Hiap Seng Engineering Ltd
(Judicial Managers Appointed)

MOVING FORWARD WITH STRENGTH AND RESILIENCE

ANNUAL REPORT 2023

OUR VISION

To be the preferred Service Provider in plant design, fabrication & construction and maintenance to the process industries in Singapore, and beyond.

OUR MISSION

To deliver efficient, reliable and quality products and services to customers in a safe and timely manner, maximum returns to shareholders and a rewarding work environment to employees.

OUR CORE VALUES

Courage, determination and great teamwork are the foundations for our success.

CONTENTS

ABOUT
THE GROUP

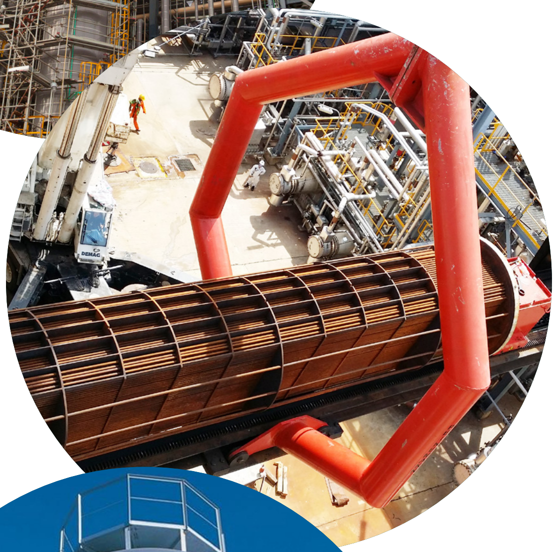
We are one of the leading integrated service providers of mechanical engineering, plant fabrication & installation and plant maintenance to the oil-and-gas, petrochemical and pharmaceutical industries in Singapore, Asia Pacific and other regions. We are dedicated to providing our clients with efficient, reliable and quality products and services.

CONSTRUCTION

Mechanical Construction of Oil-and-Gas Plants, Oil Storage Terminals & Pharmaceutical Plants

PLANT MAINTENANCE

Oil-and-Gas, Chemical & Utility Plant Maintenance



EPC

Process Equipment and Tank farms

CHAIRMAN'S **STATEMENT**

DEAR SHAREHOLDERS,

It is my privilege to present to you our company's Annual Report for FY2023. In the past year, our company has demonstrated resilience, adaptability, and a commitment to excellence in the face of dynamic market conditions and evolving industry landscapes.

The oil and gas industry, particularly in Singapore, has experienced its fair share of challenges and uncertainties. This had led to spending cut on capital expenditure and long -term projects been placed on hold by the oil majors. Economic, geopolitical, trade, policy, and financial factors have exacerbated the issue of spending curb and triggered a readjustment in the broader energy market. Many, if not all, oil majors are facing the prospect of having to grapple with energy security, supply diversification, green energy and low-carbon transition.

Further capital planning or approval for long-term projects where price and demand uncertainties are seemingly growing, current conditions underscore the viability of oil and gas through the energy transition.

Whilst the whole world is captivated by the transition to green energy, the process plants today still require regular maintenance, upgrades to incorporate newer and greener technologies, and an expert support team to execute the changes within the plants. We will continue to strengthen our maintenance capabilities to rise to the challenges ahead and assist the process industry in their green transition.

As the economy slowly throttles back into Pre-Covid momentum, we are experiencing higher costs of operation due to high inflation and tighter margins amid new regulations being imposed. Hence, albeit lower margin, steady returns are projected ahead for our maintenance services. With this steady revenue stream, we aim to grow the Company's reserves for when new projects do transpire in the near future, the Company will be poised to take on the projects with a healthy cash flow.

Working closely with our Judicial Managers in restructuring the business, the Company has fulfilled most of the conditions stated in the Conditional Subscription Agreement and is pending approval from the shareholders and the regulatory authority. Once approval has been obtained, the next step would be to complete the Proposed Transaction. In this respect, the Group believes that its liabilities and working capital needs can be met as and when they fall due.

Upon successful completion of the Proposed Transaction and post-restructuring, the Company also plans to undertake a rights issue exercise to raise up to S$3.3 million.

As the Judicial Managers were managing the Group affairs for the full financial year ended 31 March 2023, a condensed version of the Corporate Governance report will be furnished for this year 's Annual Report.

FINANCIAL AND OPERATING PERFORMACE REVIEW

The Group continues to tide through the wave of tough and intense competition during the financial year. The Group reported revenue of $18.6 million in FY2023, which was lower by $8.2 million from $26.8 million in FY2022 mainly due to the lower volume of shutdown activities carried out in FY2023. The decrease was offset with the higher maintenance services carried out in FY2023 which resulted in a lower gross profit margin reported for FY2023 of 16.5%.

The significant drop of $6.4 million in other (losses)/gains - net for FY2023 compared to prior period was largely due to the absence of one off gain on disposal of property of $4.5 million, gain on disposal of subsidiaries of $0.6 million and recognition of an impairment loss on property, plant and equipment of $0.4 million in FY2023.

The administrative expenses of $5.8 million in FY2022 were offset with a government grant of $1.8 million. Excluding the government grant, the administrative expenses for FY2022 would have totalled $7.6 million compared to $5.4 million in FY2023. The drop in administrative expenses in FY2023 was largely due to the disposal of subsidiaries in prior year and the continued cost cutting measures undertaken by the Company during the current financial year.

The finance costs decreased by $0.4 million in FY2023 as a result of the set off of the loan made by the bank in March 2022.

SEGMENTAL CONTRIBUTION

As the Company's 87% owned subsidiary, HS Compression & Process Pte Ltd ("HSCP") was placed under compulsory liquidation on 7 March 2022, the segment "Compression & Process Equipment Fabrication" was not included for FY2023.

The plant construction & maintenance segment reported a negative EBITDA of $0.4 million in FY2023, a significant decrease compared to the prior period, where the segment recorded a positive EBITDA of $8.9 million. The decrease in FY2023 was mainly due to the absence of one off gains such as net gain from disposal of property of $4.5 million, sales of subsidiaries of $0.6 million and the recognition of the grant income under Job Support Scheme of $1.8 million and margin contributed by the shutdown activities in FY2022.

The segment assets for plant construction & maintenance reduced by $0.6 million to $31.2 million as at 31 March 2023 mainly due to the reduction in the contract assets as the Group's focus is on maintenance activities.

The liabilities for plant construction & maintenance segment increased by $0.6 million from $33.1 million as at 31 March 2022 to $33.7 million as at 31 March 2023 mainly due to the provision of professional fees in relation to the cost and expenses of the judicial management and restructuring exercise undertaken by the Company.

FINANCIAL POSITION REVIEW

The Group's trade and other receivables decreased by $2.1 million from $9.6 million as at 31 March 2022 to $7.5 million as at 31 March 2023 mainly due to faster collection in the current year. The Group's cash and cash equivalents increased from $15.1 million as at 31 March 2022 to $18.7 million as at 31 March 2023.

Non-current assets reduced by $1.0 million mainly from the impairment of the property, plant and equipment of $0.4 million and depreciation charges of $1.8 million during the financial year. This was offset by an increase due to the recognition of right of use assets of $1.1 million due to further lease extension of the Company's premise. This also led to a corresponding increase in the lease liabilities.

The Group's trade and other payables increased by $0.7 million to $33.7 million as at 31 March 2023 mainly from the provision of professional fees in relation to the cost and expenses of the judicial management and restructuring exercise undertaken by the Company.

The borrowings has increased to $14.7 million from $14.3 million mainly due to accrued interest expense.

Despite a net loss of $2.6 million, the Group recorded a net increase in cash position of $3.7 million arising from the a positive cashflow from operating activities of $4.4 million and investing activities of $0.1 million ,which was offset with the cash outflow in financing activities of $0.9 million.

WORD OF APPRECIATION

Our company has navigated through challenges with determination and strategic foresight. We have remained steadfast in our mission to deliver exceptional value to our clients while upholding the highest standards of safety, quality, and environmental responsibility.

Financially, I am pleased to report that despite the challenging market conditions, our company has remained strong. We have successfully managed our costs, optimised our operations, and pursued efficiency initiatives. These measures, combined with our unwavering commitment to delivering innovative solutions, have contributed to our financial resilience.

Safety remains our top priority. We have continued to uphold the highest safety standards across all our operations, ensuring the well-being of our employees, contractors, and the communities in which we operate in. Our safety record is a testament to our unwavering commitment to protecting lives and the environment.

As a responsible corporate citizen, we are actively pursuing sustainable practices and environmental stewardship. We recognise the importance of minimising our carbon footprint and embracing energy-efficient solutions. Our commitment to sustainable development has been integrated into our operations, and we will continue to explore innovative ways to reduce our environmental impact. The Company will publish a separate Sustainability Report for FY2023 by 31st August 2023.

In the midst of industry challenges, we have not lost sight of the importance of talent development and employee engagement. Our people are our greatest asset, and we remain committed to providing them with a conducive work environment, training opportunities, and a rewarding career path. Their dedication, expertise, and passion have been instrumental in our continued success.

Looking ahead, we acknowledge the ongoing volatility and uncertainties in the global energy market. However, we remain confident in our ability to adapt and seize opportunities. We will continue to leverage our technical expertise, foster strong relationships with clients and partners, and embrace digitalisation and innovation to remain at the forefront of the industry.

I would like to express my deepest appreciation to our shareholders for their continued trust and support. Your confidence in our company is invaluable, and we are committed to delivering sustainable long-term growth and value creation. I would also like to extend my gratitude to our esteemed board of directors, our management team, and our dedicated employees for their unwavering commitment and contributions.

In closing, I am proud of our company's achievements in the face of challenging market conditions. We have demonstrated resilience, adaptability, and a commitment to excellence, positioning us for continued success in the future. Together, we will navigate the evolving landscape, capitalise on emerging opportunities, and continue to drive our company's growth and profitability.

Thank you for your unwavering support.

Yours sincerely,

TAN AH LAM FRANKIE
CHAIRMAN

BOARD
OF DIRECTORS

TAN AH LAM, FRANKIE
Non-Executive Chairman

Mr Tan Ah Lam has more than 40 years of experience in the business of providing mechanical engineering services to the petroleum and petrochemical industry. Mr Tan has been with the Group since 1962. In 2007 he was appointed as Executive Chairman and CEO. On 1 April 2017, Mr Tan relinquished his position as CEO in order to facilitate the Company's succession plan. As of 2020 Mr Tan steps down from his role as Executive Chairman but remains as Chairman of the Company. Mr Tan is responsible for leading the Board and facilitating its effectiveness, ensuring the Board members are provided with accurate, timely and clear information and approves the agenda of each Board Meeting. He monitors communications between the Company and its shareholders, between Board and Management and between independent and non- independent directors with a view to encourage constructive relation and dialogue between them. He is also the Chairman of Tan Kuay Hoe Holdings Pte Ltd, a substantial shareholder of the Company.

TAN LEAU KUEE, RICHARD
Executive Director and CEO

Mr Tan Leau Kuee has more than 35 years of experience in the business of providing mechanical engineering services to the petroleum and petrochemical industry. Mr Tan has been with the Group since 1971 and was appointed Executive Director in 1990 and is also one of the key persons behind the growth and business expansion of the Group. On 1 April 2017, Mr Tan was appointed as CEO of the Group. He is responsible for overseeing the overall management and strategic operations of the Group. He bears executive responsibility for the Company's business, is instrumental in growing the business of the Company and for the working of the Board. He provides strong leadership and is overall in-charge of the Management and strategic operations of the Company. He is also a director of of Tan Kuay Hoe Holdings Pte Ltd, a substantial shareholder of the Company.

KOH KIM WAH
Independent Director

Mr Koh Kim Wah was appointed as an Independent Director on 28 July 2005. Mr Koh, a Colombo Plan Scholar, graduated from University of Canterbury, New Zealand with a 1st class Honours degree in Chemical Engineering in 1967 and later attended the Advance Management Programme at Harvard Business School in 1992. He has more than 35 years of diversified administrative, engineering, marketing and management experience in a multi-national petroleum company, where he retired as country president.

M. RAJARAM
Independent Director

Mr M. Rajaram was appointed as an Independent Director on 28 July 2005. Mr Rajaram graduated from National University of Singapore with a Bachelor of Laws (LLB) Honours degree and obtained MBA from Maastricht School of Management. He is a Fellow of Singapore Institute of Arbitrators and the Chartered Institute of Arbitrators. Mr Rajaram is an Advocate & Solicitor of Supreme Court of Singapore since 1980. He is currently the Partner and Chairman of K&L Gates Straits Law LLC where his main areas of works include Corporate Finance and Restructuring, Insolvency and Arbitration, Mergers and Acquisitions and Banking. He is a Past Chairman and currently Emeritus Chairman of Singapore Indian Chambers of Commerce & Industry and was the Vice Chairman of Singapore Business Federation. He is also a Member of the Presidential Council for Religious Harmony. He is a recipient of a Public Service Medal (PBM) given in recognition of his service to the community. He is a director of several other non-listed public and private limited companies in Singapore.

GROUP **STRUCTURE**

Hiap Seng Engineering Ltd

- 100% Hiap Seng Engineering (Shanghai) Co. Ltd
- 100% HS Engineering (Middle East) Pte Ltd
  - 49% Hiap Seng Manco Co.
- 100% Hiap Seng-Sanko TPM Pte Ltd
- 100% HS Info-Tech Pte Ltd
  - 30% Web-Economy Technology Pte Ltd
- 100% Hiap Seng Engineering (M) Sdn. Bhd.
- 100% Hiap Seng Engineering Saudi Ltd

SUBSIDIARIES

ASSOCIATES

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Tan Ah Lam, Frankie
Non-Executive Chairman

Tan Leau Kuee, Richard
Executive Director and CEO

Koh Kim Wah*
Independent Director

M. Rajaram*
Independent Director

AUDIT COMMITTEE
Koh Kim Wah, Member
M. Rajaram, Member

REMUNERATION COMMITTEE
Koh Kim Wah, Chairman
M. Rajaram, Member

NOMINATING COMMITTEE
M. Rajaram, Chairman
Koh Kim Wah, Member
Tan Ah Lam Frankie, Member

JOINT COMPANY SECRETARIES
Tan Hak Jin, CA (Singapore)
Chan Lai Yin, ACIS

REGISTERED OFFICE
28 Tuas Crescent
Singapore 638719

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte Ltd.
1 Harborfront Avenue
Keppel Bay Tower
#14-07
Singapore 098632

AUDITORS
PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

Partner: Tham Tuck Seng
(Year of appointment: FY2022)

JOINT AND SEVERAL JUDICIAL MANAGERS
Oon Su Sun
Lin Yueh Hung
8 Wilkie Rd
#03-08
Wilkie Edge
Singapore 228095

PRINCIPAL BANKER
United Overseas Bank Limited

*Pursuant to Rule 210(5)(d)(iv) of SGX Listing Manual, Mr Koh Kim Wah and Mr Rajaram have been directors of the Company of more than 9 years and to be considered independent until the conclusion of FY2023 AGM

FINANCIAL
CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors present their statement to the members together with the audited consolidated financial statements of Hiap Seng Engineering Ltd (the "Company") (under Judicial Management) and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2023 and the balance sheet of the Company as at 31 March 2023.

The Company has been placed under judicial management since 15 September 2020 and Ms. Oon Su Sun and Mr. Lin Yueh Hung, care of RSM Corporate Advisory Pte. Ltd., were appointed as joint and several Judicial Managers (the "Judicial Managers" or "JMs").

As at the date of this report, the ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due is dependent on the matters set out in Note 2.1 to the financial statement.

The directors are of the opinion that the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of shareholders and other stakeholders who may use these financial statements. Further details on the basis of preparation of these financial statements are set out in Note 2.1 to the financial statements.

In the opinion of the directors,

(a) having regard to and taking into consideration the matters disclosed in Note 2.1 to the financial statements, the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 19 to 74 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 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, subject to the matters referred to in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr Tan Ah Lam
Mr Tan Leau Kuee @ Tan Chow Kuee
Mr Koh Kim Wah
Mr M. Rajaram

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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

For the financial year ended 31 March 2023

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.3.2023	At 1.4.2022	**At 31.3.2023**	At 1.4.2022
Hiap Seng Engineering Ltd (under Judicial Management)				
(No. of ordinary shares)				
Mr Tan Ah Lam	**3,319,500**	3,319,500	**70,788,639**	70,788,639
Mr Tan Leau Kuee @ Tan Chow Kuee	**–**	–	**70,788,639**	70,788,639
Mr Tan Lian Chew (retired on 16 December 2022)	**–**	3,601,761	**–**	–
Mr Koh Kim Wah	**–**	–	**278,000**	278,000
Mr M. Rajaram	**300,000**	300,000	**–**	–

(b) Mr Tan Ah Lam and Mr Tan Leau Kuee @ Tan Chow Kuee, who by virtue of their interests of not less than 20% of the issued capital of the Company, are deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries.

(c) The directors' interests in the ordinary shares of the Company as at 21 April 2023 were the same as those as at 31 March 2023.

Share options

No options have been granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Koh Kim Wah
Mr M. Rajaram

Since 15 September 2020, the Company was placed under judicial management and the Judicial Managers were appointed. The Judicial Managers reviewed:

(a) the assistance given by the Company's management to the independent auditor; and

(b) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2023, as well as the Independent Auditor's Report thereon, for the submission to the Board of Directors.

The Judicial Managers recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Extraordinary General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

TAN AH LAM Director	TAN LEAU KUEE @ TAN CHOW KUEE Director

16 August 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Hiap Seng Engineering Ltd (under Judicial Management)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP SENG ENGINEERING LTD (UNDER JUDICIAL MANAGEMENT)

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Hiap Seng Engineering Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 March 2023;
- the balance sheet of the Group as at 31 March 2023;
- the balance sheet of the Company as at 31 March 2023;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements which indicates that the Group's and Company's current liabilities exceeded their current assets by $22,268,000 and $22,467,000 (2022: $21,588,000 and $21,109,000) respectively as at 31 March 2023. In addition, the Group's and the Company's total liabilities exceeded their total assets by $17,352,000 and $17,520,000 (2022: $15,561,000 and $15,187,000) respectively. It is further indicated that the Company was placed under judicial management since 15 September 2020. The ability of the Group and the Company to continue as going concerns is subject to the completion of the Restructuring Exercise as disclosed in Note 2.1 which is currently ongoing. These conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP SENG ENGINEERING LTD (UNDER JUDICIAL MANAGEMENT) (continued)

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 for the financial year ended 31 March 2023. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td><u>Accounting for revenue from maintenance services</u>
(Refer to Note 2.3, Note 3(a) and Note 4)

During the financial year ended 31 March 2023, revenue from maintenance services amounted to $18.4 million (Note 4), which represented 99% of the Group's revenue.

Revenue from maintenance services is recognised in the accounting period in which the services are rendered, and in the amounts to which the Group has a right to invoice. Due to administrative delays between the time when the maintenance services are rendered and the time when the amounts are approved by the customers and billed, the Group tracks and record these unbilled revenue amounts during period-end closing.

We focused on this area due to the significance of revenue to the financial statements and the risk of revenue from maintenance services being recognised in the wrong accounting period.</td><td>We performed the following audit procedures relating to cut-off in recognition of revenue from maintenance services:

(a) Understand and evaluate the appropriateness of revenue recognition accounting principles and practices applied by management;

(b) Understand and evaluate the relevant controls relating to cut-off in recognition of revenue from maintenance services during period-end;

(c) Tested billed invoices recorded one month before and after year-end on a sample basis by agreeing to the supporting documentation for the accounting period in which maintenance services are rendered (such as maintenance contracts, service reports, timesheets and delivery documents) and assess if revenue is recorded in the correct accounting period.

(d) Test accrued revenue on a sample basis by agreeing to supporting documentation for the accounting period in which maintenance services are rendered and reconciling the accrued revenue amounts recorded to subsequent billed invoices amounts.

Based on the audit procedures performed above, we found management's accounting for revenue from maintenance services to be appropriately supported, and the disclosure relating to revenue to be adequate.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP SENG ENGINEERING LTD (UNDER JUDICIAL MANAGEMENT) (continued)

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report (the "Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP SENG ENGINEERING LTD (UNDER JUDICIAL MANAGEMENT) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism 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 control.

- Obtain an understanding of internal control 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 control.

- 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 auditor's 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 auditor's 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 control 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 auditor's report unless law or regulation precludes 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.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF HIAP SENG ENGINEERING LTD (UNDER JUDICIAL MANAGEMENT) (continued)

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor’s report is Tham Tuck Seng.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 16 August 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

	Note	2023 $'000	2022 $'000 (Restated)
Revenue	4	**18,601**	26,753
Cost of services rendered	5	**(15,525)**	(20,898)
Gross profit		**3,076**	5,855
Other income	7	**1,401**	1,239
Other (losses)/gains - net			
- Allowance for/(write back of) impairment of financial assets		**(133)**	65
- Others	7	**(1,001)**	5,210
Expenses			
- Administrative	5	**(5,404)**	(5,770)
- Finance	8	**(497)**	(875)
Share of profit/(loss) of associated companies	14	**8**	(12)
(Loss)/profit before income tax		**(2,550)**	5,712
Income tax expense	9	**–**	(87)
Total (loss)/profit		**(2,550)**	5,625
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**665**	573
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**–**	(8)
Financial assets, at FVOCI			
- Fair value changes – equity investments	22(b)(iii)	**94**	113
Other comprehensive income, net of tax		**759**	678
Total comprehensive (loss)/income		**(1,791)**	6,303
(Loss)/profit attributable to:			
Equity holders of the Company		**(2,550)**	5,781
Non-controlling interests		**–**	(156)
		(2,550)	5,625
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,791)**	6,467
Non-controlling interests		**–**	(164)
		(1,791)	6,303
Basic and diluted (loss)/earnings per share (cents per share)	10	**(0.8)**	1.9

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

BALANCE SHEETS - GROUP

As at 31 March 2023

	Note	Group 31 March 2023 $'000	Group 31 March 2022 $'000 (Restated)	Group 1 April 2021 $'000 (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	11	**18,744**	15,120	14,126
Trade and other receivables	12	**7,518**	9,644	7,168
Contract assets	4(b)	**–**	964	3,747
Other current assets	13	**746**	868	1,087
		27,008	26,596	26,128
Assets of disposal group classified as held-for-sale		**–**	–	6,295
		27,008	26,596	32,423
Non-current assets				
Investments in associated companies	14	**270**	262	274
Property, plant and equipment	16	**3,887**	4,952	6,995
Financial assets, at FVOCI	17	**907**	813	700
		5,064	6,027	7,969
Total assets		**32,072**	32,623	40,392
LIABILITIES				
Current liabilities				
Trade and other payables	18	**33,711**	33,026	31,719
Provision for onerous contracts		**–**	–	114
Contract liabilities	4(b)	**7**	113	107
Current income tax liabilities		**–**	–	376
Borrowings	19	**14,696**	14,281	26,901
Lease liabilities		**862**	764	789
		49,276	48,184	60,006
Liabilities of disposal group classified as held-for-sale		**–**	–	4,171
		49,276	48,184	64,177
Non-current liability				
Lease liabilities		**148**	–	821
Total liabilities		**49,424**	48,184	64,998
NET LIABILITIES		**(17,352)**	(15,561)	(24,606)
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	21	**36,178**	36,178	36,178
Other reserves	22	**1,565**	806	17
Accumulated losses		**(55,095)**	(52,545)	(58,326)
		(17,352)	(15,561)	(22,131)
Non-controlling interests		**–**	–	(2,475)
Total equity		**(17,352)**	(15,561)	(24,606)

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

BALANCE SHEETS - COMPANY

As at 31 March 2023

	Note	Company 31 March 2023 $'000	2022 $'000 (Restated)	1 April 2021 $'000 (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	11	**17,599**	11,766	9,197
Trade and other receivables	12	**8,647**	14,463	9,500
Contract assets	4(b)	**–**	63	2,806
Other current assets	13	**740**	767	820
		26,986	27,059	22,323
Non-current asset classified as held-for-sale		**–**	–	993
		26,986	27,059	23,316
Non-current assets				
Investments in subsidiaries	15	**615**	615	1,231
Property, plant and equipment	16	**3,573**	4,494	6,409
Financial assets, at FVOCI	17	**907**	813	700
		5,095	5,922	8,340
Total assets		**32,081**	32,981	31,656
LIABILITIES				
Current liabilities				
Trade and other payables	18	**33,893**	33,015	33,094
Provision for onerous contracts		**–**	–	44
Contract liabilities	4(b)	**2**	108	100
Current income tax liabilities		**–**	–	13
Borrowings	19	**14,696**	14,281	21,693
Lease liabilities		**862**	764	777
		49,453	48,168	55,721
Non-current liability				
Lease liabilities		**148**	–	821
Total liabilities		**49,601**	48,168	56,542
NET LIABILITIES		**(17,520)**	(15,187)	(24,886)
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	21	**36,178**	36,178	36,178
Other reserves	22	**(1,575)**	(1,669)	(1,782)
Accumulated losses		**(52,123)**	(49,696)	(59,282)
Total equity		**(17,520)**	(15,187)	(24,886)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

	Attributable to equity holders of the Company					
	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2023						
Balance as at 1 April 2022 (as previously reported)	**36,178**	**806**	**(51,485)**	**(14,501)**	**–**	**(14,501)**
Effects of restatement (Note 25)	**–**	**–**	**(1,060)**	**(1,060)**	**–**	**(1,060)**
Balance as at 1 April 2022 (as restated)	**36,178**	**806**	**(52,545)**	**(15,561)**	**–**	**(15,561)**
Loss for the year	–	–	(2,550)	(2,550)	–	(2,550)
Other comprehensive income for the year	–	759	–	759	–	759
Total comprehensive income/(loss) for the year	**–**	**759**	**(2,550)**	**(1,791)**	**–**	**(1,791)**
Balance as at 31 March 2023	**36,178**	**1,565**	**(55,095)**	**(17,352)**	**–**	**(17,352)**
2022						
Balance as at 1 April 2021 (as previously reported)	**36,178**	**17**	**(57,928)**	**(21,733)**	**(2,475)**	**(24,208)**
Effects of restatement (Note 25)	–	–	(398)	(398)	–	(398)
Balance as at 1 April 2021 (as restated)	**36,178**	**17**	**(58,326)**	**(22,131)**	**(2,475)**	**(24,606)**
Profit/(loss) for the year (as previously reported)	**–**	**–**	6,443	6,443	(156)	6,287
Effects of restatement (Note 25)	**–**	**–**	(662)	(662)	–	(662)
Profit/(loss) for the year (as restated)	–	–	5,781	5,781	(156)	5,625
Other comprehensive income/(loss) for the year	–	686	–	686	(8)	678
Total comprehensive income /(loss) for the year (as restated)	**–**	**686**	**5,781**	**6,467**	**(164)**	**6,303**
Reclassification upon disposal of subsidiaries	–	103	–	103	–	103
Disposal of controlling interest in subsidiaries (Note 15)	–	–	–	–	2,639	2,639
Total transactions with owners, recognised directly in equity	–	103	–	103	2,639	2,742
Balance as at 31 March 2022	**36,178**	**806**	**(52,545)**	**(15,561)**	**–**	**(15,561)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

	Note	2023	2022
		$'000	$'000
			(Restated)
Cash flows from operating activities			
Total (loss)/profit		**(2,550)**	5,625
Adjustments for:			
- Income tax expense		**–**	87
- Allowance for/(Write back of) impairment of financial assets		**133**	(65)
- Depreciation of property, plant and equipment		**1,791**	2,320
- Net gain on disposal of property, plant and equipment		**(50)**	(4,633)
- Property, plant and equipment written off		**378**	72
- Net gain on disposal of subsidiaries		**–**	(586)
- Unrealised currency translation losses		**683**	630
- Interest expense		**497**	875
- Interest income		**(111)**	(3)
- Share of (profit)/loss of associated companies		**(8)**	12
		763	4,334
Change in working capital, net of effects from disposals of subsidiaries:			
- Contract assets		**964**	2,783
- Trade and other receivables		**1,993**	(2,315)
- Other current assets		**122**	116
- Contract liabilities		**(106)**	255
- Trade and other payables and provisions		**684**	3,130
Cash generated from operations		**4,420**	8,303
Income tax paid		**–**	(460)
Net cash provided by operating activities		**4,420**	7,843
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**55**	4,759
Purchases of property, plant and equipment		**(58)**	(48)
Interest received		**111**	3
Disposal of subsidiaries, net of cash disposed	15	**–**	(680)
Net cash provided by investing activities		**108**	4,034
Cash flows from financing activities			
Interest paid		**(16)**	(66)
Net repayment of bank financing (trust receipts)		**–**	(872)
Repayment of bank borrowings		**–**	(9,551)
Repayment of principal portion of lease liabilities		**(843)**	(1,260)
Net cash used in financing activities		**(859)**	(11,749)
Cash and cash equivalents			
Net increase in cash and cash equivalents		**3,669**	128
Beginning of financial year		**15,120**	15,049
Effects of currency translation on cash and cash equivalents		**(45)**	(57)
End of financial year	11	**18,744**	15,120

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

Reconciliation of liabilities arising from financing activities

	1 April 2022 $'000	Cash flows $'000	Non-cash changes $'000					31 March 2023 $'000
			Lease modification	Disposal of right-of-use assets	Interest expenses	Disposal of subsidiaries	Foreign exchange movement	
Bank borrowings	**13,123**	**–**	**–**	**–**	**459**	**–**	**(42)**	**13,540**
Bank financing (trust receipts)	**1,158**	**–**	**–**	**–**	**22**	**–**	**(24)**	**1,156**
Lease liabilities	**764**	**(859)**	**1,089**	**–**	**16**	**–**	**–**	**1,010**

	1 April 2021 $'000	Cash flows $'000	Non-cash changes $'000					31 March 2022 $'000
			Lease modification	Disposal of right-of-use assets	Interest expenses	Disposal of subsidiaries	Foreign exchange movement	
Bank borrowings	24,882	(9,551)	–	–	721	(2,953)	24	13,123
Bank financing (trust receipts)	1,982	(872)	–	–	90	–	(42)	1,158
Lease liabilities	1,610	(1,326)	1,236	(820)	64	–	–	764

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

1. General information

Hiap Seng Engineering Ltd (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 28 Tuas Crescent, Singapore 638719.

The principal activities of the Company consist of the provision of building construction, engineering, procurement, construction and plant maintenance services for oil and gas and energy sectors and, provision of process and industrial plant engineering and consultancy services. The principal activities of the subsidiaries are set out in Note 30 to the financial statements.

On 15 September 2020, the Company was placed under Judicial Management. During this period, all powers conferred and duties imposed on the Directors of the Company by the Insolvency, Restructuring and Dissolution Act 2018 or the Companies Act 1967 or by the constitution of the Company, must be exercised and performed by the Judicial Managers and not by the Directors.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet its obligations as and when they fall due in the next twelve months from the date of this report.

As at 31 March 2023, the Group’s and the Company’s current liabilities exceeded their current assets by $22,268,000 and $22,467,000 (2022: $21,588,000 and $21,109,000) respectively. In addition, the Group’s and the Company’s total liabilities exceeded their total assets by $17,352,000 and $17,520,000 (2022: $15,561,000 and $15,187,000) respectively.

Judicial Management

On 15 September 2020, the Company was placed under judicial management.

The objectives of the judicial management order are to achieve one or more of the following purposes:

(a) Survival of the Company, or the whole or part of its undertaking as a going concern;

(b) The approval under Section 210 of the Companies Act 1967 or Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 of a compromise or arrangement between the Company and any such persons as mentioned in those sections; and/or

(c) A more advantageous realisation of the Company’s assets than on winding up.

During the judicial management period, there was a stay on all suits, proceedings, claims etc. against the Company, except with the consent of the Judicial Managers (“JMs”) or with the leave of the Court. The borrowings owing to the principal lender and unsecured claims from creditors (collectively, the “Creditors”) prior to 15 September 2020 would be addressed/restructured via a Scheme of Arrangement (“Scheme”).

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

Judicial Management (continued)

On 7 January 2022, the Company entered into a Conditional Subscription Agreement ("CSA") with a group of investors (the "Investors"), in which the Investors will subscribe for S$8 million ordinary shares (the "Proposed Subscription") and up to $8 million in unlisted and freely transferable share options ("Options Shares") in the Company (collectively, the "Proposed Transaction"). The details of the Proposed Transaction was announced on the same day via SGX-Net.

On 29 August 2022 and subsequently on 7 March 2023, the High Court of Singapore (the "Court") granted the extension of the judicial management order for the Company till 4 September 2023 to allow the Company to complete the Proposed Transaction with the Investors. An application for further extension of the judicial management order for the Company to 2 March 2024 has been made and is subject to the Court's approval during the hearing on 4 September 2023.

On 29 August 2022, the Court had granted an order to sanction the Scheme, which was duly approved by the creditors, allowing the Company to restructure the debts and liabilities of the Company owing to the Creditors prior to 15 September 2020. The aforesaid Scheme is one of the conditions precedent referred to in the CSA, and the approval of the Scheme fulfils one of the anticipated steps to complete the restructuring exercise of the Company.

The Company had on 31 May 2023 entered into a supplemental agreement to the CSA with the Investors to extend the longstop date to 30 November 2023 as the Company continues to seek approval from the relevant authorities in relation to the Proposed Transaction and further time is required for the satisfaction of the condition precedent.

As of the date of this report, the Company is in the final stage of fulfilling the conditions precedent referred to in the CSA, which is to obtain the approval of a regulatory authority and the shareholders on the Proposed Transaction.

Borrowings from the Creditors

The Company has current secured borrowings of $14,696,000 as at 31 March 2023 (Note 19). As at the date of this report, the Company also has outstanding amounts due to unsecured creditors prior to 15 September 2020 of approximately $19,646,000.

On 18 August 2022, the Company entered into a restructuring deed with the principal lender and the Investors (the "Restructuring Deed"). The Restructuring Deed prescribes how the Company's liabilities due to the principal lender will be discharged or provided for. Upon successful completion of the Proposed Transaction, the Company will utilise the proceeds from the investments by the Investors for the partial settlement of the principal amounts and interests under the loans owing to the principal lender prior to 15 September 2020.

The remaining secured amounts of the principal lender will be restructured together with the other unsecured creditors who had filed Proofs of Debt (together the "Scheme Debt") via the Scheme, which was sanctioned on 29 August 2022 by the Court.

Under the Scheme, the Scheme Debt will be partially settled by way of a cash distribution and issuance of settlement shares. The remaining Scheme Debt shall be irrevocably and forever released, discharged and extinguished upon the successful completion of the Proposed Transaction and Scheme implementation post-restructuring.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

Cash flows from operating activities

The Management has taken the following steps and measures to sustain and improve the Group's operational performance and financial position:

- Continue to source for upcoming shutdown and maintenance contracts;
- Implement cost containment measures;
- Renew relationships with past customers and the provision of comprehensive scale of services to clients, including supporting their green initiatives;
- Close down/divest the Company's non-core investments to reduce overheads; and
- Explore available options in utilising any part of the premises/assets for value.

The Directors/JMs and the management believe that the Group will be able to generate sufficient cash flows from its operating activities to meet its liabilities upon successful completion of the Proposed Transaction and the Scheme, and execution of the Restructuring Deed (collectively, the "Restructuring Exercise"). Accordingly, the Group believes that its liabilities and working capital needs can be met as and when they fall due in the next 12 months from the date of this report. The Group also plans to undertake a rights issue exercise to raise up to S$3.3 million upon completion of the Proposed Transaction.

On the above basis, the financial statements for the financial year ended 31 March 2023 is prepared on a going concern basis.

Notwithstanding the Directors/JM and management's belief that the use of going concern assumption in the preparation of the financial statements is appropriate, there are material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concerns as the completion of the Restructuring Exercise is subject to certain conditions precedent to be fulfilled, being mainly the approvals from a regulatory body and shareholders.

If for any reason the Group and the Company are unable to continue as a going concern, this could impact the Company's ability to realise its assets at book values and adjustments may have to be made to provide for any potential/future losses and liabilities which might arise, and to classify the non-current assets and liabilities as current assets and liabilities, respectively. The accompanying financial statements do not include the effect of any of these adjustments.

2.2 Interpretations and amendments to published standards effective in 2023

On 1 April 2022, the Group adopted the new or amended SFRS(I) and Interpretations to SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Construction of plant and equipment*
Rendering of shutdown maintenance services

The Group renders shutdown maintenance services, and constructs plant and equipment, including compression and process equipment, for customers through fixed-price contracts. Revenue is recognised when the shutdown maintenance services are rendered or control over the plant and equipment has been transferred to the customer. At contract inception, the Group assesses whether the Group renders shutdown maintenance services or transfers control of the plant and equipment over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The shutdown maintenance services or plant and equipment has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the shutdown maintenance services or construction of the plant and equipment. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Management has determined that the input method best depicts the Group's performance in transferring control of goods or services to customers for its existing shutdown maintenance or plant and equipment construction contracts, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for these contracts.

The period between the transfer of the promised goods or services and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue from shutdown maintenance or plant and equipment construction contracts are also adjusted with variations to the contracts claimable from customers, as well as liquidated damages due to delays or other causes, payable to customers.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The customer is invoiced on a milestone payment schedule with a credit term of 30 to 60 days. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

(a) Construction of plant and equipment (continued)
Rendering of shutdown maintenance services (continued)

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

(b) Rendering of maintenance services

Revenue from maintenance services is recognised in the accounting period in which the services are rendered, and in the amounts to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable with a credit term of 30 to 60 days.

(c) Sale of goods

Revenue from the sale of spare parts is recognised upon delivery of the spare parts to the customer (i.e., at a point in time). Customers are invoiced on a monthly basis and consideration is payable with a credit term of 30 to 60 days.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(i) *Consolidation* (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" in Note 2.6 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) *Associated companies* (continued)

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to paragraph "Investments in subsidiaries and associated companies" in Note 2.6 for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation on property, plant and equipment, is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	10 - 30 years or over the lease term, whichever is shorter
Motor vehicles	4 - 5 years
Plant and machinery	5 - 15 years
Furniture, fittings and equipment	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains - net".

2. Significant accounting policies (continued)

2.6 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.7 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation and depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.8 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost and;
- Fair value through other comprehensive income (FVOCI).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other (losses)/gains - net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant.

Movements in fair values of investments classified as FVOCI are presented as "fair value changes" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 24(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(c) Recognition and derecognition (continued)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.12 Leases

(a) When the Group is the lessee:

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

Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within “Property, plant and equipment”.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company’s assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and low-value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

2.12 Leases (continued)

(b) When the Group is the lessor:

The Group leases equipment and leasehold land and building under operating leases to non-related parties.

<u>Lessor - Operating leases</u>

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

<u>Lessor - Subleases</u>

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognises lease income from the sublease in profit or loss within “Other income”. The right-of-use asset relating to the head lease is not derecognised.

2.13 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Significant accounting policies (continued)

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.15 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.16 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollars (“SGD”), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the date of transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “Other (losses)/gains - net”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

2.16 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustment arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management team whose members are responsible for allocating resources and assessing performance of the operating segments.

2.18 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts and restricted bank deposits. Bank overdrafts are presented as current borrowings on the balance sheet.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.20 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are net of related expenses.

Government grants relating to assets are deducted against the carrying amount of the assets.

2. Significant accounting policies (continued)

2.21 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.22 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Accounting for revenue from maintenance services

The Group has ongoing contracts to render maintenance services and revenue is recognised in the accounting period in which the services are rendered, and in the amounts to which the Group has a right to invoice. Due to administrative delays between the periods when maintenance services are rendered and when these amounts are approved by the customer, the Group tracks and record these unbilled revenue amounts during period-end closing. Management has to estimate the unbilled revenue amounts based on available documentation as at each end of each reporting period such as maintenance contracts, service reports, timesheets and delivery documents.

Significant judgement is used to estimate unbilled revenue as at end of each reporting period, due to the timing of availability of these documentation during period-end closing. If the estimated unbilled revenue as at 31 March 2023 had been lower by 10% from management's estimates, the Group's revenue and results before tax would have been lower by $357,000 respectively.

(b) Critical judgement over the lease terms

As at 31 March 2023, the Group's lease liabilities, which are measured based on the lease terms, amounted to $1,010,000. Extension options at the discretion of the lessee are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For leases of land and factories with conditional extension of lease terms, the Group considers the likelihood of fulfilling those conditions within the prescribed timeline given its financial position.

As at 31 March 2023, future (undiscounted) cash outflows of approximately $24,182,000 have not been included in lease liabilities because it is not reasonably certain based on the Group's financial position that it is able to fulfil the conditions associated with the lease extension granted.

4. Revenue from contracts with customers

(a) *Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services over time and at a point in time through the following revenue streams.

		Over time		
	At a point in time	Plant construction and maintenance	Compression and process fabrication	Total
	$'000	$'000	$'000	$'000
2023				
Rendering of maintenance services	**–**	**18,426**	**–**	**18,426**
Shutdown maintenance	**–**	**2**	**–**	**2**
Construction of plant and equipment	**–**	**149**	**–**	**149**
Others	**24**	**–**	**–**	**24**
	24	**18,577**	**–**	**18,601**
2022 (Restated)				
Rendering of maintenance services	–	14,078	–	14,078
Shutdown maintenance	–	8,047	–	8,047
Construction of plant and equipment	–	3,310	15	3,325
Others	1,156	147	–	1,303
	1,156	25,582	15	26,753

(b) *Contract assets and liabilities*

	31 March		1 April
	2023	2022	2021
	$'000	$'000	$'000
Group			
Contract assets	**–**	964	3,747
Contract liabilities	**7**	113	107
Company			
Contract assets	**–**	63	2,806
Contract liabilities	**2**	108	100

4. Revenue from contracts with customers (continued)

(b) *Contract assets and liabilities* (continued)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date on construction contracts. The decrease in contract assets was mainly due to there being more contracts which crossed the agreed payment milestones for services and works completed as compared to the previous year end.

Contract liabilities primarily relates to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts. The decrease in contract liabilities was mainly due to lesser contracts in which the Group billed and receive consideration ahead of the provision of services.

(i) Revenue recognised in relation to contract liabilities

	Group	
	2023	2022
	$'000	$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Plant and equipment construction contracts	**106**	107

(ii) Unsatisfied performance obligations

	Group	
	2023	2022
	$'000	$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 March		
- Plant and equipment construction contracts	**6**	71

Management expects that 100% of transaction price allocated to the unsatisfied performance obligations as of 31 March 2023 may be recognised as revenue during the next reporting period as the Group continues to perform to complete the construction. The amount disclosed above does not include variable consideration, which is subject to significant risk of reversal.

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts for rendering of maintenance services of periods of one year or less, or are billed based on time incurred, is not disclosed.

5. Expenses by nature

	Group	
	2023	2022
	$'000	$'000
Sub-contractor charges	**1,639**	5,302
Structural materials and other related costs	**806**	1,715
Employee compensation (Note 6)	**11,557**	10,562
Foreign worker levy	**1,182**	659
Rental expenses	**53**	26
Property taxes	**371**	514
Transportation & logistic expenses	**508**	890
Professional fees (including judicial management related fees)	**1,977**	2,657
Utilities expenses	**205**	325
Depreciation of property, plant and equipment (Note 16)	**1,791**	2,320
Fees on audit services paid to:		
- Auditor of the Company	**290**	308
- Other auditors	**2**	4
Other expenses	**548**	1,386
Total cost of services rendered and administrative expenses	**20,929**	26,668

Foreign worker levy rebate of $181,900 (2022: $701,000) was recognised during the financial year under the Covid-19 Government Relief Measures. The foreign worker rebate was introduced to support businesses with foreign workers on work permits and S-passes that were affected by suspension of operation during the circuit breaker period.

6. Employee compensation

	Group	
	2023	2022
	$'000	$'000
Wages and salaries	**11,159**	11,874
Government grants	**(22)**	(1,764)
Employer's contribution to defined contribution plans including Central Provident Fund	**420**	452
	11,557	10,562

Government grants include grant income of $nil (2022: $1,748,000) under Job Support Scheme ("JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees and ended in March 2022. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

7. Other income and other gains/(losses) - net

	Group	
	2023	2022
	$'000	$'000
Other income:		
- Sub-lease of leasehold land and building (Note 20(g))	**539**	743
- Rental of equipment	**213**	493
- Interest income	**111**	3
- Government grant income	**538**	–
	1,401	1,239
Other (losses)/gains - net:		
- Currency exchange loss - net	**(701)**	(565)
- Net gain on disposal of property, plant and equipment	**50**	4,633
- Property, plant and equipment written off	**(378)**	(72)
- Net gain on disposal of subsidiaries (Note 15)	**–**	586
- Sundry gain	**28**	628
	(1,001)	5,210

Government grant income of $538,000 (2022: $nil) refer to a grant income from a government agency to support the Company in productivity enhancement.

8. Finance expenses

	Group	
	2023	2022
	$'000	$'000
Interest expense		
- Bank borrowings	**481**	811
- Lease liabilities (Note 20(c))	**16**	64
	497	875

9. Income taxes

	Group	
	2023	2022
	$'000	$'000
Tax expense attributable to results is made up of:		
Current income tax		
- withholding tax	**–**	87

9. Income taxes (continued)

The tax on the Group's results differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2023	2022
	$'000	$'000
		(Restated)
(Loss)/profit before tax	**(2,550)**	5,712
Share of (profit)/loss of associated companies, net of tax	**(8)**	12
(Loss)/profit before tax and share of profit of associated companies	**(2,558)**	5,724
Tax calculated at tax rate of 17% (2022: 17%)	**(435)**	973
Effects of:		
- different tax rates in other countries	**(26)**	93
- income not subject to tax	**(92)**	(1,192)
- expenses not deductible for tax purposes	**195**	365
- utilisation of previously unrecognised tax losses	**–**	(684)
- deferred tax asset not recognised	**358**	445
- withholding tax	**–**	87
Tax expense	**–**	87

As at 31 March 2023, the Group has unrecognised tax losses of approximately $45,000,000 (2022: $37,000,000) and unrecognised capital allowances of $228,000 (2022: $224,000). These unrecognised tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to the relevant taxation regulations.

10. (Losses)/earnings per share

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
		(Restated)
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(2,550)**	5,781
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**303,750**	303,750
Basic (loss)/earnings per share (cents per share)	**(0.8)**	1.9

(b) Diluted (losses)/earnings per share

The diluted (losses)/earnings per share is the same as the basic (losses)/earnings per share for the financial years ended 31 March 2023 and 2022 as the Group did not have any potential ordinary shares outstanding as at 31 March 2023 and 2022.

11. Cash and cash equivalents

	Group 31 March		Company 31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**5,948**	15,120	**4,803**	11,766
Short-term bank deposits	**12,796**	–	**12,796**	–
	18,744	15,120	**17,599**	11,766

12. Trade and other receivables

	Group 31 March		Company 31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
		(Restated)		(Restated)
Trade receivables:				
- Non-related parties	**7,538**	8,443	**6,559**	8,429
- Associate	**29**	34	**29**	34
- Subsidiaries	**–**	–	**705**	705
	7,567	8,477	**7,293**	9,168
Less: Allowance for impairment				
- Non-related parties (Note 24(b))	**(160)**	(56)	**(160)**	(56)
- Associated companies (Note 24(b))	**(29)**	–	**(29)**	–
- Subsidiaries	**–**	–	**(347)**	(347)
Trade receivables - net	**7,378**	8,421	**6,757**	8,765
Other receivables	**140**	1,223	**137**	1,078
Loans to subsidiaries	**–**	–	**10,123**	10,123
Less: Allowance for impairment	**–**	–	**(10,123)**	(10,123)
Loans to subsidiaries - net	**–**	–	**–**	–
Non-trade receivables:				
- Subsidiaries	**–**	–	**2,716**	4,709
Less: Allowance for impairment	**–**	–	**(963)**	(89)
Non-trade receivables - net	**–**	–	**1,753**	4,620
	7,518	9,644	**8,647**	14,463

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

The loans to subsidiaries are unsecured, interest-free and have no fixed repayment terms.

13. Other current assets

	Group 31 March		Company 31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Deposits	**319**	364	**314**	269
Prepayments	**427**	504	**426**	498
	746	868	**740**	767

14. Investments in associated companies

	Group 31 March	
	2023	2022
	$'000	$'000
Beginning of financial year	**262**	274
Share of profit/(losses)	**8**	(12)
End of financial year	**270**	262

Details of associated companies are provided in Note 30.

The directors are of the opinion that the associated companies are immaterial to the Group individually and in aggregate and accordingly, no summarised financial information for associated companies are disclosed.

15. Investments in subsidiaries

	Company	
	2023	2022
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**3,928**	20,830
Liquidation of a subsidiary	**–**	(16,902)
End of financial year	**3,928**	3,928
Less: Allowance for impairment losses	**(3,313)**	(3,313)
	615	615

Details of subsidiaries are provided in Note 30.

The following events occurred in the prior financial year:

(a) On 2 June 2021, the Company entered into a Conditional Sales Agreement to dispose its 80% interest in Hiap Seng Engineering Limited FZC ("HSFZC") to the existing shareholders at a consideration of AED 2,700,000 (approximately $1.0 million). The disposal was completed by September 2021.

(b) On 9 December 2021, the Company's wholly-owned subsidiary, Orion Tuas Shipyard Pte Ltd ("OTS") was placed under voluntary liquidation. As a result, the net assets of OTS was deconsolidated in the previous financial year.

15. Investments in subsidiaries (continued)

The following events occurred in the prior financial year: (continued)

(c) On 7 March 2022, the Company's 80% owned subsidiary, HS Compression & Process Pte Ltd ("HSCP") was placed under compulsory liquidation. As a result, the net liabilities of HSCP was deconsolidated in the previous financial year.

(d) On 24 March 2022, the Company's 93% owned subsidiary, Hiap Seng Engineering (Thailand) Co. Ltd ("HSET") was placed under voluntary liquidation. As a result, the net assets of HSET was deconsolidated in the previous financial year.

The effects of the above disposal/liquidation on the Group were as follows:

	Group 2022 $'000
Carrying amounts of asset and liabilities as at the date of disposal/liquidation:	
Assets of disposal group classified as held-for-sale, excluding cash and cash equivalents	5,335
Cash and cash equivalents within assets of disposal group classified as held-for-sale	960
Cash and cash equivalents	695
Trade and other receivables	1,564
Other current assets	104
Total assets	8,658
Liabilities of disposal group classified as held-for-sale	(5,101)
Trade and other payables	(5,055)
Contract liabilities	(249)
Borrowings	(2,953)
Total liabilities	(13,358)
Net liabilities derecognised	(4,700)
Less: Non-controlling interest	2,639
Net liabilities disposed of	(2,061)

15. Investments in subsidiaries (continued)

The effects of the above disposal/liquidation on the Group were as follows: (continued)

	Group 2022 $'000
Cash outflows arising from disposal/liquidation of subsidiaries:	
Net liabilities disposed of (as above)	(2,061)
Corporate guarantee on HSCP's borrowing recognised in "Trade and other payables" (Note 18)	2,953
Payables on behalf of HSCP recognised in "Trade and other payables"	125
Total assets	1,017
Reclassification of currency translation reserve (Note 22(b)(i))	(55)
Reclassification of capital reserve (Note 22(b)(ii))	158
Gain on disposal of subsidiaries (Note 7)	586
Total consideration from disposal/liquidation of subsidiaries	1,706
Less: other receivables from liquidation of subsidiaries recognised in "Trade and other receivables"	(731)
Cash proceeds on disposal of subsidiaries	975
Less: cash and cash equivalents within assets of disposal group classified as held-for-sale, disposed of	(960)
Less: cash and cash equivalent in subsidiaries liquidated	(695)
Net cash outflows on disposal/liquidation of subsidiaries	(680)

16. Property, plant and equipment

	Leasehold buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Group					
2023					
Cost					
Beginning of financial year	**10,129**	**19,815**	**2,382**	**4,272**	**36,598**
Additions	**–**	**6**	**37**	**15**	**58**
Disposals	**–**	**(8)**	**(229)**	**(1)**	**(238)**
Lease modification	**1,089**	**–**	**–**	**–**	**1,089**
Written-off	**(23)**	**(772)**	**(10)**	**(12)**	**(817)**
Currency translation differences	**(68)**	**–**	**–**	**(4)**	**(72)**
End of financial year	**11,127**	**19,041**	**2,180**	**4,270**	**36,618**
Accumulated depreciation					
Beginning of financial year	**8,943**	**16,262**	**2,303**	**4,138**	**31,646**
Depreciation charge (Note 5)	**878**	**838**	**37**	**38**	**1,791**
Disposal	**–**	**(8)**	**(224)**	**(1)**	**(233)**
Written-off	**(5)**	**(416)**	**(10)**	**(8)**	**(439)**
Currency translation differences	**(30)**	**(1)**	**–**	**(3)**	**(34)**
End of financial year	**9,786**	**16,675**	**2,106**	**4,164**	**32,731**
Net book value					
End of financial year	**1,341**	**2,366**	**74**	**106**	**3,887**
2022					
Cost					
Beginning of financial year	14,565	21,702	2,956	6,595	45,818
Additions	–	–	44	4	48
Disposals	(5,694)	(1,362)	(549)	–	(7,605)
Disposal of subsidiaries	–	(342)	(66)	(1,040)	(1,448)
Lease modification	1,236	–	–	–	1,236
Written-off	–	(184)	–	(1,287)	(1,471)
Currency translation differences	22	1	(3)	–	20
End of financial year	10,129	19,815	2,382	4,272	36,598
Accumulated depreciation and impairment					
Beginning of financial year	12,412	17,155	2,840	6,416	38,823
Depreciation charge (Note 5)	1,362	859	54	45	2,320
Disposal	(4,840)	(1,294)	(523)	–	(6,657)
Disposal of subsidiaries	–	(342)	(66)	(1,040)	(1,448)
Written-off	–	(116)	–	(1,283)	(1,399)
Currency translation differences	9	–	(2)	–	7
End of financial year	8,943	16,262	2,303	4,138	31,646
Net book value					
End of financial year	1,186	3,553	79	134	4,952

16. Property, plant and equipment (continued)

	Leasehold buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Company					
2023					
Cost					
Beginning of financial year	**9,440**	**19,736**	**2,374**	**4,198**	**35,748**
Additions	**–**	**6**	**37**	**15**	**58**
Lease modification	**1,089**	**–**	**–**	**–**	**1,089**
Disposals	**–**	**(8)**	**(229)**	**(1)**	**(238)**
Written-off	**–**	**(704)**	**–**	**–**	**(704)**
End of financial year	**10,529**	**19,030**	**2,182**	**4,212**	**35,953**
Accumulated depreciation					
Beginning of financial year	**8,656**	**16,233**	**2,295**	**4,070**	**31,254**
Depreciation charge	**846**	**831**	**37**	**37**	**1,751**
Disposals	**–**	**(8)**	**(224)**	**(1)**	**(233)**
Written-off	**–**	**(392)**	**–**	**–**	**(392)**
End of financial year	**9,502**	**16,664**	**2,108**	**4,106**	**32,380**
Net book value					
End of financial year	**1,027**	**2,366**	**74**	**106**	**3,573**
2022					
Cost					
Beginning of financial year	12,102	21,180	2,854	5,481	41,617
Additions	–	–	44	4	48
Disposals	(3,898)	(1,260)	(524)	–	(5,682)
Written-off	–	(184)	–	(1,287)	(1,471)
Lease modification	1,236	–	–	–	1,236
End of financial year	9,440	19,736	2,374	4,198	35,748
Accumulated depreciation					
Beginning of financial year	10,417	16,725	2,756	5,310	35,208
Depreciation charge	1,328	842	48	43	2,261
Disposals	(3,089)	(1,218)	(509)	–	(4,816)
Written-off	–	(116)	–	(1,283)	(1,399)
End of financial year	8,656	16,233	2,295	4,070	31,254
Net book value					
End of financial year	784	3,503	79	128	4,494

(a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 20(a).

(b) Certain leasehold buildings of the Group with a net carrying amount of $1,027,000 (2022: $784,000) were mortgaged to banks to secure banking facilities.

16. Property, plant and equipment (continued)

(c) The relevant information on the Group's properties is set out as follows:

Description	Location	Land Area (sq metres)	Tenure
Group and Company			
A four-storey office building and adjoining three-storey factory building	24 Tuas Crescent, Singapore	6,200	Lease term of 22 years commencing 1 June 1997 extended to 15 August 2038 (conditional)
A two-storey office building and five single-storey workshops	28 Tuas Crescent, Singapore	40,578	Lease term of 25 years commencing 16 February 1983 extended to 15 August 2038 (conditional)
A single-storey factory building with mezzanine office	30 Tuas Crescent, Singapore	8,959	Lease term of 22 years commencing 1 June 1997 extended to 15 August 2038 (conditional)
Group			
An office unit	121 Xincun Street, Block 8/1, Unit 1105, Union Tower, Putuo, Shanghai, PRC	86	Lease term of 50 years commencing 1 November 2004

17. Financial assets, at FVOCI

	Group and Company	
	2023	2022
	$'000	$'000
Beginning of financial year	**813**	700
Net fair value changes (Note 22(b)(iii))	**94**	113
End of financial year	**907**	813

The financial assets at FVOCI comprised an investment in unlisted equity securities in Vietnam, which is classified as Level 3 of the fair value measurement hierarchy (Note 24(e)).

The Group estimates the fair value of financial assets at FVOCI classified as Level 3 by reference to its share in the investee's Net Asset Value ("NAV"), which is a significant unobservable input in the valuation of the financial assets. Adjustments, using appropriate measures to fair value the underlying assets and liabilities, are applied to NAV where applicable. The investee's NAV comprises the sum of the fair value of the cash and other assets less any liabilities.

The Judicial Managers in consultation with the management reviews the appropriateness and reliability of the fair value of the financial assets and the Group's share in the investee's NAV, for financial reporting purposes.

An increase/decrease in the NAV of the investee will lead to an increase/decrease in the fair value of financial assets at FVOCI of the Group.

18. Trade and other payables

	Group 31 March		Company 31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
		(Restated)		(Restated)
Trade payables to:				
- Non-related parties	**22,891**	22,960	**22,885**	22,927
- Subsidiaries	**–**	–	**–**	199
- Associated companies	**169**	166	**169**	166
	23,060	23,126	**23,054**	23,292
Non-trade payables to:				
- Subsidiaries	**–**	–	**197**	–
Other payables	**2,113**	1,939	**2,104**	1,897
Corporate guarantee	**2,953**	2,953	**2,953**	2,953
Accruals for operating expenses	**5,585**	5,008	**5,585**	4,873
Total trade and other payables	**33,711**	33,026	**33,893**	33,015

19. Borrowings

	Group 31 March		Company 31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**13,540**	13,123	**13,540**	13,123
Bank financing (trust receipts)	**1,156**	1,158	**1,156**	1,158
Total borrowings	**14,696**	14,281	**14,696**	14,281

Bank borrowings of $13,540,000 (2022: $13,123,000) are contractually repriced within 1-6 months (2022: 1-6 months) from balance sheet date and are subject to variable interest rates ranging from 2.84% to 6.67% (2022: 2.24% to 2.97%) per annum.

<u>Security granted</u>

(i) Bank financing (trust receipts) of the Group amounting to $1,156,000 (2022: $1,158,000) are secured by a mortgage of certain land and buildings of the Group and corporate guarantee by the Company, legal floating charge over the Company's bank operating account and all-monies over the accounts receivables' contract proceeds in respect of the projects financed by the bank.

(ii) Bank borrowings of the Group amounting to $13,540,000 (2022: $13,123,000) are secured by mortgage of certain leasehold buildings of the Group and corporate guarantee by the Company, legal floating charge over the Company's bank operating account and all-monies over the accounts receivables' contract proceeds in respect of the projects financed by the bank.

20. Leases

Nature of the Group's leasing activities - The Group as a lessee

The Group leases motor vehicles, certain property, plant and equipment and leases land, factories and offices from non-related parties.

(a) Carrying amounts

	Group 31 March	
	2023	2022
	$'000	$'000
Leasehold buildings	**1,010**	764

(b) Depreciation charge

	Group	
	2023	2022
	$'000	$'000
Leasehold buildings	**833**	1,283

(c) Interest expense

	Group	
	2023	2022
	$'000	$'000
Interest expense on lease liabilities (Note 8)	**16**	64

(d) Lease expenses not capitalised in lease liabilities

	Group	
	2023	2022
	$'000	$'000
Lease expenses - short-term leases and low value leases	**1,310**	1,472

(e) Total cash outflow for all the leases in 2023 was $2,169,000 (2022: $2,798,000).

(f) There was no addition of ROU assets during the financial years ended 31 March 2023 and 2022.

(g) Total income from subleasing ROU assets was $539,000 (2022: $743,000) (Note 7).

Nature of the Group's leasing activities - Group as a lessor

The Group has leased out their owned equipment to third parties for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

20. Leases (continued)

Nature of the Group's leasing activities - Group as an intermediate lessor

The Group acts as an intermediate lessor under arrangements in which it subleases out leasehold land and buildings to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Maturity analysis of lease payments - Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases and sub-leases after the reporting date as follows:

	31 March	
	2023	2022
	$'000	$'000
Less than one year	**49**	–

21. Share capital

	Issued share capital			
	Number of shares		Amount	
	2023	2022	**2023**	2022
	'000	'000	**$'000**	$'000
Group and Company				
Beginning and end of financial year	**303,750**	303,750	**36,178**	36,178

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

22. Other reserves (non-distributable)

	Group		Company	
	31 March		31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
(a) Composition:				
Currency translation reserve (Note(b)(i))	**3,140**	2,475	**–**	–
Capital reserve (Note(b)(ii))	**–**	–	**–**	–
Fair value reserve (Note(b)(iii))	**(1,575)**	(1,669)	**(1,575)**	(1,669)
	1,565	806	**(1,575)**	(1,669)

22. Other reserves (non-distributable) (continued)

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
(b) Movements:				
(i) Currency translation reserve				
Beginning of financial year	**2,475**	1,957	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	665	581	**–**	–
Reclass on disposal of subsidiaries (Note 15)	**–**	(55)	**–**	–
Less: Non-controlling interest	**–**	(8)	**–**	–
	665	518	**–**	–
End of financial year	**3,140**	2,475	**–**	–
(ii) Capital reserve				
Beginning of financial year	**–**	(158)	**–**	–
Reclass on disposal of subsidiaries (Note 15)	**–**	158	**–**	–
Ending balance	**–**	–	**–**	–
(iii) Fair value reserve				
Beginning of financial year	**(1,669)**	(1,782)	**(1,669)**	(1,782)
Fair value losses on financial assets at FVOCI (Note 17)	**94**	113	**94**	113
End of financial year	**(1,575)**	(1,669)	**(1,575)**	(1,669)

23. Corporate guarantees

The Company issued corporate guarantees to banks for credit facilities granted to its subsidiary, HSCP, which was placed under liquidation and was deconsolidated in the previous financial year (Note 15(c)). The principal risk to which the Company is exposed is credit risk of HSCP in connection with the guarantees it has issued.

Corporate guarantees issued by the Company are as follows:

	Company	
	31 March	
	2023	2022
	$'000	$'000
SGD 40,050,000 (2022: SGD 40,050,000)	**40,050**	40,050

24. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and has established detailed policies such as authority levels and oversight responsibilities.

(a) Market risk

(i) Currency risk

The Group operates mainly in Singapore, Malaysia, Thailand and United Arab Emirates ("UAE"). Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Thai Baht ("THB"), Malaysia Ringgit ("MYR") and UAE Dirham ("AED").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Malaysia and UAE are managed primarily through borrowings denominated in the relevant foreign currencies.

The Group's and Company's currency exposure based on the information provided to key management are as follows:

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	THB $'000	MYR $'000	AED $'000	Others $'000	Total $'000
Group							
At 31 March 2023							
Financial assets							
Cash and cash equivalents	16,717	956	–	928	58	85	18,744
Trade and other receivables	6,529	21	–	2	966	–	7,518
Deposits	314	–	–	2	3	–	319
Financial assets, at FVOCI	907	–	–	–	–	–	907
	24,467	977	–	932	1,027	85	27,488
Financial liabilities							
Trade and other payables	(33,612)	(88)	–	(2)	–	(9)	(33,711)
Borrowings	(12,013)	(2,683)	–	–	–	–	(14,696)
Lease liabilities	(1,010)	–	–	–	–	–	(1,010)
	(46,635)	(2,771)	–	(2)	–	(9)	(49,417)
Net financial (liabilities)/assets	(22,168)	(1,794)	–	930	1,027	76	(21,929)
Add/(less): Net financial liabilities/(assets) denominated in the respective entities' functional currencies	22,168	–	–	(930)	(1,027)	(31)	20,180
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	(1,794)	–	–	–	45	1,749

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	THB $'000	MYR $'000	AED $'000	Others $'000	Total $'000
<u>**Group**</u>							
At 31 March 2022 (Restated)							
Financial assets							
Cash and cash equivalents	11,513	330	–	1,012	2,182	83	15,120
Trade and other receivables	8,956	7	658	2	21	–	9,644
Deposits	269	–	–	3	92	–	364
Financial assets, at FVOCI	813	–	–	–	–	–	813
	21,551	337	658	1,017	2,295	83	25,941
Financial liabilities							
Trade and other payables	(32,938)	(5)	–	(6)	(67)	(10)	(33,026)
Borrowings	(12,729)	(1,552)	–	–	–	–	(14,281)
Lease liabilities	(764)	–	–	–	–	–	(764)
	(46,431)	(1,557)	–	(6)	(67)	(10)	(48,071)
Net financial (liabilities)/assets	(24,880)	(1,220)	658	1,011	2,228	73	(22,130)
Add/(less): Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	24,880	–	–	(1,011)	(2,228)	(23)	21,618
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	(1,220)	658	–	–	50	(512)

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	THB $'000	MYR $'000	AED $'000	Others $'000	Total $'000
<u>**Company**</u>							
At 31 March 2023							
Financial assets							
Cash and cash equivalents	16,692	861	-	-	-	46	17,599
Trade and other receivables	7,674	973	-	-	-	-	8,647
Deposits	314	-	-	-	-	-	314
Financial assets, at FVOCI	907	-	-	-	-	-	907
	25,587	1,834	-	-	-	46	27,467
Financial liabilities							
Borrowings	(12,013)	(2,683)	-	-	-	-	(14,696)
Trade and other payables	(33,708)	(88)	-	-	-	(97)	(33,893)
Lease liabilities	(1,010)	-	-	-	-	-	(1,010)
	(46,731)	(2,771)	-	-	-	(97)	(49,599)
Net financial (liabilities)/assets	(21,144)	(937)	-	-	-	(51)	(22,132)
Add: Net financial liabilities denominated in the functional currency	21,144	-	-	-	-	-	21,144
Currency exposure	-	(937)	-	-	-	(51)	988

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	THB $'000	MYR $'000	AED $'000	Others $'000	Total $'000
Company							
At 31 March 2022 (restated)							
Financial assets							
Cash and cash equivalents	11,484	233	–	–	–	49	11,766
Trade and other receivables	9,548	2,472	521	628	1,294	–	14,463
Deposits	269	–	–	–	–	–	269
Financial assets, at FVOCI	813	–	–	–	–	–	813
	22,114	2,705	521	628	1,294	49	27,311
Financial liabilities							
Borrowings	(12,729)	(1,552)	–	–	–	–	(14,281)
Trade and other payables	(33,010)	(5)	–	–	–	–	(33,015)
Lease liabilities	(764)	–	–	–	–	–	(764)
	(46,503)	(1,557)	–	–	–	–	(48,060)
Net financial (liabilities)/assets	(24,389)	1,148	521	628	1,294	49	(20,749)
Add: Net financial liabilities denominated in the functional currency	24,389	–	–	–	–	–	24,389
Currency exposure	–	1,148	521	628	1,294	49	3,640

24. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

The Group and the Company are not exposed to significant foreign currency risks except for USD.

If the USD changes against SGD by 5% (2022: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset positions will be as follows:

	Increase/(Decrease) Results after tax	
	2023	2022
	$'000	$'000
Group		
USD against SGD		
- strengthened	**(74)**	61
- weakened	**74**	(61)
Company		
USD against SGD		
- strengthened	**(39)**	(57)
- weakened	**39**	57

(ii) *Price risk*

The Group and the Company are exposed to equity security price risk arising from the unquoted investment held which are classified as financial asset, at FVOCI.

If prices for the unquoted equity security had changed by 10% (2022: 10%) with all other variables including tax rate being held constant, the effects on other comprehensive income would have been $91,000 (2022: $81,000) higher/lower.

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

The Group's and the Company's exposure to cash flow interest rate risks arises from variable-rate borrowings. The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.50% (2022: 0.50%) with all other variables including tax rate being held constant, the results after tax would have been lower/higher by $48,000 (2022: $49,000) as a result of higher/lower interest expense on these borrowings.

24. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company subject to credit risk are bank balances, deposits, contract assets and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Judicial Managers based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Chief Financial Officer.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group		**Company**	
	31 March		**31 March**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Corporate guarantees provided to banks on HSCP's borrowings	**2,953**	2,953	**2,953**	2,953

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		**Company**	
	31 March		**31 March**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
		(Restated)		(Restated)
By geographical areas				
Singapore	**6,414**	8,373	**6,757**	8,765
United Arab Emirates	**964**	48	**–**	–
	7,378	8,421	**6,757**	8,765

The trade receivables of the Group and of the Company comprise 3 debtors (2022: 3 debtors) and 3 debtors (2022: 3 debtors) respectively that individually represented 25-29% (2022: 17-42%) of trade receivables.

24. Financial risk management (continued)

(b) *Credit risk* (continued)

The credit risk for contract assets based on the information provided to key management is as follows:

	Group 31 March		Company 31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
By geographical areas				
Singapore	**–**	63	**–**	63
United Arab Emirates	**–**	901	**–**	–
	–	964	**–**	63

The movements in credit loss allowance in relation to trade receivables and contract assets are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Trade receivables				
Balance at 1 April	**56**	1,768	**56**	206
(Write back of)/loss allowance recognised in profit or loss	**133**	(65)	**133**	(7)
Written off	**–**	(878)	**–**	(143)
Disposal of subsidiaries	**–**	(773)	**–**	–
Currency translation difference	**–**	4	**–**	–
Balance at 31 March	**189**	56	**189**	56

Cash at bank and other receivables are subject to immaterial credit loss.

(i) *Credit rating*

Financial assets which are subject to expected credit losses under the 3-stage general approach are mainly:

- Cash and cash equivalents;
- Other receivables;
- Loans to subsidiaries; and
- Non-trade receivables due from subsidiaries

For these financial assets, management has considered, among other factors (including forward-looking information), the Group's ability to fulfil its contractual cash flows and financial support (if any) to assess the expected credit loss. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience.

24. Financial risk management (continued)

(b) *Credit risk* (continued)

(i) *Credit rating* (continued)

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The Group considers the credit risk characteristics based on the segment it operates in and the industry profile of its customers. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

(ii) *Trade receivables and contract assets*

In measuring the expected credit losses, trade receivables and contract assets are assessed based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables where necessary.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 March 2023 and 2022 are set out as follows:

	Current	Past due less than 30 days	Past due 31 to 120 days	Past due over 120 days	Total
	$'000	$'000	$'000	$'000	$'000
31 March 2023					
Trade receivables	**4,629**	**1,011**	**980**	**947**	**7,567**
Less:					
Loss allowance - credit impaired	**–**	**–**	**–**	**(189)**	**(189)**
	4,629	**1,011**	**980**	**758***	**7,378**
31 March 2022 (Restated)					
Trade receivables	3,205	935	3,189	1,148	8,477
Less:					
Loss allowance - credit impaired	–	–	–	(56)	(56)
	3,205	935	3,189	1,092*	8,421
Contract assets	964	–	–	–	964

* These balances past due over 120 days were substantially recovered in the period subsequent to the year end.

24. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Trade receivables and contract assets (continued)

The Group considers a financial asset as in default if the counterparty fails to make contractual payments for a prolonged period of time when they fall due, and the Group may also consider internal and external information, such as significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(iii) Financial guarantee contracts

The Company issued financial guarantees to banks for borrowings of its subsidiary, HSCP (Note 23) which were placed under liquidation in the previous financial year. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company assessed that HSCP no longer has the financial capacity to repay their bank borrowings. Hence the financial guarantee contracts (Note 18) are remeasured in accordance with Note 2.9.

(c) Liquidity risk

Since the appointment of JMs, the JMs monitored the cash flow and managed the liquidity risk of the Company by maintaining sufficient cash to enable them to meet their normal operating commitments. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and bank balances and short-term bank deposits as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group and Company into relevant maturity groupings based on remaining period from the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amount as the impact of discounting is not significant.

	Group		**Company**	
	Less than 1 year	**Between 1 and 5 years**	**Less than 1 year**	**Between 1 and 5 years**
	$'000	**$'000**	**$'000**	**$'000**
At 31 March 2023				
Trade and other payables	**30,758**	**–**	**30,940**	**–**
Borrowings	**14,696**	**–**	**14,696**	**–**
Lease liabilities	**884**	**149**	**884**	**149**
Financial guarantee contracts	**2,953**	**–**	**2,953**	**–**
	49,291	**149**	**49,473**	**149**

24. Financial risk management (continued)

(c) *Liquidity risk* (continued)

	Group		Company	
	Less than 1 year	Between 1 and 5 years	Less than 1 year	Between 1 and 5 years
	$'000	$'000	$'000	$'000
At 31 March 2022 (Restated)				
Trade and other payables	30,073	–	30,062	–
Borrowings	14,281	–	14,281	–
Lease liabilities	764	–	764	–
Financial guarantee contracts	2,953	–	2,953	–
	48,071	–	48,060	–

(d) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a desired capital structure so as to maximise shareholder value.

In order to achieve these objectives, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	31 March		31 March	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
		(Restated)		(Restated)
Net (cash)/debt	**(4,048)**	(839)	**(2,903)**	2,515
Total equity	**(17,352)**	(15,561)	**(17,520)**	(15,187)
Total capital	**(21,400)**	(16,400)	**(20,423)**	(12,672)
Gearing ratio	**n.m.**	n.m.	**n.m.**	n.m.

* *n.m. - not meaningful*

The Group and the Company are in breach of external imposed capital requirements and other financial covenants in relation to its credit facilities for the financial years ended 31 March 2023 and 2022.

(e) *Fair value measurements*

Assets and liabilities recognised and measured at fair value are classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

24. Financial risk management (continued)

(e) *Fair value measurements* (continued)

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of assets that are recognised or measured at fair value, can be found in Note 17.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 17 to the financial statements, except for the following:

	31 March	
	2023	2022
	$'000	$'000
		(Restated)
Group		
Financial assets, at amortised cost	**26,581**	25,128
Financial liabilities, at amortised cost	**49,417**	48,071
Company		
Financial assets, at amortised cost	**26,560**	26,498
Financial liabilities, at amortised cost	**49,599**	48,060

25. Prior year adjustments

During the financial year, the following two prior year adjustments were noted:

1) Omission of accruals for employee benefits

The Group noted that accruals for employee benefits for financial periods prior to 1 April 2021 amounting to S$398,000 were not recorded.

2) Over-recognition of maintenance revenue

The Group noted an over-recognition of maintenance revenue for the financial year ended 31 March 2022 amounting to S$662,000.

25. Prior year adjustments (continued)

Accordingly, prior year adjustments have been made to reflect the above financial effects in the correct financial years.

	As reported $'000	Adjustment $'000	As restated $'000
<u>**Group**</u>			
Consolidated balance sheet as at 31 March 2022			
Trade and other receivables	10,306	(662)	9,644
Trade and other payables	32,628	398	33,026
Accumulated losses	(51,485)	(1,060)	(52,545)
Consolidated balance sheet as at 1 April 2021			
Trade and other payables	31,321	398	31,719
Accumulated losses	(57,928)	(398)	(58,326)
Consolidated statement of comprehensive income for the financial year ended 31 March 2022			
Revenue	27,415	(662)	26,753
<u>**Company**</u>			
Balance sheet as at 31 March 2022			
Trade and other receivables	15,125	(662)	14,463
Trade and other payables	32,617	398	33,015
Accumulated losses	(48,636)	(1,060)	(49,696)
Balance sheet as at 31 March 2021			
Trade and other payables	32,696	398	33,094
Accumulated losses	(58,884)	(398)	(59,282)

The earnings per share attributable to equity holders of the Group is restated accordingly as 1.9 cents (previously reported as 2.1 cents) for the financial year ended 31 March 2022.

The prior year adjustments have no impact to the cash flows for the financial year ended 31 March 2022.

26. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2023 **$'000**	2022 $'000
Computer maintenance fees paid to an associated company	**62**	57

Outstanding balances as at 31 March 2023 and 2022 are set out in Notes 12 and 18.

26. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2023	2022
	$'000	$'000
Salaries and other short-term employee benefits	**613**	571
Employer's contribution to defined contribution plans including Central Provident Fund	**46**	45
	659	616

Included in the above is total compensation to directors of the Company amounting to $185,000 (2022: $185,000).

27. Segment information

Since 15 September 2020, the Judicial Managers have been managing the affairs, business and properties of the Group. Management, together with the JMs, have determined the operating segments based on the reports that are used to make strategic decisions.

During the financial year, the management reassessed its operating segments and determined Plant Construction and Maintenance to be the sole operating segment, as the Compression and Process Equipment Fabrication segment comprise only HSCP which was placed under liquidation in the previous financial year (Note 15(c)).

The segment information provided to the management team for the reportable segments for the year ended 31 March 2023 and 2022 is as follows:

	Plant construction and maintenance	**Total**
	$'000	**$'000**
Group		
2023		
Revenue		
Revenue from external parties	**18,601**	**18,601**
Adjusted EBITDA	**(373)**	**(373)**
Depreciation	**1,791**	**1,791**
Share of loss of associated company	**8**	**8**
Segment assets	**31,165**	**31,165**
Segment assets include:		
Investment in associated companies	**270**	**270**
Additions to:		
- Property, plant and equipment	**58**	**58**
Segment liabilities	**(33,718)**	**(33,718)**

27. Segment information (continued)

	Plant construction and maintenance $'000	Compression and process equipment fabrication $'000	Total $'000
	(Restated)		(Restated)
Group			
2022			
Revenue			
Revenue from external parties	26,716	37	26,753
Adjusted EBITDA	9,037	(133)	8,904
Depreciation	(2,320)	–	(2,320)
Share of loss of associated company	(12)	–	(12)
Segment assets	31,810	–	31,810
Segment assets include:			
Investment in associated companies	262	–	262
Additions to:			
- Property, plant and equipment	48	–	48
Segment liabilities	(33,139)	–	(33,139)

Sales between segments are carried out at market terms. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Management assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation, amortisation and costs that are not expected to recur in every period ("Adjusted EBITDA") for continuing operations. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the JMs and the management, who manages the cash position of the Group.

(a) Reconciliations

(i) Segment profits

A reconciliation of adjusted EBITDA to (loss)/profit before tax is provided as follows:

	2023 $'000	2022 $'000
		(Restated)
Adjusted EBITDA for reportable segments	**(373)**	8,904
Depreciation	**(1,791)**	(2,320)
Finance expense	**(497)**	(875)
Interest income	**111**	3
(Loss)/profit before tax	**(2,550)**	5,712

(ii) Segment assets

The amounts provided to the management team with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All assets are allocated to reportable segments other than financial assets, at FVOCI.

27. Segment information (continued)

(a) Reconciliations (continued)

(ii) Segment assets (continued)

Segments' assets are reconciled to total assets as follows:

	31 March	
	2023	2022
	$'000	$'000
		(Restated)
Segment assets for reportable segments	**31,165**	31,810
Financial assets, at FVOCI	**907**	813
Total assets	**32,072**	32,623

(iii) Segment liabilities

The amounts provided to the management team with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to reportable segments other than current and deferred income tax liabilities, borrowings and lease liabilities.

Segments' liabilities are reconciled to total liabilities as follows:

	2023	2022
	$'000	$'000
		(Restated)
Segment liabilities	**33,718**	33,139
Borrowings	**14,696**	14,281
Lease liabilities	**1,010**	764
Total liabilities	**49,424**	48,184

(b) Revenue from major products and services

Revenue from external customers are derived mainly from the provision of mechanical engineering services, plant fabrication and installation and plant maintenance for the petroleum and petrochemical industry. Breakdown of the revenue is disclosed in the segment information above.

(c) Geographical information

The Group operates in four main geographical areas:

- Singapore - the Company is headquartered in Singapore. The operations in this area are principally the provision of mechanical engineering services, plant fabrication and installation and plant maintenance for the petroleum and petrochemical industry, fabrication of compression and process equipment, and investment holding;
- Malaysia - the operations in this area are principally the provision of mechanical engineering services, plant construction and plant maintenance for the petroleum and petrochemical industry;

27. Segment information (continued)

(c) Geographical information (continued)

- United Arab Emirates - the operations in this area are principally the provision of mechanical engineering services, plant construction and plant maintenance for the petroleum and petrochemical industry; and

- Other countries - the operations in these areas are principally the provision of mechanical engineering services, plant fabrication and installation and plant maintenance for the petroleum and petrochemical industry and fabrication of compression and process equipment.

	2023	2022
	$'000	$'000
		(Restated)
Revenue		
Singapore	**18,558**	24,466
Malaysia	**–**	15
United Arab Emirates	**36**	2,252
Other countries	**7**	20
	18,601	26,753

	31 March	
	2023	2022
	$'000	$'000
Non-current assets		
Singapore	**4,749**	5,569
United Arab Emirates	**–**	77
Other countries	**315**	381
	5,064	6,027

Revenues of $15,654,000 (2022: $21,494,000) are derived from 4 (2022: 4) external customers which individually contributed 5% or more of the Group's revenues. These revenues are attributable to the Singapore plant construction and maintenance segment.

	2023	2022
	$'000	$'000
		(Restated)
Customer A	**5,354**	11,365
Customer B	**5,103**	4,733
Customer C	**3,831**	3,143
Customer D	**1,366**	2,253
	15,654	21,494

28. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for accounting periods beginning on or after 1 April 2023. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

29. Authorisation of financial statements

These financial statements have been approved by the Judicial Managers, and in consultation with the directors, authorised for issue via a resolution of the Board of Directors of Hiap Seng Engineering Ltd (under Judicial Management) on 16 August 2023.

The Judicial Managers also authorised Mr Tan Leau Kuee @ Tan Chow Kuee and Mr Tan Ah Lam to sign on these financial statements.

30. Listing of companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding			
			Company		Subsidiary	
			2023	2022	**2023**	2022
			%	%	**%**	%
Subsidiaries						
Hiap Seng-Sanko TPM Pte Ltd	Dormant	Singapore	**100**	100	**–**	–
HS Info-Tech Pte Ltd	Investment holding	Singapore	**100**	100	**–**	–
HS Engineering (Middle East) Pte Ltd	Provision of engineering services and plant maintenance	United Arab Emirates/ Singapore	**100**	100	**–**	–
Hiap Seng Engineering (M) Sdn Bhd	Provision of engineering services, plant construction and maintenance services	Malaysia	**100**	100	**–**	–
Hiap Seng Engineering Shanghai Co. Ltd	Provision of engineering services and plant maintenance	People's Republic of China	**100**	100	**–**	–
Hiap Seng Engineering Saudi Ltd	Provision of engineering services and plant maintenance	Saudi Arabia	**100**	100	**–**	–
Associated companies						
Web-Economy Technology Pte Ltd	Internet e-business solutions including internet professional services	Singapore	**–**	–	**30**	30
Hiap Seng Manco Co.	General construction and trade of electrical tools and mechanical equipment	Qatar	**–**	–	**49**	49

CONDENSED CORPORATE GOVERNANCE REPORT

Hiap Seng Engineering Ltd (Judicial Managers Appointed) (the "Company") is committed to achieving a high standard of corporate governance within the Group and to putting in place effective self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholders value. The Company has generally complied with the principles and recommendations of the Code of Corporate Governance 2018 (the "Code") for the financial year ended 31 March 2023 ("FY2023").

Following the Judicial Management Order ("JMO") on 15 September 2020, the Judicial Managers were appointed to manage the affairs and business of the Company. Under the Insolvency, Restructuring and Dissolution Act 2018 ("IRDA") Section 99, all powers conferred and duties imposed on the Directors of the Company by IRDA or the Companies Act, or by the constitution of the Company, must be exercised and performed by the Judicial Managers and not by the Directors.

BOARD OF DIRECTORS
(Code of Corporate Governance Principles 1, 2, 3, 4 and 5)

The Company has complied with the principles of the Code, except for the following principles which were not applicable during the JMO period given there are no board meetings, and all powers conferred and duties imposed on the Directors have been exercised and performed by the Judicial Managers:

- Director Orientation and Training
- Board Processes
- Attendance Report of Directors
- Board Composition and Guidance
- Chairman and Chief Executive Officer
- Board Membership
- Board Performance

As the Company is under judicial management, the Judicial Managers have reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2023, as well as the Independent Auditor's Report thereon, for the eventual submission to the Board of Directors.

REMUNERATION COMMITTEE
(Code of Corporate Governance Principles 6, 7 and 8)

Disclosure on Remuneration
Remuneration and Benefits of Directors and Top Five Key Management Personnel

The following table shows a breakdown of the remuneration of Directors / CEO for FY2023:

Directors/CEO	Total Remuneration $'000	Base Salary[a] %	Variable Payment[b] %	Other Benefits[c] %	Directors' Fees[d] %	Total %
Tan Leau Kuee @ Tan Chow Kuee	185	100	–	–	–	100
Tan Ah Lam	–	–	–	–	–	–
Tan Lian Chew (retired on 16 December 2022)	–	–	–	–	–	–
Dr. John Chen Seow Phun (resigned on 1 July 2023)	–	–	–	–	–	–
M. Rajaram	–	–	–	–	–	–
Koh Kim Wah	–	–	–	–	–	–

The annual remuneration of the top five Key Management Personnel for FY2023 is as follows:

Key Management Personnel	Base Salary[a] %	Variable Payment[b] %	Other Benefits[c] %	Total %
Below S$250,000				
Tan Yew Kun	100	–	–	100
Tan Yaw Song	100	–	–	100
Tan Hak Jin	100	–	–	100
Max Tan Phuay Hung	100	–	–	100
Tan Biby Valarie	100	–	–	100

The aggregate amount of the remuneration paid to the abovementioned key management personnel in FY2023 was $474,000.

The aggregate amount of the remuneration paid to the Directors and top five abovementioned key management personnel in FY2023 was $659,000.

Remuneration of employees related to directors or substantial shareholders

Apart from Messrs Tan Ah Lam and Tan Leau Kuee @Tan Chow Kuee, there are 5 (2022: 5) other employees of the Group who are shareholders of or related to the shareholders of Tan Kuay Hoe Holdings Pte Ltd, a substantial shareholder of the Company. The aggregate remuneration of such employees (excluding remuneration for Mr Tan Leau Kuee @Tan Chow Kuee) for the financial year ended 31 March 2023 was S$519,000

In FY2023, the remuneration of Executive Director of the Company and all employees of the Group who are related to any of the Directors or substantial shareholders of the Company are reviewed by the Judicial Managers.

The number of employees who are immediate family members of a Director, and whose remuneration exceed S$100,000 during the financial year in bands no wider than S$100,000, is as follows:

Immediate family members	Relationship with director or CEO	Base Salary[a] %	Variable Payment[b] %	Other Benefits[c] %	Total %
S$100,000 to S$199,999					
Tan Yew Kun	Brother of Tan Ah Lam and Tan Leau Kuee	100	–	–	100
Max Tan Phuay Hung	Son of Tan Leau Kuee	100	–	–	100
Tan Biby Valarie	Daughter of Tan Leau Kuee	100	–	–	100

[a] Base Salary includes fixed allowance, contractual bonus and employer's CPF contribution.
[b] Variable Payment includes performance bonus and non-contractual bonus.
[c] Other Benefits refer to benefit-in-kind such as club and car benefits.
[d] Independent Directors are paid Directors' fees inclusive of attendance fees, subject to approval at the AGM.

RISK MANAGEMENT AND INTERNAL CONTROLS
(Code of Corporate Governance Principle 9)

The Judicial Managers have taken over and are actively involved in the day to day affairs and business of the Company. Accordingly, the Judicial Managers has assessed the Company's current risk management and internal control systems, and have continued the systems set in place in view of its adequacy and effectiveness.

AUDIT COMMITTEE ("AC")
(Code of Corporate Governance Principle 10)

In FY2023, the Group had appointed different auditors for its overseas subsidiaries as well as Singapore incorporated associated companies. The Judicial Managers are satisfied that the appointments would not compromise the standard and effectiveness of the audit of the Group. In appointing the audit firms for the Group, the Judicial Managers are satisfied that the Company has complied with the Listing Rules 715 and 716 of the Listing Manual.

The Judicial Managers having reviewed the independence and objectivity of the external auditors, is satisfied with the independence and objectivity of the external auditors. The audit fee and non-audit fee paid to the external auditor, Messrs PricewaterhouseCoopers LLP for FY2023 is follows:

	Audit fee (S$)	**Non-audit fee (S$)**
FY2023	290,000	6,500

Fraud and Whistle-Blowing Policy

The Judicial Managers have taken over and are actively involved in the day to day affairs and business of the Company. Accordingly, the Judicial Managers had assessed the Company's whistleblowing policy, and have continued to oversee and monitor the whistleblowing policy.

SHAREHOLDER RIGHTS AND ENGAGEMENT
(Code of Corporate Governance Principles 11, 12 and 13)

The Judicial Managers together with the management, aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

In line with the Listing Manual of SGX-ST, the Board provided a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Non-Executive Chairman, CEO and CFO have provided assurance to the Board on the integrity of the Group's financial statements respectively. Further, the Company has procured undertakings in the format set out in Appendix 7.7 from all its Directors and executive officers pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

The Judicial Managers, in consultation with the Executive Director and management reviews and approves the financial results as well as any announcements before its release. In presenting the annual financial statements and half yearly announcements to shareholders, the Judicial Managers together with the management aims to provide to the shareholders with a balanced assessment of the Company's performance, position and prospects.

The Company recognises the importance of providing a continual flow of relevant information on an accurate and timely basis in order to effectively discharge its duties.

The Company does not practise selective disclosure. Information is disseminated via SGXNET, news releases and the Company's website. The Company ensures that price-sensitive information is publicly released timely, and is announced on an immediate basis where required under the Listing Manual of the SGX-ST. Where an immediate announcement is not possible, the announcement is made as soon as practicable to ensure that shareholders and the public have fair access to the information.

All shareholders of the Company will receive the Annual Report and notice of AGM. For FY2023, a copy of the Annual Report and notice of AGM will be made available on SGXNET and the Company's website. Notice of the AGM and proxy form will be sent to all shareholders by post. The Company encourages shareholders' participation at AGM and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to the Judicial Managers and the Executive Director. The Chairman of the Remuneration and Nominating Committees and all directors of the Company are required to attend the AGMs. The external auditors are also present to assist the Judicial Managers and the Executive Director in addressing any relevant queries by shareholders. The Company ensures that there are separate resolutions at general meetings on each distinct issue.

CONDENSED CORPORATE GOVERNANCE REPORT

Besides the AGM, the Company believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' view and addressing their concerns where possible.

The Company is committed to disclose as much relevant information as is possible to shareholders on a timely basis through SGXNet and other information channels, including the Company's website – http://www.hiapseng.com which contain various investor-related information on the Company which serves as an important resource for the shareholders and the investors. The Company does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders.

A shareholder who is entitled to attend and vote, may either vote in person or through the appointment of one or two proxies. The Company's Constitution allows member of the Company to appoint one or two proxies to attend and vote at general meetings.

During the AGM, the shareholders are invited to participate in the question-and-answer session. The Company Secretary, if required, will inform the shareholders of the rules, including voting procedures, which govern the general meetings of shareholders.

The Company will review its Constitution from time to time and make such amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the continuing listing obligation in the SGX-ST Listing Rules.

Resolutions at general meeting are on each substantially separate issue. All the resolutions at the general meetings are single item resolution.

The Company will prepare the detailed Shareholders' Meeting minutes, which include comments and questions received from the shareholders, and responses from the Judicial Managers and management. These minutes will be made available to shareholders on the SGXNet as soon as practicable.

To promote greater transparency and effective participation, the Company has been conducting the voting of its resolutions by poll since 2016 AGM. The detailed results, including the total number of votes cast for or against each resolution and the respective percentages will be announced immediately at the AGM and via SGXNet.

The forthcoming AGM will be held physically. Shareholders can submit questions in advance of the AGM, addressing any substantial and relevant questions at or prior to the AGM, publishing of the minutes of AGM within one month from the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company.

The Company will consider all questions and endeavour to address all the substantial and relevant questions submitted before a deadline and/or prior to the deadline for the submission of proxy forms.

The Company engages its material stakeholders through different engagement channels to establish, address and monitor the material environmental, social and governance ("ESG") factors of the Group's operation and its impact on them. Such stakeholders include employees, community, government, regulators, shareholders and investors. Engagement channels and frequencies are reviewed periodically to ensure that they are sufficient to deal with current identified stakeholders' ESG-related issues.

The Company's approach to stakeholder engagement and materiality assessment will be disclosed in the Sustainability Report. For more information on the Company's approach to stakeholder engagement and materiality assessment in FY2023, please refer to the Company's Sustainability Report which will be made available on or before 31 August 2023.

The Company does not have a fixed policy on payment of dividends at present. The frequency, form and number of dividends to be declared depends on the Company's financial results, cash flow, capital requirements, investment and other factors as the Board deems appropriate.

INTERESTED PERSON TRANSACTIONS
(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Judicial Managers and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. There were no interested person transactions entered into during the financial year under review.

RISK MANAGEMENT
(Listing Manual Rule 1207(4)(b)(iv))

Due to the financial difficulties faced by the Group, the Company did not engage any external internal auditors to assess the adequacy and effectiveness of the Company's internal control as the company is under judicial management and the main focus was on the survivability of the Group.

Despite the absence of external internal auditors, the Group had appointed several staff for the purposes of monitoring and reviewing to ensure compliance with the Group's policies, internal control and risk management. The Judicial Managers regularly reviews the effectiveness of all internal controls, including operational controls. There were no material weaknesses identified by the Judicial Managers during the financial year under review.

The Judicial Managers have also taken over and have been actively involved in the day to day affairs and business of the Company, and had assessed the Company's current internal audit function, which includes risk management and internal control systems, and have continued the systems set in place in view of its adequacy and effectiveness.

MATERIAL CONTRACTS
(Listing Manual Rule 1207(8))

Save for the service agreements between the Executive Director/CEO and the Company, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Director or controlling shareholders subsisting at the end of the financial year ended 31 March 2023.

STATISTICS OF SHAREHOLDINGS

As at 31 July 2023

Issued and Fully Paid-up Capital	-	S$36,450,000
Total number of issued shares excluding treasury shares	-	303,750,000
Total number of treasury shares	-	Nil
Class of shares	-	Ordinary shares
Voting rights	-	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	186	4.24	4,263	0.00
100 - 1,000	144	3.28	95,871	0.03
1,001 - 10,000	2,095	47.75	12,100,551	3.99
10,001 - 1,000,000	1,935	44.11	119,739,345	39.42
1,000,001 AND ABOVE	27	0.62	171,809,970	56.56
TOTAL	**4,387**	**100.00**	**303,750,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN KUAY HOE HOLDINGS PTE LTD	70,788,639	23.30
2	CHENG BUCK POH @CHNG BOK POH	29,938,375	9.86
3	DBS NOMINEES (PRIVATE) LIMITED	8,722,500	2.87
4	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	7,292,614	2.40
5	GOO GUIK BING @ GOH GUIK BING	7,086,440	2.33
6	ANG LIAN HIN	6,850,000	2.26
7	SZE CHAIN FAI @ SZE SOOK SENG	4,102,251	1.35
8	TAN LIAN CHEW	3,601,761	1.19
9	TAN AH LAM	3,319,500	1.09
10	PHILLIP SECURITIES PTE LTD	2,383,560	0.78
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,274,270	0.75
12	LEE CHEE KONG (LI ZHIGUANG)	2,210,800	0.73
13	HSBC (SINGAPORE) NOMINEES PTE LTD	2,105,600	0.69
14	JOHN RITCHIE	1,990,000	0.66
15	YEOW HOE SEAH	1,713,000	0.56
16	TAYERS HOLDINGS PTE LTD	1,666,000	0.55
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,654,390	0.54
18	UOB KAY HIAN PRIVATE LIMITED	1,566,080	0.52
19	LEW WING KIT	1,562,400	0.51
20	WONG TOON SAN	1,448,700	0.48
	TOTAL	**162,276,880**	**53.42**

STATISTICS OF SHAREHOLDINGS

As at 31 July 2023

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders) as at 31 July 2023

	No. of Ordinary Shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Tan Kuay Hoe Holdings Pte Ltd	70,788,639	23.30%	–	–
Tan Ah Lam (Note 1)	3,319,500	1.09%	70,788,639	23.30%
Tan Leau Kuee @ Tan Chow Kuee (Note 2)	–	–	70,788,639	23.30%
Cheng Buck Poh @ Chng Bok Poh (Note 3)	29,938,375	9.86%	7,086,440	2.33%
Goo Guik Bing @ Goh Guik Bing (Note 4)	7,086,440	2.33%	29,938,375	9.86%

Notes:

1) Mr Tan Ah Lam is deemed to have an interest in the shares held by Tan Kuay Hoe Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

2) Mr Tan Leau Kuee @ Tan Chow Kuee is deemed to have an interest in the shares held by Tan Kuay Hoe Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

3) Mr Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares held by Mdm Goo Guik Bing @ Goh Guik Bing by virtue of the fact that he is the spouse of Mdm Goo Guik Bing @ Goh Guik Bing.

4) Mdm Goo Guik Bing @ Goh Guik Bing is deemed to have an interest in the shares held by Mr Cheng Buck Poh @ Chng Bok Poh by virtue of the fact that she is the spouse of Mr Cheng Buck Poh @ Chng Bok Poh.

FREE FLOAT

As at 31 July 2023, approximately 63.22% of the total number of issued 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 Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Hiap Seng Engineering Ltd (Judicial Managers appointed) (the "Company") will be held at Conference Room, 28 Tuas Crescent, Singapore 638719 on Thursday, 31 August 2023, at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as Ordinary Resolutions, with or without modifications:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2023, together with the Directors' Statement and Report of the Auditors thereon. **(Resolution 1)**

2. To re-elect Mr Koh Kim Wah as a Director retiring pursuant to Article 91 of the Company's Constitution. **(See Explanatory Note 1)** **(Resolution 2)**

3. To record the retirement of Mr M. Rajaram as a Director retiring pursuant to Article 91 of the Company's Constitution. **(See Explanatory Note 2)**

4. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorize the Judicial Managers / Directors to fix their remuneration. **(Resolution 3)**

Oon Su Sun and Lin Yueh Hung
Joint and Several Judicial Managers

Singapore, 16 August 2023

Explanatory Notes:

1. Mr Koh Kim Wah will, upon re-election as a Director of the Company, remain as Chairman of Remuneration Committee and a member of Audit Committee and a member of the Nominating Committee. Detailed information of Mr Koh Kim Wah can be found under "Additional Information of Director Seeking Re-Election" section in the Annual Report 2023.

2. Mr M. Rajaram will, upon his retirement as a Director of the Company, cease to be Chairman of Nominating Committee and a member of Audit Committee and a member of Remuneration Committee.

Notes:

1. The Annual General Meeting of the Company ("AGM") is being convened, and will be held physically. Printed copies of this Notice, the accompany Proxy Form and the Request Form will be sent by post to members and it is also made available on the Company's website at the URL www.hiapseng.com and on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

2. Members (including investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors") may participate in the AGM by:

   (a) Attending the AGM in person;

   (b) Asking questions at the AGM or submitting questions in advance of the AGM; and/or

   (c) Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).

3. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask questions relating to the items on the agenda of the AGM by:

   (a) Submitting question via mail to the registered office of the Company at 28 Tuas Crescent, Singapore 638719, or send electronic mail to info@hiapseng.com in advance of the AGM latest by 24 August 2023 at 2.30 p.m.; or

   (b) "live Question and Answer" at the physical AGM.

When sending questions, members should also provide their full name (for individuals)/company name (for corporate), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held for verification.

Shareholders are encouraged to submit their questions latest by 24 August 2023 at 2.30 p.m.. The Company will endeavour to address to all substantial and relevant questions submitted prior to the AGM by 25 August 2023 (at least 48 hours prior to the closing date and time for the lodgment of the proxy forms). The Company's response will be published on the SGX's website and the Company's website.

4. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

5. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

6. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

7. The instrument appointing a proxy must be submitted to the Company in the following manner:

   (a) if in hard copy by post, be lodged at the Company's registered address at 28 Tuas Crescent Singapore 638719; or

   (b) if by email, be received by info@hiapseng.com;

   in either case, no later than 29 August 2023 by 2.30 p.m, being 48 hours before the time fixed for the AGM.

   A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. Members are strongly encouraged to submit completed proxy forms electronically via email.

8. CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 22 August 2023 at 2.30 p.m.). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.

9. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 28 August 2023 at 2.30 p.m.), as certified by The Central Depository (Pte) Limited to the Company.

10. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

*"A Relevant intermediary" means:

a. a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or

c. the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Re-election of Koh Kim Wah as Non-Executive Director

Date of Appointment *	28 July 2005
Date of last re-appointment	30 August 2019
Name of person *	Koh Kim Wah
Age *	80
Country of principal residence *	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) *	The Board of Directors of the Company has considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Koh Kim Wah for re-election as Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Koh Kim Wah possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, area of responsibility *	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of the Remuneration Committee, member of the Audit Committee and Nominating Committee.
Professional qualifications	1st class Honours degree in Chemical Engineering in 1967 and Advance Management Programme at Harvard Business School in 1992.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries *	No
Conflict of interest (including any competing business) *	No
Working experience and occupation(s) during the past 10 years *	Advisor at Smarttpapers International Pte. Ltd. and Quad Stone Energy Ltd
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes
Shareholding interest * in the listed issuer and its subsidiaries *	Yes
Shareholding Details	Deemed interest: 278,000
Other Directorship# # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	
Past (for the last 5 years)	NIL
Present	1) Smarttpapers International Pte Ltd 2) Quad Stone Energy Ltd

ADDITIONAL INFORMATION
ON DIRECTOR SEEKING RE-ELECTION

Information required Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.		
(a) *	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) *	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) *	Whether there is any unsatisfied judgement against him?	No
(d) *	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) *	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) *	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

(g) *	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) *	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) *	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) *	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-	
	(i)* any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)* any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii)* any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv)* any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k)*	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

HIAP SENG ENGINEERING LTD
(JUDICIAL MANAGERS APPOINTED)
(Incorporated in the Republic of Singapore)
(Company Registration No. 197100300Z)

IMPORTANT:
1. CPF and SRS investors who wish to vote, should approach their SRS Operators to submit their votes by 2.30 p.m. on 22 August 2023.
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purported to be used by them.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 August 2023.

*I/We ______________________________ (Name)

*NRIC/Passport No./Co. Registration No. ______________________________

of ______________________________ (Address)

being a *member/members of the Company, hereby appoint

Name	Address	E-mail address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy	
				No. of Shares	%

and/or

Name	Address	E-mail address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy	
				No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting of the Company ("AGM") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at Conference Room, 28 Tuas Crescent, Singapore 638719 on 31 August 2023 at 2.30 p.m. and at any adjournment thereof.

*I/We *direct my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

The Ordinary Resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Ordinary Resolutions	No. of votes For#	No. of votes Against#	No. of votes Abstain#
1.	Audited Financial Statements for the financial year ended 31 March 2023 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Re-election of Mr Koh Kim Wah as a director.			
3.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors.			

If you wish for your proxy to cast all your votes "For" or "Against" a resolution, please indicate (X) or (√) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish for your proxy to abstain from voting on that resolution, please indicate (X) or (√) within the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.
* Delete accordingly.

Dated this __________ day of ____________________ 2023

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

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

IMPORTANT: Please read notes overleaf.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 22 August 2023 at 2.30 p.m.). CPF/SRS Investors should not directly appoint the Chairman as proxy to direct the vote.

3. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   Relevant Intermediaries shall also appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees with such information setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with the note to the Notice of AGM. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

4. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The Chairman of the AGM, as proxy, need not be a member of the Company.

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

6. Where an instrument appointing Chairman of the AGM as proxy is signed and authorised 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.

7. The proxy form, duly completed and signed, must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's registered address at 28 Tuas Crescent, Singapore 638719; or

   (b) if by email, be received by **info@hiapseng.com**;

   in either case, by no later than 2.30 p.m. on 29 August 2023, being 48 hours before the time fixed for the AGM.

8. In the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form if the member being the appointor, is not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorized officer.

10. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

11. 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 Companies Act 1967.

12. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies).

Hiap Seng Engineering Ltd
Co. Reg. No.: 197100300Z

Registered Office
28 Tuas Crescent, Singapore 638719
Tel: 6897 8082
Fax: 6897 8081
E-mail: info@hiapseng.com
Website: www.hiapseng.com