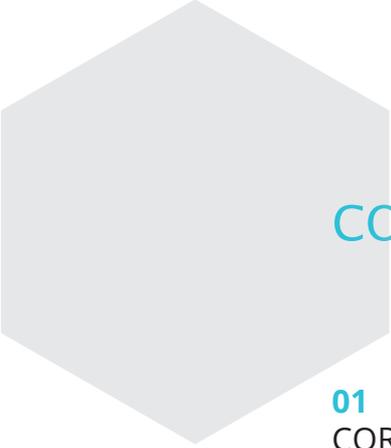


LEVERAGING STRENGTHS
GOING FURTHER



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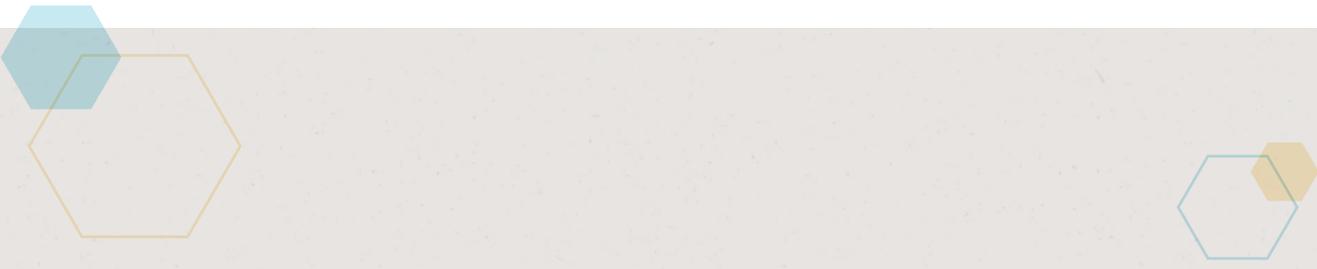
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This annual report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes 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 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.



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 402 vehicles as at 31 March 2022, consisting of 175 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 227 units of haulage equipment.

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

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

With an established customer base of more than 300 customers, some of our notable customers include business units and affiliates of Sembcorp Marine Ltd and Keppel Corporation Limited in the marine industry; ExxonMobil Asia Pacific Pte Ltd, and Sankyu (S) Pte Ltd. in the petrochemical industry; as well as 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 on-site consultation and inspection services.

- Our lifting fleet totals 175 cranes as at 31 March 2022, 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



MOBILE TRUCK CRANE



ROUGH TERRAIN CRANE



TELESCOPIC CRAWLER CRANE



MOBILE TOWER CRANE



CRAWLER CRANE

OUR HAULAGE FLEET



PRIME MOVER



TRAILER



LORRY CRANE



**MULTI-AXLES
MODULAR TRAILER**

PORT SERVICES

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

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

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

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

TRADING OF CRANES AND HAULAGE EQUIPMENT

Our trading activities are opportunistic. There were some trading activities on an ad hoc basis in FY2022.

HAULAGE SERVICES

- Our haulage fleet totaled 227 units as at 31 March 2022, 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.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present to you the annual report of Hiap Tong Corporation Ltd. ("Hiap Tong", the "Company" or together with its subsidiaries, the "Group") for the financial year ended 31 March 2022 ("FY2022").

FINANCIAL REVIEW

Revenue increased by S\$13.7 million or 25.3% from S\$54.3 million for FY2021 to S\$68.1 million for FY2022. The increase was mainly attributed to an increase in the lifting and haulage revenue with the recovery and improvement of the COVID-19 pandemic ("the Pandemic") situation, which led to higher utilisation rates of the business segment as the Pandemic restrictions have gradually eased during the year.

Gross profit increased by S\$4.9 million or 211.2% from S\$2.3 million (representing a gross profit margin of 4.2%) for FY2021 to S\$7.1 million (representing a gross profit margin of 10.5% for FY2022). The increase in gross profit margin was derived from the lifting and haulage segment. However, it was partially offset by a gross loss margin contributed by the port services segment mainly due to a combination of higher local manpower cost, foreign manpower shortage and lower productivity as a result of port congestion.

Overall, the Group reported a net profit before tax of S\$1.5 million for FY2022 as compared to a net loss before tax of S\$1.0 million for FY2021

Correspondingly, the earnings per share was 0.52 cents per share in FY2022 as compared to loss per share of 0.11 cents in FY2021, while net asset value per share increased from 25.30 cents as at 31 March 2021 to 25.83 cents as at 31 March 2022.

BUSINESS REVIEW

Singapore Operation

For FY2022, the lifting and haulage business had improved with the resumption of business activities and opening of borders in Singapore as compared to the manpower restriction implemented in prior year as a result of the Pandemic. There has also been an encouraging trend of projects undertaken by the Group with higher utilisation rates on the cranes.

In addition to the lifting and haulage services, the Group had also incorporated a new subsidiary in September 2021, Hiap Tong Construction Pte. Ltd., which provided work train operation services to Land Transport Authority during the year.

However, the port services business remains challenging and the Group will continue to work closely with our port customer to address the productivity, manpower bottleneck and other costing issues at the PSA port.



FOR FY2022, THE LIFTING AND HAULAGE BUSINESS HAD IMPROVED WITH THE RESUMPTION OF BUSINESS ACTIVITIES AND OPENING OF BORDERS IN SINGAPORE AS COMPARED TO THE MANPOWER RESTRICTION IMPLEMENTED IN PRIOR YEAR AS A RESULT OF THE PANDEMIC. THERE HAS ALSO BEEN AN ENCOURAGING TREND OF PROJECTS UNDERTAKEN BY THE GROUP WITH HIGHER UTILISATION RATES ON THE CRANES.





Overseas Operation

In respect of the lifting & haulage business in Malaysia, the Group remains cautious on its outlook and had scaled down its operation in Malaysia with the redeployment of some equipment from Malaysia to Singapore. The Group will continue to be prudent in its investment and operation in Malaysia.

Business Outlook

Generally, the business outlook remains challenging due to the economic uncertainty caused by the Pandemic, tight labour supply, global inflation as well as the expected increase in borrowing costs. Nevertheless, the Group will continue to remain cautious and vigilant in the management of its business.



IN APPRECIATION

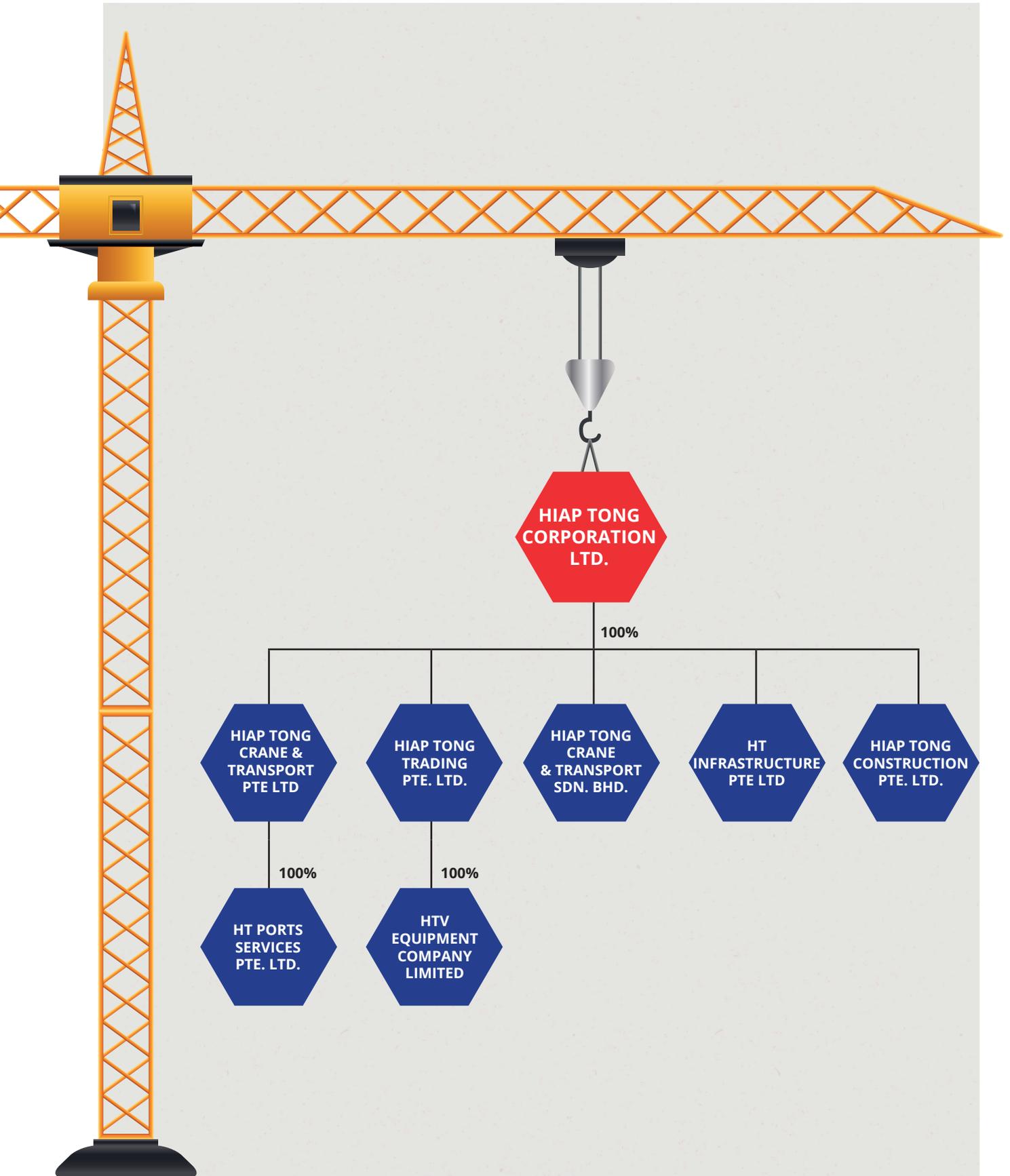
On behalf of the Board, I would like to take this opportunity to thank our shareholders, customers and business associates for their support throughout the years.

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

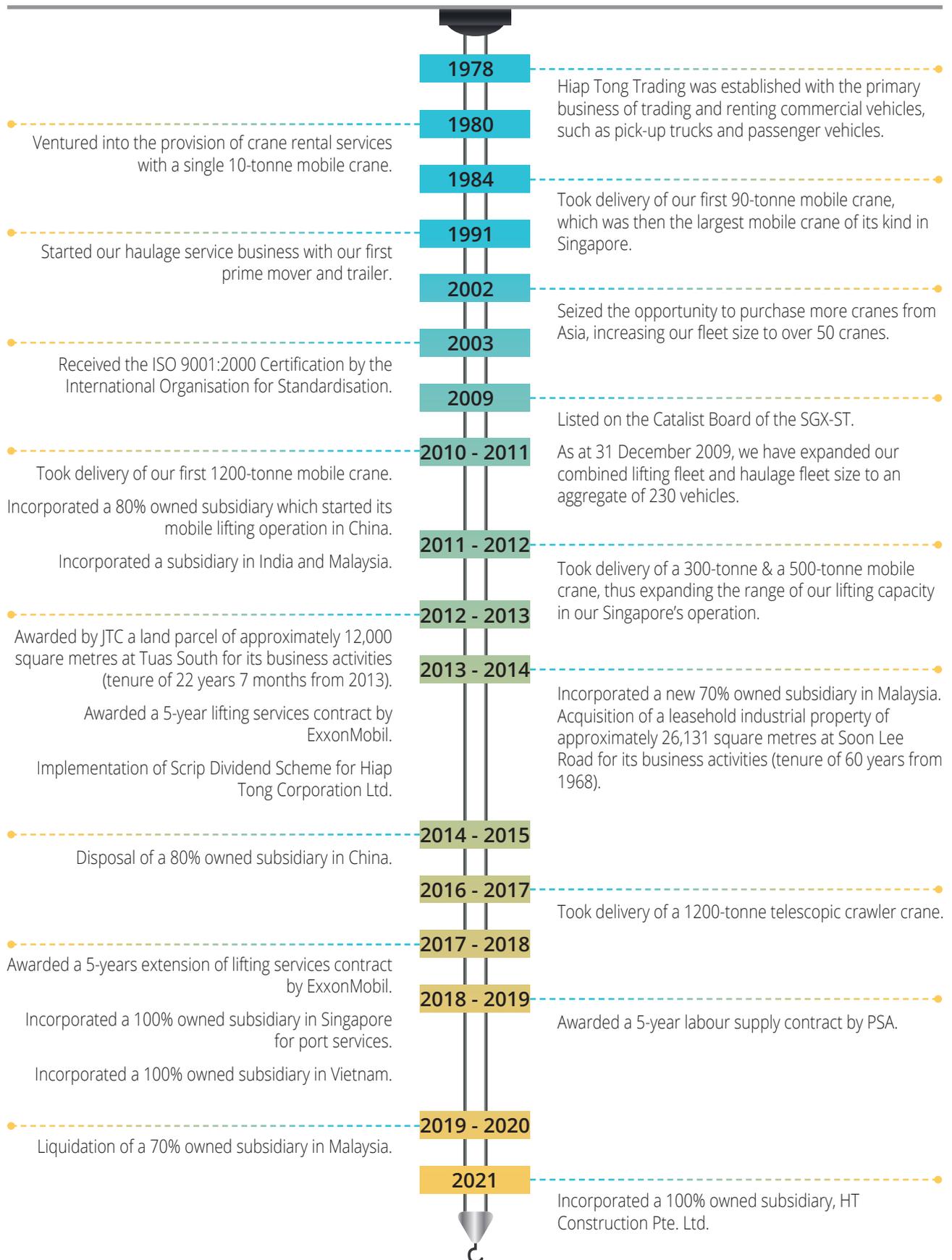
Ong Teck Meng
*Executive Chairman and
Chief Executive Officer*



GROUP STRUCTURE

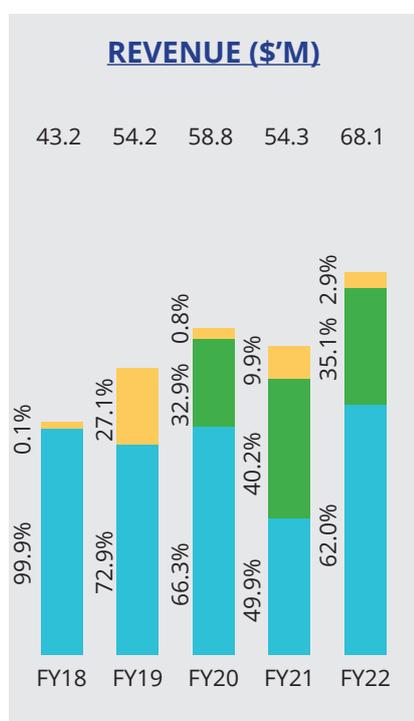


CORPORATE MILESTONES AND DEVELOPMENTS



FINANCIAL HIGHLIGHTS

\$'000	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue	43,239	54,221	58,758	54,326	68,066
Cost of sales	(35,577)	(43,396)	(49,217)	(52,024)	(60,902)
Gross profit	7,662	10,825	9,541	2,302	7,164
Other income	2,571	2,469	2,242	10,501	6,388
Distribution expenses	(262)	(205)	(214)	(354)	(228)
Administrative expenses	(7,921)	(8,303)	(7,726)	(7,742)	(8,878)
Other expenses:					
Impairment losses on property, plant and equipment	—	—	(8,000)	(2,120)	—
Others	(624)	—	(154)	(1,248)	(829)
Net change in fair value of investment properties	1,400	(1,146)	(850)	(300)	(20)
Net finance costs	(1,291)	(2,068)	(2,589)	(2,050)	(2,064)
Profit/(loss) before tax	1,535	1,572	(7,750)	(1,011)	1,533
Tax credit / (expense)	(391)	654	(369)	676	75
Net Profit/(loss) for the year	1,144	2,226	(8,119)	(335)	1,608



■ Lifting and haulage services business
■ Port and manpower services business
■ Trading business

MR ONG TECK MENG

Executive Chairman and Chief Executive Officer

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

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

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

MR ONG LIM SAN

Executive Director

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

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

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



MR ONG BOON TAT ALVIN

Executive Director

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

Mr Ong has more than 16 years of experience in the crane industry. From 2002 to 2004, he was a manager at Hiap Tong Crane and was responsible for its accounts and payroll. In 2005, he joined Kim Eng Securities Pte Ltd as a dealer involved in retail and institutional dealing. In mid-2007, Mr Ong returned to Hiap Tong Crane as a director in charge of corporate finance and the operations of the Company.

Mr Ong, son of Mr Ong Teck Meng, the Executive Chairman and Chief Executive Officer of the Company, graduated from the National University of Singapore in 2002 with a Bachelor of Arts degree, majoring in Economics and Statistics, and was appointed to the Board on 8 January 2008 and was last re-elected as a Director on 25 September 2020.

MR TITO SHANE ISAAC

Lead Independent Director

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

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

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

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

BOARD OF DIRECTORS

MR CHOY BING CHOONG

Independent Director

Mr Choy Bing Choong has 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, Zhongmin Baihui Retail Group Ltd. and Neo Group Limited.

Mr Choy was appointed to the Board on 10 October 2017 and last re-elected as a Director on 29 July 2021.

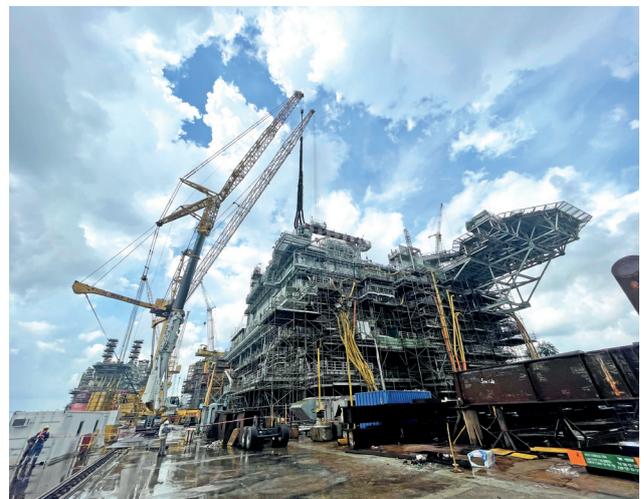
MR TAY SEO LONG

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.



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 20 years of accounting and financial management experience.

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

Mr Loh obtained his Bachelor of Accountancy degree from the Nanyang Technological University of Singapore. He is also a 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 on-site deployment of the Group's vehicles.

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

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



BOARD OF DIRECTORS

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

Mr Ong Lim San
(Executive Director)

Mr Ong Boon Tat Alvin
(Executive Director)

Mr Tito Shane Isaac
(Lead Independent Director)

Mr Choy Bing Choong
(Independent Director)

Mr Tay Seo Long
(Independent Director)

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Ms Lim Guek Hong, ACIS (with effect from 29 April 2022)
Mr Loh Boon Wah, CA

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 Income at Raffles
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)

The Board of Directors (the “Board”) of Hiap Tong Corporation Ltd. (the “Company”) and its subsidiaries (the “Group”) are committed to achieve 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 Catalist 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.

CORPORATE GOVERNANCE REPORT

With effect from the financial year beginning on 1 January 2022, all Directors are required to undergo training on sustainability matters. The Company will arrange for Directors to attend such training in due course.

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 making in the Company's internal guidelines include the following corporate events and actions:

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

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

Provision 1.5

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

During the financial year from 1 April 2021 to 31 March 2022 (“FY2022”), 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*	1 out of 2	1 out of 2	2 out of 2	1 out of 1
Choy Bing Choong	2 out of 2	2 out of 2	2 out of 2	1 out of 1
Tay Seo Long	2 out of 2	2 out of 2	2 out of 2	1 out of 1

* *Mr Tito Shane Isaac's absence at the Board of Directors and Audit Committee Meetings was due to a trial which coincided with the meetings.*

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 FY2022.

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 FY2022. 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 Lim San (Executive Director)
Mr Ong Boon Tat Alvin (Executive Director)
Mr Tito Shane Isaac (Lead Independent Director)
Mr Tay Seo Long (Independent Director)
Mr Choy Bing Choong (Independent Director)

Provision 2.1

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

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

Provisions 2.2 and 4.4

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

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

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

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

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

Provisions 2.3 and 2.5

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

Where appropriate, the Non-Executive Directors would also meet without the presence of the Management. During FY2022, the Independent Directors have met at least twice without the presence of the Management.

Provision 2.4

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

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

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Chief Executive Officer

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

Provision 3.1

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

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

Provision 3.2

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

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

Provision 3.3

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

Principle 4: Board Membership

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

Provisions 4.1 and 4.2

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

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

- (a) the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) the review of training and professional development programmes for the Board and its directors; and
- (d) the appointment and re-appointment of directors (including alternate directors, if any).

Provision 4.1(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 Non-Executive Directors to the Board is as follows:

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

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

CORPORATE GOVERNANCE REPORT

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.

The Directors due for re-nomination and re-appointment at the forthcoming AGM under Regulation 95 of the Constitution are Mr Ong Teck Meng and Mr Tito Shane Isaac.

The NC has recommended and the Board has agreed that Mr Ong Teck Meng and Mr Tito Shane Isaac, being eligible and who have offered themselves for re-election, be re-elected. Information relating to Directors seeking re-election as set out in Appendix 7F to the Catalist Rules is set out on pages 101 to 106 of this Annual Report as required pursuant to Rule 720(5) of the Catalist Rules.

Mr Ong Teck Meng will, upon re-election as Director, remain as an Executive Chairman of the Board and CEO.

Mr Tito Shane Isaac (Lead Independent Director) will, upon re-election as Director of the Company, remain as the Chairman of Nominating Committee and a member of the Audit Committee as well as Remuneration Committee and he will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Provision 4.5

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

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

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

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

Principle 5: Board Performance

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

Provisions 5.1 and 5.2

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

The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Some of the factors taken into consideration by the NC include attendance at Board and Committee meetings, quality and value of contributions at Board and Committee meetings and how resolute in maintaining own views and resisting pressure from others. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance as a Director. Upon the recommendation of the NC, the Board makes a formal annual assessment of its effectiveness as a whole, its board committee and each Director. No external facilitator was engaged for the financial year in review.

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 FY2022.

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

Provision 7.2

Non-Executive directors are paid Directors' fees that are based on corporate and individual responsibilities and are subject to approval of the shareholders at the AGM of the Company. The Board concurred with the RC that the proposed directors' fees for the year ended 31 March 2022 is appropriate to the level of contribution and is not excessive, taking into account factors such as consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

The Company had entered into separate service agreements (the "Service Agreements") with the Executive Chairman and CEO, Mr Ong Teck Meng and Mr Ong Lim San and Mr Ong Boon Tat Alvin as Executive Directors of the Company. The Service Agreements were established for an initial period of three years and upon the expiry of such period, the employment of Mr Ong Teck Meng, Mr Ong Lim San and Mr Ong Boon Tat Alvin shall be renewed on such terms and conditions as the parties may agree, provided any variation of the terms shall be subject to the approval of the RC and the Board. The latest Service Agreements had expired on 1 November 2021. The RC is in the process of reviewing a 3-year service agreement for the CEO and Executive Directors and target to approve the new service agreements by the next RC meeting.

Provision 7.3

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

Principle 8: Disclosure of Remuneration

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

Provision 8.1 and 8.2

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

The Board is of the view that a breakdown, showing the level and mix of each individual Director's and key management personnel payable for FY2022 in bands of S\$250,000 which provides sufficient overview of the remuneration of the Directors and key management personnel is as follows:

Directors' Remuneration

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

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

** The CEO and Executive Directors have separate 3-year Service Agreements that expired on 1 November 2021. RC is in the process of reviewing the 3-year service agreements.

Key management personnel's Remuneration#

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

The Group has only 3 key executives.

The aggregate total remuneration paid to the 3 key management personnel of the Group (who are not Directors or the CEO) for FY2022 was approximately S\$591,000.

Provision 8.2

None of those employees who are immediate family members of the Directors or substantial shareholders of the Company have a remuneration which exceeds S\$100,000 during FY2022.

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 FY2022.

CORPORATE GOVERNANCE REPORT

Having reviewed and considered the incentive components of the Executive Directors provided in the Service Agreements up to 1 November 2021, 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 ERMC which comprise Executive Directors, key management and managers from different departments, 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 Catalist Rules

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

Provision 9.2

The Board has received 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.

AUDIT COMMITTEE

Principle 10: Audit Committee

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

Provisions 10.1 and 10.2

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

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

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

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

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

Provision 10.3

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

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 37 to 39 of this Annual Report) with both Management (with respect to their approach in assessing impairment to the carrying value of property, plant and equipment, and recoverability of trade receivables) and with the external auditors as to how these matters were addressed during their audit. On these bases, the AC concurs with the issues raised and manner by which they were addressed by Management. The AC further noted that the external auditors are satisfied with Management's assessments.

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

The Company's external auditors 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 FY2022, the aggregate amount paid to the external auditors amounted to approximately S\$145,000 comprising S\$125,000 paid for the provision of audit services and S\$19,000 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 Policy 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.

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 (Benjamin.choy@cxrus.com) to allow individuals to raise contentious issues to the AC 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 FY2022.

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 Catalyst 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.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meeting

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

Provision 11.1

Shareholders are informed of the general meetings through notice contained in the Company's annual report or circulars sent to all shareholders. These notices are also posted onto the SGXNet within the mandatory period. For FY2021, due to the COVID-19 outbreak, the Company's AGM on 29 July 2021 ("2021 AGM") and Extraordinary General Meeting ("EGM") on 13 January 2022 ("2022 EGM") were held by way of electronic means, through "live webcast" and "audio-only means". The notices of AGM and EGM were not published on the newspaper, but were instead disseminated to shareholders through publication on SGXNet and the Company's website. The Company had also published a letter to shareholders, together with the notice of 2021 AGM and 2022 EGM, detailing the alternative arrangements for the 2021 AGM and 2022 EGM. During the COVID-19 pandemic, shareholders participated in the 2021 AGM and 2022 EGM via electronic means and were given the opportunities to raise queries in relation to any resolutions set out in the notices of 2021 AGM and 2022 EGM prior to the meetings.

In view of the continuing COVID-19 situation, the forthcoming AGM of the Company to be held in respect of FY2022 will also be held by way of electronic means. The alternative arrangements relating to attendance at the AGM via electronic means i.e. live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place.

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

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

Pursuant to Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the 2021 AGM and 2022 EGM were held by way of electronic means and shareholders were not able to attend the general meetings in person. To enable shareholders to participate in and vote effectively at general meetings held by way of electronic means, the Company set out detailed information on the arrangements relating to attendance at the general meetings, submission of questions in advance of the general meetings, addressing of substantial and relevant questions prior to or at the general meetings, and voting procedures for the general meetings. In view of the continuing Covid-19 situation, the Company will be conducting the forthcoming AGM in similar manner.

Provision 11.2

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

Provision 11.3

The Directors, Management and the External Auditor are present and available at the general meetings to address any queries or concerns on matters relating to the Group and its operation. All Directors were present at the Company's AGM held on 29 July 2021 and EGM held on 13 January 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 FY2022, 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

Provision 11.5 of the 2018 Code provides that the Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The Company does not publish minutes of general meetings of shareholders on its corporate website. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting) including disclosure of sensitive information to the Group's competitors. Further, shareholders, including those who did not attend the relevant general meeting, have a right to be furnished copies of minutes of general meeting pursuant to Section 189 of the Act. Accordingly, the Company is of the view that its position is consistent with the intent of Principle 11 of the 2018 Code as shareholders are treated fairly and equitably by the Company. In accordance with the alternative arrangements, the Minutes of AGM will be published within one month after the AGM to be held in respect of FY2022 on SGXNET and the Company's website.

Provision 11.6

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

CORPORATE GOVERNANCE REPORT

Principle 12: Engagement with Shareholder

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

Provisions 12.1, 12.2 and 12.3

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

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

E-mail: alvinong@hiaptong.sg

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

The Company has in place an investor relations policy which allows for an ongoing 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 arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

Provision 13.2

Details of the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022 will be set out in the Company's sustainability report to be issued within five 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 2022 ("FY2022"), the Group has maintained its longstanding commitment to the Environmental, Social and Governance (ESG) Factors which has built the foundation of our operational resilience. The Group continues to actively engage in strategic initiatives that will yield a greater positive impact for the future.

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

Provision 13.3

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

OTHER CORPORATE GOVERNANCE MATTERS

SECURITIES TRANSACTIONS

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

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

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

CORPORATE GOVERNANCE REPORT

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. The details of the IPT entered in FY2022 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPT transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Transworld International Pte Ltd	A company in which Mr Ong Teck Meng's sibling has an interest of at least 30% or more.	1,267	Nil

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 83 of the Annual Report, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder either still subsisting at the end of the financial year under review or if not subsisting, were entered into since the end of the previous financial year.

NON-SPONSOR FEES

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, PrimePartners Finance Pte. Ltd., during FY2022.

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 2022.

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
The Company				
Hiap Tong Corporation Ltd		<u>Number of shares of no par value</u>		
Ong Lim Wan @ Ong Teck Meng	662,876	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	2,978,775	2,978,775	78,907	78,907
Immediate parent company				
Tembusu Asia Holdings Pte. Ltd.				
Ong Lim Wan @ Ong Teck Meng	910,001	910,001	525,000	525,000
Ong Lim San	689,500	689,500	-	-

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

The directors' interests as at 21 April 2022 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.

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 2022 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 27 May 2022, 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

Ong Lim Wan @ Ong Teck Meng
Director

Ong Lim San
Director

5 July 2022

INDEPENDENT AUDITORS' 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 2022, 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, and statement of changes in equity of the Company 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 and statement of changes in equity of the Company 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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company 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.

INDEPENDENT AUDITORS' 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

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 2022, the Group's market capitalisation of \$20.6 million is below the net asset value of \$79.6 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 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.

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

We checked the mathematical accuracy of the 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company Hiap Tong Corporation Ltd.

Key audit matters (cont'd)

(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 provisions for balances that are deemed uncollectible due to disputes or weakening financial conditions of the customers.

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

Other matters

The financial statements for the reporting year ended 31 March 2021 were audited by another independent auditor who expressed an unqualified opinion on those financial statements on 5 July 2021.

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.

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.

INDEPENDENT AUDITORS' REPORT

Members of the Company Hiap Tong Corporation Ltd.

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) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 AUDITORS' REPORT

Members of the Company Hiap Tong Corporation Ltd.

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

- e) 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.
- f) 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
5 July 2022

Engagement partner - effective from year ended 31 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	Notes	Group	
		2022 \$'000	2021 \$'000
Revenue	5	68,066	54,326
Cost of sales		(60,902)	(52,024)
Gross profit		7,164	2,302
Other income	6	6,387	10,789
Distribution expenses		(228)	(354)
Administrative expenses	9	(9,604)	(8,957)
Other losses	6	(309)	(2,780)
Finance costs	7	(1,877)	(2,011)
Profit / (loss) before tax		1,533	(1,011)
Income tax benefit	10	75	676
Profit / (loss) for the year		1,608	(335)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Fair value charges on instruments at FVTOCI, net of tax		-	50
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		27	52
Other comprehensive income for the year, net of tax		27	102
Total comprehensive income / (loss)		1,635	(233)
Earnings per share			
	11	Cents	Cents
Earnings per share currency unit		0.52	(0.11)
Basic and diluted earnings		0.52	(0.11)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2022

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	127,237	118,652	13,033	24,915
Investment property	13	730	8,450	–	7,700
Investment in subsidiaries	14	–	–	3,600	3,500
Other financial assets, non-current	15	250	250	–	–
Total non-current assets		128,217	127,352	16,633	36,115
Current assets					
Asset held for sale	16	17,000	–	17,000	–
Other non-financial assets, current	17	1,038	575	129	103
Financial assets - derivatives, current	18	4	21	–	–
Trade and other receivables, current	19	21,934	18,021	2,129	3,886
Cash and cash equivalents	20	10,098	12,880	317	417
Total current assets		50,074	31,497	19,575	4,406
Total assets		178,291	158,849	36,208	40,521
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	24,450	24,450	24,450	24,450
Retained earnings		56,646	55,038	(3,410)	(2,925)
Other reserves	22	(1,521)	(1,548)	–	–
Total equity		79,575	77,940	21,040	21,525
Non-current liabilities					
Deferred tax liabilities	10	8,537	8,537	–	–
Loans and borrowings, non-current	23	5,924	8,033	–	825
Lease liabilities, non-current	24	19,634	32,683	3,019	14,526
Trade and other payables, non-current	25	1,809	1,809	–	–
Total non-current liabilities		35,904	51,062	3,019	15,351
Current liabilities					
Liabilities held for sale	16	11,029	–	11,029	–
Income tax payable		149	362	–	–
Other non-financial liabilities, current	26	–	1,282	–	–
Loans and borrowings, current	23	6,563	5,611	349	2,533
Lease liabilities, current	24	13,988	13,175	479	920
Trade and other payables, current	25	31,083	9,417	292	192
Total current liabilities		62,812	29,847	12,149	3,645
Total liabilities		98,716	80,909	15,168	18,996
Total equity and liabilities		178,291	158,849	36,208	40,521

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	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
Group						
Current year:						
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	-
Changes in equity:						
Total comprehensive income for the year	1,635	-	-	-	27	1,608
Closing balance at 31 March 2022	79,575	24,450	(1,670)	50	99	56,646
Previous year:						
Opening balance at 1 April 2020	78,173	24,450	(1,670)	-	20	55,373
Loss for the year	(335)	-	-	-	-	(335)
Fair value charges on instruments at FVTOCI	50	-	-	50	-	-
Exchange differences on translating foreign operations	52	-	-	-	52	-
Changes in equity:						
Total comprehensive (loss)/income for the year	(233)	-	-	50	52	(335)
Closing balance at 31 March 2021	77,940	24,450	(1,670)	50	72	55,038

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Group	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Profit (loss) before tax	1,533	(1,011)
Adjustments for:		
Depreciation of property, plant and equipment	13,901	13,701
(Gain)/loss on disposal of property, plant and equipment	(343)	288
Fair value loss on investment properties	20	300
Fair value loss/(gain) on financial derivatives	17	(30)
Impairment allowance on property, plant and equipment	–	2,120
Interest expense	1,869	1,998
Interest income	(11)	(4)
Operating cash flows before changes in working capital	16,986	17,362
Trade and other receivables	(4,374)	99
Trade and other payables	997	(362)
Net cash flows from operating activities	13,609	17,099
Income taxes paid	(139)	(309)
Net cash flows from operating activities	13,470	16,790
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,427	2,926
Purchase of property, plant and equipment	(3,382)	(1,757)
Interest received	11	4
Net cash flows (used in) from investing activities	(1,944)	1,173
Cash flows from financing activities		
Proceeds from loans and borrowings	8,300	9,000
Proceeds from refinancing of lease liabilities	3,000	–
Repayment of loans and borrowings	(9,457)	(5,826)
Interest paid	(1,403)	(1,495)
Payments of lease liabilities	(14,790)	(13,511)
Net cash flows used in financing activities	(14,350)	(11,832)
Net (decrease) increase in cash and cash equivalents	(2,824)	6,131
Cash and cash equivalents, statement of cash flows, beginning balance	12,880	6,652
Effect of exchange rate charges on balances had in foreign currency	42	97
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	10,098	12,880

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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 Covid-19 pandemic

The Covid-19 pandemic and the aftermath of the pandemic has had, or may have an impact, on the reporting entity based on known information that extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the reporting entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the reporting entity unfavourably as at the reporting date or subsequently as a result of the pandemic.

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 Singapore Accounting Standards Council. 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.

1. General (cont'd)

Basis of presentation

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 and cease when the reporting entity loses control of the investee.

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.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income is not presented.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

2A. Significant accounting policies (cont'd)

Other income

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.

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. 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.

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

2A. Significant accounting policies (cont'd)

Translation of financial statements of other entities

Each branch determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined 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 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.

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

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.

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. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Leases of lessor

For a lessor each of 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. 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.

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

2A. Significant accounting policies (cont'd)

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. 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.

Business combinations

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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position 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. 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.

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.

Classification and measurement of financial assets:

1. 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 fair value through profit or loss (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.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
3. 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.
4. 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.

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

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

Cash and cash equivalents in the statement of cash flows include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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.

2B. Other explanatory information

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.

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.

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

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

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 allowance for expected credit losses (ECL) assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. 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 (including the impact of the Covid-19 pandemic). 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

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

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.

Asset held for sale:

The carrying amount for asset held for sale is to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for values of such assets, and its sales must be highly probable. Such assessment requires significant management judgement, as the sale is also expected to qualify for recognition as a completed sale within one year from the date of classification. The carrying amount of the assets at the end of the reporting year affected by the assumption is disclosed in Note 16.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

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	
	2022	2021
	\$'000	\$'000
Salaries and other short-term employee benefits	2,417	2,156

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

	Group	
	2022	2021
	\$'000	\$'000
Directors' fees	80	80
Remuneration of directors of the Company	2,337	2,076

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.

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:

	Directors	
	Group	
	2022	2021
	\$'000	\$'000
<u>Other payables:</u>		
Balance at beginning of the year	(1,575)	(1,575)
Amount paid out and settlement of liabilities on behalf of another party	50	-
Balance at end of the year (Note 25)	(1,525)	(1,575)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

3D. Other receivables from and other payables to related parties: (cont'd)

	Subsidiaries	
	Company	
	2022	2021
	\$'000	\$'000
<u>Other receivables:</u>		
Balance at beginning of the year	3,857	4,387
Amount paid in and settlement of liabilities on behalf of the Company	(1,757)	(530)
Balance at end of the year (Note 19)	<u>2,100</u>	<u>3,857</u>

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.

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 below and in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

4. Financial information by segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Lifting and haulage services \$'000	Port services \$'000	Others \$'000	Group \$'000
2022				
Revenue by segment				
Total revenue by segment	42,217	22,831	3,018	68,066
Total revenue	42,217	22,831	3,018	68,066
EBITDA	17,885	(1,734)	1,153	17,304
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
Profit net of tax				1,608
2021				
Revenue by segment				
Total revenue by segment	27,113	21,839	5,374	54,326
Total revenue	27,113	21,839	5,374	54,326
EBITDA	9,425	3,474	1,789	14,688
Interest expense	(1,506)	(51)	(441)	(1,998)
Depreciation	(12,159)	(853)	(689)	(13,701)
(Loss) profit before tax	(4,240)	2,570	659	(1,011)
Income tax income				676
Loss net of tax				(335)

4C. Assets and reconciliations

	Lifting and haulage services \$'000	Port services \$'000	Others \$'000	Group \$'000
2022				
Total group assets	153,693	5,430	19,168	178,291
2021				
Total group assets	132,580	7,664	18,605	158,849

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

4. Financial information by segments (cont'd)

4C. Assets and reconciliations (cont'd)

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
<u>2022</u>				
Total group liabilities	80,994	5,002	12,720	98,716
<u>2021</u>				
Total group liabilities	65,207	4,216	11,486	80,909

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.

4E. Other material items and reconciliations

	Lifting and haulage services \$'000	Port services \$'000	Others \$'000	Group \$'000
<u>2022</u>				
Net allowance of impairment for trade and other receivables	92	-	-	92
Net change in fair value of investment properties	(20)	-	-	(20)
Expenditure for non-current assets	32,234	163	19	32,416
<u>2021</u>				
Net allowance of impairment for trade and other receivables	(49)	-	-	(49)
Net change in fair value of investment properties	-	-	(300)	(300)
Impairment losses on property, plant and equipment	(2,120)	-	-	(2,120)
Capital expenditure	10,090	571	-	10,661

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

4. Financial information by segments (cont'd)

4F. Geographical information

	Revenue		Non-current assets	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	67,350	53,097	126,208	124,824
Malaysia	716	1,229	2,009	2,528
	<u>68,066</u>	<u>54,326</u>	<u>128,217</u>	<u>127,352</u>

4G. Information about major customers

Revenue from one customer of the Group's lifting and haulage services and port services segments represents approximately \$5,575,000 (2021: \$4,553,000) and \$24,857,000 (2021: \$21,126,000) respectively of the Group's total revenue.

5. Revenue

	Group	
	2022	2021
	\$'000	\$'000
Sales of goods	3,018	5,374
Lifting and haulage services business	42,217	27,113
Port services business	22,831	21,839
	<u>68,066</u>	<u>54,326</u>
Revenue classified by timing of revenue recognition:		
Point in time	3,018	5,374
Overtime	65,048	48,952
Total revenue	<u>68,066</u>	<u>54,326</u>

Customers are commercial consumers, corporations and government authorities.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

6. Other Income and gains and (other losses)

	Group	
	2022	2021
	\$'000	\$'000
Allowance for impairment on property, plant and equipment – loss	–	(2,120)
Allowance for impairment on trade and other receivables – reversal/(loss)	92	(49)
Commission income	2	4
Fair value (loss) gain on financial derivatives	(17)	29
Foreign exchange transaction losses	(272)	(23)
Gain/(loss) on disposal of property, plant and equipment	343	(288)
Government grant income ^(a)	3,007	7,340
Interest income	11	4
Net change in fair value of investment properties	(20)	(300)
Rental income from storage	1,861	1,960
Sundry income	1,071	1,451
Net	<u>6,078</u>	<u>8,009</u>
Presented in profit or loss as:		
Other income and gains	6,387	10,789
Other losses	(309)	(2,780)
Net	<u>6,078</u>	<u>8,009</u>

(a) Government grants comprised primarily wage subsidy that relates to Singapore government grants initiative of the Jobs Support Scheme (“JSS”) announced in the Unity Budget. The purpose of the JSS is to provide wage support to employees to help them retain their local employee (Singapore Citizens and Permanent Residents) during the period of economic uncertainty.

7. Finance costs

	Group	
	2022	2021
	\$'000	\$'000
Bank charges	8	13
Interest expense	1,869	1,998
	<u>1,877</u>	<u>2,011</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

8. Employee benefits expense

	Group	
	2022	2021
	\$'000	\$'000
Salaries bonuses and other costs	39,576	31,483
Contributions to defined contribution plan	3,580	2,510
Total employee benefits expense	43,156	33,993
Employee benefits expense is charged to profit or loss and included in:		
Administrative expenses (Note 9)	6,319	5,393
Cost of sales	36,837	28,600
Total employee benefits expense	43,156	33,993

9. Administrative expenses

The major components and other selected components include the following:

	Group	
	2022	2021
	\$'000	\$'000
Employee benefits expense (Note 8)	6,319	5,393
Insurance expense	383	169
	6,702	5,562

10. Income tax

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

	Group	
	2022	2021
	\$'000	\$'000
<u>Current tax (benefit)/expense:</u>		
Current tax expense	67	117
(Over) under adjustments in respect of prior periods	(142)	11
Subtotal	(75)	128
<u>Deferred tax benefit:</u>		
Excess of book value over tax value on plant and equipment	-	(682)
Over adjustment in respect of prior periods	-	(122)
Subtotal	-	(804)
Total tax benefit	(75)	(676)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

10. Income tax (cont'd)

10A. Components of tax (benefit) expense recognised in profit or loss include: (cont'd)

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% (2021: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2022	2021
	\$'000	\$'000
Profit (loss) before tax	1,533	(1,011)
Income tax expense/(benefit) at the above rate	261	(172)
Effect of different tax rate in different country	(85)	(77)
Expenses not deductible for tax purposes	242	1,165
Income not subjected to tax	(628)	(1,617)
Tax incentives and allowance	(586)	-
Over adjustment in respect of prior periods	(142)	(111)
Deferred tax assets not recognised	863	136
Total tax benefit	(75)	(676)

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

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

	Group	
	2022	2021
	\$'000	\$'000
Excess of book value over tax on plant and equipment	-	(804)
Total deferred income tax benefits recognised in profit or loss	-	(804)

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

	Group	
	2022	2021
	\$'000	\$'000
Excess of book value of plant and equipment over tax value	(8,537)	(8,537)

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

10. Income tax (cont'd)

10C. Deferred tax balances in the statement of financial position: (cont'd)

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 \$2,148,000 and \$6,413,000 (2021: \$2,129,000 and \$1,359,000) 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	
	2022	2021
	\$'000	\$'000
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	1,608	(335)
	2022	2021
	'000	'000
Denominators: weighted average number of ordinary shares	308,065	308,065
	Cents	Cents
Basic and diluted earnings per share		
Continuing operations	0.52	(0.11)

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 2022

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 2020	18,759	21,885	201,875	303	782	3,768	247,372
Additions	445	-	10,462	4	53	142	11,106
Foreign exchange adjustments	(5)	-	(53)	*	*	(6)	(64)
Disposals	-	-	(9,635)	-	-	-	(9,635)
Remeasurement	(62)	-	-	-	-	-	(62)
At 31 March 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
<u>Accumulated depreciation:</u>							
At 1 April 2020	2,921	8,863	105,245	246	724	2,683	120,682
Depreciation for the year	1,799	1,462	9,962	11	49	418	13,701
Impairment loss	247	204	1,663	*	1	5	2,120
Disposals	-	-	(6,421)	-	-	-	(6,421)
Foreign exchange adjustments	(3)	-	(11)	-	-	(3)	(17)
At 31 March 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)
Foreign exchange adjustments	-	-	(6)	-	(1)	(1)	(8)
Transfer to asset held for sale (Note 16)	(2,993)	-	-	-	-	-	(2,993)
At 31 March 2022	3,807	11,966	117,086	268	827	3,483	137,437
<u>Carrying value:</u>							
At 1 April 2020	15,838	13,022	96,630	57	58	1,085	126,690
At 31 March 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

* Amount less than \$1,000.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

Company	Right-of-use land \$'000	Leasehold property \$'000	Renovation \$'000	Total \$'000
<u>Cost:</u>				
At 1 April 2020	17,139	21,884	96	39,119
Additions	–	–	3	3
At 31 March 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
<u>Accumulated depreciation:</u>				
At 1 April 2020	2,218	8,862	47	11,127
Depreciation for the year	1,159	1,462	9	2,630
Impairment loss	245	204	1	450
At 31 March 2021	3,622	10,528	57	14,207
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
<u>Carrying value:</u>				
At 1 April 2020	14,921	13,022	49	27,992
At 31 March 2021	13,517	11,356	42	24,915
At 31 March 2022	3,081	9,919	33	13,033

Allocation of the depreciation expense:

	Group	
	2022 \$'000	2021 \$'000
Cost of sales	13,420	13,199
Administrative expenses	481	502
	<u>13,901</u>	<u>13,701</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

Security

As at 31 March 2022, property, plant and equipment of the Group and the Company with a carrying amount of \$9,952,000 (2021: \$11,398,000) were pledged as securities to secure bank loans of \$349,000 (2021: \$3,357,000) (see Note 23).

Impairment assessment

As at 31 March 2022, the Group's market capitalisation of \$20.6 million continues to be less than the Group's total net assets of \$79,575,000. In addition, the EBITDA margin achieved (excluding Job Support Scheme grants) in FY2022 was lower than the forecast EBITDA margin made in FY2022. These are indicators that the Group's non-financial assets may be further impaired and further assessment of recoverable amounts of non-financial assets is required.

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

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

Based on the review performed by the Group, no further impairment loss was required on property, plant and equipment for the year ended 31 March 2022. For the year ended 31 March 2021, impairment loss of \$2,120,000 was recognised on property, plant and equipment for Singapore and Malaysia Lifting and Haulage business. The impairment loss is included in other losses in the Group's income statement.

	2022	2021
	%	%
<u>Singapore Lifting and Haulage business</u>		
Discount rate (pre-tax)	9.0	10.3
Revenue compound annual growth rate	2.0	3.9
EBITDA compound annual growth rate	(1.0)	3.0

The cash flow projections included specific estimates over the weighted average useful life of the non-financial assets of 13 years (2021: 12 years). The cash flow projections were based on forecasts prepared by the management taking into account of past experience and existing market conditions and any adverse movements in the key assumptions can lead to further impairment losses in future periods.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

Impairment assessment (cont'd)

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

Group	2022 \$'000	2021 \$'000
Right-of-use land and dormitories	-	247
Leasehold property	-	204
Plant and machinery owned	-	702
Right-of-use plant and machinery	-	961
Office equipment	-	1
Motor vehicles	-	5
	-	2,120

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

Company	2022 \$'000	2021 \$'000
Right-of-use land	-	245
Leasehold property	-	204
Renovation	-	1
	-	450

13. Investment properties

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>At fair value</u>				
At beginning of the year	8,450	8,750	7,700	8,000
Less: transferred to asset held for sale (Note 16)	(7,700)	-	(7,700)	-
Decrease in fair value included in profit/loss under other losses	(20)	(300)	-	(300)
At end of the year	730	8,450	-	7,700

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

13. Investment properties (cont'd)

During the year, an external party has indicated interest to purchase the property at 8 Tuas South Street 10, Singapore 636943 for an aggregate sale consideration of \$6,000,000, subjected to JTC Corporation's approval. This investment property is being reclassified to asset held for sale under current assets during the reporting year.

Group	2022 \$'000	2021 \$'000
Rental and service income from investment property		
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	-	204

Measurement of fair value

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

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

The fair value measurement for the investment properties of \$730,000 (2021: \$8,450,000) 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

14. Investments in subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
<u>At cost:</u>		
At beginning of the year	3,500	3,920
Additions	100	–
Allowance for impairment	–	(420)
At end of the year	3,600	3,500

The subsidiaries held by the Company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Effective percentage of equity held by Group	
	2022	2021
	%	%
Hiap Tong Crane & Transport Pte Ltd ^(a) Singapore Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	100	100
<u>Held through Hiap Tong Crane & Transport Pte Ltd</u>		
HT Ports Services Pte Ltd ^(a) Singapore Provision of labour support for container lashing/unlashing prime mover driving services repair and maintenance of motor vehicles.	100	100
Hiap Tong Trading Pte. Ltd. ^(a) Singapore Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment.	100	100
<u>Held through Hiap Tong Trading Pte. Ltd.</u>		
HTV Equipment Company Limited ^(c) Vietnam Provision of heavy lifting and haulage services, as well as the trading of cranes and heavy equipment	100	100
Hiap Tong Construction Pte. Ltd. ^(c) Singapore Provision of work train operation services, as well as manpower.	100	–

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

14. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Effective percentage of equity held by Group	
	2022	2021
	%	%
Held through Hiap Tong Trading Pte. Ltd. (cont'd)		
HT Infrastructure Private. Ltd. (Dormant)	100	100
Hiap Tong Crane & Transport Sdn. Bhd. ^(b) Malaysia Rental of cranes, prime movers, heavy machinery and equipment.	100	100

(a) Audited by RSM Chio Lim LLP.

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

(c) Not audited for the reporting year 2021, as it is immaterial. The management accounts were used for consolidation.

15. Other financial assets

	Group	
	2022	2021
	\$'000	\$'000
Balance is made up of:		
Unquoted investments at FVTOCI	250	250

15A. Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

	Group	
	2022	2021
	\$'000	\$'000
Movements during the year:		
Fair value at beginning of the year	250	200
Fair value gains on financial assets at FVTOCI	-	50
Fair value at end of the year	250	250

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15. Other financial assets (cont'd)

15B. Disclosures relating to investments at FVTOCI

	Level	Group	
		2022 \$'000	2021 \$'000
Unquoted equity shares:			
Singapore:			
Logistics industry	3	250	250

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:

	2022	2021
Risk free rates	2.29%	-
Asset volatility	55%	-
Expected terms (years)	4.75	-

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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. Also see Note 33.

	Group and Company	
	2022	2021
	\$'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	-

17. Other non-financial assets

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Prepayments	207	165	8	18
Deposits to secure services	831	410	121	85
	1,038	575	129	103

18. Derivatives financial instruments

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

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial assets - derivatives, current (Note 18A)	4	21	-	-

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18. Derivatives financial instruments (cont'd)

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 assets – derivatives

	2022	2021
	\$'000	\$'000
<u>Foreign currency forward contracts</u>		
At the beginning of the year – net debit/(credit)	21	(9)
Fair value (loss) gain (Note 6)	(17)	30
At the end of the year	<u>4</u>	<u>21</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").

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		Favourable fair value	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
Purchase USD	6,081	4,021	4	21
	<u>6,081</u>	<u>4,021</u>	<u>4</u>	<u>21</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 2022, the settlement date on forward foreign exchange contracts for the Group ranges from 1 to 4 months (2021: 1 to 6 months).

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19. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Third parties	21,053	16,859	-	-
Less allowance for impairment	(489)	(849)	-	-
Net trade receivables – subtotal	20,564	16,010	-	-
<u>Other receivables:</u>				
Third parties	1,370	2,011	29	29
Related parties (Note 3)	-	-	2,100	3,857
Net other receivables – subtotal	1,370	2,011	2,129	3,886
Total trade and other receivables	21,934	18,021	2,129	3,886

Movements in above allowance on trade receivables:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	849	828	-	-
Impairment loss recognised	43	100	-	-
Amount written off	(268)	(28)	-	-
Allowance for impairment losses written back	(135)	(51)	-	-
At end of the year	489	849	-	-

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 Covid-19 pandemic.

The reporting entity also has a few customers and which can be credit risk graded individually and these are recorded at inception net of expected lifetime ECL. For these few customers with large balances the credit risk is graded individually. For these large 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. No loss allowance was necessary for the large balances.

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19. Trade and other receivables (cont'd)

At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the Covid-19 pandemic) 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 Covid-19 pandemic) are analysed. The ageing of the balance is as follows:

Group	Gross amount		ELR		Loss allowance	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	%	%	\$'000	\$'000
Within due date	8,653	6,370	0.1	0.3	8	22
Past due 1 – 90 days	7,928	7,192	–	–	–	–
Past due 91 – 180 days	2,276	1,203	–	0.3	–	4
Past due 181 – 365 days	1,142	925	1.1	4.2	12	39
Past due more than 365 days	1,054	1,169	44.5	67.1	469	784
	<u>21,053</u>	<u>16,859</u>			<u>489</u>	<u>849</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 (2021: 30 days). But some customers take a longer period to settle the amounts.

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

Group	2022	2021
	\$'000	\$'000
Top 1 customer	3,951	2,692
Top 2 customers	7,745	5,177
Top 3 customers	<u>9,300</u>	<u>7,197</u>

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 Covid-19 pandemic. No loss allowance is necessary.

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

Included in other receivables is a loan due from third party that bears interest at 5% per annum and is repayable in 2022. During the reporting year, the loan due from third party was extended to 2023.

NOTES TO THE FINANCIAL STATEMENTS

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20. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	10,098	12,880	317	417
	<u>10,098</u>	<u>12,880</u>	<u>317</u>	<u>417</u>

The interest earning balances are not significant.

20A. Non-cash transactions

There were acquisition of certain property, plant and equipment with a total cost of \$8,255,000 (2021: \$7,246,000) under lease contracts and \$20,778,000 (2021: \$1,650,000) payable to an external supplier.

20B. Reconciliation of liabilities arising from financing activities:

	2021	Cash flows	Non-cash changes	2022
	\$'000	\$'000	\$'000	\$'000
Group				
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	<u>61,077</u>	<u>(15,997)</u>	<u>2,554</u>	<u>47,634</u>
	2020	Cash flows	Non-cash changes	2021
	\$'000	\$'000	\$'000	\$'000
Group				
Amount due to directors	1,817	–	(242)	1,575
Loans and borrowings	10,470	3,174	–	13,644
Lease liabilities	44,934	(13,511)	14,435 ^(a)	45,858
Total liabilities from financing activities	<u>57,221</u>	<u>(10,337)</u>	<u>14,193</u>	<u>61,077</u>

(a) Acquisition and accrual of interest expense

NOTES TO THE FINANCIAL STATEMENTS

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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 2020, 31 March 2021 and 31 March 2022	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.

The improvement as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the decrease of lease liabilities.

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).

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	
	2022 \$'000	2021 \$'000
Loan borrowings	12,487	13,644
Lease liabilities	33,622	45,858
Less cash and cash equivalents	(10,098)	(12,880)
Net debt:	36,011	46,622
Total equity	79,575	77,940
Debt to adjusted capital ratio	45.3%	59.8%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

21. Share capital (cont'd)

Capital management: (cont'd)

The improvement as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the decrease of lease liabilities.

22. Other reserves

	Group	
	2022 \$'000	2021 \$'000
Foreign currency translation reserve (Note 22A)	99	72
Fair value reserve (Note 22B)	50	50
Merger Reserve (Note 22C)	(1,670)	(1,670)
	(1,521)	(1,548)

22A. Foreign exchange translation reserve

	Group	
	2022 \$'000	2021 \$'000
At beginning of the year	72	20
Exchange differences on translating foreign operations	27	52
At end of the year	99	72

The foreign currency translation reserve accumulates all foreign exchange differences.

22B. Fair value reserve

	Group	
	2022 \$'000	2021 \$'000
At beginning and end of the year	50	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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

23. Loans and borrowings

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Non-current:</u>				
Secured bank loans (Note 23A)	244	3,775	-	825
Unsecured bank loan	5,680	4,258	-	-
Subtotal, non-current	5,924	8,033	-	825
<u>Current:</u>				
Secured bank loans (Note 23A)	1,458	3,869	349	2,533
Unsecured bank loan	5,105	1,742	-	-
Subtotal, current	6,563	5,611	349	2,533
Total	12,487	13,644	349	3,358
The non-current portion is repayable as follows:				
Due within 2 to 5 years	5,924	6,404	-	825
After 5 years	-	1,629	-	-
Total non-current portion	5,924	8,033	-	825

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

	Group	Company
<u>Bank loans (secured)</u>		
2022	1.44% - 2.79%	1.44% - 2.58%
2021	0.75% - 2.20%	1.44% - 2.58%
<u>Bank loans (unsecured)</u>		
2022	2.00% - 3.90%	-
2021	2.00% - 2.25%	-

23A. Bank loans (secured)

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

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

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24. Lease liabilities

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Lease liabilities, non-current	19,634	32,683	3,019	14,526
Lease liabilities, current	13,988	13,175	479	920
	<u>33,622</u>	<u>45,858</u>	<u>3,498</u>	<u>15,446</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.

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 recognised is 3.9% (2021: 3.7%) per year.

During the year, an external party has indicated interest to purchase the property at 8 Tuas South Street 10, Singapore 636943 for an aggregate sale consideration of \$6,000,000, subjected to JTC Corporation's approval. The corresponding lease liabilities of \$11,029,000 (Note 16) is being reclassified to liabilities held for sale under current liabilities during the reporting year.

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 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	
	2022 \$'000	2021 \$'000
Expenses relating to short-term leases included in cost of sales	<u>83</u>	<u>78</u>

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25. Trade and other payables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current				
Other payables				
Directors (Note 3)	1,503	1,503	-	-
Former directors of subsidiaries	306	306	-	-
Net trade payables - subtotal	1,809	1,809	-	-
Current				
<u>Trade payables:</u>				
Outside parties and accrued liabilities	22,503	4,269	51	62
Accrued liabilities	3,995	3,208	181	130
Deposits and advances	1,394	818	60	-
Net trade payables - subtotal	27,892	8,295	292	192
<u>Other payables:</u>				
Other payables	3,169	942	-	-
Directors (Note 3)	22	72	-	-
Former directors of subsidiaries	-	108	-	-
Net other payables - subtotal	3,191	1,122	-	-
Total trade and other payables	32,892	11,226	292	192
Presented as:				
Trade and other payables, non-current	1,809	1,809	-	-
Trade and other payables, current	31,083	9,417	292	192
	32,892	11,226	292	192

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

Trade payables includes an amount of \$20,778,000 (2021: \$1,551,000) due to an external supplier for the acquisition of equipment.

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26. Other non-financial liabilities

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Government grants	-	1,282	-	-

27. 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	
	2022	2021
	\$'000	\$'000
Commitments to purchase property, plant and equipment	10,990	2,782

28. 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	
	2022	2021
	\$'000	\$'000
Not later than one year	242	499
Later than one year and not later than five years	21	245
Rental income for the year	505	498

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29. Financial instruments: information on financial risks

29A. 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	32,032	30,901	2,446	4,303
Financial assets at FVTOCI	250	250	-	-
Financial assets at FVTPL	4	21	-	-
At end of the year	<u>32,286</u>	<u>31,172</u>	<u>2,446</u>	<u>4,303</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	79,001	70,728	4,139	18,996
At end of the year	<u>79,001</u>	<u>70,728</u>	<u>4,139</u>	<u>18,996</u>

Further quantitative disclosures are included throughout these financial statements.

29B. 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.

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

29C. 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.

29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. 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 with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings.

For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance.

Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables.

On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment 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.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments.

29E. 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 (2021: 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.

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

29E. 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):

Group	Less than 1 year \$'000	2 - 5 years \$'000	More than 5 years \$'000	Total \$'000
<u>2022:</u>				
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	<u>(52,668)</u>	<u>(26,121)</u>	<u>(2,379)</u>	<u>(81,168)</u>
<u>2021:</u>				
Gross loans and borrowings	(5,925)	(6,986)	(1,713)	(14,624)
Gross lease liabilities	(14,454)	(24,673)	(11,777)	(50,904)
Trade and other payables	(8,599)	(401)	(1,408)	(10,408)
At end of the year	<u>(28,978)</u>	<u>(32,060)</u>	<u>(14,898)</u>	<u>(75,936)</u>
Company				
<u>2022:</u>				
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	<u>(1,224)</u>	<u>(2,331)</u>	<u>(971)</u>	<u>(4,526)</u>
<u>2021:</u>				
Gross loans and borrowings	(2,582)	(840)	-	(3,422)
Gross lease liabilities	(1,374)	(5,743)	(11,777)	(18,894)
Trade and other payables	(192)	-	-	(192)
At end of the year	<u>(4,148)</u>	<u>(6,583)</u>	<u>(11,777)</u>	<u>(22,508)</u>

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

29E. Liquidity risk - financial liabilities maturity analysis (cont'd)

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.

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>2022:</u>		
Financial guarantee contracts – corporate guarantee in favour of a subsidiary	46,187	46,187
<u>2021:</u>		
Financial guarantee contracts – corporate guarantee in favour of a subsidiary	37,372	37,372

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Bank facilities:</u>				
Unused borrowing facilities	47,158	22,008	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

29F. 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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial liabilities with interest:</u>				
Fixed rates	(35,348)	(50,858)	-	-
Floating rates	(7,802)	(8,644)	(349)	(3,358)
Total at end of the year	(43,150)	(59,502)	(349)	(3,358)
<u>Financial assets with interest:</u>				
Fixed rates	118	108	-	-
Total	(43,032)	(59,394)	(349)	(3,358)

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	
	2022	2021	2022	2021
	\$'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 / (loss) for the year by	(78)	(86)	(3)	(34)

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).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

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

29G. Foreign currency risks

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	2022	2021
	United States Dollar \$'000	United States Dollar \$'000
<u>Financial assets:</u>		
Cash and cash equivalents	308	370
Total financial assets	308	370
<u>Financial liabilities:</u>		
Trade and other payables	(13,445)	(1,145)
Total financial liabilities	(13,445)	(1,145)
Net financial liabilities at end of the year	(13,137)	(775)

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:

	2022	2021
	\$'000	\$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US Dollars with all other variables held constant would have a favourable effect on pre-tax profit / (loss) of	(1,314)	*

* Amount less than \$1,000.

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

29G. Foreign currency risks (cont'd)

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.

29H. 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.

30. Changes and adoption of financial reporting standards

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to The Conceptual Framework for Financial Reporting
SFRS (I) 16	Covid-19 Related Rent Concessions - Amendment to (effective from 30 June 2021)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

31. 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 Singapore Accounting Standards Council 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.

SFRS No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates – Amendments to	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to	1 January 2023
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to	1 January 2022
SFRS (I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
Various	Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Various	Annual Improvements to FRSs 2018-2020	1 January 2022

32. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation. As the reclassification has no impact to the statement of financial position at the beginning of the preceding reporting year, a third statement of financial position at the beginning of the preceding reporting year is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

32. Reclassifications and comparative figures (cont'd)

The items reclassified were as follows:

	After \$'000	Group Before \$'000	Difference \$'000
<u>2021 Consolidated Statement of Financial Position:</u>			
Property, plant and equipment	50,993	118,652	(67,659)
Right-of-use assets	67,659	–	67,659
Trade and other receivables	18,021	18,596	(575)
Other non-financial assets	575	–	575

The items reclassified were as follows:

2021 Consolidated Statement of Profit or Loss and Other Comprehensive Income:

Other income	10,789	10,468	321
Administrative expenses	(8,957)	(7,742)	(1,215)
Other expenses	–	(1,215)	1,215
Other losses	(2,780)	–	(2,780)
Finance income	–	4	(4)
Finance costs	(2,011)	(2,054)	43
Impairment losses on property, plant and equipment and right-of-use assets	–	(2,120)	2,120
Net change in fair value of investment properties	–	(300)	300

2021 Consolidated Statement of Cash Flows:

Loss before tax	(1,011)	–	(1,011)
Loss for the year	–	(335)	335
Tax credit	–	(676)	676

The financial statements for the reporting year ended 31 March 2021 were audited by other independent auditor (other than RSM Chio Lim LLP) whose report dated 5 July 2021 expressed an unqualified opinion on those financial statements.

33. Events after the end of the reporting year

Subsequent to the end of the reporting year, the deal with third party purchaser on the sale of the property at 8 Tuas South Street 10, Singapore 636943 has been aborted as the parties are not able to agree on the terms of the contracts during subsequent negotiations. Management will continue to put the property on the market for sale to other potential buyers.

STATISTICS OF SHAREHOLDINGS

As at 10 June 2022

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	8	1.08	399	0.00
100 - 1,000	20	2.70	11,086	0.00
1,001 - 10,000	165	22.27	1,208,389	0.39
10,001 - 1,000,000	518	69.90	47,559,902	15.44
1,000,001 AND ABOVE	30	4.05	259,285,506	84.17
TOTAL	741	100.00	308,065,282	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TEMBUSU ASIA HOLDINGS PTE LTD	189,785,313	61.61
2	ONG LIM WAN @ ONG TECK MENG	8,515,976	2.76
3	DBS NOMINEES (PRIVATE) LIMITED	6,589,683	2.14
4	GOH GUAN SIONG (WU YUANXIANG)	5,441,300	1.77
5	RAFFLES NOMINEES (PTE.) LIMITED	4,204,753	1.36
6	KIM SOON LEE (LIM) HEAVY TRANSPORT PTE LTD	2,900,000	0.94
7	CITIBANK NOMINEES SINGAPORE PTE LTD	2,491,564	0.81
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,291,121	0.74
9	ONG BOON TAT, ALVIN (WANG WENDA, ALVIN)	2,209,375	0.72
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	KEA CHEE TONG @ KE CHI YET @ KIA CHEE YET	2,050,000	0.67
15	ANG LAI HOE	2,010,000	0.65
16	POH KA THENG	2,000,000	0.65
17	KWOK LAI FONG EVANGELINE	1,949,000	0.63
18	ONG LIM SAN	1,900,000	0.62
19	MAYBANK SECURITIES PTE. LTD.	1,851,800	0.60
20	FOO SEE HAN	1,699,900	0.55
	TOTAL	246,269,785	79.94

STATISTICS OF SHAREHOLDINGS

As at 10 June 2022

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 10 June 2022.

	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 10 June 2022, 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 Fourteenth Annual General Meeting (“**AGM**”) of Hiap Tong Corporation Ltd will be held by way of electronic means on Thursday, 28 July 2022 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 2022 together with the Auditors’ Report thereon. **Resolution 1**
2. To approve the payment of Directors’ fees of S\$80,000 for the financial year ended 31 March 2022. **Resolution 2**
3. To re-elect the following Directors retiring pursuant to the Company’s Constitution:
 - (i) Mr Ong Teck Meng (Regulation 95) [*refer to explanatory note (i)*] **Resolution 3**
 - (ii) Mr Tito Shane Isaac (Regulation 95) [*refer to explanatory note (ii)*] **Resolution 4**
4. To re-appoint RSM Chio Lim LLP, Public Accountants and Chartered Accountants, Singapore and to authorize the Directors to fix the Auditors’ remuneration. **Resolution 5**

AS SPECIAL BUSINESS

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

other than on a pro-rata basis to all existing shareholders of the Company must not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, and for the purpose of this Resolution, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed (after adjusting for (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and (iii) any subsequent bonus issue, consolidation or subdivision of shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[refer to Explanatory Note (iii)]

6. Renewal of the Share Buy-Back Mandate

Resolution 7

"That

- (a) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or acquire its issued and fully paid-up Shares representing not more than ten per cent. (10%) of the total number of issued Shares of the Company at such price(s) as may be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company from time to time up to the Maximum Price (as defined below), whether by way of:
- (i) an on-market purchase ("**Market Purchase**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
 - (ii) an off-market purchase ("**Off-Market Purchase**"), effected otherwise than on the SGX-ST pursuant to an equal access scheme in accordance with Section 76C of the Companies Act,

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

whichever the earliest.

- (c) in this Resolution:

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

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price, where:

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

By Order of the Board

Lim Guek Hong
Company Secretary

Singapore, 6 July 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Detailed information pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of SGX-ST on Mr Ong Teck Meng can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 101 to 106 of the Annual Report.
- (ii) Detailed information pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of SGX-ST on Mr Tito Shane Isaac can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 101 to 106 of the Annual Report.

Mr Tito Shane Isaac, will, upon re-election as the Lead Independent Director of the Company, remain as the Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee and he is considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of SGX-ST.

- (iii) The Ordinary Resolution 6 proposed in item 5 above, if passed, will empower the Directors from the date of the above AGM until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total issued shares (excluding 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).
- (iv) The Ordinary Resolution 7 proposed in item 6 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 6 July 2022.

Notes:

- (1) The AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended) (the "Order"). The AGM will be conducted in accordance with the checklist set out in the guidance on the conduct of general meetings issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation, most recently updated on 4 February 2022.
- (2) Printed copies of this Notice of AGM, the Company's Annual Report for the financial year ended 31 March 2022 ("Annual Report 2022"), Letter to Shareholders, and the Proxy Form) will not be sent to members. Instead, all these documents containing the information relating to the business of this AGM will be published on the Company's website at <https://www.hiaptong.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- (3) Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting by 10.00 a.m. on 18 July 2022, addressing of substantial and relevant questions by announcing on SGXNET and Company's website by 21 July 2022 or at, the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 6 July 2022. The announcement may be accessed at the Company's website at <https://www.hiaptong.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

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

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

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.00 p.m. on 18 July 2022.

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

NOTICE OF ANNUAL GENERAL MEETING

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

- (i) if submitted electronically, be submitted via email to administrator@hiaptong.sg; or
- (ii) 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 25 July 2022, 3.00 p.m., being at least 72 hours before the time for the AGM.

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

Members are strongly encouraged to submit completed proxy forms electronically via email.

Personal data privacy:

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ong Teck Meng and Mr Tito Shane Isaac are the Directors seeking re-election at the annual general meeting of the Company on 28 July 2022 (“**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 Teck Meng	Tito Shane Isaac
Date of appointment	8 January 2008	1 July 2016
Date of last re-appointment (if applicable)	30 July 2019	30 July 2019
Age	73 years old	51 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 skill sets, contributions, in-depth knowledge of providing hydraulic lifting and haulage services to the marine, petrochemical and construction industries in Singapore as well as the suitability of Mr Ong Teck Meng for re-election as Executive Chairman & Chief Executive Officer of the Company. The Board has accepted the NC’s recommendation and concluded that Mr Ong, the founder of the Hiap Tong Group possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, expertise, diversity of skill sets, work experience and suitability of Mr Tito Shane Isaac for re-election as Lead Independent Director of the Company. The Board has accepted the NC’s recommendation and concluded that Mr Isaac continues to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether Board appointment is executive, and if so, the area of responsibility	<ul style="list-style-type: none"> - Executive Director - Managing the Group’s overall business strategy 	Non-Executive Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Executive Chairman and Chief Executive Officer	Lead Independent Director Chairman of Nominating Committee, Member of both the Audit Committee and the Remuneration Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Teck Meng	Tito Shane Isaac
Academic / professional qualifications	Primary School of Singapore	Barrister-at-law Gray's Inn LL.B Hons form University of Leeds, United Kingdom
Working experience and occupation(s) during the past 10 years	<p>Managing Director of Hiap Tong Trading Pte Ltd since 1978</p> <p>Managing Director of Hiap Tong Crane & Transport Pte Ltd since 1988</p>	<p>Legal officer, Military Prosecutor of Legal Service Commission</p> <p>Legal Associate of Nathan Isaac & Co</p> <p>Partner of Ng Isaac Partnership</p> <p>Managing Partner of Tito Isaac & Co LLP</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>Direct Interest - 8,515,976 shares</p> <p>Deemed interest - 191,885,313 shares</p>	Nil
Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder	<ol style="list-style-type: none"> 1. Ong Boon Tat, Alvin (son) - Executive Director 2. Ong Lim San (brother) - Executive Director 3. Ong Chuan Hock (brother) - Manager 4. Wang Wenshen (nephew) - Manager 5. Ng Eng Joo (cousin) - Head of Operations 6. Ong Hwee Cheng (daughter) - Business Development Manager 7. Gwee Sze Hoe Jeremy (nephew) - Director of Hiap Tong Crane & Transport Pte Ltd 8. Ong Jun Xiong (nephew) - Manager 	No
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 Teck Meng	Tito Shane Isaac
Other Principal Commitments including Directorships		
Past 5 years	Nil	Nil
Present	Managing Director of Hiap Tong Trading Pte Ltd Managing Director of Hiap Tong Crane & Transport Pte Ltd Director of Tembusu Asia Holdings Pte. Ltd. Director of Hiap Tong Crane & Transport Sdn. Bhd.	Independent Non-Executive Director of Shanaya Ltd Non-Executive Independent Chairman of New Wave Holdings Ltd Managing Partner of Tito Isaac & Co LLP Director of International Institute of Mediators (Singapore) Limited
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		
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Teck Meng	Tito Shane Isaac
(c) Whether there is any unsatisfied judgment against me?	No	No
(d) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or have been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such purpose?	No	No
(e) Whether I have ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which I am aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against me in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on my part, or I have been the subject of any civil proceedings (including any pending civil proceedings of which I am aware) involving an allegation of fraud, misrepresentation or dishonesty on my part?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ong Teck Meng	Tito Shane Isaac
(g) Whether I have ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether I have ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether I have ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining me from engaging in any type of business practice or activity?	No	No
(j) Whether I have ever, to my knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	Yes; in capacity as their lawyer only. I have defended various directors and companies. None of the directors and companies related to the Hiap Tong Group.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

PROXY FORM

HIAP TONG CORPORATION LTD.

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

1. The Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The AGM will be conducted in accordance with the checklist set out in the guidance on the conduct of general meetings issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation (the "Checklist"), most recently updated on 4 February 2022. Pursuant to the Checklist, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting by 10.00 a.m. on 18 July 2022 addressing of substantial and relevant questions by announcing on SGXNET and Company's website by 21 July 2022, or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 6 July 2022. The announcement may be accessed at the Company's website at <https://www.hiaptong.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. **As the AGM will be held by way of electronic means, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
3. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.00 p.m. on 18 July 2022.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 July 2022 which may be accessed at the Company's website at <https://www.hiaptong.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
5. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the Annual General Meeting.**

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

of _____ (Address)

being a member/members of HIAP TONG CORPORATION LTD., hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held by way of electronic means on **Thursday, 28 July 2022 at 3.00 p.m.** and at any adjournment thereon in the following manner:

No.	Resolutions relating to:	For*	Against*	Abstain*
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2022 and the Auditors' Report thereon			
2.	Approval of Directors' Fees for the financial year ended 31 March 2022			
3.	Re-election of Director (Mr Ong Teck Meng)			
4.	Re-election of Director (Mr Tito Shane Isaac)			
5.	Re-appointment of Auditors			
6.	Authority to issue shares pursuant to Share Issue Mandate			
7.	Renewal of Share Buyback Mandate			

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

Date this _____ day of _____ 2022

Total No. of Shares Held

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

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

- 1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.
- 2 **As the AGM will be held by way of electronic means, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the Meeting as the member's proxy.

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

- 3 The Chairman of the Meeting, as proxy, need not be a member of the Company.
- 4 The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (i) if submitted electronically, be submitted via email to administrator@hiaptong.com; or
 - (ii) 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 25 July 2022, 3.00 p.m., being at least 72 hours before the time for holding the AGM.

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

Members are strongly encouraged to submit completed proxy forms electronically via email.

- 5 The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.
- 6 Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
- 8 Members should take note that once this proxy form is submitted electronically via email to administrator@hiaptong.sg or lodged with the Company, they cannot change their vote as indicated in the box provided above.



HIAP TONG CORPORATION LTD.
协通企业有限公司

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