staff; 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 Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. Appropriate external trainings will be arranged where necessary. Various Directors attended seminars and courses organised by the Singapore Institute of Directors and other professional organisations, such as ACRA-SGX-SID Audit Committee Seminar 2017.

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

Principle 2: Board Composition and Balance

The current Board has seven members comprising three independent non-executive Directors and four executive Directors. More than one-third of the Directors are non-executive Directors and are independent of Management. The three independent non-executive Directors are Mr Tan Eng Ann, Mr Tito Shane Isaac and Mr Tay Seo Long.

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. The NC is of the view that the current Board has an independent element ensuring objectivity in the exercise of judgment on corporate affairs independently from Management. The NC is also of the view that no individual or small group of individuals dominates the Board's decision making process.

A brief profile of each Director is set out on pages 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.

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 Tan Eng Ann 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 have failed to resolve or where such communication is inappropriate. He can be contacted at engann@hiaptong.com.

Principles 4 & 5: Board Membership and Performance

The NC comprises Mr Tito Shane Isaac, Mr Tay Seo Long, Mr Tan Eng Ann and Mr Ong Boon Tat Alvin, with Mr Tito Shane Isaac as Chairman of the NC.

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

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

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

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

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

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

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

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

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

During the year, the NC met once, which was attended by all members of the NC, to evaluate the Board's performance and contribution of each Board member as well as discussing the re-election of Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM"). Article 91 of the 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 retirement by rotation at the forthcoming AGM under Article 91 of the Constitution are Mr Ong Teck Meng, Mr Ong Lim San and Mr Tan Eng Ann. Mr Tan Eng Ann has expressed his intention to retire at the AGM and will not be seeking re-election. Subsequent to Mr Tan Eng Ann's retirement, the Board will still consist of at least one third of Independent Directors.

The NC has recommended that Mr Ong Teck Meng and Mr Ong Lim San, being eligible and who have offered themselves for re-election, be re-elected.

The Board has accepted the recommendations from the NC.

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

CORPORATE GOVERNANCE REPORT

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 Articles.

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

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

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

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

Principle 6: Access to Information

To enable the Board to fulfill its responsibilities, Management provides the Board members with quarterly management accounts 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 FY2017.

The company secretary attended all Board meetings and Board Committee meetings during FY2017. The company secretary is responsible to ensure that board procedures are followed and is also responsible for ensuring that the Company complies with the requirements of the Companies Act, the Code and other rules and regulations, which are applicable to the Company. The appointment and removal of the company secretary should be a matter for the Board as a whole.

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three independent non-executive Directors, namely, Mr Tay Seo Long, Mr Tito Shane Isaac and Mr Tan Eng Ann, 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. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The RC's principal responsibilities are to:

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

2) review and recommend the Chairman and CEO's remuneration and those of the executive Directors and key management whose remuneration packages include a variable bonus component which is performance-related; 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 executive officers of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

A breakdown, showing the level and mix of each individual Director's and key executive's remuneration payable for FY2017 in bands of S$250,000 which provides sufficient overview of the remuneration of the Directors and key executives is as follows:

CORPORATE GOVERNANCE REPORT

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 Lim San**	100%	–	–	100%
Below S$250,000				
Ng Eng Joo**	100%	–	–	100%
Ong Boon Tat Alvin***	82%	–	18%	100%
Tan Eng Ann*	–	–	100%	100%
Tito Shane Isaac*	–	–	100%	100%
Tay Seo Long*	–	–	100%	100%
Yong Yean Chau*	–	–	100%	100%
Ng Sey Ming*	–	–	100%	100%

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

** The CEO and Executive Directors have a 3-year service contract that expires on 1 November 2018.

*** Mr Ong Boon Tat Alvin was redesignated from a non-executive director to an executive director since 3 January 2017 with a 2-year service contract that expires on 2 January 2019.

Key Executives' Remuneration#

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

\# The Group has only 2 key executives.

The aggregate total remuneration paid to the 2 key executives of the Group (who are not Directors or the CEO) for FY2017 was approximately S$333,000.

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%
Wang Wenshen ©	95%	5%	100%
Ong Hwee Cheng ®	92%	8%	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.

© Mr Wang Wenshen is the son of Mr Ong Lim San, the Executive Director of the Company.

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

Save as disclosed above, there are no employees whose remuneration exceeded S$50,000 during FY2017 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 FY2017.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

Principle 11: Risk Management and Internal Controls

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

Internal auditors have conducted 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 FY2017 are adequate and effective.

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

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

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

Principle 12: Audit Committee

The AC comprises Mr Tan Eng Ann, Mr Tito Shane Isaac and Mr Tay Seo Long, with Mr Tan Eng Ann as Chairman of the AC. The Board considers Mr Tan Eng Ann, 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 three meetings during FY2017. The attendance at AC meetings was as follows:

Name of member		No. of meetings attended
Tan Eng Ann		3 out of 3
Tito Shane Isaac	(appointed to the Board on 1 July 2016)	2 out of 3
Tay Seo Long	(appointed to the Board on 1 July 2016)	2 out of 3

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

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

The AC performs the following functions:

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

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

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

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

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

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

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

viii. review potential conflicts of interests (if any);

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

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

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

To effectively discharge its responsibilities, the AC has full access to and the co-operation of Management and full discretion to invite any Director and executive to attend its meetings. It is also able to obtain external professional advice, if necessary and to investigate any matter within its terms of reference. Full resources have been made available to the AC to enable it to discharge its function properly. The AC meets 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 victimization and harassment by their colleagues. The Company will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There have been no reported incidents pertaining to whistle-blowing for FY2017.

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

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

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

The Company's external auditors KPMG LLP, in the course of performing their statutory audit, reviews the effectiveness of the key internal controls 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 FY2017, the aggregate amount paid to the external auditors amounted to approximately S$122,000 comprising S$106,000 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 Listing Rules of the SGX-ST, 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.

Principle 13: Internal Audit

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

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

The Company has outsourced the internal audit function to Mazars LLP ("Mazars"). Mazars has unfettered access to all of the Group's documents, records, properties and personnel, including access to the AC. In accordance with the risk-based internal audit plan approved by the AC, Mazars conducts regular audit reviews of the Group's companies, recommends necessary improvements and enhancements to internal controls, and reports to the AC. The AC is satisfied that the internal audit function is 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 AGM. The external auditors will also be present to address Shareholders' questions about the conduct of the audit and the preparation and comfort of the auditors' report. Any queries and concerns regarding the Group can be conveyed to the following person:

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

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

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

Principle 16: Conduct of Shareholder Meetings

Shareholders are encouraged to attend the annual general meetings and extraordinary general meetings of the Company to ensure high level of accountability and to stay appraised of the Group's strategy and goals. At the annual general meeting, 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, the Company has conducted the voting of all its resolutions by employing electronic poll voting for all its resolutions passed at its last AGM held on 27 July 2016. 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 emphasizes 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 62 of the Annual Report, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder either still subsisting at the end of the financial year under review or if not subsisting, were entered into since the end of the previous financial year.

NON-SPONSOR FEES

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during FY2017.

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 2017.

In our opinion:

(a) the financial statements set out on pages 34 to 72 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 2017 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; 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	
Ng Eng Joo	
Tan Eng Ann	
Tito Shane Isaac	(Appointed on 1 July 2016)
Tay Seo Leong	(Appointed on 1 July 2016)

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Hiap Tong Corporation Ltd.		
Ong Lim Wan @ Ong Teck Meng		
- ordinary shares		
- direct interests	662,876	662,876
- deemed interests	191,885,313	191,885,313
Ong Lim San		
- ordinary shares		
- direct interests	1,900,000	1,900,000
- deemed interests	189,785,313	189,785,313

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Hiap Tong Corporation Ltd.		
Ong Boon Tat Alvin		
- ordinary shares		
- direct interests	2,209,375	2,209,375
- deemed interests	78,907	78,907
Ng Eng Joo		
- ordinary shares		
- direct interests	210,418	210,418
The immediate and ultimate holding company		
Tembusu Asia Holdings Pte. Ltd.		
Ong Lim Wan @ Ong Teck Meng		
- ordinary shares		
- direct interests	910,001	910,001
- deemed interests	525,000	525,000
Ong Lim San		
- ordinary shares		
- direct interests	689,500	689,500

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

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, 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 2017.

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:

Tan Eng Ann	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 SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 3 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;

- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

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

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

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

Auditors

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

On behalf of the Board of Directors

Ong Lim Wan @ Ong Teck Meng
Director

Ong Lim San
Director

30 June 2017

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 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 72.

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 Financial Reporting Standards in Singapore (FRSs) 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 2017 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.

<table>
<tr><td colspan="2">Valuation of property, plant and equipment ($123.5 million)
(Refer to Note 4 of the financial statements)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's market capitalisation of $32.3million as at 31 March 2017 is below the net asset value attributable to shareholders by $50.7 million, which is an indication of impairment of property, plant and equipment.

Therefore, the Group performed an impairment assessment on its property, plant and equipment by determining the recoverable amount of the Group's Cash Generating Unit (CGU), based on discounted future cash flows.

The CGU's recoverable amount is determined based on estimates of forecasted cash flows, revenue growth rates and discount rate.</td><td>We considered the appropriateness of management's determination of the CGU based on our understanding of the operations and structure of the Group and corroborated with management.

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.

We evaluated the sensitivity of the outcomes by considering downside scenarios against reasonably plausible changes to the key assumptions.</td></tr>
<tr><td colspan="2">Our Findings

We found the identification of CGU to be appropriate. We also found that the underlying assumptions and resulting estimates were within a balanced range of outcomes and supported by publicly available information.</td></tr>
</table>

Valuation of trade and other receivables ($16.5 million) (Refer to note 8 of the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group has significant trade and other receivable balances with customers in the petrochemical and marine industries. There is a risk over the recoverability of these balances. The Group identifies debtors with potential recoverability issues, based on the current financial condition of the customer and potential disputes with the customer. Collective impairment loss is estimated based on the historical trend of trade receivables, which includes the analysis of the age of these receivables, credit-worthiness of customers and their historical default rate.	The Group has a process to monitor all outstanding trade and other receivable balances and make specific provisions for balances that are deemed uncollectible due to disputes or the financial situation of the customers. We assessed the recoverability of receivables from debtors which had individually significant or long outstanding debts, as well as those which had known financial difficulties or disputes. We also analysed the payment history of these debtors and checked for receipts after year end. We reviewed the Group's collective assessment on the remaining debtors based on their credit-worthiness, historical default rate and age of the receivables.
Our Findings We found trade and other receivables to be appropriately stated and the Group's process to monitor these balances to be appropriate.	

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 June 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	123,526	125,900	15,930	16,102
Investment properties	5	9,150	1,056	8,000	–
Subsidiaries	6	–	–	3,500	3,500
		132,676	126,956	27,430	19,602
Current assets					
Inventories	7	694	1,122	–	–
Trade and other receivables	8	16,533	15,081	6,685	13,050
Cash and cash equivalents		2,262	3,373	393	278
		19,489	19,576	7,078	13,328
Total assets		152,165	146,532	34,508	32,930
Equity attributable to owners of the Company					
Share capital	9	24,450	24,450	24,450	24,450
Merger reserve	10	(1,670)	(1,670)	–	–
Translation reserve		51	5	–	–
Accumulated profits/(losses)		60,223	55,440	(974)	(3,089)
		83,054	78,225	23,476	21,361
Non-controlling interest		(92)	(53)	–	–
Total equity		82,962	78,172	23,476	21,361
Non-current liabilities					
Loans and borrowings	11	26,477	29,516	7,523	9,436
Deferred tax liabilities	12	9,785	9,363	–	–
Trade and other payables	13	2,428	–	–	–
		38,690	38,879	7,523	9,436
Current liabilities					
Trade and other payables	13	11,388	7,446	723	187
Loans and borrowings	11	19,125	22,035	2,786	1,946
		30,513	29,481	3,509	2,133
Total liabilities		69,203	68,360	11,032	11,569
Total equity and liabilities		152,165	146,532	34,508	32,930

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	14	41,554	40,071
Cost of sales		(33,568)	(30,392)
Gross profit		7,986	9,679
Other income	15	6,481	2,426
Distribution expenses		(315)	(332)
Administrative expenses		(7,199)	(6,415)
Other expenses		(296)	(259)
Profit from operating activities		6,657	5,099
Finance income	16	*	–
Finance costs	16	(1,495)	(2,258)
Net finance costs		(1,495)	(2,258)
Profit before tax		5,162	2,841
Tax expense	17	(422)	(605)
Profit for the year	18	4,740	2,236
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to foreign operations		50	*
Other comprehensive income, net of tax**		50	*
Total comprehensive income for the year		4,790	2,236
Profit attributable to:			
Owners of the Company		4,783	2,282
Non-controlling interest		(43)	(46)
Profit for the year		4,740	2,236
Total comprehensive income attributable to:			
Owners of the Company		4,829	2,282
Non-controlling interest		(39)	(46)
Total comprehensive income for the year		4,790	2,236
Earnings per share			
Basic and diluted earnings (cents)	19	1.55	0.74

* *Amount less than $1,000*

** *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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Attributable to owners of the Company						
	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
At 1 April 2015	24,450	(1,670)	5	53,158	75,943	(7)	75,936
Total comprehensive income for the year							
Profit for the year	–	–	–	2,282	2,282	(46)	2,236
Foreign currency translation differences relating to foreign subsidiaries	–	–	*	–	–	–	–
Total other comprehensive income	–	–	*	–	–	–	–
Total comprehensive income for the year	–	–	*	2,282	2,282	(46)	2,236
At 31 March 2016	24,450	(1,670)	5	55,440	78,225	(53)	78,172
At 1 April 2016	24,450	(1,670)	5	55,440	78,225	(53)	78,172
Total comprehensive income for the year							
Profit for the year	–	–	–	4,783	4,783	(43)	4,740
Foreign currency translation differences relating to foreign subsidiaries	–	–	46	–	46	4	50
Total other comprehensive income	–	–	46	–	46	4	50
Total comprehensive income for the year	–	–	46	4,783	4,829	(39)	4,790
At 31 March 2017	24,450	(1,670)	51	60,223	83,054	(92)	82,962

* *Amount less than $1,000*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $'000	Group 2016 $'000
Cash flows from operating activities			
Profit for the year		4,740	2,236
Adjustments for:			
Depreciation	4	11,123	11,242
Gain on disposal of property, plant and equipment	15	(837)	(492)
Net change in fair value of investment properties	5	(3,756)	–
Net allowance for impairment loss on trade and other receivables	16	68	630
Property, plant and equipment written off	18	–	164
Write down on inventory	18	296	259
Interest expense	16	1,280	1,451
Interest income	16	*	–
Tax expense	17	422	605
		13,336	16,095
Changes in:			
Inventories		132	71
Trade and other receivables		(1,520)	(2,195)
Trade and other payables		905	1
Net cash from operating activities		12,853	13,972
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,028)	(883)
Acquisition of investment properties		(927)	(571)
Interest received		*	–
Proceeds from sale of property, plant and equipment		1,407	515
Net cash used in investing activities		(2,548)	(939)
Cash flows from financing activities			
Interest paid		(1,280)	(1,451)
Payments of finance lease liabilities		(15,782)	(15,117)
Proceeds from loans and borrowings		17,956	18,842
Repayment of loans and borrowings		(12,362)	(14,633)
Net cash used in financing activities		(11,468)	(12,359)
Net (decrease)/increase in cash and cash equivalents		(1,163)	674
Cash and cash equivalents at beginning of the year		3,373	2,697
Effect of exchange rate changes on balances held in foreign currencies		52	2
Cash and cash equivalents at end of the year		2,262	3,373

* *Amount less than $1,000*

Significant non-cash transactions

During the financial year, the Group acquired property, plant and equipment totalling $9,321,000 (2016: $983,000), of which $829,000 (2016: nil) was acquired under bank loans, nil (2016: $100,000) was acquired under finance lease and $5,464,000 (2016: nil) was payable to an external supplier.

The Group also acquired investment properties totalling $4,338,000 (2016: $571,000), of which $3,411,000 (2016: nil) was acquired under bank loans.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 June 2017.

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 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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 3.12	– estimation of provisions for current and deferred taxation
Note 4	– measurement of recoverable amount of property, plant and equipment
Note 5	– determination of fair value of investment properties
Note 8	– assessment of impairment losses on trade and other receivables

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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 FRS, 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.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

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

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

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

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

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, 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 FRSs.

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

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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Acquisitions from entities under common control

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

Transactions eliminated on consolidation

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

Subsidiaries in the separate financial statements

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

3.2 Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations (cont'd)

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

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

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and short-term deposits.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at acquisition date. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

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

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

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

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.

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

3.4 Property, plant and equipment

Recognition and measurement

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

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

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

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

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

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

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

Subsequent costs

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

Depreciation

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

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

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

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

• 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 years

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

3 Significant accounting policies (cont'd)

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.

3.6 Impairment

Non-derivative financial assets

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

3 Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

Non-financial assets

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

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

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 Significant accounting policies (cont'd)

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.

3.9 Revenue recognition

Rental income

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

Rental income from subleased property is recognised as other income.

Sale of cranes and heavy equipment

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

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

3.10 Leases

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

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

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

When entities within the Group are lessors of an operating lease

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

3 Significant accounting policies (cont'd)

3.11 Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit and loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

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

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

3.12 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.

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.

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

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

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

3 Significant accounting policies (cont'd)

3.13 Earnings per share

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

3.14 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2016 and earlier application is permitted; however, the Group and the Company have not early applied the following new or amended standards in preparing these statements.

Applicable to 2019 financial statements

New standards

Summary of the requirements	Potential impact on the financial statements
FRS 115 *Revenue from Contracts with Customers*	
FRS 115 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. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2019 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	During 2017, the Group undertook its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group considered the following: **Identification of performance obligations and timing of revenue recognition** – The Group currently recognises revenue from the leasing of plant and machinery on a straight line basis over the term of the lease. Based on preliminary assessment, the Group does not have contracts with multiple performance obligations and does not expect a significant impact on the timing and amount of revenue recognition based on its performance obligations as at 31 March 2017. **Transition** – The Group plans to adopt the standard when it becomes effective in 2019 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

3 Significant accounting policies (cont'd)

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

Applicable to 2019 financial statements

New standards

Summary of the requirements	Potential impact on the financial statements
FRS 109 *Financial Instruments*	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments:* Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 31 March 2018.	During 2017, the Group undertook its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on its opening equity except for the effect of applying the impairment requirements of FRS 109 for which may result in a higher impairment loss allowance on the Group's loans and receivables. The Group's initial assessment of the three elements of FRS 109 is as described below. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. **Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, there may be higher impairment loss allowance recognised as the Group does not require collateral in respect of its loans and receivables. The Group is currently refining its impairment loss estimation methodology to assess the impact on its financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in 2019 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

3 Significant accounting policies (cont'd)

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

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the potential impact of transitioning to the new reporting framework on its financial statements.

Applicable to 2020 financial statements

New standards

Summary of the requirements	Potential impact on the financial statements
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.	The Group is currently assessing the implications of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 14% of the consolidated assets and 30% of consolidated liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease term runs down. The Group plans to adopt the standard when it becomes effective in 2020. The Group is currently performing an analysis of the standard, including the transition options and practical expedients in 2019. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-IFRS 116, after the transition to SG-IFRS in 2018 as described above.

4 Property, plant and equipment

Group	Leasehold property $'000	Plant and machinery $'000	Renovation $'000	Office equipment $'000	Motor vehicles $'000	Property under construction $'000	Total $'000
Cost							
At 1 April 2015	18,535	175,894	263	552	1,986	–	197,230
Additions	292	217	7	25	442	–	983
Effect of movements in exchange rates	–	(1)	–	–	(4)	–	(5)
Disposals/Write-offs	–	(1,089)	–	–	(70)	–	(1,159)
At 31 March 2016	18,827	175,021	270	577	2,354	–	197,049
Additions	–	7,859	–	38	333	1,091	9,321
Effect of movements in exchange rates	–	(1)	–	–	(6)	–	(7)
Disposals	–	(3,587)	–	–	(36)	–	(3,623)
At 31 March 2017	18,827	179,292	270	615	2,645	1,091	202,740
Accumulated depreciation							
At 1 April 2015	1,545	57,530	34	420	1,352	–	60,881
Depreciation charge for the year	1,241	9,589	71	90	251	–	11,242
Effect of movements in exchange rates	–	–	–	–	(2)	–	(2)
Disposals/Write-offs	–	(902)	–	–	(70)	–	(972)
At 31 March 2016	2,786	66,217	105	510	1,531	–	71,149
Depreciation charge for the year	1,255	9,408	71	66	323	–	11,123
Effect of movements in exchange rates	–	–	–	–	(5)	–	(5)
Disposals	–	(3,017)	–	–	(36)	–	(3,053)
At 31 March 2017	4,041	72,608	176	576	1,813	–	79,214
Carrying amounts							
At 1 April 2015	16,990	118,364	229	132	634	–	136,349
At 31 March 2016	16,041	108,804	165	67	823	–	125,900
At 31 March 2017	14,786	106,684	94	39	832	1,091	123,526

4 Property, plant and equipment (cont'd)

Company	Leasehold property $'000	Renovation $'000	Property under construction $'000	Total $'000
Cost				
At 1 April 2015	18,535	67	–	18,602
Additions	292	7	–	299
At 31 March 2016	18,827	74	–	18,901
Additions	–	–	1,091	1,091
At 31 March 2017	18,827	74	1,091	19,992
Accumulated depreciation				
At 1 April 2015	1,545	7	–	1,552
Depreciation charge for the year	1,241	6	–	1,247
At 31 March 2016	2,786	13	–	2,799
Depreciation charge for the year	1,255	8	–	1,263
At 31 March 2017	4,041	21	–	4,062
Carrying amounts				
At 1 April 2015	16,990	60	–	17,050
At 31 March 2016	16,042	60	–	16,102
At 31 March 2017	14,786	53	1,091	15,930

The carrying amount of the property, plant and equipment of the Group acquired under finance lease arrangements was $67,360,000 (2016: $64,845,000).

As at 31 March 2017, property, plant and equipment of the Group with a carrying amount of $22,742,000 (2016: $37,152,000) were pledged as securities to secure a bank loan of $18,294,000 (2016: $18,303,000) (note 11).

The depreciation charge for the year is analysed as follows:

	Group 2017 $'000	Group 2016 $'000
Cost of sales	10,613	10,783
Administrative expenses	510	459
	11,123	11,242

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, there are no indications of impairment loss for the years ended 31 March 2017 and 31 March 2016.

4 Property, plant and equipment (cont'd)

Property, plant and equipment under construction

During 2016, the Group started construction of a new factory on a piece of leasehold land. The construction and costs incurred up to 31 March 2017 totalled $1,091,000 (2016: nil).

5 Investment properties

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At 1 April	1,056	485	–	–
Additions	4,338	571	4,224	–
Net change in fair value	3,756	–	3,776	–
At 31 March	9,150	1,056	8,000	–

Investment properties comprise 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 “other income”. 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 value of investment properties was determined by external independent valuer having the appropriate recognised professional qualification and recent experience in the location and categories of the property being valued.

The fair value measurement for all of the investment properties of $9,150,000 (2016: $1,056,000) has been categorised as a Level 2 fair value based on observable market sales data.

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.

6 Subsidiaries

	Company 2017 $'000	Company 2016 $'000
Equity investments, at cost	3,920	3,920
Less: Allowance for impairment of investments	(420)	(420)
	3,500	3,500

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

	Company 2017 $'000	Company 2016 $'000
At beginning of the year	420	420
Allowance utilised	–	–
At end of the year	420	420

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective equity held by the Group 2017 %	Effective equity held by the Group 2016 %
Hiap Tong Crane & Transport Pte Ltd	Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	Singapore	100	100
Hiap Tong Trading Pte. Ltd.	Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	Singapore	100	100
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	Trading of truck and other used machineries	Malaysia	70	70

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 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 2017 $'000	Group 2016 $'000
Cranes and heavy equipment	1,249	1,381
Less: Allowance for inventory obsolescence	(555)	(259)
	694	1,122

In 2017, the cranes and heavy equipment recognised as cost of sales amounted to $95,000 (2016: $34,000).

8 Trade and other receivables

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Trade receivables - third parties	14,096	12,969	–	–
Unbilled receivables	2,597	2,414	–	–
Allowance for impairment losses	(1,451)	(1,307)	–	–
Net trade receivables	15,242	14,076	–	–
Net other receivables	377	67	85	2
Deposits	638	467	395	321
Non-trade amounts due from subsidiaries	–	–	6,186	12,709
	16,257	14,610	6,666	13,032
Prepayments	276	471	19	18
	16,533	15,081	6,685	13,050

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

The Group's primary exposure to credit risks arises through its trade and other receivables. The Group does not require collateral in respect of trade and other receivables. As at 31 March 2017, the Group has concentration of credit risk in 5 (2016: 5) major customers, representing approximately 26% (2016: 19%) of total trade receivables. However, the good credit history of these customers reduces the risk to the Group to an acceptable level.

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

8 Trade and other receivables (cont'd)

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. As at 31 March 2017 and 2016, 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:

	2017		2016	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	7,794	–	6,322	(77)
Past due 1 – 90 days	5,881	(26)	5,746	(21)
Past due 91 – 180 days	1,635	(104)	1,590	(136)
Past due 181 – 365 days	848	(377)	553	(201)
Past due more than 365 days	1,550	(944)	1,782	(948)
	17,708	(1,451)	15,993	(1,383)
Company				
Not past due	6,664	–	13,030	–
Past due 1 – 90 days	–	–	–	–
Past due 91 – 180 days	–	–	–	–
Past due 181 – 365 days	–	–	–	–
Past due more than 365 days	2	–	2	–
	6,666	–	13,032	–

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

	Group	
	2017 $'000	2016 $'000
At beginning of the year	1,383	753
Impairment loss recognised	183	781
Amount reversed	(115)	(151)
At end of the year	1,451	1,383

Source of estimation uncertainty

In performing the impairment assessment of financial receivables, the Group considered the ageing of the receivables, credit-worthiness of its customers and historical write-off of receivables. Except for the impaired receivables, the Group believes that no impairment loss is necessary in respect of the remaining receivables due to the good track record of its customers.

8 Trade and other receivables (cont'd)

Source of estimation uncertainty (cont'd)

The Company assessed the collectability of the outstanding balances, having considered the financial conditions of the subsidiaries and their ability to make the required repayments. Management believes that no impairment loss is necessary in respect of the remaining balances. If the financial conditions of the subsidiaries were to deteriorate, further impairment may be required.

9 Share capital

	Group and Company	
	2017	2016
	No. of shares	No. of shares
	'000	'000
Issued and fully paid ordinary shares, with no par value		
At 1 April and 31 March	308,065	308,065

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Group achieved a return on shareholders' equity of 5.8% (2016: 2.9%) for the year ended 31 March 2017.

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	
	2017	2016
	$'000	$'000
Loans and borrowings	45,602	51,551
Less: cash and cash equivalents	(2,262)	(3,373)
Net debt	43,340	48,178
Total equity	82,962	78,172
Gearing ratio (times)	0.52	0.62

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

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

10 Merger reserve

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

11 Loans and borrowings

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Finance lease liabilities	12,830	15,581	–	–
Secured bank loans	13,647	13,893	7,523	9,436
Unsecured bank loan	–	42	–	–
	26,477	29,516	7,523	9,436
Current				
Finance lease liabilities	11,936	15,125	–	–
Secured bank loans	4,647	4,410	2,786	1,946
Unsecured bank loan	2,542	2,500	–	–
	19,125	22,035	2,786	1,946
Total loans and borrowings	45,602	51,551	10,309	11,382

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

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

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

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

11 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

	Nominal interest rate per annum %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2017				
Finance lease liabilities	1.20 – 2.20	2018 – 2021	25,837	24,766
Secured bank loans	1.72 – 4.07	2018 – 2029	20,465	18,294
Unsecured bank loan	2.70	2017	2,542	2,542
Total loans and borrowings			48,844	45,602
2016				
Finance lease liabilities	1.20 – 2.28	2017 – 2020	31,777	30,706
Secured bank loans	1.36 – 3.80	2017 – 2024	19,298	18,303
Unsecured bank loan	2.70 – 3.12	2017	2,542	2,542
Total loans and borrowings			53,617	51,551
Company				
2017				
Secured bank loans	1.72 – 2.16	2022	10,630	10,309
Total loans and borrowings			10,630	10,309
2016				
Secured bank loans	2.10	2022	11,538	11,382
Total loans and borrowings			11,538	11,382

Finance lease liabilities

Finance leases liabilities are payable as follows:

	Present value of minimum lease payments $'000	Interest $'000	Future minimum lease payments $'000
2017			
Within 1 year	11,936	554	12,490
After 1 year but within 5 years	12,830	517	13,347
	24,766	1,071	25,837
2016			
Within 1 year	15,125	646	15,771
After 1 year but within 5 years	15,581	425	16,006
	30,706	1,071	31,777

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 2015	Recognised in profit or loss (note 17)	At 31 March 2016	Recognised in profit or loss (note 17)	At 31 March 2017
	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities					
Property, plant and equipment	(8,557)	(856)	(9,413)	(422)	(9,835)
Trade and other payables	50	–	50	–	50
	(8,507)	(856)	(9,363)	(422)	(9,785)

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	
	2017	2016
	$'000	$'000
Deferred tax liabilities	(9,785)	(9,363)

Unrecognised deferred tax assets

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

	Group	
	2017	2016
	$'000	$'000
Deductible temporary differences	199	199
Tax losses	3,045	2,533
	3,244	2,732

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

13 Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current				
Other payables	203	–	–	–
Non-trade amounts due to:				
- directors of the Company	1,911	–	–	–
- directors of the subsidiaries	314	–	–	–
	2,428	–	–	–
Current				
Trade payables	3,273	2,332	517	55
Other payables	5,643	714	–	5
Accrued expenses	2,212	1,870	206	127
Non-trade amounts due to:				
- directors of the Company	108	2,043	–	–
- directors of the subsidiaries	36	374	–	–
	11,272	7,333	723	187
Deposits and advances	116	113	–	–
	11,388	7,446	723	187
Total trade and other payables	13,816	7,446	723	187

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

Other payables consist of an amount due to an external supplier for the acquisition of equipment.

In November 2016, the Boards 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 after the next 12 months were reclassified to non-current.

14 Revenue

	Group	
	2017	2016
	$'000	$'000
Leasing income	41,495	40,034
Trading income	59	37
	41,554	40,071

15 Other income

	Group	
	2017	2016
	$'000	$'000
Rental income from storage space	1,358	1,421
Government grant	354	319
Commission income	2	2
Insurance claims	93	188
Gain on disposal of property, plant and equipment	837	492
Recovery of bad debts written off	31	–
Net change in fair value of investment properties	3,756	–
Sundry income	50	4
	6,481	2,426

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

16 Finance income and costs

	Group	
	2017	2016
	$'000	$'000
Recognised in profit or loss		
Interest income from cash and cash equivalents	*	–
Finance income	*	–
Interest expenses on:		
- finance leases	(749)	(880)
- trust receipts	(1)	(3)
- loans	(530)	(568)
Subtotal of interest expenses	(1,280)	(1,451)
Net allowance for impairment loss on trade and other receivables	(68)	(630)
Bank charges	(9)	(25)
Exchange loss (net)	(85)	(152)
Others	(53)	–
Finance costs	(1,495)	(2,258)
Net finance costs recognised in profit or loss	(1,495)	(2,258)

* *Amount less than $1,000*

17 Tax expense

	Group 2017 $'000	Group 2016 $'000
Current tax		
Over provision in prior years	–	(251)
Deferred tax		
Origination and reversal of temporary differences	422	856
Total tax expense	422	605
Reconciliation of effective tax rate		
Profit before tax	5,162	2,841
Tax calculated using Singapore tax rate of 17% (2016: 17%)	878	483
Effect of tax rates in foreign jurisdictions	5	10
Non-deductible expenses	214	284
Income not subject to tax	(639)	–
Tax incentives	(123)	(28)
Deferred tax assets not recognised	87	107
Over provision in prior years:		
- current tax	–	(251)
	422	605

18 Profit for the year

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

	Group 2017 $'000	Group 2016 $'000
Audit fees paid to:		
- auditors of the Company	101	101
- other member firms of KPMG International	5	5
Non-audit fees paid to:		
- auditors of the Company	16	19
- other auditors	11	19
Operating lease expenses	1,620	1,635
Employee benefits expense	20,149	15,962
Directors' fees	132	165
Depreciation expense	11,123	11,242
Write down on inventory	296	259
Property, plant and equipment written off	–	164
Employee benefits expense		
Salaries bonuses and other costs	18,836	14,800
Contribution to defined contribution plans	1,313	1,162
	20,149	15,962

19 Earnings per share

	Group	
	2017	2016
	$'000	$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	4,783	2,282

	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at beginning/end of the year	308,065	308,065

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

20 Segment reporting

The Group has only one main operating segment which is leasing of cranes, prime movers, heavy machinery and equipment and based primarily in Singapore. Hence, relevant segment information for the Group including the Group's non-current assets and revenue will be the information presented in the statement of financial position and statement of comprehensive income.

Major customer

Revenue from one customer of the Group's leasing segment represents approximately $5,570,000 (2016: $4,981,000) 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.

21 Financial risk management (cont'd)

Risk management framework

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

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

Credit risk

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

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

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

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

Cash and cash equivalents

The Group held cash and cash equivalents of $2,262,000 as at 31 March 2017 (2016: $3,373,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are regulated.

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.

21 Financial risk management (cont'd)

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 amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
At 31 March 2017					
Non-derivative financial liabilities					
Finance lease liabilities	24,766	(25,837)	(12,490)	(13,347)	–
Secured bank loans	18,294	(20,033)	(5,075)	(12,473)	(2,485)
Unsecured bank loan	2,542	(2,558)	(2,558)	–	–
Trade and other payables *	13,700	(13,700)	(13,700)	–	–
Recognised financial liabilities	59,302	(62,128)	(33,823)	(25,820)	(2,485)
At 31 March 2016					
Non-derivative financial liabilities					
Finance lease liabilities	30,706	(31,777)	(15,771)	(16,006)	–
Secured bank loans	18,303	(20,161)	(4,838)	(13,135)	(2,188)
Unsecured bank loan	2,542	(2,569)	(2,526)	(43)	–
Trade and other payables *	7,333	(7,333)	(7,333)	–	–
Recognised financial liabilities	58,884	(61,840)	(30,468)	(29,184)	(2,188)
Company					
At 31 March 2017					
Non-derivative financial liabilities					
Secured bank loans	10,309	(11,208)	(2,986)	(8,222)	–
Trade and other payables *	723	(723)	(723)	–	–
	11,032	(11,931)	(3,709)	(8,222)	–
At 31 March 2016					
Non-derivative financial liabilities					
Secured bank loans	11,382	(12,803)	(2,190)	(8,783)	(1,830)
Trade and other payables *	187	(187)	(187)	–	–
	11,569	(12,990)	(2,377)	(8,783)	(1,830)

* *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 twelve months ended 31 March 2017 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 $11,024,000 (2016: $9,905,000).

21 Financial risk management (cont'd)

Exposure to liquidity risk (cont'd)

The Group aims at maintaining flexibility in funding by keeping committed credit lines available. In this connection, the Group maintains approximately $21,484,000 (2016: $21,370,000) at 31 March 2017 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 $34,500,000 (2016: $39,364,000). At the reporting date, the Company does not consider it probable that the claim will be made against the Company under the financial guarantee.

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	
2017	
Financial guarantee	34,500
2016	
Financial guarantee	39,364

Market risk

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

Interest rate risk

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

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.

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			
Group	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 March 2017								
Financial assets not measured at fair value								
Trade and other receivables *	8	16,257	–	16,257				
Cash and cash equivalents		2,262	–	2,262				
		18,519	–	18,519				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(13,700)	(13,700)	–	(12,470)	–	(12,470)
Loans and borrowings ***	11	–	(20,836)	(20,836)	–	(17,387)	–	(17,387)
		–	(34,536)	(34,536)				
31 March 2016								
Financial assets not measured at fair value								
Trade and other receivables *	8	14,610	–	14,610				
Cash and cash equivalents		3,373	–	3,373				
		17,983	–	17,983				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(7,333)	(7,333)				
Loans and borrowings ***	11	–	(20,845)	(20,845)	–	(17,331)	–	(17,331)
		–	(28,178)	(28,178)				

* Excludes prepayments

** Excludes deposits and advances

*** Excludes finance lease liabilities

21 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Company	Note	Carrying amounts: Loans and receivables $'000	Carrying amounts: Other financial liabilities $'000	Carrying amounts: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 March 2017								
Financial assets not measured at fair value								
Trade and other receivables *	8	6,666	–	6,666				
Cash and cash equivalents		393	–	393				
		7,059	–	7,059				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(723)	(723)				
Loans and borrowings ***	11	–	(10,309)	(10,309)	–	(8,407)	–	(8,407)
		–	(11,032)	(11,032)				
31 March 2016								
Financial assets not measured at fair value								
Trade and other receivables *	8	13,032	–	13,032				
Cash and cash equivalents		278	–	278				
		13,310	–	13,310				
Financial liabilities not measured at fair value								
Trade and other payables **	13	–	(187)	(187)				
Loans and borrowings ***	11	–	(11,382)	(11,382)	–	(8,719)	–	(8,719)
		–	(11,569)	(11,569)				

* *Excludes prepayments*

** *Excludes deposits and advances*

*** *Excludes finance lease liabilities*

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

21 Financial risk management (cont'd)

Valuation techniques and significant unobservable inputs

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

Financial instruments not measured at fair value

Type	Valuation techniques	Significant unobservable inputs
Group		
Bank loans	Discounted cash flows*	Not applicable
Trade and other payables	Discounted cash flows*	Not applicable
Company		
Bank loans	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 2017 and 2016.

22 Commitments

(a) Commitments

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

	Group	
	2017 $'000	2016 $'000
Purchase of investment properties	–	85
Capital expenditure	1,369	–

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

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

	Group	
	2017 $'000	2016 $'000
Within 1 year	1,471	1,527
After 1 year but within 5 years	5,151	5,564
After 5 years	14,133	15,140
	20,755	22,231

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.

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 as follows:

	Group	
	2017	2016
	$'000	$'000
Within 1 year	260	480
After 1 year but within 5 years	–	260
	260	740

The Group leases storage space under operating leases. The leases run for a period of 1 year.

23. Related parties

Key management personnel compensation

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

	Group	
	2017	2016
	$'000	$'000
Short-term employee benefits	1,556	1,738
Contributions to defined contribution plans	82	83
	1,638	1,821

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 15 June 2017.

	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 15 June 2017, approximately 33.68% 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	3	0.35	151	0.00
100 - 1,000	18	2.07	11,686	0.00
1,001 - 10,000	185	21.31	1,381,799	0.45
10,001 - 1,000,000	632	72.81	52,151,316	16.93
1,000,001 AND ABOVE	30	3.46	254,520,330	82.62
TOTAL	**868**	**100.00**	**308,065,282**	**100.00**

STATISTICS OF SHAREHOLDINGS

AS AT 15 JUNE 2017

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TEMBUSU ASIA HOLDINGS PTE LTD	189,785,313	61.61
2	CIMB SECURITIES (SINGAPORE) PTE LTD	8,413,621	2.73
3	HONG LEONG FINANCE NOMINEES PTE LTD	5,023,100	1.63
4	ESTATE OF CHUA BENG SING, DECEASED	4,200,000	1.36
5	ONG LYE SUM	3,370,000	1.09
6	CITIBANK NOMINEES SINGAPORE PTE LTD	2,820,000	0.92
7	KIM SOON LEE (LIM) HEAVY TRANSPORT PTE LTD	2,600,000	0.84
8	DBS NOMINEES (PRIVATE) LIMITED	2,500,000	0.81
9	ONG BOON TAT, ALVIN (WANG WENDA, ALVIN)	2,209,375	0.72
10	NG HOCK KON	2,114,100	0.69
11	ANG LAI HOE	2,100,000	0.68
12	ONG CHUAN HOCK	2,100,000	0.68
13	TAN SIEW DUAN	2,100,000	0.68
14	ONG LAY SUAN	2,080,000	0.68
15	YU LIMIN	2,030,000	0.66
16	KWOK LAI FONG EVANGELINE	1,929,000	0.63
17	ONG LIM SAN	1,900,000	0.62
18	MAYBANK KIM ENG SECURITIES PTE LTD	1,670,000	0.54
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,500,000	0.49
20	SUA NAM HENG	1,500,000	0.49
	TOTAL	**241,944,509**	**78.55**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth 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 Wednesday, 26 July 2017 at 2.30 p.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2017 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$90,490 for the financial year ended 31 March 2017. **Resolution 2**

3. To approve the payment of Director's fee of S$14,425 for the period 1 April 2017 to 26 July 2017. [refer to explanatory note (i)] **Resolution 3**

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

   (i) Mr Ong Teck Meng (Article 91) **Resolution 4**

   (ii) Mr Ong Lim San (Article 91) **Resolution 5**

   To record the retirement of Mr Tan Eng Ann as a Director pursuant to Article 91 of the Company's Constitution at the conclusion of the AGM. [refer to explanatory note (ii)]

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

AS SPECIAL BUSINESS

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

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

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, 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 **Resolution 7** of this Resolution, the percentage of the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed (after adjusting for (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST 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)]

By Order of the Board

Lo Swee Oi
Company Secretary
Singapore, 10 July 2017

Explanatory Notes on Resolutions to be passed:

(i) The Director's Fee of S$14,425, if approved, will be paid to Mr Tan Eng Ann for the period 1 April 2017 to 26 July 2017.

(ii) Mr Tan Eng Ann, who is retiring by rotation at the AGM pursuant to Article 91 of the Company's Constitution, has expressed his intention to retire at the AGM and will not be seeking re-election.

Mr Tan Eng Ann, a Lead Independent Director, will retire from the Board of Directors at the conclusion of the AGM on 26 July 2017 and will concurrently cease to be the Chairman of the Audit Committee and Member of the Remuneration and Nominating Committees.

(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.

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.

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 Investors") (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)			

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 Wednesday, 26 July 2017 at 2.30 p.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to	For	Against
	Ordinary Business		
1.	To adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 March 2017		
2.	To approve the payment of Directors' fees of S$90,490 for the financial year ended 31 March 2017		
3.	To approve the payment of Director's fee of S$14,425 for the period 1 April 2017 to 26 July 2017		
4.	To re-elect Mr Ong Teck Meng under Article 91 of the Company's Constitution		
5.	To re-elect Mr Ong Lim San under Article 91 of the Company's Constitution		
6.	To re-appoint Auditors and authorize Directors to fix their remuneration		
	Special Business		
7.	To authorize Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Listing Manual		

Date this ________ day of ______________ 2017

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

____

Signature(s) of Member(s) and
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.

11. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

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 10 July 2017.

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