

# NAVIGATING TO NEW HEIGHTS

ANNUAL REPORT 2023



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This annual report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).

# CORPORATE PROFILE

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

From a single 10 tonne mobile crane in 1980, the Group has expanded its combining lifting and haulage fleet size to an aggregate of 407 vehicles as at 31 March 2023, consisting of 189 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 218 units of haulage equipment.

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

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

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

## OUR INDUSTRIES

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

### PETROCHEMICAL

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



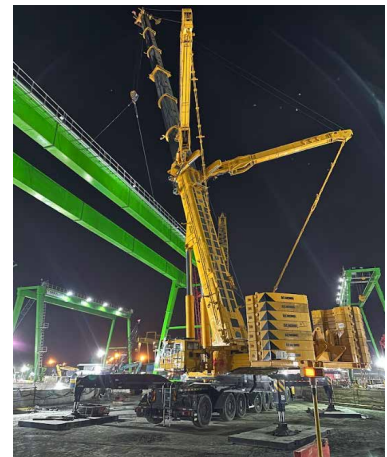
### CONSTRUCTION

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



### MARINE

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





# OUR BUSINESS

## LIFTING AND HAULAGE SERVICES

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

- Our lifting fleet totals 189 cranes as at 31 March 2023, which comprises rough terrain cranes, mobile truck cranes, all terrain cranes, telescopic crawler cranes, crawler cranes, and a mobile tower crane.
- Our current lifting capabilities range from 10 tonnes to 1200 tonnes, allowing us to undertake specialised lifting jobs requiring heavy lifting beyond the capability of most conventional cranes commonly found in the market.

## Our Lifting Fleet



ALL TERRAIN CRANE



ROUGH TERRAIN CRANE



MOBILE TOWER CRANE



MOBILE TRUCK CRANE



TELESCOPIC CRAWLER CRANE



CRAWLER CRANE



## TRADING OF CRANES AND HAULAGE EQUIPMENT

Our trading activities are opportunistic. There were some trading activities on an ad hoc basis in FY2023.

## HAULAGE SERVICES

- Our haulage fleet totaled 218 units as at 31 March 2023, which comprised of trailers, prime movers and lorry cranes capable of lifting between 10 tonnes to 100 tonnes, as well as Multi-Axles Modular Trailers.
- Our haulage fleet is often employed for transportation of accessories for heavy cranes and provides support services for our lifting business. Our haulage services enable large cranes to be disassembled and their components transported in parts to job sites.

## Our Haulage Fleet



PRIME MOVER



TRAILER



LORRY CRANE



MULTI-AXLES MODULAR TRAILER

## PORT SERVICES

The Group was awarded a long term Port Services contract by PSA Corporation Limited for a period of 5 years commencing from 1 April 2018. The contract was extended for another 5 years starting from 1 April 2023.

The Group's wholly owned subsidiary, HT Ports Services Pte. Ltd. ("HT Ports") focuses on the provision of port services for the Group.

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

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

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

# CHAIRMAN'S STATEMENT

“ WITH THE FULL RESUMPTION OF BUSINESS FROM THE COVID-19 SITUATION AND A STRONG DEMAND FOR INFRASTRUCTURE PROJECTS IN FY2023, THE GROUP'S LIFTING AND HAULAGE BUSINESS WITH ITS EXTENSIVE FLEET OF CRAWLER AND MOBILE CRANES HAD IMPROVED SIGNIFICANTLY AS COMPARED TO PRIOR YEAR. ”

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the “Board”), I am pleased to present to you the annual report of Hiap Tong Corporation Ltd. (“Hiap Tong”, the “Company” or together with its subsidiaries, the “Group”) for the financial year ended 31 March 2023 (“FY2023”).

## FINANCIAL REVIEW

Revenue increased by S\$30.8 million or 45.2% from S\$68.1 million for FY2022 to S\$98.8 million for FY2023. The increase was mainly attributed to an increase in revenue from the lifting and haulage segment mainly due to the contribution from various infrastructure and construction projects as well as the full resumption of business operations from the COVID-19 situation in Singapore and Malaysia.

Gross profit increased by S\$20.2 million or 281.9% from S\$7.2 million (representing a gross profit margin of 10.5%) for FY2022 to S\$27.4 million (representing a gross profit margin of 27.7% for FY2023). The increase in gross profit margin was mainly attributed to the lifting and haulage segment. In addition, the port services segment also improved from a gross loss margin of 10.8% in FY2022 to a gross profit margin of 3.4% in FY2023 due to lower labour cost by employing more foreign workers after the lifting of the manpower restriction as a result of the COVID-19 pandemic.

As a result of the better operating profit and gross profit margin, the Group reported a net profit after tax of S\$13.8 million for FY2023 as compared to S\$1.6 million for FY2022

Correspondingly, the earnings per share increased from 0.52 Singapore cents in FY2022 to 4.49 Singapore cents in FY2023, while net asset value per share increased from 25.83 Singapore cents as at 31 March 2022 to 30.38 Singapore cents as at 31 March 2023.

## BUSINESS REVIEW

### SINGAPORE OPERATION

With the full resumption of business from the COVID-19 situation and a strong demand for infrastructure projects in FY2023, the Group's lifting and haulage business with its extensive fleet of crawler and mobile cranes had improved significantly as compared to prior year.

The port services business had also improved although the business environment remains challenging. The Group will continue to work closely with PSA to improve the productivity in the segment.

As for the Group's work train operation services to Land Transport Authority, there was a delay in the project which led to a segment loss during the year. The Group will continue to monitor the progress of the project.



## OVERSEAS OPERATION

In respect of the lifting & haulage business in Malaysia, the Group remains cautious on its outlook and will continue to monitor and streamline its operation according to the local economic situation.

## BUSINESS OUTLOOK

Generally, the business outlook remains challenging due to the current inflationary pressures and global economic slowdown. Nevertheless, the Group will continue to remain cautious and vigilant in the management of its business.

## PROPOSED DIVIDEND

To reward our shareholders for your unwavering support, the Board has proposed a first and final dividend of 0.5 Singapore cents per ordinary share for FY2023 (the "Proposed Dividend"). The Proposed Dividend will be subject to shareholders' approval at the Annual General Meeting to be held on 27 July 2023.

## IN APPRECIATION

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

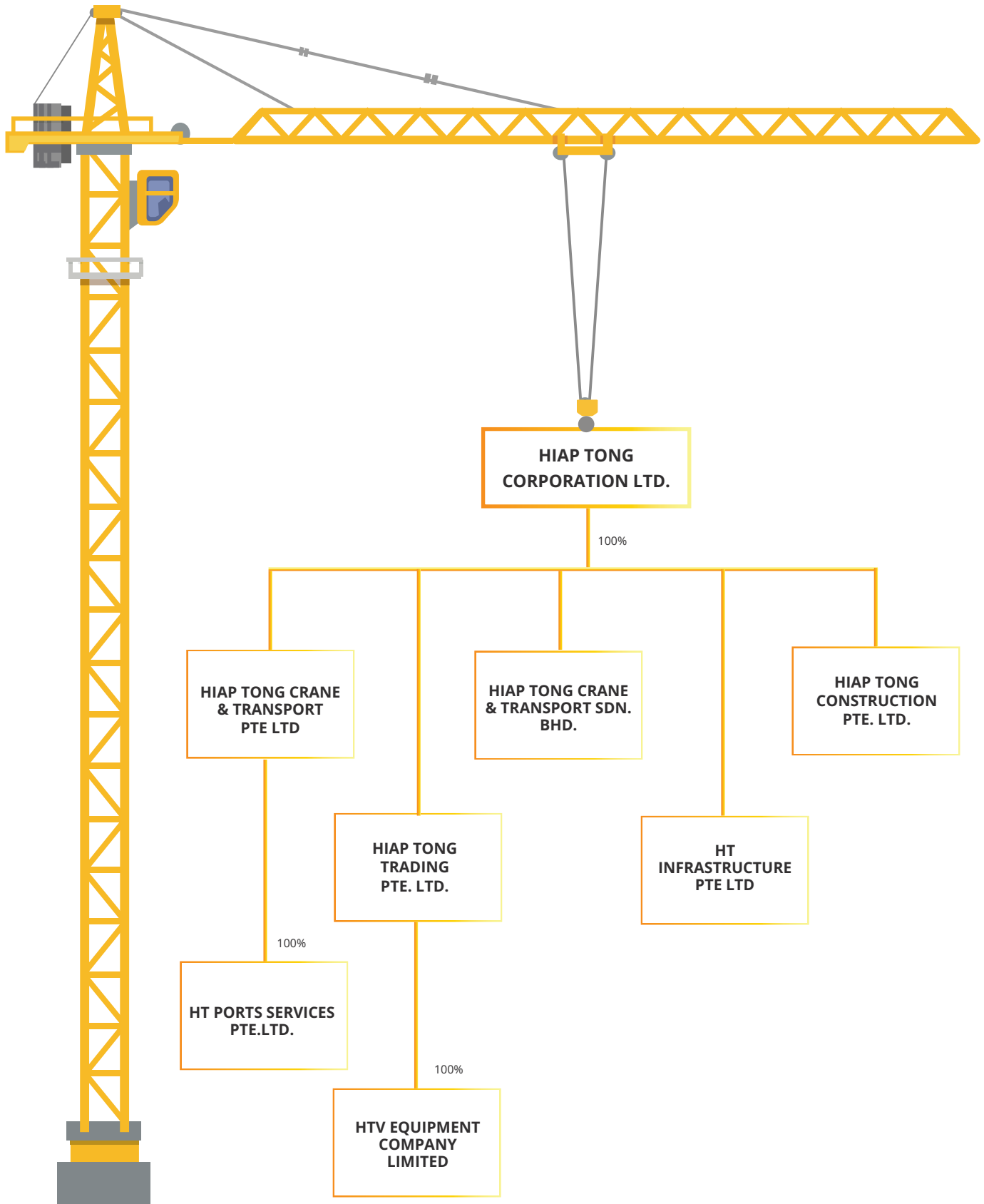
I would also like to extend my sincere appreciation to my fellow directors, management team and employees for their invaluable contribution and commitment to the Group.

## Ong Teck Meng

*Executive Chairman and  
Chief Executive Officer*



# GROUP STRUCTURE





# CORPORATE MILESTONES AND DEVELOPMENTS

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

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

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

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

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

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

Took delivery of a 1200-tonne telescopic crawler crane.

Awarded a 5-year labour supply contract by PSA.

Incorporated a 100% owned subsidiary, HT Construction Pte. Ltd.



1978

1980

1984

1991

2002

2003

2009

2010 - 2011

2011 - 2012

2012 - 2013

2013 - 2014

2014 - 2015

2016 - 2017

2017 - 2018

2018 - 2019

2019 - 2020

2021

2022

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

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

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

Took delivery of our first 1200-tonne mobile crane.

Incorporated a 80% owned subsidiary which started its mobile lifting operation in China.

Incorporated a subsidiary in India and Malaysia.

Awarded by JTC a land parcel of approximately 12,000 square metres at Tuas South for its business activities (tenure of 22 years 7 months from 2013).

Awarded a 5-years lifting services contract by ExxonMobil.

Implementation of Scrip Dividend Scheme for Hiap Tong Corporation Ltd.

Disposal of a 80% owned subsidiary in China.

Awarded a 5-years extension of lifting services contract by ExxonMobil.

Incorporated a 100% owned subsidiary in Singapore for port services.

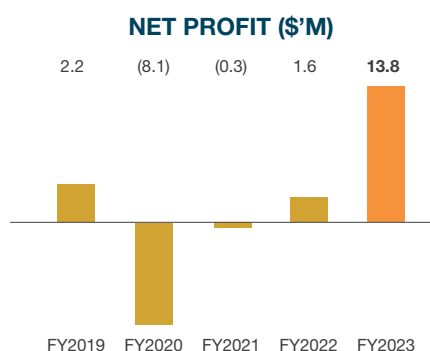
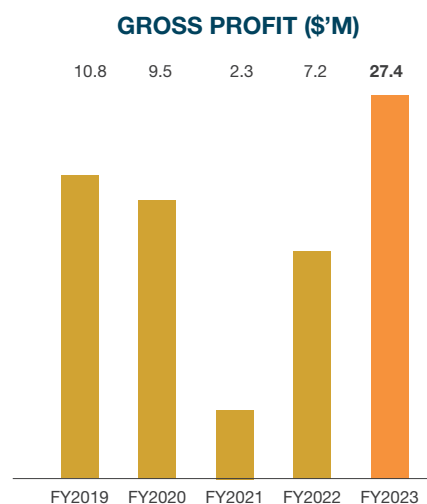
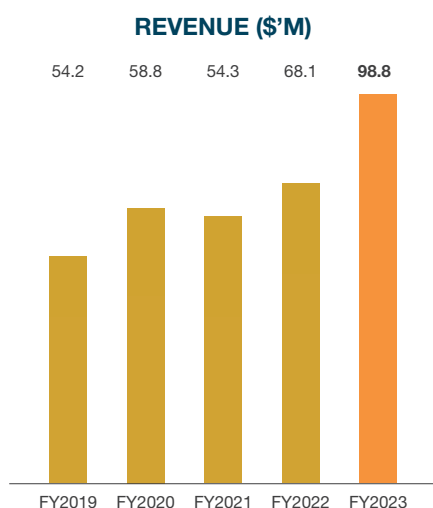
Incorporated a 100% owned subsidiary in Vietnam.

Liquidation of a 70% owned subsidiary in Malaysia.

Awarded a 5-years lifting service contract by ExxonMobil

# FINANCIAL HIGHLIGHTS

\$'000	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue	54,221	58,758	54,326	68,066	98,837
Cost of sales	(43,396)	(49,217)	(52,024)	(60,902)	(71,479)
Gross profit	10,825	9,541	2,302	7,164	27,358
Other income	2,469	2,242	10,501	6,388	4,695
Distribution expenses	(205)	(214)	(354)	(228)	(668)
Administrative expenses	(8,303)	(7,726)	(7,742)	(8,878)	(10,716)
Other expenses:					
Allowance for Impairment losses on property, plant and equipment- reversal/(loss)	-	(8,000)	(2,120)	-	2,229
Others	-	(154)	(1,248)	(829)	(3,203)
Net change in fair value of investment properties	(1,146)	(850)	(300)	(20)	(850)
Net finance costs	(2,068)	(2,589)	(2,050)	(2,064)	(2,059)
Profit/(loss) before tax	1,572	(7,750)	(1,011)	1,533	16,786
Tax (expense) / credit	654	(369)	676	75	(2,942)
Net Profit/(loss) for the year	2,226	(8,119)	(335)	1,608	13,844





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## BOARD OF DIRECTORS

### MR ONG TECK MENG

*Executive Chairman and  
Chief Executive Officer*

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

Mr Ong has been the managing director of Hiap Tong Trading since 1978 and has more than 40 years of experience in the crane industry. He established Hiap Tong Trading in 1978 to engage in the business of trading and renting commercial vehicles. Under his leadership, the Group has developed from a small commercial vehicle leasing and trading company to a leading integrated lifting and haulage solutions provider in Singapore.

Mr Ong was appointed to the Board on 8 January 2008 and was last re-elected as a Director on 28 July 2022.

### MR ONG BOON TAT, ALVIN

*Executive Vice Chairman*

Mr Ong Boon Tat, Alvin joined the Group in 2002 after completing his Bachelor of Arts degree, majoring in Economics and Statistics, at the National University of Singapore.

With over 20 years of experience in the Group, Mr Ong has been involved in numerous projects and milestones, including the Company's successful listing on the Singapore Exchange (SGX) in 2009. In recognition of his contributions, he was re-designated from Executive Director to Executive Vice Chairman on 3 July 2023.

As the Executive Vice Chairman, Mr Ong is responsible for strategic planning and oversees all administrative functions of the Group. He collaborates closely with a team of managers to ensure the smooth day-to-day operation of the Group.

Furthermore, Mr Ong supports the Executive Chairman by chairing the board meetings and the Company's annual general meetings whenever is needed. He brings valuable leadership and guidance to these important gatherings. It's worth noting that Mr Ong is the son of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company.

### MR ONG LIM SAN

*Executive Director*

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

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

Mr Ong, brother of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company, graduated from Singapore Polytechnic with a certificate in mechanical draughting in 1974, was appointed to the Board on 6 October 2008 and was last re-elected as a Director on 25 September 2020.

# BOARD OF DIRECTORS

## MR TITO SHANE ISAAC

*Lead Independent Director*

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

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

Mr Isaac is also the Independent Non-Executive Chairman of New Wave Holdings Ltd and an Independent Non-Executive Director of Shanaya Ltd. Mr Isaac was appointed to the Board on 1 July 2016 and was last re-elected as a Director on 28 July 2022.

## MR CHOY BING CHOONG

*Independent Director*

Mr Choy Bing Choong has more than 30 years of experience in a variety of roles in multiple industries and countries, and is currently a Director and Group Chief Operating Officer at Natural Cool Holdings Limited where he has been for the last 8 years. Prior to that, he spent 8 years with the corporate finance department at CIMB Bank Berhad, Singapore Branch where he last held the position of Director, Corporate Finance. Before CIMB Bank Berhad, he served 3 years in the Corporate and Capital Markets Group at Rajah & Tann. Apart from his home base in Singapore, he has also worked in China, the United Kingdom and Indonesia.

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

Mr Choy is also an Independent Director at Hoe Leong Corporation Ltd. and Zhongmin Baihui Retail Group Ltd. Mr Choy was appointed to the Board on 10 October 2017 and last re-elected as a Director on 29 July 2021.

## MR TAY SEO LONG

*Independent Director*

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

Mr Tay graduated with a Bachelor of Commerce (Honours) (Accountancy) from Nanyang University in 1974, and obtained a Masters of Business Administration from the University of Hull, UK, in 1994. He has been a member of the Institute of Singapore Chartered Accountants since 1976. Mr Tay was appointed to the Board on 1 July 2016 and was last re-elected as a Director on 29 July 2021.



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## SENIOR MANAGEMENT

### MR NG ENG JOO

*Head of Operations*

Together with the Chief Executive Officer, Mr Ng Eng Joo is jointly responsible for overseeing the Group's trading business. With more than 20 years of experience in the crane industry under his belt, he is also in charge of managing the deployment of the Group's resources for its lifting and haulage services business.

Mr Ng joined Hiap Tong in 1998 and was appointed to the Board on 6 October 2008 before his retirement as a Director of the Company on 25 July 2018. He has held various positions in the administration, as well as sales and trading functions. He had also worked in the Finance and Insurance industry sector between 1993 to 1998.

Mr Ng, cousin of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company, holds a diploma in business studies from Ngee Ann Polytechnic.

### MR LOH BOON WAH

*Group Financial Controller*

Mr Loh Boon Wah joined the Group in October 2008 as a Senior Finance Manager and was subsequently promoted to the position of Group Financial Controller in 2010. He oversees the financial and accounting aspects of the Group. Mr Loh has more than 25 years of accounting and financial management experience.

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

Mr Loh obtained his Bachelor of Accountancy degree from the Nanyang Technological University of Singapore. He is also a member of the Institute of Singapore Chartered Accountants.

### MR SUKHMUNDER SINGH S/O JUGJIT SINGH

*General Manager*

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

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

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

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr Ong Teck Meng**  
*Executive Chairman and Chief Executive Officer*

**Mr Ong Boon Tat, Alvin**  
*Executive Vice Chairman*

**Mr Ong Lim San**  
*Executive Director*

**Mr Tito Shane Isaac**  
*Lead Independent Director*

**Mr Choy Bing Choong**  
*Independent Director*

**Mr Tay Seo Long**  
*Independent Director*

## AUDIT COMMITTEE

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

## NOMINATING COMMITTEE

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

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARIES

Ms Lim Guek Hong, ACIS  
Mr Loh Boon Wah

## REGISTERED OFFICE

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

## SPONSOR

PrimePartners Corporate Finance Pte. Ltd.  
16 Collyer Quay,  
#10-00 Collyer Quay Centre  
Singapore 049318  
Telephone: (65) 6229 8088  
Contact Person:  
Ms Lim Hui Ling, Associate Director

## PRINCIPAL BANKERS

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

## SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.  
30 Cecil Street #19-08  
Prudential Tower  
Singapore 049712

## AUDITORS

RSM Chio Lim LLP  
8 Wilkie Road #03-08,  
Wilkie Edge, Singapore 228095  
Partner-in-charge: Mr Lee Mong Sheong  
(Appointed with effect from year ended  
31 March 2022)

# CORPORATE GOVERNANCE REPORT

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

The Board is pleased to report to the Shareholders on the manner in which it has applied the principles of good governance and the extent to which it has complied with the principles and provisions of the Code of Corporate Governance 2018 (the “2018 Code”), and as applicable, the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”) and the Singapore Companies Act 1967 (the “Act”). The Board confirms that the Company has complied substantially with the principles and provisions of the 2018 Code as set out below. Where there are deviations, reasons and explanations in relation to the Company’s practices are provided, where appropriate.

## BOARD MATTERS

### **Principle 1: The Board’s Conduct of Affairs**

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

#### Provisions 1.1 and 1.2

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

Apart from its fiduciary duties and statutory responsibilities, the principal functions of the Board are to:

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

The Company worked closely with its company secretary and professionals to provide its Directors with regular updates on relevant legal, regulatory and technical developments. Changes to regulations and accounting standards are monitored closely by Management. The Directors are provided with updates released by regulatory authorities and institutes on directors’ duties and responsibilities, corporate governance, changes in financial reporting standards in Singapore, developments in the Act and Catalist Rules so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. Appropriate external trainings will be arranged where necessary. The Directors may also attend other appropriate courses, conferences and seminars, at the Company’s expense, this include programs run by the Singapore Institute of Directors and other professional bodies.

All Board members have completed the mandated sustainability training course as required under the enhanced SGX sustainability reporting rules announced in December 2021.



# CORPORATE GOVERNANCE REPORT

## Provisions 1.3 and 1.4

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

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

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

# CORPORATE GOVERNANCE REPORT

## Provision 1.5

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

During the financial year from 1 April 2022 to 31 March 2023 (“FY2023”), the members of the Board and their attendance at the meetings are disclosed below:

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

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

## Provisions 1.6 and 1.7

To enable the Board to fulfill its responsibilities, the Directors are provided with half-yearly reports on the Group’s activities and performance. Board members have separate and independent access to senior Management and the company secretary at all times. Board members may also obtain independent professional advice in furtherance of their duties, at the Company’s expense. No such advice was sought by any Board member during FY2023.

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

The company secretary attended all Board meetings and Board Committee meetings during FY2023. The company secretary is responsible to ensure that board procedures are followed and is also responsible for ensuring that the Company complies with the requirements of the Act, the Code and other rules and regulations, which are applicable to the Company. The appointment and removal of the company secretary should be a matter for the Board as a whole.

Please refer to the “Corporate Information” section of the annual report for the composition of the Company’s Board of Directors and Board Committees.

# CORPORATE GOVERNANCE REPORT

## **Principle 2: Board Composition and Guidance**

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

The current Board consist of six members comprising three Independent Non-Executive Directors (“Independent Directors”) and three Executive Directors as follows:

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

Mr Ong Boon Tat, Alvin (Executive Vice Chairman)\*

Mr Ong Lim San (Executive Director)

Mr Tito Shane Isaac (Lead Independent Director)

Mr Tay Seo Long (Independent Director)

Mr Choy Bing Choong (Independent Director)

\* Mr Ong Boon Tat, Alvin has been re-designated as the Company’s Executive Vice Chairman effective from 3 July 2023.

### Provision 2.1

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

Rule 406(3)(d) of the Catalist Rules also sets out circumstances under which a director will not be independent. Amongst other circumstances, a director will not be considered independent if he/she is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years or he/she has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Remuneration Committee. Pursuant to Rule 406(3)(d)(iv) of the Catalist Rules, which takes effect for an issuer’s annual general meeting for the financial year ending on or after 31 December 2023, a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing) and such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. As at the date of this report, none of the Independent Directors have served on the Board beyond nine years from the respective date of their first appointment.

### Provisions 2.2 and 4.4

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

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

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

# CORPORATE GOVERNANCE REPORT

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

The independence of each Director is reviewed annually by the NC. Each Director is required to complete a Confirmation of Independence Checklist, which is drawn up in accordance with the guidelines provided by the 2018 Code and requires each Director to assess his own independence. This declaration of independence is tabled before the NC and, if accepted, the director's independence is then recommended by the NC to the Board. The NC is of the view that the current Board has an independent element ensuring objectivity in the exercise of judgment on corporate affairs independently from Management. The NC is also of the view that no individual or small group of individuals dominates the Board's decision making process. Taking into account the views of the NC, the Board is satisfied that Mr Tito Shane Isaac, Mr Tay Seo Long and Mr Choy Bing Choong are independent in the light of the provisions of the 2018 Code and Rule 406(3)(d) of the Catalyst Rules.

## Provisions 2.3 and 2.5

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

Where appropriate, the Non-Executive Directors would also meet without the presence of the Management. During FY2023, the Independent Directors have met at least twice without the presence of the Management.

## Provision 2.4

The Board has a formal Board Diversity Policy, setting out its policy and framework for promoting diversity on the Board. To achieve an optimum balanced composition of the Board, the NC will consider candidates based on merit, Board diversity (in terms of gender, age and ethnicity) and the nature and scope of the Company's operation and business requirements.

The Board comprises Directors who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group. The Board also collectively have the necessary mix of experience and core competencies such as accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning experience to contribute to the effective strategic leadership of the Group. In terms of age diversity, two Directors are between the ages of 70 to 79, representing 33% of the total Board membership, and one Director is between the ages of 60 to 69, representing 17% of the total Board membership, two Directors are between the ages of 50 to 59, representing 33% of the total Board membership and one Director is between the ages of 40 to 49, representing 17% of the total Board membership. In terms of ethnicity and culture, the Board membership consists of at least two different ethnic groups. In identifying suitable candidates for new appointment to the Board, the NC will ensure that female candidates are included for consideration. Nevertheless, gender is but one aspect of diversity and new directors will continue to be selected based on their merits and the potential contributions which they can bring to the Board. Any updates or progress towards implementing the Board Diversity Policy will be disclosed in the Corporate Governance Report, as appropriate. During FY2023, the NC was satisfied that the Board and Board Committees are of the right size and are well balanced from the perspective of the mix of skill set, knowledge, experience, independence and diversity in age, ethnicity and tenure. The Board similarly concurred with the NC's findings.

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

## **Principle 3: Chairman and Chief Executive Officer**

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



# CORPORATE GOVERNANCE REPORT

## Provision 3.1

Mr Ong Teck Meng, the founder and CEO of the Group, also assumes the role of Chairman of the Board. In line with the Group's succession planning, Mr Ong Boon Tat, Alvin, the son of Mr Ong Teck Meng, was re-designated as an Executive Vice Chairman to assist the Chairman in the day-to-day management of the Group as well as managing the Group's strategic planning functions. Mr Ong Teck Meng, as founder of the Group, plays an instrumental role in the development of the Group's business and is personally involved in the day-to-day operations of the Group. Mr Ong Teck Meng not only has extensive and in-depth knowledge of the cranes industry but also provides the Group with strong leadership and vision. As such, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure as the current size and scale of the Group's business and operations does not warrant a division of duties. The Board is mindful of the dual roles held but is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide the necessary check and balance. Further, the dual roles have to a certain extent been balanced by the presence of the other Executive Directors.

Provision 3.1 of the 2018 Code provides that the Chairman and the CEO of the Group are separate persons to ensure that an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. This deviation has been addressed by having the AC to discuss and review all major decisions made by the Chairman. The NC reviews the Chairman's performance and re-appointment to the Board while the RC reviews his remuneration package periodically. The three Board Committees are chaired by independent directors and comprise all independent directors for AC and RC and a majority of Independent Directors for NC. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

## Provision 3.2

The Chairman is responsible for the strategic guidance and bears the responsibility for the workings of the Board. The Chairman also ensures that Board meetings are held when necessary and sets the meeting agenda in consultation with the other Executive Directors. He and the Executive Directors review the Board papers before they are presented to the Board and ensure that Board members are provided with adequate and timely information. He also assists to ensure that the Company complies with the 2018 Code.

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

## Provision 3.3

For good corporate governance, Mr Tito Shane Isaac had been appointed as the Lead Independent Director, who is available to the shareholders in situations where they have concerns or issues which communication through the normal channels with the Executive Chairman and CEO, or Management have failed to resolve or where such communication is inappropriate. He can be contacted at [tito@hiaptong.com](mailto:tito@hiaptong.com).

## **Principle 4: Board Membership**

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

## Provisions 4.1 and 4.2

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

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

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

# CORPORATE GOVERNANCE REPORT

- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) the review of training and professional development programmes for the Board and its directors; and
- (d) the appointment and re-appointment of directors (including alternate directors, if any).

## Provision 4.1(a)

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

## Provision 4.3

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

- (a) The NC will at least annually carry out proactive review of the Board composition and on each occasion that an existing Director gives notice of his intention to retire or resign. This is to assess the collective skills of Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Group's strategic and operational objectives.
- (b) In carrying out the review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread, gender and other aspects of diversity.
- (c) The NC will assist to identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board.
- (d) External consultants may be used from time to time to access a wide base of Directors.
- (e) The NC will make recommendations to the Board on candidates it considers appropriate for appointment. New Directors are appointed by way of board resolutions.
- (f) With regard to the re-election of existing Directors each year, the NC will advise the Board of those Directors who are retiring in accordance with the provisions of the Constitution of the Company.
- (g) The NC will make recommendations to the Board as to whether the Board should support the re-election of a Director retiring in accordance with the provisions of the Constitution.
- (h) In making recommendations, the NC will undertake a process of review of the retiring Director's performance during the period in which the Director has been a member of the Board.

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

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

Regulation 95 of the Constitution requires one-third of the Directors to retire and subject themselves to re-election by shareholders at every annual general meeting ("AGM"). The Directors must submit themselves for re-nomination and re-election at regular interval of at least once every three years. In addition, Regulation 94 of the Constitution requires that a newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years.

# CORPORATE GOVERNANCE REPORT

The Directors due for re-nomination and re-appointment at the forthcoming AGM under Regulation 95 of the Constitution are Mr Ong Boon Tat, Alvin and Mr Ong Lim San.

The NC has recommended and the Board has agreed that Mr Ong Boon Tat, Alvin and Mr Ong Lim San, being eligible and who have offered themselves for re-election, be re-elected. Information relating to Directors seeking re-election as set out in Appendix 7F to the Catalist Rules is set out on pages 95 to 100 as required pursuant to Rule 720(5) of the Catalist Rules.

Mr Ong Boon Tat, Alvin will, upon re-election as Director, remain as an Executive Vice Chairman of the Board.

Mr Ong Lim San will, upon re-election as Director, remain as an Executive Director of the Company.

## Provision 4.5

The NC ensures that new directors are aware of their duties and obligations. In the event that any person is appointed as a Director, the newly appointed Director will be given briefings by Management on the business activities and the strategic directions of the Group. New Directors will be given a formal letter explaining the duties and obligations as a director. Orientation programmes and familiarization visits will be organised, if necessary, to facilitate a better understanding of the Group's operations. No new Director was appointed during the year under review.

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

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

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

The directorships and principal commitments of each of the Directors are set out below:

<b>Name of Director</b>	<b>Listed Company Directorships</b>	<b>Principal Commitments</b>
Mr Ong Teck Meng	Nil	Hiap Tong group of companies
Mr Ong Boon Tat, Alvin	Nil	Hiap Tong group of companies
Mr Ong Lim San	Nil	Hiap Tong group of companies
Mr Tito Shane Isaac	1. Shanaya Ltd 2. New Wave Holdings Ltd	1. Tito Isaac & Co LLP 2. International Institute of Mediators (Singapore) Limited
Mr Choy Bing Choong	1. Hoe Leong Corporation Ltd 2. Zhongmin Baihui Retail Group Ltd 3. Natural Cool Holdings Limited	1. Natural Cool Holdings Limited 2. Futura Innovation Pte Ltd
Mr Tay Seo Long	Nil	Nil



# CORPORATE GOVERNANCE REPORT

## **Principle 5: Board Performance**

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

### Provisions 5.1 and 5.2

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

The Board has implemented a process to be carried out by the NC for assessing effectiveness of the Board and Board Committees as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Some of the factors taken into consideration by the NC include attendance at Board and Committee meetings, quality and value of contributions at Board and Board Committee meetings and how resolute in maintaining own views and resisting pressure from others. All Directors individually completed the evaluation questionnaire on the effectiveness of the Board, board committees and peers based on the assessment criteria recommended by the NC and approved by the Board. The completed questionnaire is submitted to the Company Secretary for collation. The responses on a collective basis are then discussed by the NC before submitting to the Board for discussion and identifying areas for improvement and implementing certain recommendation to further enhance the effectiveness of the Board and Board Committees. No external facilitator was engaged for the financial year in review.

## **REMUNERATION MATTERS**

### **Principle 6: Procedures for Developing Remuneration Policies**

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

### Provisions 6.1 and 6.2

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

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

- (a) a framework of remuneration for the Board and key management personnel; and
- (b) the specific remuneration packages for each director as well as for the key management personnel.

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

### Provisions 6.3 and 6.4

The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. During the year, the RC had discussed various remuneration matters and recording its decisions by way of minutes. All the Committee members were involved in the deliberations. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package. External remuneration consultant's advice will be sought, where necessary, when a major remuneration review is conducted. No external remuneration consultant was engaged for FY2023.

# CORPORATE GOVERNANCE REPORT

## **Principle 7: Level and Mix of Remuneration**

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

### Provision 7.1

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

The CEO and Executive Directors had entered into a service contract with the Company in which the terms of their employment are stipulated. Their service contract is for a period of three (3) years from 1 November 2022 and is renewed for such period and on such terms as may be agreed between the Company and the CEO and Executive Directors. Under the service contract, the CEO and Executive Directors will be paid variable bonus based on certain calculation.

### Provision 7.2

Non-Executive directors are paid Directors' fees that are based on corporate and individual responsibilities and are subject to approval of the shareholders at the AGM of the Company. The Board concurred with the RC that the proposed Non-Executive directors' fees for the year ended 31 March 2023 and year ending 31 March 2024 are appropriate to the level of contribution and are not excessive, taking into account factors such as consideration the level of contributions by the Non-Executive directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

### Provision 7.3

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

## **Principle 8: Disclosure of Remuneration**

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

### Provision 8.1 and 8.2

The Non-Executive Directors' fees paid/payable by the Group for FY2022 and FY2023 were S\$80,000 and S\$110,000 respectively. In respect of FY2023, the amount of Directors' fees proposed to be payable to the Non-Executive Directors is subject to the approval of shareholders at the forthcoming AGM. In tandem with the Company's improved performance and external inflationary pressure, the proposed Non-Executive Directors' fees shall be increased in FY2023.

The Company will also be seeking shareholders' approval for the payment of Directors' fees of up to S\$110,000 for the financial year ending 31 March 2024, to be paid quarterly in arrears at the forthcoming AGM.

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

# CORPORATE GOVERNANCE REPORT

The Board is of the view that a breakdown, showing the level and mix of each individual Director's and key management personnel payable for FY2023 in bands of S\$250,000 which provides sufficient overview of the remuneration of the Directors and key management personnel is as follows:

## Directors' Remuneration

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

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

\*\* The CEO and Executive Directors have a 3-year service contract which will expire on 1 November 2025.

## Key management personnel's Remuneration#

Remuneration band	Base Salary	Variable Bonus	Total Remuneration
<b>S\$250,000 to below S\$500,000</b>			
Ng Eng Joo	65.2%	34.8%	100%
Sukhmunder Singh s/o Jugjit Singh	66.3%	33.7%	100%
<b>Below S\$250,000</b>			
Loh Boon Wah	100%	-	100%

# The Group has only 3 key executives.

The aggregate total remuneration paid to the 3 key management personnel of the Group (who are not Directors or the CEO) for FY2023 was approximately S\$879,000.

### Provision 8.2

Details of remuneration of the following immediate family members of the substantial shareholders of the Company, whose remuneration exceeded S\$100,000 in FY2023, is disclosed below:-

Name	Family Relationship	Designation	Total Remuneration in compensation band
Ms Ong Hwee Cheng	Daughter of Mr Ong Teck Meng and Niece of Mr Ong Lim San	Senior Manager – Human Resource & Admin	S\$100,001 to S\$200,000 per annum
Mr Ong Chuan Hock	Brother of Mr Ong Teck Meng and Mr Ong Lim San	Yard Manager	S\$100,001 to S\$200,000 per annum

Apart from Ms Ong Hwee Cheng and Mr Ong Chuan Hock, there were no other immediate family members of the Directors or substantial shareholders of the Company have a remuneration which exceeds S\$100,000 during the year.



# CORPORATE GOVERNANCE REPORT

## Provision 8.3

The Group presently does not have any share schemes for its Directors or employees, and as such there were no options granted to any of its Directors or employees during FY2023.

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

## ACCOUNTABILITY AND AUDIT

### **Principle 9: Risk Management and Internal Controls**

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

## Provision 9.1

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

## Rule 1204(10) of the Catalyst Rules

Internal auditors have conducted an audit that cover not only financial controls but also operational and compliance controls. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors are reported to the AC. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board is satisfied that there were adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The AC concurs with the Board’s comment.

## Provision 9.2

The Board has received assurance from:

- (a) the CEO and Group Financial Controller that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group’s operations and finances and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company’s financial statements; and
- (b) the CEO and key management personnel who are responsible, regarding the adequacy and effectiveness of the Group’s risk management and internal control systems and those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company’s financial statements.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

### **Principle 10: Audit Committee**

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

##### Provisions 10.1 and 10.2

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

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

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

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (c) reviewing the assurance from the CEO and the Group Financial Controller on the financial records and financial statements;
- (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

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

##### Provision 10.3

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

# CORPORATE GOVERNANCE REPORT

## Provisions 10.1(b) and 10.1(d)

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

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

The AC has discussed the identified key audit matters (set out in pages 36 to 37 of this annual report) with both Management (with respect to their approach in the assessment of the impairment loss on property, plant and equipment, and assessment of the expected credit loss allowance on trade receivables) and with the external auditors as to how these matters were addressed during their audit. On these bases, the AC concurs with the issues raised and manner by which they were addressed by Management. The AC further noted that the external auditors are satisfied with Management's assessments.

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

The Company's external auditors RSM Chio Lim LLP, in the course of performing their statutory audit, reviews the effectiveness of the key internal controls that are relevant to the Group's preparation of financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Material non-compliance and internal control weaknesses noted during such a review are reported to the AC together with their recommendations.

During FY2023, the aggregate amount paid to the external auditors amounted to approximately S\$161,000 comprising S\$138,000 paid for the provision of audit services and S\$23,000 paid for the provision of non-audit services to the Group. The AC confirms that it has undertaken a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence of the external auditors. It is satisfied with the independence and objectivity of the external auditors and recommends to the Board, the nomination of RSM Chio Lim LLP for reappointment as the external auditors at the forthcoming AGM.

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

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

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

## Provision 10.1(f)

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

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

# CORPORATE GOVERNANCE REPORT

The AC is responsible for oversight and monitoring of whistleblowing and the AC reviews all whistleblowing complaints, if any, at its AC meetings to ensure independence thorough investigation and appropriate follow-up actions are taken.

The Company has a dedicated and secure e-mail address (leadid@hiaptong.com) to allow individuals to raise contentious issues to the Audit Committee directly.

The Company will protect all whistleblowers, including employees who have acted in good faith, from victimisation and harassment by their colleagues. The Company will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There have been no reported incidents pertaining to whistle-blowing for FY2023.

## Provisions 10.1(e) and 10.4

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

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

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

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

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

## Provision 10.5

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

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **Principle 11: Shareholder Rights and Conduct of General Meeting**

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



# CORPORATE GOVERNANCE REPORT

## Provision 11.1

Shareholders are informed of the general meetings through notice contained in the Company's annual report or circulars sent to all shareholders. The Company provides shareholders the opportunity to participate effectively in and vote at the general meetings of shareholders and informs them of the rules, including the voting procedures that govern the general meetings of shareholders.

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

To embrace sustainability, the Company has stopped sending printed copies of annual reports and circulars to all shareholders. Instead, the Company will only send notices of AGMs and EGMs, proxy forms and request forms (requesting for printed copies of the annual reports and/or circulars, if any) to all shareholders. Shareholders are able to access all annual reports and circulars, including any documents relating to the AGMs and EGMs on the Company's website and SGX-ST's website. Printed copies of annual reports and/or circulars, if any, will be sent to shareholders upon receipt of the request forms.

To promote greater transparency and effective participation, since 2016, the Company has conducted the voting of all its resolutions by employing electronic poll voting for all its resolutions passed at its AGM. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were released immediately at the AGM and announced to SGX-ST via SGXNET thereafter. The Company Secretary prepares minutes of general meetings that includes a summary of comments or queries made by shareholders during that meeting, and responses from the Board. Generally, during general meetings, shareholders are invited to raise questions, and this would be recorded in the minutes. Minutes of the AGM to be held on 27 July 2023 will be published on the SGX-ST's website and also at the Company's corporate website within one (1) month after the AGM date.

### **Conduct of AGM in 2022**

In view of the COVID-19 situation in Singapore, the Extraordinary General Meeting ("EGM") on 13 January 2022 and AGM on 28 July 2022 (the "2022 AGM") were convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order") and shareholders were not able to attend the general meetings in person. Alternative arrangements relating to the EGM and 2022 AGM held by electronic means were in place.

Shareholders were invited to participate in the virtual EGM and 2022 AGM by (a) observing and/or listening to the proceedings via live audio-visual webcast or live audio-only stream and (b) submission of questions to the Chairman of the Meeting in advance of the EGM and 2022 AGM and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the EGM and 2022 AGM.

### **Conduct of AGM in 2023**

On 15 December 2022, the Ministry of Law announced that the Order which enabled companies and other entities in Singapore to hold meetings through electronic means, while minimising physical interactions and transmission risks amid the COVID-19 pandemic, will cease with effect from 1 July 2023. The forthcoming 2023 AGM will be held in a wholly physical format and there will be no option for shareholders to participate virtually. The Company will adhere to the SGX-ST's guiding principle to provide answers to shareholders' questions within reasonable timelines. Please refer to the Notice of the fifteenth AGM of the Company for more information.

## Provision 11.2

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

# CORPORATE GOVERNANCE REPORT

## Provision 11.3

The Directors, Management and the External Auditor are present and available at the general meetings to address any queries or concerns on matters relating to the Group and its operation. All Directors were present at the Company's AGM held on 28 July 2022.

## Provision 11.4

Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of shareholder through the web or other means are not compromised. For the forthcoming AGM in respect of FY2023, the Company would not implement absentia voting methods such as voting via emails or fax since security, integrity of the information, authentication of the identity of shareholders and other pertinent issues have not been satisfactorily resolved. The Company will take into account any measures and legislations that may be introduced by the relevant authorities as a result of the current environment in formulating the framework and procedures to effect additional methods of voting.

## Provision 11.5 and Practice Note 7E – General Meetings (applies to general meetings held on or after 1 July 2023)

Provision 11.5 of the 2018 Code provides that the Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The Company has not been publishing minutes of general meetings or shareholders on its corporate website as there are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting) including disclosure of sensitive information to the Group's competitors. Further, shareholders, including those who did not attend the relevant general meeting, have a right to be furnished copies of minutes of general meeting pursuant to Section 189 of the Act. The Company has been publishing the minutes of EGM and AGM within one month after the meetings held during the period where the alternative arrangements relating to the general meetings held by electronic means pursuant to the Order. Notwithstanding the Provision 11.5 of the 2018 Code and the Act, the Company will publish its Minutes of AGM within one month after the AGM to be held in respect of FY2023 on SGX's website and the Company's website to comply with clause 6.1 of the Practice Note 7E - General Meetings.

## Provision 11.6

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business condition, development plans and other factors as the Directors may deem appropriate. The Company has a scrip dividend scheme. If the scrip dividend scheme is applied to any dividend, payment will be made in compliance with the Catalyst Rules.

The Board has proposed a first and final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2023. This is subject to shareholders' approval at the 2023 AGM.

## **Principle 12: Engagement with Shareholder**

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

## Provisions 12.1, 12.2 and 12.3

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

Mr Ong Boon Tat, Alvin Executive Vice Chairman  
Telephone No: (65) 6779 5050  
Fax No: (65) 6777 0841

E-mail: [alvinong@hiaptong.sg](mailto:alvinong@hiaptong.sg)

# CORPORATE GOVERNANCE REPORT

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

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

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Principle 13: Engagement with Stakeholder

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

#### Provision 13.1

The Company has put in place practices that enable regular communication and engagement with stakeholders, so as to understand and address their needs and interests. The Group maintains a website at <http://www.hiaptong.com> to communicate and engage with stakeholders through the contact information of the Company which can be found on the website under the "Contact Us" section.

#### Provision 13.2

Details of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2023 will be set out in the Company's sustainability report to be issued within four months from the end of the financial year.

Overall, sustainability is an integral component of Hiap Tong's corporate strategy on managing business for our long term success. The Group is committed to sustainable business practices and we continue consider material environmental, social and governance topics as part of our core business strategy. In the financial year ended 31 March 2023 ("FY2023"), the Group has maintained its longstanding commitment to the Environmental, Social and Governance (ESG) Factors which has built the foundation of our operational resilience. The Group continues to actively engage in strategic initiatives that will yield a greater positive impact for the future.

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

#### Provision 13.3

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

# CORPORATE GOVERNANCE REPORT

## **OTHER CORPORATE GOVERNANCE MATTERS**

### **SECURITIES TRANSACTIONS**

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

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

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

### **INTERESTED PERSON TRANSACTIONS**

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm’s length and are reviewed by the AC. There were no interested person transactions of S\$100,000 or more in FY2023.

The Company does not have a shareholders’ mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules. The Board is satisfied with the Group’s commitment to comply with the 2018 Code.

### **MATERIAL CONTRACTS**

Save for the Service Agreements between the Executive Directors and the Company, and the non-trade amounts due to various interested persons as disclosed in Note 25 of page 79 of the Annual Report, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder either still subsisting at the end of the financial year under review or if not subsisting, were entered into since the end of the previous financial year.

### **NON-SPONSOR FEES**

No fees relating to non-sponsorship activities or services were paid/payable to the Company’s sponsor, PrimePartners Finance Pte. Ltd., during FY2023.



# DIRECTORS' STATEMENT

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 March 2023.

## 1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

## 2. Directors

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

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

# DIRECTORS' STATEMENT

## 3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporates as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 (the "Act") except as follows:

Name of director and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
<b>The Company</b>				
<i>Hiap Tong Corporation Ltd</i>				
	<u>Number of shares of no par value</u>			
Ong Lim Wan @ Ong Teck Meng	8,515,976	8,515,976	191,885,313	191,885,313
Ong Lim San	1,900,000	1,900,000	189,785,313	189,785,313
Ong Boon Tat, Alvin <sup>(a)</sup>	2,978,775	2,978,775	78,907	78,907
<b>Immediate parent company</b>				
<i>Tembusu Asia Holdings Pte. Ltd.</i>				
Ong Lim Wan @ Ong Teck Meng	910,001	910,001	525,000	525,000
Ong Lim San	689,500	689,500	-	-

<sup>(a)</sup> 769,400 shares of Ong Boon Tat, Alvin are held through nominees.

By virtue of section 7 of the Act, Ong Lim Wan @ Ong Teck Meng and Ong Lim San are deemed to have an interest in the other subsidiaries of the Company, and all the related corporations of the Company.

The directors' interests as at 21 April 2023 were the same as those at the end of the reporting year.

## 4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

## 5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

# DIRECTORS' STATEMENT

## 6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

## 7. Report of audit committee

The members of the Audit Committee ("AC") during the year and at the date of this statement are:

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

All members of the AC are independent directors.

The AC performs the functions specified in Section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Catalist Rules).

Other functions performed by the AC are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor's objectivity and independence is safeguarded where the independent auditor provides non-audit services.

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

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

## 8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the AC and the board are of the opinion that the Company's internal controls, addressing financial, operational, compliance and information technology risks, and risk management system were adequate as at 31 March 2023 to address the risks that the Company considers relevant and material to its operations.

# DIRECTORS' STATEMENT

## 9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 26 May 2023, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

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**Ong Lim Wan @ Ong Teck Meng**  
*Director*

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**Ong Lim San**  
*Director*

6 July 2023



# INDEPENDENT AUDITOR'S REPORT

Members of the Company Hiap Tong Corporation Ltd.

## Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements of Hiap Tong Corporation Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the reporting year then ended, and notes to the financial statements, including accounting policies.

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

### Basis for opinion

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. 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.

#### (a) Assessment of the impairment loss on property, plant and equipment

Refer to Note 2A on carrying amounts of non-financial assets, Note 2C on critical judgements, assumptions and estimation uncertainties and Note 12 on property, plant and equipment.

As at 31 March 2023, the Group's market capitalisation of \$24.3 million is below the net asset value of \$93.6 million, which indicates that the property, plant and equipment may be impaired. Management has determined three Cash Generating Units (CGUs) namely the Singapore Lifting and Haulage business CGU, Malaysia Lifting and Haulage business CGU and Port Services CGU for assessing the impairment loss. The CGUs are defined by the operating segments and their geographic locations that generate independent cash inflows.

The Group performed an assessment of impairment loss on the Singapore Lifting and Haulage business and Port Services CGUs using discounted future cash flows determined based on key assumptions on forecasted cash flows, revenue growth rates and discount rate of each CGU for the value in use method.

For the Malaysia Lifting and Haulage business with limited operating track record, as there is an active secondary market for plant and machinery, the fair value less costs of disposal was estimated using a desktop valuation by an independent professional valuer and management's estimation of cost of disposal. The assessment of impairment loss on property, plant and equipment involves judgement in the identification of CGUs and estimation uncertainties in determining key assumptions underlying the recoverable amounts.

# INDEPENDENT AUDITOR'S REPORT

Members of the Company Hiap Tong Corporation Ltd.

## Key audit matters (cont'd)

### (a) Assessment of the impairment loss on property, plant and equipment

We have involved our in-house valuation specialist and considered the appropriateness of management's determination of the CGUs based on our understanding of the operations and structure of the Group and corroboration with management. For CGUs where the discounted cash flows method is used, we evaluated the key assumptions used in the discounted future cash flows (including contract orders, revenue growth rate and discount rate) by comparing them against historical information, together with publicly available information where available.

We checked the mathematical accuracy of the calculations for the value in use method. We assessed the adequacy of the related disclosures in the financial statements in describing the inherent degree of estimation uncertainty and key assumptions used. For the Malaysia Lifting and Haulage business where fair value less costs of disposal is estimated, we evaluated the competence, capabilities and objectivity of the independent valuer and compared the valuation to readily available market data found for plant and machinery traded in the secondary market where available.

We have also assessed the adequacy of the disclosures made in the financial statements.

### (b) Assessment of the expected credit loss allowance on trade receivables

Refer to Note 2A on financial instruments, Note 2C on critical judgements, assumptions and estimation uncertainties and Note 19 on trade and other receivables.

The Group has significant trade receivable balances with customers concentrated in the construction and marine industries. There is a risk over the non-recoverability of these balances due to the economic uncertainties faced by these industries. Trade receivable balances are subjected to expected credit loss (ECL) assessment under the financial reporting standards on financial instruments.

The Group applied the simplified approach to provide for ECLs. Under this approach, the loss allowances are measured at amounts equal to the ECLs that result from all possible defaults over the expected life of the trade receivables. The Group estimated the loss allowances based on historical loss rates adjusted to incorporate forward-looking information.

Management also considers if specific allowance on specific receivables should be made by reference to the current financial conditions of the customers, payment history and records, and nature of disputes, if any, with the customers. The loss rate estimated is then applied on a collective basis to the remaining trade receivables. Estimation of ECL of trade receivable requires significant management's estimation.

We have reviewed the Group's process to monitor outstanding receivable balances and make specific ECL allowance for balances that are deemed uncollectible due to disputes or weakening financial conditions of the customers.

We reviewed management's assessment of allowance on trade receivables using the historical loss rate adjusted for forward-looking information. For identified trade receivables, we assessed the recoverability of these receivables by analysing the payment history and credit-worthiness of these debtors and checked for receipts subsequent to the year-end. We have also considered the adequacy of disclosures in the financial statements.

## Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

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

# INDEPENDENT AUDITOR'S REPORT

Members of the Company Hiap Tong Corporation Ltd.

## Other information (cont'd)

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

## Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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.

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

- a) 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.
- b) 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.
- c) 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.

# INDEPENDENT AUDITOR'S REPORT

Members of the Company Hiap Tong Corporation Ltd.

## Auditor's responsibilities for the audit of the financial statements (cont'd)

- d) 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.
- e) 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Mong Sheong.

**RSM Chio Lim LLP**  
*Public Accountants and  
Chartered Accountants*

Singapore  
6 July 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	Group	
		2023 \$'000	2022 \$'000
<b>Revenue</b>	5	98,837	68,066
Cost of sales		(71,479)	(60,902)
<b>Gross profit</b>		27,358	7,164
Other income	6	6,933	6,387
Distribution expenses		(668)	(228)
Administrative expenses	9	(10,716)	(9,604)
Other losses	6	(4,053)	(309)
Finance costs	7	(2,068)	(1,877)
<b>Profit before tax</b>		16,786	1,533
Income tax (expense)/benefit	10	(2,942)	75
<b>Profit for the year</b>		13,844	1,608
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Fair value changes on instruments at FVTOCI, net of tax	15	(138)	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax		324	27
Other comprehensive income for the year, net of tax		186	27
<b>Total comprehensive income</b>		14,030	1,635
<b>Earnings per share</b>			
Earnings per share currency unit	11	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings		4.49	0.52

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



# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	Notes	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	150,652	127,237	20,197	13,033
Investment property	13	7,580	730	6,900	–
Investment in subsidiaries	14	–	–	3,600	3,600
Other financial assets, non-current	15	112	250	–	–
<b>Total non-current assets</b>		<b>158,344</b>	<b>128,217</b>	<b>30,697</b>	<b>16,633</b>
<b>Current assets</b>					
Asset held for sale	16	–	17,000	–	17,000
Other non-financial assets, current	17	1,304	1,038	235	129
Financial assets – derivatives, current	18	–	4	–	–
Trade and other receivables, current	19	25,825	21,934	11,500	2,129
Cash and cash equivalents	20	11,205	10,098	717	317
<b>Total current assets</b>		<b>38,334</b>	<b>50,074</b>	<b>12,452</b>	<b>19,575</b>
<b>Total assets</b>		<b>196,678</b>	<b>178,291</b>	<b>43,149</b>	<b>36,208</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	21	24,450	24,450	24,450	24,450
Retained earnings		70,490	56,646	4,287	(3,410)
Other reserves	22	(1,335)	(1,521)	–	–
<b>Total equity</b>		<b>93,605</b>	<b>79,575</b>	<b>28,737</b>	<b>21,040</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	10,037	8,537	–	–
Loans and borrowings, non-current	23	3,482	5,924	–	–
Lease liabilities, non-current	24	39,938	19,634	12,601	3,019
Trade and other payables, non-current	25	–	1,809	–	–
<b>Total non-current liabilities</b>		<b>53,457</b>	<b>35,904</b>	<b>12,601</b>	<b>3,019</b>
<b>Current liabilities</b>					
Liabilities held for sale	16	–	11,029	–	11,029
Income tax payable		1,442	149	–	–
Financial liabilities – derivatives, current	18	45	–	–	–
Loans and borrowings, current	23	6,198	6,563	–	349
Lease liabilities, current	24	18,371	13,988	1,043	479
Trade and other payables, current	25	23,560	31,083	768	292
<b>Total current liabilities</b>		<b>49,616</b>	<b>62,812</b>	<b>1,811</b>	<b>12,149</b>
<b>Total liabilities</b>		<b>103,073</b>	<b>98,716</b>	<b>14,412</b>	<b>15,168</b>
<b>Total equity and liabilities</b>		<b>196,678</b>	<b>178,291</b>	<b>43,149</b>	<b>36,208</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Attributable to owner of the Company					
	Total equity \$'000	Share capital \$'000	Merger reserve \$'000	Fair value reserves \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000
<b>Group</b>						
<b>Current year:</b>						
Opening balance at 1 April 2022	79,575	24,450	(1,670)	50	99	56,646
Profit for the year	13,844	-	-	-	-	13,844
Exchange differences on translating foreign operations	324	-	-	-	324	-
Fair value changes on financial assets at FVTOCI (Note 15)	(138)	-	-	(138)	-	-
<b>Changes in equity:</b>						
Total comprehensive income for the year	14,030	-	-	(138)	324	13,844
<b>Closing balance at 31 March 2023</b>	<b>93,605</b>	<b>24,450</b>	<b>(1,670)</b>	<b>(88)</b>	<b>423</b>	<b>70,490</b>
<b>Previous year:</b>						
Opening balance at 1 April 2021	77,940	24,450	(1,670)	50	72	55,038
Profit for the year	1,608	-	-	-	-	1,608
Exchange differences on translating foreign operations	27	-	-	-	27	-
<b>Changes in equity:</b>						
Total comprehensive income for the year	1,635	-	-	-	27	1,608
<b>Closing balance at 31 March 2022</b>	<b>79,575</b>	<b>24,450</b>	<b>(1,670)</b>	<b>50</b>	<b>99</b>	<b>56,646</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Group	
	2023	2022
	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	16,786	1,533
Adjustments for:		
Depreciation of property, plant and equipment	14,959	13,901
Gain on disposal of property, plant and equipment	(256)	(343)
Fair value loss on investment properties	850	20
Fair value loss on financial derivatives	49	17
Allowance for impairment loss on trade receivables – loss/(reversal)	2,558	(92)
Allowance for impairment loss on property, plant and equipment – reversal	(2,229)	–
Interest expense	2,037	1,869
Interest income	(9)	(11)
Operating cash flows before changes in working capital	34,745	16,894
Trade and other receivables	(6,716)	(4,282)
Trade and other payables	(3,647)	997
Net cash flows from operating activities	24,382	13,609
Income taxes paid	(148)	(139)
Net cash flows from operating activities	24,234	13,470
<b><u>Cash flows from investing activities</u></b>		
Proceeds from disposal of property, plant and equipment	811	1,427
Purchase of property, plant and equipment	(3,984)	(3,382)
Interest received	9	11
Net cash flows used in investing activities	(3,164)	(1,944)
<b><u>Cash flows from financing activities</u></b>		
Proceeds from loans and borrowings	6,500	8,300
Proceeds from refinancing of lease liabilities	–	3,000
Repayment of loans and borrowings	(9,307)	(9,457)
Interest paid	(1,590)	(1,403)
Payments of lease liabilities	(16,010)	(14,790)
Net cash flows used in financing activities	(20,407)	(14,350)
<b>Net increase/(decrease) in cash and cash equivalents</b>	663	(2,824)
Cash and cash equivalents, statement of cash flows, beginning balance	10,098	12,880
Effect of exchange rate charges on balances had in foreign currency	444	42
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note 20)</b>	11,205	10,098

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

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The Company’s primary activities are those of an investment holding company and provision of management services.

The principal activities of the subsidiaries are described in Note 14 below.

The registered office is: 22 Soon Lee Road, Singapore 628082. The principal place of business is in Singapore.

### Uncertainties relating to the current economic conditions

The effects of Covid-19 and the war in Ukraine continue to cause disruptions resulting in uncertainties surrounding the reporting entity’s business, including affecting its relationships with its existing and future customers, suppliers and employees, and which had and will continue to have an adverse effect on its financial position, financial performance of operations, cash flows and medium and long-term prospects for the foreseeable future. The current liabilities are more than the current assets. The financial position of the entity, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the objectives, policies and processes for managing capital; financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The entity has considerable financial resources together with some satisfactory arrangements with many customers and suppliers. Consequently, the management believes that the entity is well placed to manage its solvency, liquidity or other risks. The management has reasonable expectation that the entity has adequate resources to continue in operational existence for the near future.

### Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Accounting Standards committee under ACRA. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

### Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

### Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 1. General (cont'd)

### Basis of presentation and principles of consolidation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee. They are de-consolidated from the date that control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

## 2. Significant accounting policies and other explanatory information

### 2A. Significant accounting policies

#### Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Distinct goods or services in a series – For distinct goods or services in a series such as routine or recurring service contracts where the promise under the contract is for a specified quantity of goods or services that meets the over time criteria or is a stand-ready or single continuous service and if the nature of each good or service is distinct, substantially the same and has the same pattern of transfer or each time increment is distinct, then revenue is recognised at the amount that the entity has the right to bill a fixed amount for each unit of goods or service provided.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Interest income is recognised using the effective interest method.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

#### Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

#### Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties	-	Over the term of the lease of 15 to 22 years
Plant and machinery	-	5 to 20 years from the year of manufacture
Renovation	-	10 years
Office equipment	-	3 to 5 years
Motor vehicle	-	5 to 10 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Property, plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an 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 repairs and maintenance are charged to profit or loss when they are incurred.

#### Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment.

Land and dormitories – Over the term of the lease of 1 to 17 years

#### Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

#### Leases of lessor

For a lessor a lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Operating leases are for rental income. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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 value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. There were no business combinations during the reporting year.

#### Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Financial instruments (cont'd)

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVTOCI"); (3) Financial asset that is a debt asset instrument classified as measured at FVTOCI; and (4) Financial asset classified as measured at fair value through profit or loss ("FVTPL"). At the end of the reporting year, the reporting entity had the following financial assets:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- Financial asset that is an equity investment measured at FVTOCI: On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

#### Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

#### Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

#### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2B. Other explanatory information

#### Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of the impairment loss on property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the property, plant and equipment at the end of the reporting year affected by the assumption is disclosed in Note 12 to the financial statements.

Assessment of the expected credit loss allowance on trade receivables:

The assessment of the expected credit losses (ECL) requires a degree of estimation and judgement. In measuring the expected credit losses. Management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

Residual value of plant and equipment:

Management has assumed that the residual value of certain plant and equipment at the end of their useful life to be 5% of the initial costs of the plant and equipment, based on management's estimate of the present value of the scrap value of the respective plant and equipment. If the actual residual values were to differ from management's estimates, the depreciation charge of their assets would differ from the actual. It is impracticable to disclose the extent of the possible effects.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the assets at the end of the reporting year affected by the assumption is disclosed in the note on property, plant and equipment.

Fair value of unquoted investments

If a financial asset is not traded in an active market or if the quoted price is not readily and regularly available, the fair value is established by using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. This measurement requires significant judgement. The fair value measurement requires the selection among a range of different valuation methodologies, making estimates about expected future cash flows and discount rates. The assumptions and the fair values are disclosed in the notes on other financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

### 3A. Members of a group:

Name	Relationship	Country of incorporation
Tembusu Asia Holdings Pte. Ltd.	Ultimate parent company	Singapore

Related companies in these financial statements include the members of the above Group of companies. Associates also include those that are associates of members of the above Group.

### 3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements.

### 3C. Key management compensation:

	Group	
	2023 \$'000	2022 \$'000
Salaries and other short-term employee benefits	2,848	2,417

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2023 \$'000	2022 \$'000
Directors' fees	80	80
Remuneration of directors of the Company	2,768	2,337

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Further information about the remuneration of individual directors is provided in the report on corporate governance.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 3. Related party relationships and transactions (cont'd)

### 3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	<b>Directors Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Other payables:</u>		
Balance at beginning of the year	(1,525)	(1,575)
Amount paid out and settlement of liabilities on behalf of another party	512	50
Balance at end of the year (Note 25)	(1,013)	(1,525)
	(1,013)	(1,525)
	<b>Subsidiaries Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Other receivables:</u>		
Balance at beginning of the year	2,100	3,857
Amount paid in and settlement of liabilities on behalf the Company	–	(1,757)
Amount paid out and settlement of liabilities on behalf the subsidiaries	9,360	–
Balance at end of the year (Note 19)	11,460	2,100
	11,460	2,100

## 4. Financial information by segments

### 4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services:

- (a) lifting and haulage services; and
- (b) port services.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies. "Others" include certain revenues and assets that are not allocated to the business segments.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 4. Financial information by segments (cont'd)

### 4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary financial performance measurement to evaluate segment's operating results is earnings from operations before depreciation and amortisation, interests and income taxes (called "EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each product and service or each group of similar products and services is disclosed below and in Note 5.

### 4B. Profit or loss from continuing operations and reconciliations

	Lifting and haulage services \$'000	Port services \$'000	Others \$'000	Group \$'000
<b>2023</b>				
<b>Revenue by segment</b>				
Total revenue by segment	68,309	22,317	8,211	98,837
Total revenue	68,309	22,317	8,211	98,837
<b>EBITDA</b>				
Interest expense	(1,975)	(60)	(2)	(2,037)
Depreciation	(14,107)	(770)	(82)	(14,959)
Profit before tax	16,368	941	(523)	16,786
Income tax expense	(2,942)	-	-	(2,942)
<b>Profit net of tax</b>				<b>13,844</b>
<b>2022</b>				
<b>Revenue by segment</b>				
Total revenue by segment	42,217	22,831	3,018	68,066
Total revenue	42,217	22,831	3,018	68,066
<b>EBITDA</b>				
Interest expense	(1,378)	(74)	(417)	(1,869)
Depreciation	(12,425)	(995)	(482)	(13,902)
Profit/(loss) before tax	4,082	(2,803)	254	1,533
Income tax income				75
<b>Profit net of tax</b>				<b>1,608</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 4. Financial information by segments (cont'd)

### 4C. Assets and reconciliations

	Lifting and haulage services \$'000	Port services \$'000	Others \$'000	Group \$'000
<b>2023</b>				
Total Group assets	181,224	5,471	9,983	196,678
<b>2022</b>				
Total Group assets	153,693	5,430	19,168	178,291

Others include certain assets that are not allocated to business segments because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

### 4D. Liabilities and reconciliations

	Lifting and haulage services \$'000	Port services \$'000	Others \$'000	Group \$'000
<b>2023</b>				
Total Group liabilities	95,974	4,404	2,695	103,073
<b>2022</b>				
Total Group liabilities	80,994	5,002	12,720	98,716

Others include certain liabilities that are not allocated to business segments because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 4. Financial information by segments (cont'd)

### 4E. Other material items and reconciliations

	Lifting and haulage services \$'000	Port services \$'000	Others \$'000	Group \$'000
<b>2023</b>				
Allowance for impairment loss on trade receivables – loss	(2,558)	–	–	(2,558)
Net change in fair value of investment properties	–	–	(850)	(850)
Allowance for impairment loss on property, plant and equipment –reversal	2,229	–	–	2,229
Capital expenditure	26,834	22	41	26,897
<b>2022</b>				
Allowance for impairment loss on trade receivables – reversal	92	–	–	92
Net change in fair value of investment properties	(20)	–	–	(20)
Capital expenditure	32,234	163	18	32,415

### 4F. Geographical information

	Revenue		Non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore	97,625	67,350	156,759	126,208
Malaysia	1,212	716	1,585	2,009
	98,837	68,066	158,344	128,217

### 4G. Information about major customers

Revenue from one customer of the Group's lifting and haulage services and port services segments represents approximately \$25,119,000 (2022: \$5,575,000) and \$21,812,000 (2022: \$24,857,000) respectively of the Group's total revenue.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 5. Revenue

	Group	
	2023 \$'000	2022 \$'000
Trading business	3,713	3,018
Work train operation services business	4,498	–
Lifting and haulage services business	68,309	42,217
Port services business	22,317	22,831
	98,837	68,066

Revenue classified by timing of revenue recognition:

	Group	
	2023 \$'000	2022 \$'000
Point in time	3,713	3,018
Overtime	95,124	65,048
Total revenue	98,837	68,066

Customers are commercial consumers, corporations and government authorities.

## 6. Other Income and (other losses)

	Group	
	2023 \$'000	2022 \$'000
Allowance for impairment on property, plant and equipment – reversal (Note 12)	2,229	–
Allowance for impairment on trade and other receivables – (loss)/reversal (Note 19)	(2,558)	92
Commission income	2	2
Fair value loss on financial derivatives (Note 18A)	(49)	(17)
Foreign exchange transaction losses	(596)	(272)
Gain on disposal of property, plant and equipment	256	343
Government grant income – Job Support Scheme	–	1,985
Government grant income – others	2,482	1,022
Interest income	9	11
Net change in fair value of investment properties (Note 13)	(850)	(20)
Rental income from storage	1,395	1,861
Sundry income	560	1,071
Net	2,880	6,078
Presented in profit or loss as:		
Other income	6,933	6,387
Other losses	(4,053)	(309)
Net	2,880	6,078

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 7. Finance costs

	Group	
	2023	2022
	\$'000	\$'000
Bank charges	31	8
Interest expense	2,037	1,869
	2,068	1,877
	2,068	1,877

## 8. Employee benefits expense

	Group	
	2023	2022
	\$'000	\$'000
Salaries bonuses and other costs	46,082	39,576
Contributions to defined contribution plan	3,430	3,580
Total employee benefits expense	49,512	43,156
	49,512	43,156

Employee benefits expense is charged to profit or loss and included in:

Administrative expenses (Note 9)	7,709	6,319
Cost of sales	41,803	36,837
Total employee benefits expense	49,512	43,156
	49,512	43,156

## 9. Administrative expenses

The major components and other selected components include the following:

	Group	
	2023	2022
	\$'000	\$'000
Fees on audit services to Company's independent auditors	132	120
Fees on audit services to other independent auditor	6	5
Other fees to Company's independent auditors	21	18
Other fees to other independent auditor	2	2
Employee benefits expense (Note 8)	7,709	6,319
Insurance expense	472	383
	472	383
	472	383

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 10. Income tax

### 10A. Components of tax expense/(benefit) recognised in profit or loss include:

	Group	
	2023	2022
	\$'000	\$'000
<u>Current tax expense/(benefit):</u>		
Current tax expense	1,294	67
Under/(over) adjustments in respect of prior periods	148	(142)
Subtotal	1,442	(75)
<u>Deferred tax expense:</u>		
Under adjustments in respect of prior periods	1,500	-
Subtotal	1,500	-
Total tax expense/(benefit)	2,942	(75)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2022: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2023	2022
	\$'000	\$'000
Profit before tax	16,786	1,533
Income tax expense at the above rate	2,854	261
Effect of different tax rate in different country	195	(85)
Expenses not deductible for tax purposes	589	242
Income not subjected to tax	(379)	(628)
Tax incentives and allowance	(721)	(586)
Under/(over) adjustments in respect of prior periods	1,648	(142)
Previously unrecognised deferred tax assets recognised this year	(1,244)	-
Deferred tax assets not recognised	-	863
Total tax expense/(benefit)	2,942	(75)

There are no income tax consequences of dividends to owners of the Company.

### 10B. Deferred tax expense recognised in profit or loss includes:

	Group	
	2023	2022
	\$'000	\$'000
Excess of book over tax depreciation on plant and equipment	1,500	-
Total deferred income tax expense recognised in profit or loss	1,500	-



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 10. Income tax

### 10C. Deferred tax balances in the statement of financial position:

	Group	
	2023	2022
	\$'000	\$'000
Excess of book value of plant and equipment over tax value (liabilities)	(10,037)	(8,537)

It is impracticable to estimate the amount expected to be settled or used within one year.

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of \$1,242,000 and \$Nil (2022: \$2,148,000 and \$6,413,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Unutilised capital allowances do not have expiry dates.

## 11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2023	2022
	\$'000	\$'000
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	13,844	1,608
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Denominators: weighted average number of ordinary shares	308,065	308,065
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share		
Continuing operations	4.49	0.52

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period. The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 12. Property, plant and equipment

Group	Right-of-use land and dormitories \$'000	Leasehold properties \$'000	Plant and machinery \$'000	Renovation \$'000	Office equipment \$'000	Motor vehicle \$'000	Total \$'000
<u>Cost:</u>							
At 1 April 2021	19,137	21,885	202,649	307	835	3,904	248,717
Additions	472	-	31,781	-	101	533	32,887
Disposals	-	-	(4,578)	-	(2)	(32)	(4,612)
Transfer to asset held for sale (Note 16)	(12,293)	-	-	-	-	-	(12,293)
Foreign exchange adjustments	(4)	-	(19)	*	*	(2)	(25)
At 31 March 2022	7,312	21,885	229,833	307	934	4,403	264,674
Additions	539	-	25,020	-	217	1,660	27,436
Disposals	(1,086)	-	(4,001)	(3)	(350)	-	(5,440)
Transfer from asset held for sale (Note 16)	12,293	-	-	-	-	-	12,293
Remeasurement	84	-	-	-	-	-	84
Foreign exchange adjustments	(18)	-	(182)	(1)	(1)	(19)	(221)
At 31 March 2023	19,124	21,885	250,670	303	800	6,044	298,826
<u>Accumulated depreciation:</u>							
At 1 April 2021	4,964	10,529	110,438	257	774	3,103	130,065
Depreciation for the year	1,836	1,437	10,148	11	56	413	13,901
Disposals	-	-	(3,494)	-	(2)	(32)	(3,528)
Transfer to asset held for sale (Note 16)	(2,993)	-	-	-	-	-	(2,993)
Foreign exchange adjustments	-	-	(6)	-	(1)	(1)	(8)
At 31 March 2022	3,807	11,966	117,086	268	827	3,483	137,437
Depreciation for the year	1,549	1,437	11,443	10	97	423	14,959
Reversal of impairment losses	(74)	(238)	(1,915)	(1)	*	(1)	(2,229)
Disposals	(1,086)	-	(3,447)	(2)	(350)	-	(4,885)
Transfer from asset held for sale (Note 16)	2,993	-	-	-	-	-	2,993
Foreign exchange adjustments	(18)	-	(65)	-	*	(18)	(101)
At 31 March 2023	7,171	13,165	123,102	275	574	3,887	148,173
<u>Carrying value:</u>							
At 1 April 2021	14,173	11,356	92,211	50	61	801	118,652
At 31 March 2022	3,505	9,919	112,747	39	107	920	127,237
At 31 March 2023	11,953	8,720	127,568	28	226	2,157	150,652

\* Amount less than \$1,000.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 12. Property, plant and equipment (cont'd)

Company	Right-of- use land \$'000	Leasehold property \$'000	Renovation \$'000	Other equipment \$'000	Total \$'000
<u>Cost:</u>					
At 1 April 2021	17,139	21,884	99	–	39,122
Transfer to asset held for sale	(12,293)	–	–	–	(12,293)
At 31 March 2022	4,846	21,884	99	–	26,829
Additions	–	–	–	62	62
Transfer from asset held for sale (Note 16)	12,293	–	–	–	12,293
Remeasurement	84	–	–	–	84
At 31 March 2023	17,223	21,884	99	62	39,268
<u>Accumulated depreciation:</u>					
At 1 April 2021	3,622	10,528	57	–	14,207
Depreciation for the year	1,137	1,437	9	–	2,583
Transfer to asset held for sale	(2,994)	–	–	–	(2,994)
At 31 March 2022	1,765	11,965	66	–	13,796
Depreciation for the year	1,144	1,437	9	5	2,595
Reversal of impairment	(74)	(238)	(1)	–	(313)
Transfer from asset held for sale (Note 16)	2,993	–	–	–	2,993
At 31 March 2023	5,828	13,164	74	5	19,071
<u>Carrying value:</u>					
At 1 April 2021	13,517	11,356	42	–	24,915
At 31 March 2022	3,081	9,919	33	–	13,033
At 31 March 2023	11,395	8,720	25	57	20,197

Allocation of the depreciation expense:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cost of sales	14,444	13,420	–	–
Administrative expenses	515	481	2,595	2,583
	14,959	13,901	2,595	2,583

### Security

As at 31 March 2023, property, plant and equipment of the Group and the Company with a carrying amount of \$8,745,000 (2022: \$9,952,000) were pledged to secure bank loans of \$Nil (2022: \$349,000) (see Note 23). The security was pending discharge by the bank, as the bank loan was fully repaid during the year.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 12. Property, plant and equipment (cont'd)

### Impairment assessment

As at 31 March 2023, the Group's market capitalisation of \$24.3 million continues to be less than the Group's total net assets of \$93,605,000. This is an indicator that the Group's non-financial assets may be impaired and an assessment of recoverable amounts of non-financial assets is required.

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

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

Based on the review performed by the management, reversal of impairment loss of \$2,229,000 and \$312,000 (2022: \$Nil) was recognised for the Group's and Company's property, plant and equipment respectively for the reporting year 31 March 2023. The reversal is due to improved performance for the reporting year 31 March 2023. The reversal of impairment loss is included in other income in the income statement.

The key assumptions for the value in use calculations are as follows:

	2023	2022
	%	%
<u>Singapore Lifting and Haulage business</u>		
Discount rate (pre-tax)	11.0	9.0
Revenue compound annual growth rate	2.0	3.8
EBITDA compound annual growth rate	1.0	(4.0)

The cash flow projections included specific estimates over the weighted average useful life of the non-financial assets of 13 years (2022: 13 years). The cash flow projections were based on forecasts prepared by the management taking into account of past experience and existing market conditions and any adverse movements in the key assumptions can lead to further impairment losses in future periods.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 12. Property, plant and equipment (cont'd)

### Impairment assessment

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

<b>Group</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Right-of-use land and dormitories	74	–
Leasehold property	238	–
Plant and machinery	1,915	–
Renovation	1	–
Office equipment	*	–
Motor vehicles	1	–
	2,229	–
	2,229	–
<b>Company</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Right-of-use land	74	–
Leasehold property	238	–
Renovation	1	–
	313	–
	313	–

## 13. Investment properties

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>At fair value</u>				
At beginning of the year	730	8,450	–	7,700
Add/(less): transferred from/(to) asset held for sale (Note 16)	7,700	(7,700)	7,700	(7,700)
Decrease in fair value included in profit/loss under other losses (Note 6)	(850)	(20)	(800)	–
At end of the year	7,580	730	6,900	–
	7,580	730	6,900	–

During the year, the initial proposed sale of the property at 8 Tuas South Street 10, Singapore 636943 has been cancelled. This investment property has been reclassified from asset held for sale under current assets to investment properties under non-current assets.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 13. Investment properties (cont'd)

### Measurement of fair value

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

The current economic conditions have resulted in market uncertainty and volatility, and accordingly the valuation of investment property may fluctuate more rapidly and significantly subsequent to valuation date as compared to normal market conditions.

The fair value measurement for the investment properties of \$7,580,000 (2022: \$730,000) has been categorised as a Level 2 fair value based on observable market sales data.

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

Asset 1:	Leasehold property at 8 Tuas South Street 10 Singapore 636943
Fair value and fair value hierarchy – Level:	\$6,900,000 (2022: \$Nil). Level 2. (2022: Nil).
Valuation technique for recurring fair value measurements:	Transacted prices per square metre of comparable properties in close proximity on recent market transactions <sup>(1)</sup>
Significant observable inputs and range (weighted average):	Price per square feet \$129
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$690,000; higher by \$690,000.
Asset 2:	Leasehold property at 1 Tuas South Avenue 6 #03-17 "The Westcom" Singapore 637021
Fair value and fair value hierarchy – Level:	\$680,000 (2022: \$730,000). Level 2. (2022: Level 2).
Valuation technique for recurring fair value measurements:	Transacted prices per square metre of comparable properties in close proximity on recent market transactions <sup>(1)</sup>
Significant observable inputs and range (weighted average):	Price per square feet \$221 (2022: \$237)
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$68,000; higher by \$68,000.

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



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 14. Investments in subsidiaries

	Company	
	2023 \$'000	2022 \$'000
<u>Movements during the year:</u>	4,020	3,920
Cost at the beginning of the year	–	100
Additions	(420)	(420)
Allowance for impairment	3,600	3,600
Cost at the end of the year		
Movements in allowance for impairment		
At beginning and end of the year	420	420

The subsidiaries held by the Company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost in books of the Company	
	2023 \$'000	2022 \$'000
Hiap Tong Crane & Transport Pte Ltd <sup>(a)</sup> Singapore Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	2,066	2,066
Hiap Tong Trading Pte. Ltd. <sup>(a)</sup> Singapore Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment.	1,434	1,434
Hiap Tong Construction Pte. Ltd. <sup>(a)</sup> Singapore Provision of work train operation services, as well as manpower.	100	100
HT Infrastructure Private. Ltd. <sup>(c)</sup> India (Dormant)	16	16
Hiap Tong Crane & Transport Sdn. Bhd. <sup>(b)</sup> Malaysia Rental of cranes, prime movers, heavy machinery and equipment.	404	404

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 14. Investments in subsidiaries (cont'd)

**Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors**

**Cost in books of the Group**  
**2023**      **2022**  
**%**          **%**

Held through Hiap Tong Crane & Transport Pte Ltd

HT Ports Services Pte. Ltd. <sup>(a)</sup>

500          500

Singapore

Provision of labour support for container lashing/unlashing prime mover driving services repair and maintenance of motor vehicles.

Held through Hiap Tong Trading Pte. Ltd.

HTV Equipment Company Limited <sup>(c)</sup>

50            50

Vietnam

Provision of heavy lifting and haulage services, as well as the trading of cranes and heavy equipment

<sup>(a)</sup> Audited by RSM Chio Lim LLP.

<sup>(b)</sup> Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

<sup>(c)</sup> Not audited as it is immaterial. The management accounts were used for consolidation.

## 15. Other financial assets

**Group**

**2023**      **2022**  
**\$'000**      **\$'000**

Unquoted investments at FVTOCI

112          250

### 15A. Movement in balances

**Group**

**2023**      **2022**  
**\$'000**      **\$'000**

Movements during the year:

Fair value at beginning of the year

250          250

Decrease in fair value through other comprehensive income

(138)          -

Fair value at end of the year

112          250

### 15B. Disclosures relating to investments in equity shares at FVTOCI

**Group**

**Level**      **2023**      **2022**  
**\$'000**      **\$'000**

Unquoted equity shares:

Singapore:

Logistics industry

3            112          250

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 15. Other financial assets

### 15C. Fair value measurements (Level 3) recognised in the statement of financial position

The Group adopted the following valuation methodology in estimating the fair values of the investments.

Option Pricing Model ("OPM"): The OPM, which applies the Black-Scholes formula for option pricing, is a generally accepted valuation methodology used in estimating fair values of early stage companies, in particular those with different classes of shares. In applying the OPM to determine the fair value of an investee, management considers terms such as level of seniority among the securities, dividend policy, conversion ratios, and cash allocations of the various stockholders' agreements with the investee that would affect the distributions to each class of equity upon a liquidity event. In addition, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date.

The key assumptions used in applying the OPM models are as follows:

	2023	2022
Risk free rates	3.07%	2.29%
Asset volatility	54%	55%
Expected terms (years)	3.75	4.75

## 16. Asset and liabilities held for sale

The Company has entered into a offer to purchase dated 17 February 2022 with a third party purchaser for the proposed disposal of the investment property at 8 Tuas South Street 10, Singapore 636943 for an aggregate sale consideration of \$6 million, subjected to JTC Corporation's approval. Accordingly, the investment property, and corresponding right-of-use asset and lease liabilities in relation to the rental of the land has been classified as asset and liabilities held for sale for the reporting year ended 31 March 2022.

	Group and Company	
	2023	2022
	\$'000	\$'000
Asset held for sale:		
Investment property (Note 13)	–	7,700
Right-of-use asset (Note 12)	–	9,300
Subtotal for assets	–	17,000
Liabilities associated with asset classified as held for sale:		
Lease liabilities (Note 24)	–	(11,029)
Subtotal for liabilities	–	(11,029)
Net asset held for sale	–	5,971

During the reporting year ended 31 March 2023, the initial proposed sale of the property at 8 Tuas South Street 10, Singapore 636943 has been cancelled. Accordingly, the asset and liabilities held for sale has been reclassified to investment property, right of use asset and lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 17. Other non-financial assets

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Prepayments	160	207	8	8
Deposits to secure services	1,144	831	227	121
	<u>1,304</u>	<u>1,038</u>	<u>235</u>	<u>129</u>

## 18. Derivatives financial instruments

Derivative financial assets is presented in the statement of financial position as follows:

	Group	
	2023	2022
	\$'000	\$'000
Financial assets – derivatives, current (Note 18A)	–	4
Financial liabilities – derivatives, current (Note 18A)	(45)	–
Net	<u>(45)</u>	<u>4</u>

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with the gain or loss recognised immediately in profit or loss except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

### 18A. Financial (liabilities)/assets – derivatives

	2023	2022
	\$'000	\$'000
<u>Foreign currency forward contracts</u>		
At the beginning of the year – net debit	4	21
Fair value loss (Note 6)	(49)	(17)
At the end of the year	<u>(45)</u>	<u>4</u>

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on expected purchases denominated in United States Dollar (“USD”).

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 18. Derivatives financial instruments

### 18A. Financial (liabilities)/assets - derivatives

The table below sets out the notional principal amounts of the outstanding forward foreign exchange contracts of the Group, and their corresponding favourable and unfavourable fair values (Level 2) at the reporting date. The amount of notional amount outstanding is not necessarily a measure or indication of market risk.

	Notional principal		(Unfavourable)/favourable fair value	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
Purchase USD	8,007	6,081	(45)	4
	<u>8,007</u>	<u>6,081</u>	<u>(45)</u>	<u>4</u>

The fair value (Level 2) of forward foreign exchange contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

At 31 March 2023, the settlement date on forward foreign exchange contracts for the Group ranges from 1 to 12 months (2022: 1 to 6 months).

## 19. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Third parties	27,014	21,053	-	-
Less allowance for impairment	(2,702)	(489)	-	-
Net trade receivables - subtotal	<u>24,312</u>	<u>20,564</u>	<u>-</u>	<u>-</u>
<u>Other receivables:</u>				
Third parties	1,513	1,370	40	29
Subsidiaries (Note 3)	-	-	11,460	2,100
Net other receivables - subtotal	<u>1,513</u>	<u>1,370</u>	<u>11,500</u>	<u>2,129</u>
Total trade and other receivables	<u>25,825</u>	<u>21,934</u>	<u>11,500</u>	<u>2,129</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 19. Trade and other receivables (cont'd)

Movements in above allowance on trade receivables:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At beginning of the year	489	849	-	-
Charged/(reversed) to profit or loss included in other (losses)/gains (Note 6)	2,558	(92)	-	-
Amount written off	(345)	(268)	-	-
At end of the year	<u>2,702</u>	<u>489</u>	<u>-</u>	<u>-</u>

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables and contract assets recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions.

The reporting entity also has a few customers with material balances and which can be credit risk graded individually and these are recorded at inception net of any expected lifetime ECL. For these material balances the credit risk is graded individually. For these material balances, at the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances. For the smaller balances the assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions.

At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the the current economic conditions) are analysed. At every reporting date the historical observed default rates for both the categories are updated and changes in the forward-looking estimates (including the impact of the current economic conditions) are analysed.

The ageing of the balance is as follows:

Group	Gross amount		ELR		Loss allowance	
	2023 \$'000	2022 \$'000	2023 %	2022 %	2023 \$'000	2022 \$'000
Within due date	11,046	8,653	-	-	-	-
Past due 1 – 90 days	9,661	7,928	-	-	-	-
Past due 91 – 180 days	1,916	2,276	0.4	-	7	-
Past due 181 – 365 days	2,252	1,142	24.7	1.1	556	12
Past due more than 365 days	2,139	1,054	100.0	45.3	2,139	477
	<u>27,014</u>	<u>21,053</u>			<u>2,702</u>	<u>489</u>

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade customers is about 30 days (2022: 30 days). But some customers take a longer period to settle the amounts.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 19. Trade and other receivables (cont'd)

Concentration of trade receivable customers as at the end of the reporting year:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Top 1 customer	4,316	3,951
Top 2 customers	6,607	7,745
Top 3 customers	8,141	9,300

The other receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of expected 12 month credit losses. At each reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

At the end of the reporting year a loss allowance is recognised at an amount equal to the lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition including the impact of the current economic conditions. No loss allowance is necessary.

Other receivables are normally with no fixed terms and therefore there is no maturity.

## 20. Cash and cash equivalents

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not restricted in use	11,205	10,098	717	317
	11,205	10,098	717	317

The interest earning balances are not significant.

## 20A. Non-cash transactions

During the financial year, excluding the additions of right-of-use land and dormitories of \$539,000 (2022: \$472,000), the Group acquired property, plant and equipment totalling \$26,897,000 (31 March 2022: \$32,415,000), of which \$8,850,000 (31 March 2022: \$8,255,000) was acquired under new leases and \$14,063,000 (31 March 2022: \$20,779,000) was payable to an external supplier.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 20B. Reconciliation of liabilities arising from financing activities:

	2023 \$'000	Cash flows \$'000	Non-cash changes \$'000	2023 \$'000
<u>Group</u>				
Amount due to directors	1,525	(512)	–	1,013
Loans and borrowings	12,487	(2,807)	–	9,680
Lease liabilities	33,622	(16,010)	40,697 <sup>(a)</sup>	58,309
Total liabilities from financing activities	47,634	(19,329)	40,697	69,002
	2022 \$'000	Cash flows \$'000	Non-cash changes \$'000	2022 \$'000
<u>Group</u>				
Amount due to directors	1,575	(50)	–	1,525
Loans and borrowings	13,644	(1,157)	–	12,487
Lease liabilities	45,858	(14,790)	2,554(a)	33,622
Total liabilities from financing activities	61,077	(15,997)	2,554	47,634

<sup>(a)</sup> Acquisition, reclassification from held for sale and accrual of interest expense.

## 21. Share capital

	Group and company	
	Number of shares issued '000	Share capital \$'000
<u>Ordinary shares of no par value:</u>		
Balance at 1 April 2021, 31 March 2022 and 31 March 2023	308,065	24,450

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

### Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year.

The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 21. Share capital (cont'd)

### Capital management (cont'd):

In order to maintain its listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2023 \$'000	2022 \$'000
Loan borrowings	9,680	12,487
Lease liabilities	58,309	33,622
Less cash and cash equivalents	(11,205)	(10,098)
Net debt:	56,784	36,011
Total equity	93,605	79,575
Debt to adjusted capital ratio	60.7%	45.3%

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the reclassification of lease liabilities from asset held for sale, which more than offset the effect of a favourable change with improved retained earnings.

## 22. Other reserves

	Group	
	2023 \$'000	2022 \$'000
Foreign currency translation reserve (Note 22A)	423	99
Fair value reserve (Note 22B)	(88)	50
Merger reserve (Note 22C)	(1,670)	(1,670)
	(1,335)	(1,521)

### 22A. Foreign exchange translation reserve

	Group	
	2023 \$'000	2022 \$'000
At beginning of the year	99	72
Exchange differences on translating foreign operations	324	27
At end of the year	423	99

The foreign currency translation reserve accumulates all foreign exchange differences.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 22. Other reserves (cont'd)

### 22B. Fair value reserve

	Group	
	2023 \$'000	2022 \$'000
At beginning of the year	50	50
Losses on fair value changes on equity shares at FVTOCI (Note 15)	(138)	-
At end of the year	(88)	50

### 22C. Merger reserves

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

## 23. Loans and borrowings

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current:				
Secured bank loans (Note 23A)	-	244	-	-
Unsecured bank loan	3,482	5,680	-	-
Subtotal, non-current	3,482	5,924	-	-
Current:				
Secured bank loans (Note 23A)	-	1,458	-	349
Unsecured bank loan	6,198	5,105	-	-
Subtotal, current	6,198	6,563	-	349
Total	9,680	12,487	-	349
The non-current portion is repayable as follows:				
Due within 2 to 5 years	3,482	5,924	-	-
Total non-current portion	3,482	5,924	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 23. Loans and borrowings (cont'd)

The range of floating rate interest rates paid were as follows:

	Group	Company
<u>Bank loans (secured)</u>		
2023	1.67% - 1.79%	1.67% - 1.79%
2022	1.44% - 2.79%	1.44% - 2.58%
<u>Bank loans (unsecured)</u>		
2023	2.00% - 6.15%	-
2022	2.00% - 3.90%	-

### 23A. Bank loans (secured)

The bank agreements for the bank loans and other credit facilities provide among other matters for the following:

- (a) Legal mortgage over the leasehold property (Note 12);
- (b) Legal mortgage over the investment property (Note 13); and
- (c) Corporate guarantees executed by the Company and subsidiaries.

The loan was fully repaid during the reporting year.

## 24. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Lease liabilities, non-current	39,938	19,634	12,601	3,019
Lease liabilities, current	18,371	13,988	1,043	479
	<u>58,309</u>	<u>33,622</u>	<u>13,644</u>	<u>3,498</u>

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowings purposes. Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 24. Lease liabilities (cont'd)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 3.9% to 5.1%.

During the reporting year ended 31 March 2023, the initial proposed sale of the property at 8 Tuas South Street 10, Singapore 636943 has been cancelled. The corresponding liabilities held for sale has being reclassified to lease liabilities during the reporting year (Note 16).

A summary of the maturity analysis of lease liabilities is disclosed in Note 29E. Total cash outflows from leases are shown in the consolidated statement of cash flows. The right-of-use assets included in property, plant and equipment are disclosed in Note 12.

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	Group	
	2023 \$'000	2022 \$'000
Expenses relating to short-term leases included in cost of sales	684	83

## 25. Trade and other payables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Non-current</u>				
Other payables				
Directors (Note 3)	–	1,503	–	–
Former directors of subsidiaries	–	306	–	–
Net other payables - subtotal	–	1,809	–	–
<u>Current</u>				
<u>Trade payables:</u>				
Outside parties	16,369	22,503	49	51
Accrued liabilities	4,593	3,995	179	181
Deposits and advances	236	1,394	–	60
Net trade payables - subtotal	21,198	27,892	228	292
<u>Other payables:</u>				
Other payables	1,349	3,169	–	–
Directors (Note 3)	1,013	22	–	–
Subsidiaries (Note 3)	–	–	540	–
Net other payables - subtotal	2,362	3,191	540	–
Total trade and other payables	23,560	32,892	768	292



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 25. Trade and other payables (cont'd)

	Group		Company	
	2023 \$'000	2022 \$'000 \$'000	2023 \$'000	2022 \$'000
Presented as:				
Trade and other payables, non-current	–	1,809	–	–
Trade and other payables, current	23,560	31,083	768	292
	<u>23,560</u>	<u>32,892</u>	<u>768</u>	<u>292</u>

Trade payables includes an amount of \$14,063,000 (2022: \$20,779,000) due to an external supplier for the acquisition of equipment.

## 26. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2023 \$'000	2022 \$'000
Commitments to purchase property, plant and equipment	<u>3,284</u>	<u>10,990</u>

## 27. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2023 \$'000	2022 \$'000
Not later than one year	453	577
Later than one year and not later than five years	<u>–</u>	<u>171</u>
Rental income for the year	<u>1,395</u>	<u>1,861</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 28. Financial instruments: information on financial risks

### 28A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	37,030	32,032	12,217	2,446
Financial assets at FVTOCI	112	250	-	-
Financial assets at FVTPL	-	4	-	-
At end of the year	<u>37,142</u>	<u>32,286</u>	<u>12,217</u>	<u>2,446</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	91,549	79,001	14,412	4,139
Financial liabilities at FVTOCI	45	-	-	-
At end of the year	<u>91,594</u>	<u>79,001</u>	<u>14,412</u>	<u>4,139</u>

Further quantitative disclosures are included throughout these financial statements.

### 28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## **28. Financial instruments: information on financial risks (cont'd)**

### **28C. Fair values of financial instruments**

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

### **28D. Credit risk on financial assets**

Financial assets are principally from cash balances with banks, cash equivalents, receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances and any other financial instruments with banks and other financial institutions is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the ECL allowance. Under this general approach the financial assets move through the three stages as their credit quality change. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, for trade receivables that do not contain a significant financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a significant financing component, the reporting entity applies the simplified approach in calculating ECL as is permitted by the financial reporting standard on financial instruments. Under the simplified approach, the reporting entity does not track changes in credit risk, but instead recognises the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life at each reporting date. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 20 discloses the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

### **28E. Liquidity risk – financial liabilities maturity analysis**

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2022: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 28. Financial instruments: information on financial risks (cont'd)

### 28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

<b>Group</b>	<b>Less than 1 year \$'000</b>	<b>2 – 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>2023:</b>				
Gross loans and borrowings	6,328	3,552	–	9,880
Gross lease liabilities	19,919	34,279	8,760	62,958
Trade and other payables	23,560	–	–	23,560
At end of the year	49,807	37,831	8,760	96,398
<b>2022:</b>				
Gross loans and borrowings	6,744	6,112	–	12,856
Gross lease liabilities	14,841	19,608	971	35,420
Trade and other payables	31,083	401	1,408	32,892
At end of the year	52,668	26,121	2,379	81,168
<b>Company</b>				
	<b>Less than 1 year \$'000</b>	<b>2 – 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Total \$'000</b>
<b>2023:</b>				
Gross lease liabilities	1,440	6,020	8,760	16,220
Trade and other payables	768	–	–	768
At end of the year	2,208	6,020	8,760	16,988
<b>2022:</b>				
Gross loans and borrowings	349	–	–	349
Gross lease liabilities	583	2,331	971	3,885
Trade and other payables	292	–	–	292
At end of the year	1,224	2,331	971	4,526

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 28. Financial instruments: information on financial risks (cont'd)

### 28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year \$'000	Total \$'000
<u>2023:</u>		
Financial guarantee contracts – corporate guarantee in favour of subsidiaries	9,880	9,880
<u>2022:</u>		
Financial guarantee contracts – corporate guarantee in favour of subsidiaries	15,087	15,087

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Bank facilities:</u>				
Unused borrowing facilities	34,141	47,158	–	–

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A monthly schedule showing the maturity of financial liabilities and unused bank facilities is provided to management to assist them in monitoring the liquidity risk.

### 28F. Interest rate risk

The interest rate risk exposure is from changes in fixed and floating interest rate and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Financial liabilities with interest:</u>				
Fixed rates	(44,100)	(35,348)	–	–
Floating rates	(9,680)	(7,802)	–	(349)
Total at end of the year	(40,780)	(43,150)	–	(349)
<u>Financial assets with interest:</u>				
Fixed rates	124	118	–	–
Total	124	118	–	–
Total	(40,656)	(43,032)	–	(349)

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 28. Financial instruments: information on financial risks (cont'd)

### 28F. Interest rate risk (cont'd)

The floating rate debt instruments are with interest rates that are re-set regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Financial liabilities:</u>				
A hypothetical increase in interest rates by 100 basis points with all other variables held constant, would have a decrease in pre-tax profit for the year by	(97)	(78)	-	(3)

The analysis has been performed for fixed interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

### 28G. Foreign currency risk

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

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currency:

Group	2023	2022
	United States Dollar \$'000	United States Dollar \$'000
<u>Financial assets:</u>		
Cash and cash equivalents	46	308
Total financial assets	46	308
<u>Financial liabilities:</u>		
Trade and other payables	(5,996)	(13,445)
Total financial liabilities	(5,996)	(13,445)
Net financial liabilities at end of the year	(5,950)	(13,137)



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 28. Financial instruments: information on financial risks (cont'd)

### 28G. Foreign currency risk (cont'd)

Group	2023 Renminbi \$'000	2022 Renminbi \$'000
<u>Financial liabilities:</u>		
Trade and other payables	(4,445)	-
Total financial liabilities	(4,445)	-
Net financial liabilities at end of the year	(4,445)	-

There is no significant foreign currency risk at the Company's level.

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	2023 \$'000	2022 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US Dollar with all other variables held constant would have a favourable effect on pre-tax profit of	595	1,314
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the Renminbi with all other variables held constant would have a favourable effect on pre-tax profit of	4	-

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction. In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

### 28H. Equity price risk

There are instruments in equity shares, related derivatives or similar instruments. As a result, such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets and sensitivity analysis are disclosed in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

## 29. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Accounting Standards Committee under ACRA. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

## 30. New or amended standards in issue but not yet effective

For the future reporting years, certain new or revised financial reporting standards were issued by the Accounting Standards Committee under ACRA and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

<b>SFRS (I) No.</b>	<b>Title</b>	<b>Effective date for periods beginning on or after</b>
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS (I) 1-1	Disclosure of Accounting Policies – Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2 Making Materiality Judgements	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates – Amendments	1 January 2023
SFRS(I) 1-12 and SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments	1 January 2023
SFRS (I)10 and SFRS (I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

# STATISTICS OF SHAREHOLDINGS

As at 12 June 2023

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	8	1.11	399	0.00
100 - 1,000	21	2.90	10,286	0.00
1,001 - 10,000	165	22.82	1,190,789	0.39
10,001 - 1,000,000	500	69.16	46,133,288	14.98
1,000,001 and above	29	4.01	260,730,520	84.63
<b>TOTAL</b>	<b>723</b>	<b>100.00</b>	<b>308,065,282</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TEMBUSU ASIA HOLDINGS PTE. LTD.	189,785,313	61.61
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	8,869,821	2.88
3	ONG LIM WAN @ ONG TECK MENG	8,515,976	2.76
4	PHILLIP SECURITIES PTE LTD	6,957,021	2.26
5	GOH GUAN SIONG (WU YUANXIANG)	3,546,300	1.15
6	OCBC SECURITIES PRIVATE LIMITED	3,506,900	1.14
7	UOB KAY HIAN PRIVATE LIMITED	2,818,125	0.91
8	ONG BOON TAT, ALVIN (WANG WENDA, ALVIN)	2,209,375	0.72
9	MAYBANK SECURITIES PTE. LTD.	2,118,000	0.69
10	CHUA SIO KAH (CAI XIAOJIA)	2,100,000	0.68
11	ONG CHUAN HOCK	2,100,000	0.68
12	TAN SIEW DUAN	2,100,000	0.68
13	ONG LAY SUAN	2,080,000	0.68
14	POH KA THENG	2,000,000	0.65
15	XU YONGSHENG	1,947,000	0.63
16	KWOK LAI FONG EVANGELINE	1,946,525	0.63
17	ONG LIM SAN	1,900,000	0.62
18	DBS NOMINEES (PRIVATE) LIMITED	1,780,300	0.58
19	ANG LAI HOE	1,560,000	0.51
20	YU LIMIN	1,530,000	0.50
	<b>TOTAL</b>	<b>249,370,656</b>	<b>80.96</b>

# STATISTICS OF SHAREHOLDINGS

As at 12 June 2023

## SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 12 June 2023.

Name	Note	Direct Interest	%	Indirect Interest	%
Ong Teck Meng	1	8,515,976	2.76%	191,885,313	62.29%
Ong Lim San	2	1,900,000	0.62%	189,785,313	61.61%
Tembusu Asia Holdings Pte. Ltd.		189,785,313	61.61%	-	-

Notes:

- (1) Mr Ong Teck Meng is deemed to have an interest in the entire equity stake held by his wife, Ms Tan Siew Duan, and Tembusu Asia Holdings Pte. Ltd. in the Company.
- (2) Mr Ong Lim San is deemed to have an interest in the entire equity stake held by Tembusu Asia Holdings Pte. Ltd. in the Company.

## FREE FLOAT

As at 12 June 2023, approximately 31.06% of the issued ordinary shares (excluding preference shares, convertible equity securities and treasury shares) of the Company was held in the hands of the public.

Accordingly, the Company has complied with Rule 723 of Section B: Rules of Catalist of the SGX-ST Listing Manual (the "Catalist Rules").

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifteenth Annual General Meeting (“AGM”) of Hiap Tong Corporation Ltd will be held at Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Level 1 Hall 3, Singapore 609607 on Thursday, 27 July 2023 at 3.00 p.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 March 2023 together with the Auditors’ Report thereon. **Resolution 1**
2. To declare a first and final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2023. **Resolution 2**
3. To approve the payment of Directors’ fees of S\$110,000 for the financial year ended 31 March 2023. **Resolution 3**
4. To approve the payment of Directors’ fees of up to S\$110,000 for the financial year ending 31 March 2024, to be paid quarterly in arrears. [refer to explanatory note (i)] **Resolution 4**
5. To re-elect the following Directors retiring pursuant to the Company’s Constitution:
  - (i) Mr Ong Boon Tat, Alvin (Regulation 95) [refer to explanatory note (ii)] **Resolution 5**
  - (ii) Mr Ong Lim San (Regulation 95) [refer to explanatory note (iii)] **Resolution 6**
6. To re-appoint RSM Chio Lim LLP, Public Accountants and Chartered Accountants, Singapore and to authorize the Directors to fix the Auditors’ remuneration. **Resolution 7**

## AS SPECIAL BUSINESS

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

7. **Authority to allot and issue new shares in the capital of the Company** **Resolution 8**

“That pursuant to Section 161 of the Companies Act 1967 (the “**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rule**”), the Directors of the Company be authorised and empowered to: issue shares and convertible securities in the capital of the Company, including additional convertible securities issued pursuant to Catalist Rule 829 adjustments and new shares arising from the conversion of convertible securities and additional convertible securities (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority which would or might require shares or convertible securities to be issued during the continuance of this authority or thereafter) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit (notwithstanding that such issue of shares pursuant to conversion of the convertible securities pursuant to Catalist Rule 806(1)(b) and 806(1)(c) may occur after the expiration of the authority contained in this Resolution), provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and provided further that where shareholders of the Company with registered addresses in Singapore are not given an opportunity to participate in the same on a pro-rata basis, then the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to all existing shareholders of the Company must not exceed 50% of

# NOTICE OF ANNUAL GENERAL MEETING

the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and for the purpose of this Resolution, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed (after adjusting for (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and (iii) any subsequent bonus issue, consolidation or subdivision of shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."  
[refer to Explanatory Note (iv)]

## 8. Renewal of the Share Buy-Back Mandate

## Resolution 9

"That

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

- (i) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (ii) an off-market purchase ("**Off-Market Purchase**"), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act,

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

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

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever the earliest.

# NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

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

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

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

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

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

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

9. That pursuant to Section 161 of the Companies Act 1967 and Rule 805 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the Hiap Tong Corporation Ltd. Scrip Dividend Scheme. [refer to explanatory note (vi)]

## Resolution 10

**Notice is hereby given** that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 14 August 2023 for the purposes of determining members’ entitlement to the proposed first and final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2023 (the **“FY2023 Dividend”**).

Duly completed and stamped transfers of the ordinary shares of the Company received by the Company’s share registrar, In.Corp Corporate Services Pte. Ltd. (**“Share Registrar”**) at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, up to 5.00 p.m. on 14 August 2023 (**“Record Date”**) will be registered before members’ entitlement to the FY2023 Dividend are determined.

The FY2023 Dividend, if approved at the Fifteenth Annual General Meeting, will be paid on 27 September 2023.

By Order of the Board

Lim Guek Hong  
Company Secretary

Singapore, 7 July 2023



# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The Ordinary Resolution 4 proposed on item 4 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is during the financial year ending 31 March 2024. In the event that the amount proposed is insufficient, approval will be sought at the next annual general meeting for the payments to meet the shortfall.
- (ii) Mr Ong Boon Tat, Alvin, if re-elected, will continue to serve as an Executive Vice Chairman and a member of the Nominating Committee. Detailed information pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of SGX-ST on Mr Ong Boon Tat, Alvin can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 95 to 100 of the Annual Report.
- (iii) Detailed information pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of SGX-ST on Mr Ong Lim San can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 95 to 100 of the Annual Report.
- (iv) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares and/or convertible securities other than on a pro-rata basis to all existing shareholders of the Company shall not exceed 50% of the total issued shares (excluding treasury shares and subsidiary holdings).
- (v) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM is held or is required by law to be held, whichever is the earlier, to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial effects on the Group, are set out in the Letter to Shareholders dated 7 July 2023.
- (vi) The implementation of the Hiap Tiong Corporation Ltd. Scrip Dividend Scheme was announced by the Company on 20 July 2012. The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company to allot and issue ordinary shares pursuant to the Hiap Tiong Corporation Ltd. Scrip Dividend Scheme, should the Company decide to apply the said Scrip Dividend Scheme to any dividend declared by the Company from the date of this AGM until the date of the next annual general meeting of the Company, to eligible Shareholders who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend to which the said Scrip Dividend Scheme is applied.

## Notes:

- (1) The AGM will be held, in a wholly physical format, at the venue, date and time stated above. Members, including CPF and SRS investors, and (where applicable) duly appointed proxies or representatives will be able to ask questions and vote at the AGM by attending the AGM in person. There will be no option for shareholders to participate virtually.
  - (2) Printed copies of this Notice of AGM and the accompanying proxy form will be sent by post to members. These documents will also be published on the Company's website at <https://www.hiaptong.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
  - (3)
    - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
    - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
- (4) A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the Meeting as his/her/its proxy.

# NOTICE OF ANNUAL GENERAL MEETING

- (5) The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
- (a) if submitted electronically, be submitted via email to [administrator@hiaptong.sg](mailto:administrator@hiaptong.sg); or
  - (b) if submitted by post, be lodged with the Company's registered address at 22 Soon Lee Road, Singapore 628082
- in either case, by no later than **24 July 2023, 3.00 p.m.**, being 72 hours before the time appointed for holding the AGM.
- (6) CPF and SRS investors:
- (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operations if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 July 2023.
- (7) The instrument of proxy must be signed by the appointor or his attorney duly authorised in writing. In the case of joint shareholders, all holders must sign the instrument of proxy.
- (8) Members, including CPF and SRS investors, can submit substantial and relevant questions relating to the business of the AGM in advance by **3.00 p.m. on 15 July 2023**:
- (a) by post to the Company's registered address at 22 Soon Lee Road, Singapore 628082; or
  - (b) via email at [administrator@hiaptong.sg](mailto:administrator@hiaptong.sg).
- When submitting questions by post or via email, members should provide the following details; (i) the member's full name; (ii) his/her/its identification/registration number; (iii) contact for verification purposes; and (iv) the manner in which the member holds shares in the Company (e.g. via CDP, CPF, SRS and/or scrip), for verification purposes.
- (9) The Company will address all substantial and relevant questions received from members by 15 July 2023 by publishing its responses to such questions on the Company's corporate website and the SGX website by 21 July 2023, at least 48 hours prior to the closing date and time for the lodgement of instruments appointing a proxy(ies). The Company will respond to questions or follow-up questions submitted after the 15 July 2023 deadline either within a reasonable timeframe before the AGM, or at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- (10) Members, including CPF and SRS investors, and (where applicable) duly appointed proxies or representatives can also ask the Chairman of the Meeting substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.
- (11) The Company's Annual Report 2023 and the Letter to Shareholders dated 7 July 2023 (in relation to the proposed renewal of share purchase mandate) may be accessed at the Company's corporate website at <https://www.hiaptong.com/>. These documents will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. Members may request for printed copies of these documents by completing and submitting the request form sent to them by post together with printed copies of this Notice of AGM and the accompanying proxy form.

## Personal data privacy:

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

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ong Boon Tat, Alvin and Mr Ong Lim San are the Directors seeking re-election at the annual general meeting of the Company on 27 July 2023 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

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

Name of Director	Ong Boon Tat, Alvin	Ong Lim San
Date of appointment	8 January 2008	6 October 2008
Date of last re-appointment (if applicable)	25 September 2020	25 September 2020
Age	45 years old	69 years old
Country of principal residence	Singapore	Singapore
The Board’s comments on this re-appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the performance, diversity of skillsets, contributions, qualifications, expertise, work experience and suitability of Mr Ong Boon Tat, Alvin for re-election as Executive Vice Chairman of the Company. The Board has accepted the NC’s recommendation and concluded that Mr Ong continues to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the performance, contributions, qualifications, expertise, diversity of skillsets, work experience and suitability of Mr Ong Lim San for re-election as Executive Director of the Company. The Board has accepted the NC’s recommendation and concluded that Mr Ong continues to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether Board appointment is executive, and if so, the area of responsibility	<ul style="list-style-type: none"> <li>- Executive Vice Chairman</li> <li>- Assist the Chief Executive Officer (“CEO”) in the day-to-day management of the group, as well as managing the Group’s strategic planning functions</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Director</li> <li>- Oversees the technical aspects and manages the maintenance department of the Group, which involves all maintenance, repair and reconditioning works done on lifting and haulage fleets.</li> </ul>
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Executive Vice Chairman and Nominating Committee Member	Executive Director
Academic / professional qualifications	National University of Singapore - Bachelor of Arts degree, majoring in Economics and Statistics	Singapore Polytechnic - Certificate in Mechanical Draughting

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Boon Tat, Alvin	Ong Lim San
Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> <li>1. Tembusu Asia Holdings Pte. Ltd. – Director (2008 to Present)</li> <li>2. Hiap Tong Crane &amp; Transport Pte Ltd – Director (2008 to Present)</li> <li>3. Hiap Tong Trading Pte. Ltd. – Director (2008 to Present)</li> <li>4. HT Infrastructure Private Ltd – Director (2010 to Present)</li> <li>5. Hiap Tong Crane &amp; Transport Sdn Bhd – Director (2011 to Present)</li> <li>6. HT Ports Services Pte. Ltd. – Director (2017 to Present)</li> <li>7. Hiap Tong Construction Pte Ltd – Director (2021 to Present)</li> </ol>	<ol style="list-style-type: none"> <li>1. Hiap Tong Trading Pte. Ltd. – Director (1980 to Present)</li> <li>2. Hiap Tong Crane &amp; Transport Pte Ltd – Director (1988 to Present)</li> </ol>
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest – 2,978,775 shares Deemed interest - 78,907 shares	Direct Interest – 1,900,000 shares Deemed Interest – 189,785,313 shares
Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder	<ol style="list-style-type: none"> <li>1. Ong Teck Meng (Father) – Executive Chairman and CEO of the Company</li> <li>2. Ong Lim San (Uncle) – Executive Director of the Company</li> <li>3. Wang Wenshen (Cousin) – Manager of the Company</li> <li>4. Ong Chuan Hock (Uncle) – Yard Manager of Hiap Tong Trading Pte. Ltd.</li> <li>5. Ong Hwee Cheng (Sister) – Senior Manager (Human Resource &amp; Admin) of Hiap Tong Crane &amp; Transport Pte Ltd</li> <li>6. Ng Eng Joo (Father's Cousin) – Head of Operations of the Company</li> <li>7. Gwee Sze Hoe Jeremy (Cousin) – Director of Hiap Tong Crane &amp; Transport Pte Ltd</li> <li>8. Ong Jun Xiong (Cousin) – Manager of the Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Ong Teck Meng (Brother) – Executive Chairman and CEO of the Company</li> <li>2. Ong Boon Tat, Alvin (Nephew) – Executive Vice Chairman of the Company</li> <li>3. Wang Wenshen (Son) – Manager of the Company</li> <li>4. Ong Hwee Cheng (Niece) – Senior Manager (Human Resource &amp; Admin) of Hiap Tong Crane &amp; Transport Pte Ltd</li> <li>5. Ong Chuan Hock (Brother) – Yard Manager of Hiap Tong Trading Pte. Ltd.</li> <li>6. Ng Eng Joo (Cousin) – Head of Operations of the Company</li> <li>7. Gwee Sze Hoe Jeremy (Nephew) – Director of Hiap Tong Crane &amp; Transport Pte Ltd</li> <li>8. Ong Jun Xiong (Nephew) – Manager of the Company</li> </ol>
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Boon Tat, Alvin	Ong Lim San
<b>Other Principal Commitments including Directorships</b>		
Past 5 years	Nil	Nil
Present	<ol style="list-style-type: none"> <li>1. Hiap Tong Trading Pte. Ltd.</li> <li>2. Hiap Tong Crane &amp; Transport Pte Ltd</li> <li>3. Tembusu Asia Holdings Pte. Ltd.</li> <li>4. Hiap Tong Cane &amp; Transport Sdn Bhd</li> <li>5. HT Infrastructure Private Ltd</li> <li>6. HT Ports Services Pte. Ltd.</li> <li>7. Hiap Tong Construction Pte Ltd</li> </ol>	<ol style="list-style-type: none"> <li>1. Hiap Tong Trading Pte. Ltd.</li> <li>2. Hiap Tong Crane &amp; Transport Pte Ltd</li> </ol>
<b>Disclose the following matters concerning appointment/re-appointment of director, chief executive officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given</b>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against me or against a partnership of which I was a partner at the time when I was a partner or at any time within 2 years from the date I ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which I was a director or an equivalent person or a key executive, at the time when I was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date I ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against me?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Boon Tat, Alvin	Ong Lim San
(d) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or have been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such purpose?	No	No
(e) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against me in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on my part, or I have been the subject of any civil proceedings (including any pending civil proceedings of which I am aware) involving an allegation of fraud, misrepresentation or dishonesty on my part?	No	No
(g) Whether I have ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Boon Tat, Alvin	Ong Lim San
(h) Whether I have ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether I have ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining me from engaging in any type of business practice or activity?	No	No
<p>(j) Whether I have ever, to my knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when I was so concerned with the entity or business trust?</p>	No	No



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Boon Tat, Alvin	Ong Lim San
(k) Whether I have been the subject of any current or past investigation or disciplinary proceedings, or have been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

# HIAP TONG CORPORATION LTD.

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

## PROXY FORM

**IMPORTANT:**

- The annual general meeting ("AGM") will be held, in a wholly physical format, at the venue, date and time stated below. There will be no option for members to participate virtually.
- 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 CPF and SRS investors. CPF and SRS investors:
  - may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
  - may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 July 2023.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).**  
Personal Data Privacy  
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 July 2023.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./Company Registration No.)

of \_\_\_\_\_ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both the persons, referred to above, the Chairman of the Fifteenth AGM of the Company (the "Meeting"), as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting to be held at Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Level 1 Hall 3, Singapore 609607 on Thursday, 27 July 2023 at 3.00 p.m. and at any adjournment thereof in the following manner. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/ her discretion.

No.	Resolutions relating to:	For*	Against*	Abstain*
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2023 together with the Auditors' Report thereon			
2.	Declaration of a first and final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2023			
3.	Approval of Directors' Fees of S\$110,000 for the financial year ended 31 March 2023			
4.	Approval of Directors' Fees of up to S\$110,000 for the financial year ending 31 March 2024, to be paid quarterly in arrears			
5.	Re-election of Mr Ong Boon Tat, Alvin as a Director of the Company (pursuant to Regulation 95)			
6.	Re-election of Mr Ong Lim San as a Director of the Company (pursuant to Regulation 95)			
7.	Re-appointment of RSM Chio Lim LLP, Public Accountants and Chartered Accountants, Singapore as the Company' auditors and to authorize the Directors to fix their remuneration			
8.	Authority to allot and issue new shares in the capital of the Company pursuant to Share Issue Mandate			
9.	Renewal of Share Buy-back Mandate			
10.	Authority to allot and issue shares pursuant to Hiap Tong Corporation Ltd. Scrip Dividend Scheme			

(\*Please indicate your vote "For", "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" within the box provided. If you wish your proxy to "Abstain" from voting on a resolution, please indicate "X" in the "Abstain" box in respect of that resolution. Alternatively, please indicate the number of shares that your proxy(ies) is/are directed to abstain from voting in that resolution. In any other case, the proxy(ies) may vote or abstain as the proxy(ies) deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2023

<b>Total No. of Shares Held</b>	
---------------------------------	--

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



## **IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM**

### **Notes:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

2. A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the Meeting as his/her/its proxy.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
  - (i) if submitted electronically, be submitted via email to administrator@hiaptong.sg; or
  - (ii) if submitted by post, be lodged with the Company's registered address at 22 Soon Lee Road, Singapore 628082in either case, by no later than **24 July 2023, 3.00 p.m.**, being 72 hours before the time appointed for holding the Meeting.
6. The instrument appointing a proxy or proxies 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.
7. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged together with the instrument, failing which the instrument may be treated as invalid.
8. A corporation which 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.
9. The Company shall be entitled to reject an instrument appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged or submitted, if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



HIAP TONG CORPORATION LTD.  
协通企业有限公司

Company Registration No. 200800657N

22 Soon Lee Road  
Singapore 628082  
Tel: (65) 6779 5050  
Fax: (65) 6777 0841

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

## LETTER TO SHAREHOLDERS DATED 7 JULY 2023 (“Letter”)

### THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter is circulated to shareholders of Hiap Tong Corporation Ltd (“**Company**”) (“**Shareholders**”) together with the Company’s annual report for the financial year ended 31 March 2023 (“**Annual Report**”). Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders’ approval for the renewal of the Share Buyback Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held on 27 July 2023 at 3.00 p.m. The Notice of Annual General Meeting and a Proxy Form are enclosed within the Annual Report.

If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

This Letter has been prepared by Hiap Tong Corporation Ltd. (the “**Company**”), and it has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (“**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg



## LETTER TO SHAREHOLDERS

in relation to

### THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

#### IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	24 July 2023 at 3.00 p.m.
Date and time of Annual General Meeting	:	27 July 2023 at 3.00 p.m.
Place of Annual General Meeting	:	Devan Nair Institute of Employment and Employability 80 Jurong East Street 21 Level 1, Hall 3 Singapore 609607

Please refer to the Notice of Annual General Meeting for details.

## DEFINITIONS

In this Letter, the following definitions apply throughout unless otherwise stated:-

- “ACRA”** : The Accounting & Corporate Regulatory Authority of Singapore
- “Act” or “Companies Act”** : The Companies Act 1967 of Singapore, as amended or modified from time to time
- “AGM”** : The annual general meeting of the Company to be convened on 27 July 2023 at 3.00 p.m.
- “Annual Report 2023”** : The annual report of the Company for the financial year ended 31 March 2023
- “Associate”** : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board of Directors” or “Board” or “Directors”** : The directors of the Company for the time being
- “Business Day”** : A day (other than a Saturday, Sunday and public holiday) on which commercial banks are generally open for business in Singapore
- “Catalist”** : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Letter”** : This Letter to Shareholders dated 7 July 2023
- “Company”** : Hiap Tong Corporation Ltd.
- “Constitution”** : The Constitution of the Company, as amended, supplemented or modified from time to time
- “Controlling Shareholder”** : A person who:-
- (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or
  - (b) in fact exercises control over the Company

<b>“EPS”</b>	:	Earnings per Share
<b>“FY”</b>	:	Financial year ended or ending 31 March
<b>“Group”</b>	:	The Company together with its subsidiaries and associated companies, collectively
<b>“Latest Practicable Date” or “LPD”</b>	:	23 June 2023, being the latest practicable date prior to the printing of this Letter
<b>“Market Day(s)”</b>	:	A day or days on which the SGX-ST is open for securities trading
<b>“Market Purchases”</b>	:	On-market purchases transacted on the SGX-ST through the SGX-ST’s trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback
<b>“Notice of AGM”</b>	:	Notice of AGM dated 7 July 2023
<b>“NTA”</b>	:	Net tangible assets
<b>“Off-Market Purchases”</b>	:	Off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an “equal access scheme” as defined in Section 76C of the Act
<b>“Proxy Form”</b>	:	The proxy form in respect of the AGM as set out in this Letter
<b>“Relevant Period”</b>	:	The period commencing from the date on which the resolution relating to the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
<b>“Rules of Catalist”</b>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended or modified from time to time
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	Securities and Futures Act (Cap. 289) of Singapore, as amended or modified from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Buyback”</b>	:	The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Buyback Mandate
<b>“Share Buyback Mandate”</b>	:	The general and unconditional mandate given by Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire, on behalf of the Company, issued Shares within the Relevant Period in accordance with the terms set out in this Letter, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
<b>“Share(s)”</b>	:	Ordinary share(s) in the issued capital of the Company
<b>“Shareholders”</b>	:	Registered holders of the Shares in the Register of Members maintained by the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares



“ <b>Sponsor</b> ”	:	PrimePartners Corporate Finance Pte. Ltd.
“ <b>Substantial Shareholder</b> ”	:	A person who has an interest in not less than 5% of all the issued voting Shares in the Company
“ <b>Take-over Code</b> ”	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
“ <b>Treasury Shares</b> ”	:	Shares purchased or acquired by the Company pursuant to the Share Buyback Mandate and held by the Company in accordance with Section 76H of the Act and have since purchase been continuously held by the Company
“ <b>S\$</b> ” and “ <b>cents</b> ”	:	Singapore dollars and cents, the lawful currency of Singapore
“ <b>%</b> ” or “ <b>per cent.</b> ”	:	Per centum or percentage

Unless the context otherwise requires:

- (i) the terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA or any statutory modification thereof, as the case may be.
- (ii) the terms “**subsidiary**”, “**related company**” and “**substantial shareholder**” shall have the meanings ascribed to them in the Companies Act respectively;
- (iii) words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders;
- (iv) any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules or the Take-over Code or any modification thereof and not otherwise defined in this Letter shall, where applicable, have the same meaning ascribed to it under the Companies Act, the Catalist Rules or the Take-over Code or such modification thereof, as the case may be, unless the context otherwise requires;
- (v) any reference to a time of a day in this Letter shall be a reference to Singapore time unless otherwise stated;
- (vi) any discrepancies between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter may not be an arithmetic aggregation of the figures that precede them; and
- (vii) the headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

# HIAP TONG CORPORATION LTD.

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

## Board of Directors

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

## Registered Office

22 Soon Lee Road  
Singapore 628082

7 July 2023

To: The Shareholders of Hiap Tong Corporation Ltd. (“the **Company**”)

Dear Sir / Madam

## THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

### 1. INTRODUCTION

1.1 We refer to:

- (a) the Notice of AGM to the Shareholders of the Company dated 7 July 2023, convening the AGM to be held on 27 July 2023, and;
- (b) ordinary Resolution 9 in relation to the proposed renewal of the Share Buyback Mandate under the heading “Special Business” set out in the Notice of AGM.

1.2 The purpose of this Letter is to provide Shareholders with information in relation to the above matter and to seek their approval for the resolution in respect thereof to be tabled at the AGM.

### 2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

#### 2.1 Background

At the extraordinary general meeting of the Company held on 30 July 2019, Shareholders had approved the adoption of the Share Buyback Mandate to enable the Company to purchase or otherwise acquire Shares in the capital of the Company. As the said Share Buyback Mandate will expire on the forthcoming AGM, being 27 July 2023, the Directors propose that the Share Buyback Mandate be renewed at the Company’s forthcoming AGM.

If approved, the renewed Share Buyback Mandate will take effect from the date of the AGM (“**Approval Date**”) and continue to be in force until the date of the next annual general meeting of the Company or such date of the next annual general meeting is required by law or by its Constitution, unless prior thereto, Share Buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

Section 76B(1) of the Companies Act provides, *inter alia*, that notwithstanding Section 76, a Singapore-incorporated company may purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is expressly permitted under the company’s Constitution. The Constitution permits the Company to purchase or otherwise acquire shares issued by it. Any purchase or acquisition of shares by the Company would have to be made

in accordance with, and in the manner prescribed by, the Companies Act and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on the SGX-ST, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own issued ordinary shares.

It is also a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or acquire its own shares must obtain approval from its shareholders to do so at a general meeting of the company. Accordingly, approval is being sought from Shareholders at the AGM for the proposed renewal of the Share Buyback Mandate.

## **2.2 Rationale for the Share Buyback Mandate**

The rationale for the renewal of the Share Buyback Mandate to allow the Company to undertake a purchase or acquisition of its Shares is as follows:

- (a) Directors are constantly seeking to increase Shareholders' value and to improve, *inter-alia*, the return on equity of the Group. Amongst other alternative corporate actions, Share Buybacks at the appropriate price level are one of the ways through which the return on equity of the Company may be enhanced;
- (b) The Share Buyback Mandate will give the Directors the flexibility to purchase or acquire Shares as and when circumstances permit
- (c) The Share Buyback Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Buyback Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner; and
- (d) The Directors further believe that a Share Buyback by the Company may help mitigate short-term market or price volatility, offset the effects of short-term share speculation or demand and bolster Shareholders' confidence.

The purchase or acquisition of Shares will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the listing status of the Shares on the SGX-ST, the liquidity and capital adequacy positions of the Company or the Group, or result in the Company being delisted from the SGX-ST.

## **2.3 Authority and Limits of the Share Buyback Mandate**

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate, for which the approval is sought, are summarised below:

### **2.3.1 Maximum Number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company during the Relevant Period shall not exceed 10% of the total number of issued Shares of the Company as at the date of the AGM at which the proposed renewal of Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period (as defined in paragraph 2.3.2), effected a reduction of its share capital in accordance with the applicable provisions of the Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. Any Shares which are held as Treasury Shares will be disregarded for purposes of computing the 10% limit.

**Purely for illustrative purposes only**, based on the issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 308,065,282 Shares, and assuming that no further Shares are issued on or prior to the AGM, not more than 30,806,528 Shares (representing 10% of the total number of issued and paid-up Shares) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

### 2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the proposed renewal of the Share Buyback Mandate is approved up to the earlier of:

- (a) the conclusion of the next AGM or the date by which such AGM of the Company is held or required by law to be held;
- (b) the date on which the purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting.

(the “**Relevant Period**”)

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM of the Company or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM.

### 2.3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares can be effected by the Company by way of:

- (a) on-market purchases transacted on the SGX-ST through the SGX-ST or any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback (“**Market Purchases**”); and/or
- (b) off-market purchases (if effected otherwise than on a securities exchange) in accordance with an “equal access scheme” as defined in Section 76C of the Act (“**Off-Market Purchases**”).

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules, the Act, the Constitution and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Act, an Off-Market Purchase must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
  - (a) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividends entitlements;

- (b) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and
- (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to Rule 870 of the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:

- (aa) the terms and conditions of the offer;
- (bb) the period and procedures for acceptances;
- (cc) the reasons for the proposed purchase or acquisition of Shares;
- (dd) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable takeover rules;
- (ee) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (ff) details of any purchases or acquisitions of Shares made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and
- (gg) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

#### 2.3.4 Maximum Purchase Price

The purchase price per Share (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share purchased or acquired pursuant to the Share Buyback Mandate will be determined by the Directors, provided that such purchase price must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes of determining the Maximum Price:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after during the relevant five (5) Market Days period and the day on which the purchases are made;

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

## 2.4 Status of Purchased or Acquired Shares

Any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation) unless such Share is held by the Company as Treasury Share to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act) will be automatically delisted by the SGX-ST, and (where applicable) the certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase or acquisition of Shares by the Company, the Directors may decide to cancel Shares which have been purchased by the Company or hold such Shares as Treasury Shares, depending on whether it is in the interests of the Company to do so.

## 2.5 Treasury Shares

Under the Act, the Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Certain of the provisions on Treasury Shares under the Act are summarised below:

### 2.5.1 Maximum Holdings

The aggregate number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares of the Company. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares in accordance with Section 76K of the Act within six (6) months from the day the aforesaid limit is first exceeded or such further periods as ACRA may allow.

### 2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of the Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of the Treasury Shares is allowed.

The Treasury Shares may be sub-divided or consolidated, so long as the total value of the Treasury Shares after such sub-division or consolidation is the same as the total value of the Treasury Shares before the sub-division or consolidation, as the case may be.

### 2.5.3 Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time but subject always to the Take-over Code:

- (a) sell the Treasury Shares (or any of them) for cash;
- (b) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;



- (d) cancel the Treasury Shares (or any of them); or
- (e) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage, the percentage of the number of Treasury Shares comprised in the usage against the total number of issued shares (of the same class as the Treasury Shares) which are listed on the SGX-ST before and after the usage and the value of the Treasury Shares comprised in the usage.

## 2.6 Reporting Requirement

Within thirty (30) days of the passing of the Shareholders’ resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA in the prescribed form within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include, *inter alia*, details of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company’s issued share capital before and after the purchase or acquisition of Shares and the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

Pursuant to Catalist Rule 704(31), the Company shall also immediately announce any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

Rule 871 of the Catalist Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; or
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

## 2.7 Source of Funds

In purchasing or acquiring its own Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution, Catalyst Rules and the applicable laws in Singapore.

The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

It is an offence for a Director or an officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Section 76F(4) of the Act, a company is solvent if the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) the company is able to pay its debts in full at the time of the payment referred to in subsection (1) of Section 76F of the Act and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition or release, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisitions of its Shares pursuant to the Share Buyback Mandate. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. However, in considering the option of external financing, the Board will consider particularly the prevailing gearing level of the Group. The Board will only make purchases or acquisitions of Shares pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

## 2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the Company and Group's NTA and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or otherwise acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or otherwise acquired are cancelled or held as Treasury Shares.

### 2.8.1 Key Assumptions

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the number of Shares purchased or acquired, the price paid for such Shares, whether the Shares are purchased or acquired out of profits and/or capital of the Company and whether the Shares purchased or acquired are held by the Company as Treasury Shares or cancelled.



The financial effects set out in paragraph 2.8.2 below have been prepared based on the latest audited financial statements of the Group and Company for the most recently completed financial year, being financial year ended 31 March 2023 (“FY2023”), and on the following key assumptions:

(a) Purchase or Acquisition out of Capital and/or Profits

Pursuant to the Act, any payment made by the Company in consideration of the purchase or acquisition of Shares by the Company may be made out of the Company’s capital or profits, so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) paid by the Company for the purchase or acquisition of Shares is made out of capital, this will not reduce the amount available for the distribution of cash dividends by the Company.

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations of assets or estimates of liabilities. In determining the value of the contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

(b) Number of Shares Purchased or Acquired

Based on 308,065,282 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued, purchased and kept as Treasury Shares on or prior to the AGM, the purchase or acquisition by the Company of 10% of its issued Shares will result in the purchase or acquisition of 30,806,528 Shares (“**Maximum Buyback Shares**”);

(c) Aggregate Consideration Paid for Maximum Buyback Shares

Assuming that the Company purchases or acquires or made an offer to purchase the Maximum Buyback Shares, the maximum amount of funds (excluding related expenses of the purchase or acquisition) required for the purchase or acquisition of the 30,806,528 Shares,

- (i) in the case of Market Purchases by the Company under the Maximum Market Purchase Price of S\$0.137 (being the price equivalent to 5% above the Average Closing Price of the Shares over the last five (5) consecutive Market Days on the SGX-ST preceding the Latest Practicable Date on which transactions in the Shares were recorded) is approximately S\$4,224,000; and
- (ii) in the case of Off-Market Purchases by the Company under the Maximum Off-Market Purchase Price of S\$0.157, (being the price equivalent to 20% above the Average Closing Price of the Shares over the last five (5) Market Days on the SGX-ST preceding the Latest Practicable Date on which transactions in the Shares were recorded) is approximately S\$4,828,000.

## 2.8.2 Illustrative Financial Effects

The financial effects of the purchases and acquisitions of Shares as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2023 and are not necessarily representative of future financial performance of the Group.

On the basis of the key assumptions set out in the paragraph 2.8.1 above and assuming the following:

- (a) the purchase or acquisition of Shares is made out of the Company's capital and financed solely by internal sources of funds;
- (b) the Share Buyback Mandate had been effective on 1 April 2022; and
- (c) the Company had purchased or acquired Maximum Buyback Shares (representing 10% of its issued Shares (excluding Treasury Shares and subsidiary holdings) at the Latest Practicable Date on 23 June 2023,

the financial effects of the purchase or acquisition of 30,806,528 Shares by the Company pursuant to the Share Buyback Mandate on the audited financial statements of the Company and the Group for FY2023 are set out below:

**(a) Market Purchases of 10% of issued Shares made entirely out of capital**

	GROUP			COMPANY		
	Before Share Buyback	After Market Purchase	Purchased Shares Cancelled	Before Share Buyback	After Market Purchase	Purchased Shares Cancelled
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 31 March 2023</b>						
Share capital	24,450	20,226	24,450	24,450	20,226	24,450
Treasury shares	–	–	(4,224)	–	–	(4,224)
Reserves	(1,335)	(1,335)	(1,335)	–	–	–
Retained earning	70,490	70,490	70,490	4,287	4,287	4,287
Total equity	93,605	89,381	89,381	28,737	24,513	24,513
NTA attributable to Shareholders	93,605	89,381	89,381	28,737	24,513	24,513
Current assets	38,334	34,110	34,110	12,452	8,228	8,228
Current liabilities	49,616	49,616	49,616	1,811	1,811	1,811
Working capital	(11,282)	(15,506)	(15,506)	10,641	6,417	6,417
Total borrowings	53,780	53,780	53,780	–	–	–
Net Profit/(Loss) attributable to Shareholders	13,844	13,844	13,844	7,696	7,696	7,696
Cash and cash equivalents	11,205	6,981	6,981	717	717	717
Treasury shares ('000)	–	–	30,807	–	–	30,807
Total outstanding number of Shares ('000)	308,065	277,258	277,258	308,065	277,258	277,258
Weighted average number of Shares ('000)	308,065	277,258	277,258	308,065	277,258	277,258
<b>Financial Ratios</b>						
NTA per Share <sup>(1)</sup> (cents)	30.38	32.24	32.24	9.33	8.84	8.84
Gearing ratio <sup>(2)</sup> (times)	0.57	0.60	0.60	–	–	–
Current ratio (times)	0.77	0.69	0.69	6.88	4.54	4.54
EPS <sup>(3)</sup> (cents)	4.49	4.99	4.99	2.50	2.78	2.78

**Notes:**

- (1) NTA per Share equals to NTA attributable to Shareholders divided by the number of Shares outstanding (excluding Treasury Shares) as at 31 March 2023.
- (2) Gearing ratio represents total borrowings divided by total equity.
- (3) EPS is calculated based on net profit/(loss) attributable to Shareholders and aggregated weighted average number of issued and paid-up Shares (excluding Treasury Shares) based on FY2023 results.

**(b) Off-Market Purchases of 10% of issued Shares made entirely out of capital**

	GROUP			COMPANY		
	Before Share Buyback	After Off-Market Purchase	Purchased Shares held as Treasury Shares	Before Share Buyback	After Off-Market Purchase	Purchased Shares held as Treasury Shares
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 31 March 2023</b>						
Share capital	24,450	19,622	24,450	24,450	19,622	24,450
Treasury shares	–	–	(4,828)	–	–	(4,828)
Reserves	(1,335)	(1,335)	(1,335)	–	–	–
Retained earning	70,490	70,490	70,490	4,287	4,287	4,287
Total equity	93,605	88,777	88,777	28,737	23,909	23,909
NTA attributable to Shareholders	93,605	88,777	88,777	28,737	23,909	23,909
Current assets	38,334	33,506	33,506	12,452	7,624	7,624
Current liabilities	49,616	49,616	49,616	1,811	1,811	1,811
Working capital	(11,282)	(16,110)	(16,110)	10,641	5,813	5,813
Total borrowings	53,780	53,780	53,780	–	–	–
Net Profit/(Loss) attributable to Shareholders	13,844	13,844	13,844	7,696	7,696	7,696
Cash and cash equivalents	11,205	6,377	6,377	717	717	717
Treasury shares ('000)	–	–	30,807	–	–	30,807
Total outstanding number of Shares ('000)	308,065	277,258	277,258	308,065	277,258	277,258
Weighted average number of Shares ('000)	308,065	277,258	277,258	308,065	277,258	277,258
<b>Financial Ratios</b>						
NTA per Share <sup>(1)</sup> (cents)	30.38	32.02	32.02	9.33	8.62	8.62
Gearing ratio <sup>(2)</sup> (times)	0.57	0.61	0.61	–	–	–
Current ratio (times)	0.77	0.68	0.68	6.88	4.21	4.21
EPS <sup>(3)</sup> (cents)	4.49	4.99	4.99	2.50	2.78	2.78

**Notes:**

- (1) NTA per Share equals to NTA attributable to Shareholders divided by the number of Shares outstanding (excluding Treasury Shares) as at 31 March 2023.
- (2) Gearing ratio represents total borrowings divided by total equity.
- (3) EPS is calculated based on net profit/(loss) attributable to Shareholders and aggregated weighted average number of issued and paid-up Shares (excluding Treasury Shares) based on the FY2023 results.

The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buyback Mandate to carry out Share Buyback to such an extent that it would have a material adverse effect to the financial position of the Company or the Group. The purchase of Shares will only be effected after assessing the relative impact of a share buyback taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares).

**Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2023, and is not necessarily representative of the future financial performance of the Company and the Group.**

It should be noted that although the Share Buyback Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired provided that the number of Shares held as treasury shares does not at any time exceed 10% of the total number of issued Shares.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

## **2.9 Interested Persons**

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or Substantial Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

## **2.10 Take-over Implications Arising from Share Buybacks**

Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### 2.10.1 Obligation to Make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him/her increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-over Code ("**Rule 14**") if such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

### 2.10.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter-alia*, the following individuals and companies to be acting in concert with each other:

- (a) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status. The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

#### 2.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights,

the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

The details of the shareholdings of the Directors and substantial shareholders of the Company as at the Latest Practicable Date are set out in paragraph 4 below. Save as disclosed in paragraph 4 below, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the Shares.

In accordance with the Take-over Code, Mr Ong Teck Meng and Mr Ong Lim San who are siblings, and Tembusu Asia Holdings Pte Ltd are deemed to be parties acting in concert with each other. As at the Latest Practicable Date, Mr Ong Teck Meng and Mr Ong Lim San have an aggregate interest of more than 50% of the total voting rights of the Company. Assuming that there is no change in the number of Shares held or deemed to be held by Mr Ong Teck Meng, Mr Ong Lim San and Tembusu Asia Holdings Pte Ltd and their concert parties (collectively referred to as the “**Relevant Parties**”), in the event of the purchase or acquisition by the Company of the maximum limit of 10% of the issued and paid-up share capital of the Company (excluding Treasury Shares), none of the Relevant Parties will become obligated to make a mandatory offer under Rule 14 and Appendix 2 of the Take-over Code.

Save as disclosed, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of shares by the Company pursuant to the Share Buyback Mandate.

**SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, INTER ALIA, TO MAKE A MANDATORY TAKEOVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.**

## **2.11 Listing Status of Shares on the SGX-ST**

Rule 723 of the Catalist Rules requires a listed company to ensure that at least 10% of the total number of issued shares (excluding Treasury Shares, preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders.

The expression “**public**” is defined under the Catalist Rules as persons other than (a) the directors, chief executive officer, substantial shareholders or controlling shareholders of a company and its subsidiaries and (b) the associates (as defined in the Catalist Rules) of the persons described in paragraph (a).

As at the Latest Practicable Date, there are 95,675,893 Shares in the hands of the public, representing 31.06% of the issued Shares of the Company (excluding Treasury Shares). Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate from the public on the Latest Practicable Date, the number of Shares in the hands of the public would be reduced to 64,869,365 Shares, representing 23.40% of the issued Shares of the Company (excluding Treasury Shares).

Accordingly, the Company is of the view that there is a sufficient number of Shares held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.



## 2.12 Timing of Purchases

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s interim and full-year results respectively, as the case may be, and ending on the date of announcement of the relevant results.

## 2.13 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax in a jurisdiction, should consult their own professional advisers.

## 3. SHARES BUYBACK IN THE LAST 12 MONTHS

The Company did not purchase or acquire any Shares during the 12 months period immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, the Company does not hold any treasury shares.

## 4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 4.1 Interests in the Company

The interests of Directors and Substantial Shareholders as at (a) the Latest Practicable Date, and (b) for illustration purposes, after the Share Buyback pursuant to the Share Buyback Mandate, assuming (i) the Company purchases maximum of 10% Shares and (ii) there is no change in the number of Shares (whether direct or deemed) held by the Directors and Substantial Shareholders, are set out below:

	As at the Latest Practicable Date						After the
	Direct Interest		Deemed Interest		Total Interest		Share
	No. of Shares	%	No. of Shares	%	No. of Shares	%	Buyback
<b>Directors</b>							<b>Total Interest</b>
Ong Teck Meng	8,515,976	2.76	191,885,313 <sup>(1)</sup>	62.29	200,401,289	65.05	72.28
Ong Lim San	1,900,000	0.62	189,785,313 <sup>(2)</sup>	61.61	191,685,313	62.22	69.13
Ong Boon Tat Alvin	2,978,775 <sup>(3)</sup>	0.97	78,907 <sup>(4)</sup>	0.03	3,057,682	1.00	1.10
<b>Substantial shareholder</b>							
Tembusu Asia Holdings Pte. Ltd.	189,785,313	61.61	–	–	189,785,313	61.61	68.45

#### Notes:

- (1) Mr Ong Teck Meng is deemed to have an interest in the entire equity stake held by his spouse, Ms Tan Siew Duan, and Tembusu Asia Holdings Pte. Ltd. in the Company.
- (2) Mr Ong Lim San is deemed to have an interest in the entire equity stake held by Tembusu Asia Holdings Pte. Ltd. in the Company.
- (3) 769,400 shares of Mr Ong Boon Tat Alvin, are held through nominees.
- (4) Mr Ong Boon Tat Alvin is deemed to have an interest in the entire equity stake held by his spouse, Ms Bai Jie.



## **5. DIRECTORS' RECOMMENDATION**

### **The Proposed Renewal of the Share Buyback Mandate**

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and its Shareholders and accordingly recommend that Shareholders to vote in favour of Ordinary Resolution 9 as stated in the Notice of AGM in respect of the proposed renewal of the Share Buyback Mandate to be proposed at the AGM.

## **6. ANNUAL GENERAL MEETING**

The AGM will be held at Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Level 1 Hall 3, Singapore 609607, on 27 July 2023 at 3.00 p.m. for the purpose of, inter alia, considering and, if thought fit, passing with or without amendments, Ordinary Resolution 9 as set out in the notice of AGM in relation to the proposed renewal of the Share Buyback Mandate. Shareholders should refer to the Notice of AGM for details of how to participate in the AGM.

## **7. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders may vote at the AGM or may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. In the Proxy Form, a Shareholder should specifically direct the Chairman of the AGM as proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the AGM. Shareholders should deposit the duly completed proxy form (by post or electronic mail) in accordance with the instructions specified in the notice of AGM, and must be received by the Company no later than 72 hours before the time fixed for the AGM. Printed copies of the Proxy forms, Notice of AGM, request form will be sent by post to all shareholders. These documents will also be published on the Company's website and on the SGX website.

## **8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

## **9. DOCUMENTS FOR INSPECTION**

This Letter and the Constitution of the Company are available for inspection during normal office hours, on any weekday (public holidays excluded), at the registered office of the Company at 22 Soon Lee Road, Singapore 628082 from the date of this Letter up to and including the date of the AGM.

Yours faithfully

For and on behalf of the Board of Directors of  
**HIAP TONG CORPORATION LTD.**

Mr Ong Teck Meng  
Executive Chairman and Chief Executive Officer

**7 July 2023**

