



Hiap Seng Engineering Ltd
(Judicial Managers Appointed)

TO EMERGE STRONGER

ANNUAL
REPORT
2022



OUR VISION

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

OUR MISSION

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

OUR CORE VALUES

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

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ABOUT THE GROUP

We are one of the leading integrated service providers of mechanical engineering, plant fabrication & installation and plant maintenance to the oil-and-gas (serving both upstream exploration and production as well as downstream refinery and storage), petrochemical and pharmaceutical industries in Singapore, Asia Pacific and other regions. We are dedicated to providing our clients with efficient, reliable and quality products and services.

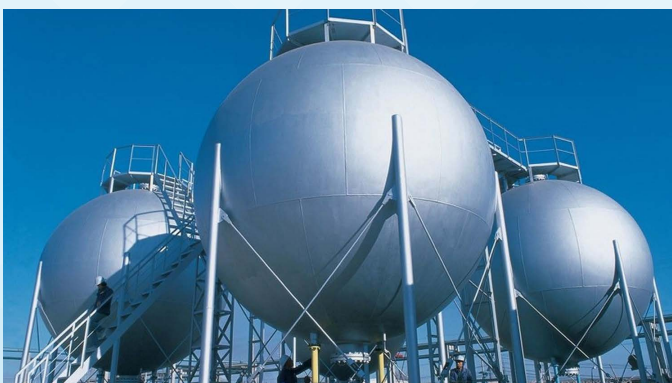
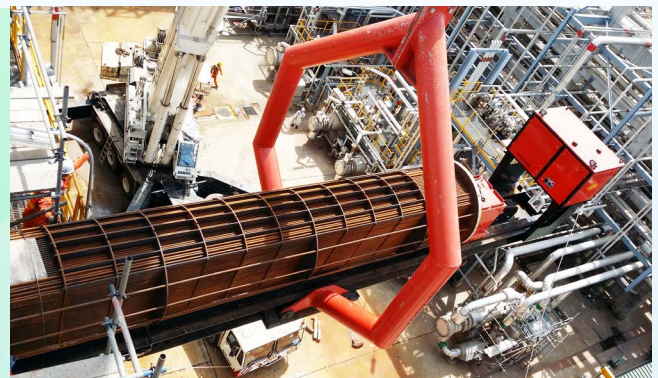


CONSTRUCTION

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

PLANT MAINTENANCE

Oil-and-Gas, Chemical & Utility Plant Maintenance



EPC

Process Equipment, Gas Compressors, FPSO Topsides & Tank farms

CHAIRMAN'S STATEMENT

FINANCIAL AND OPERATING PERFORMANCE REVIEW

Against the backdrop of the COVID-19 related disruptions, the Group continues to tide through the wave of tough and intense competition during the financial year. The Group reported revenue of S\$27.4 million in FY2022, a decrease of S\$2.0 million from S\$29.4 million in FY2021, mainly attributable to the scaling down in activities for subsidiaries in Thailand and United Arab Emirates ("UAE"). Despite the lower revenue, the Group recorded higher gross profit of S\$6.5 million in FY2022 compared to a gross loss of S\$2.1 million in FY2021. Consequently, the Group's net profit attributable to shareholders improved from a loss of S\$5.0 million in FY2021 to a profit of S\$6.4 million in FY2022.

SEGMENTAL CONTRIBUTIONS

Revenue for the plant construction and maintenance segment decreased from S\$29.5 million in FY2021 to S\$27.4 million in FY2022, largely attributable to the scaled down activities in Thailand and UAE. Despite the lower revenue, the Group generated a higher earnings before income tax, depreciation and amortisation ("EBITDA") of S\$9.7 million in FY2022 from S\$3.1 million in FY2021. The higher EBITDA was mainly attributed to the gain on disposal of a property in Singapore.

Revenue for the compression and process equipment fabrication segment dropped significantly in FY2022 as the Group did not take on any new projects during the financial year. An EBITDA loss of \$0.1 million was recorded.

Geographically, the Group's revenue from UAE, Thailand, Malaysia and other countries is lower at S\$2.3 million compared to S\$6.9 million in the prior year, mainly due to the cessation of operations for Thailand subsidiary upon the sale of its core assets, and a project in UAE nearing completion. On the other hand, the Group's revenue in Singapore has increased by S\$2.6 million to S\$25.1 million in FY2022 compared to S\$22.5 million in FY2021.

FINANCIAL POSITION REVIEW

The Group's shareholders' funds improved by S\$7.2 million, from a deficit of S\$21.7 million as at 31 March 2021, to a lower deficit of S\$14.5 million as at 31 March 2022.

Excluding assets and liabilities of an entity which was classified as held for sale as 31 March 2021 being subsequently disposed, Hiap Seng's current assets increased to S\$27.3 million as at 31 March 2022 from S\$26.1 million as at 31 March 2021. Current liabilities, including bank borrowings of S\$14.3 million, decreased to S\$47.8 million as at 31 March 2022 from S\$59.6 million as at 31 March 2021. As a result, the current ratio improved from 0.44 as at 31 March 2021 to 0.57 as at 31 March 2022.

The Group's non-current assets decreased to S\$6.0 million as at 31 March 2022, from S\$8.0 million as at 31 March 2021. This was largely due to the depreciation charge during the financial year.

Hiap Seng's cash and cash equivalents stood at S\$15.1 million as at 31 March 2022 as compared to S\$14.1 million as at 31 March 2021, with bank borrowings at S\$14.3 million as at 31 March 2022 as compared to S\$26.9 million as at 31 March 2021.

BUSINESS REVIEW AND OUTLOOK

As with the past two years, 2022 has seen tough operating conditions due to intense price competition and the impact of COVID-19 related disruptions. Despite a decrease in revenue, the Company managed to achieve net profits compared to being in a net loss position in the prior year. This was contributed by successfully executing turnarounds, preserving our maintenance portfolio, effective cost management and the sale of a property during the financial year.

The journey of transformation in the oil and gas sector has just begun, with commitments made by the Singapore Government at the 2021 United Nations Climate Change Conference

to drive major changes within the industry to achieve net-zero emissions and embark on greener alternatives. These changes boasts opportunities for carbon capture, utilisation, and storage and upgrading programs within Singapore's process industry. As an energy hub, the infrastructure stability that Singapore provides allows such investment to come to fruition, even more so with the recovery of oil prices, which translates to greater project opportunities for our Company.

However, margin and cost pressures will continue to persist, especially in Singapore, and competition remains intense. We remain committed to practicing capital discipline, committing to climate change, and focusing on cash flow and profit improvement.

Working closely with our Judicial Managers in restructuring the business, the Company will now focus on its core competencies. We have achieved our goal in streamlining our business to become nimbler and more agile to navigate any given terrain. We still require some time to recover, which entails increasing our manpower, re-establishing business partnerships and gaining a firmer foothold within the industry. This has been in progress, and we will continually strive to further augment the trust we had before with our stakeholders.

After a vigorous investor search process and discussions with numerous parties, the Company entered into a Conditional Subscription Agreement ("CSA") with a group of investors on 7 January 2022, for which the salient terms of the Proposed Transaction are set out in the announcement posted on the SGX-Net.

One of the conditions precedent referred to in the CSA is the implementation of the Scheme of Arrangement ("Scheme") to restructure the debts and liabilities of the Company owing to the unsecured creditors ("Scheme Creditors") as at the date of the judicial management order on 15 September 2020.



We are pleased to inform that on 18 August 2022, the Scheme was duly approved at the meeting of the Scheme Creditors and the Company had also entered into a restructuring deed with its principal banker together with the group of investors (the "Restructuring Deed"). The Restructuring Deed regulates the rights and obligations among the Company, the group of investors and the principal banker arising from the Proposed Transaction and the Scheme

On 29 August 2022, the High Court of Singapore sanctioned the Scheme and also granted the extension of the judicial management order for the Company to 8 March 2023, so as to allow the Company to complete the Proposed Transaction with the group of investors.

CHAIRMAN'S STATEMENT

With the approval of the Scheme and the execution of the Restructuring Deed, two key conditions amongst the other anticipated steps to complete the restructuring exercise of the Company have been fulfilled.

The Company is now in the process of obtaining the necessary approval from the various regulatory bodies to complete the Proposed Transaction and seek to exit from being under judicial management.

Upon successful completion of the Proposed Transaction and post restructuring, the Company is confident and strongly believe that the Group is able to generate sufficient cash flows from its operating activities to meet its ongoing liabilities. In addition, the Group also plans to undertake a rights issue exercise to raise up to S\$3.3 million upon completion of the Proposed Transaction.

With regard to our operating capabilities, we have continued to service our clients effectively, with some renewing term contracts with the Company.

Whilst under judicial management, we have undergone restructuring and undertook measures to exercise financial prudence which resulted in Hiap Seng regaining suppliers' trust, and being granted credit terms. To demonstrate this further, we were awarded a significant shutdown/turnaround by one of our esteemed clients and successfully completed the works within time and budget.

As the Judicial Managers were managing the Group affairs for the full financial year ended 31 March 2022, no Corporate Governance report will be furnished for this year's Annual report.

It is with the support, trust and confidence of several clients and suppliers that Hiap Seng is able to recover and be in a positive cash flow position to date.

SUSTAINABILITY

The Group recognises that embracing sustainable practices is a business priority that is important for long-term development and success. As such we have integrated assessing and improving our impact and operational sustainability as part of the Group's strategic formulation.

We are pleased to issue the third edition of our Sustainability Report this financial year, which is based on SGX-ST Listing Rule 711a and 711b and in accordance with the GRI Framework 206: Core. This GRI framework was selected as it is currently the most widely used sustainability reporting framework. You may find a copy of this on our website at www.hiapseng.com and SGXnet by 5 December 2022.

WORD OF APPRECIATION

On behalf of the Board, I thank all our staff for their diligence and unwavering commitment to the Group especially through the Company's toughest period in our 50 years of history. Your allegiance, sacrifice and determination have helped us navigate a sustainable future for Hiap Seng.

A special note of appreciation goes to the Singapore government and its agencies for their financial and other assistance which helped see us through this challenging period.

We would also like to thank our clients and business partners for their steadfast support and conviction in us. Your confidence in our ability to rise above the challenges strengthens our resolve to recover and fortify our standing in the industry.

TAN AH LAM FRANKIE
CHAIRMAN

BOARD OF DIRECTORS

TAN AH LAM, FRANKIE

Non-Executive Chairman

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

TAN LEAU KUEE, RICHARD

Executive Director and CEO

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

TAN LIAN CHEW

Non-Executive Director

Mr Tan Lian Chew has over 40 years of experience in accounting, taxation, financial and corporate matters from his working with the then Inland Revenue Department, public accounting firms and the management consultancy companies, TNL Corporate Services Pte Ltd and TNL Corp-Sec Services Pte Ltd which he co-founded. Mr Tan is a full member of the Singapore Institute of Directors (SID) and is also a member of the Singapore Institute of Accredited Tax Professionals (SIATP). He oversees the Group's key corporate and financial matters such as corporate planning, investment evaluations and tax planning. He has been associated with the Company since its incorporation in 1971 and was appointed a Director in 1983. As of 2020 Mr Tan steps down from his executive role as Executive Director (Finance) but remains as Non-Executive Director of the Company. He is also a director of several other private companies in Singapore.

BOARD OF DIRECTORS

DR JOHN CHEN SEOW PHUN

Lead Independent Director

Dr John Chen Seow Phun was appointed as an Independent Director on 18 September 2002. He holds a PhD in Electrical Engineering from the University of Waterloo, Canada. Dr Chen was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, he was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications and Information Technology and Minister of State for National Development. He is presently the Executive Chairman of Pavillon Holdings Ltd, and the Chairman of SAC Capital Pte Ltd. He also sits on the Board of a number of publicly listed companies.

KOH KIM WAH

Independent Director

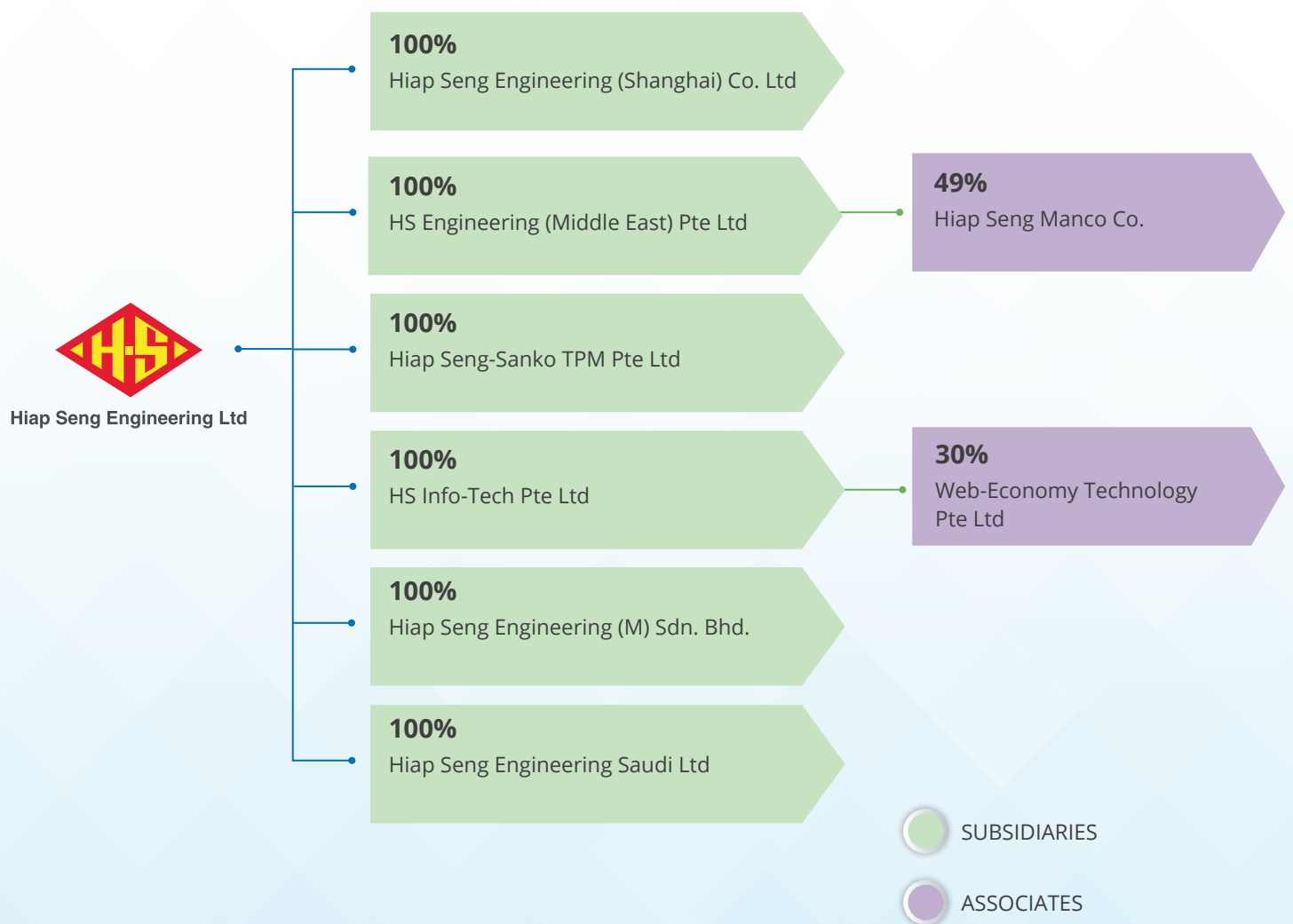
Mr Koh Kim Wah was appointed as an Independent Director 28 July 2005. Mr Koh, a Colombo Plan Scholar, graduated from University of Canterbury, New Zealand with a 1st class Honours degree in Chemical Engineering in 1967 and later attended the Advance Management Programme at Harvard Business School in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

M. RAJARAM

Independent Director

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

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Ah Lam, Frankie
Non-Executive Chairman

Tan Leau Kuee, Richard
Executive Director and CEO

Tan Lian Chew
Non-Executive Director

Dr John Chen Seow Phun*
Lead Independent Director

Koh Kim Wah*
Independent Director

M. Rajaram*
Independent Director

AUDIT COMMITTEE

Dr John Chen Seow Phun, Chairman
Koh Kim Wah, Member
M. Rajaram, Member

REMUNERATION COMMITTEE

Koh Kim Wah, Chairman
M. Rajaram, Member
Dr John Chen Seow Phun, Member

NOMINATING COMMITTEE

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

JOINT COMPANY SECRETARIES

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

REGISTERED OFFICE

28 Tuas Crescent
Singapore 638719

SHARE REGISTRAR

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

AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Partner: Tham Tuck Seng
(Year of appointment: FY2022)

JOINT AND SEVERAL JUDICIAL MANAGERS

Oon Su Sun
Lin Yueh Hung
8 Wilkie Rd
#03-08
Wilkie Edge
Singapore 228095

PRINCIPAL BANKER

United Overseas Bank Limited

*Pursuant to Rule 210(5)(d)(iii) of SGX Listing Manual, with effect from 1 January 2022, continued appointment as an independent director, after an aggregate period of more than 9 years on the board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding directors, chief executive officer and their associates.

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

The directors present their statement to the members together with the audited consolidated financial statements of Hiap Seng Engineering Ltd (the "Company") (under Judicial Management) and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2022 and the balance sheet of the Company as at 31 March 2022.

The Company and its subsidiary, HS Compression & Process Pte Ltd ("HSCP") have been placed under judicial management since 15 September 2020 and Ms. Oon Su Sun and Mr. Lin Yueh Hung, care of RSM Corporate Advisory Pte. Ltd., were appointed as joint and several Judicial Managers (the "Judicial Managers" or "JMs"). Since then, the JMs have been managing the affairs, business and properties of the Company and HSCP in order to achieve, amongst others, the survival of the Company, a more advantageous realisation of the assets of the Company and a restructuring of the debt and liabilities via a scheme of arrangement with its creditors and principal lender.

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

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

In the opinion of the directors,

- (a) having regard to and taking into consideration the matters disclosed in Note 2.1 to the financial statements, the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 18 to 83 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, subject to the matters referred to in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr Tan Ah Lam
Mr Tan Leau Kuee @ Tan Chow Kuee
Mr Tan Lian Chew
Dr John Chen Seow Phun
Mr Koh Kim Wah
Mr M. Rajaram

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.3.2022	At 1.4.2021	At 31.3.2022	At 1.4.2021
Hiap Seng Engineering Ltd (under Judicial Management)				
<u>(No. of ordinary shares)</u>				
Mr Tan Ah Lam	3,319,500	3,319,500	70,788,639	70,788,639
Mr Tan Leau Kuee @ Tan Chow Kuee	-	-	70,788,639	70,788,639
Mr Tan Lian Chew	3,601,761	3,601,761	-	-
Mr Koh Kim Wah	-	-	278,000	278,000
Mr M. Rajaram	300,000	300,000	-	-

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

	No. of ordinary shares	
	At 31.3.2022	At 1.4.2021
HS Compression & Process Pte Ltd (in Compulsory Liquidation)	-	4,124,999
Hiap Seng Engineering (Thailand) Co., Ltd (in Voluntary Liquidation)	-	2,749,999
Hiap Seng Engineering Limited FZC	-	97,906

- (c) The directors' interests in the ordinary shares of the Company as at 21 April 2022 were the same as those as at 31 March 2022.

Share options

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

Audit Committee

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

Dr John Chen Seow Phun (Chairman)
Mr Koh Kim Wah
Mr M. Rajaram

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

- (a) the assistance given by the Company's management to the independent auditor; and
- (b) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2022, as well as the Independent Auditor's Report thereon, for the submission to the Board of Directors.

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

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

TAN AH LAM
Director

30 November 2022

TAN LEAU KUEE @ TAN CHOW KUEE
Director

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Audit of the Financial Statements

Our Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of Hiap Seng Engineering Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 March 2022;
- the balance sheet of the Group as at 31 March 2022;
- the balance sheet of the Company as at 31 March 2022;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Qualified Opinion

For the financial year ended 31 March 2021, the Group recorded cost of services for a project undertaken by Hiap Seng Engineering Limited FZC ("HSFZC") of S\$461,000 within its loss from discontinued operation. HSFZC was a subsidiary at 31 March 2021 and was disposed by the Group in June 2021. We were unable to obtain sufficient appropriate audit evidence relating to the nature and timing of the incurrence of these costs as the Company no longer has access to the accounting records of HSFZC. Consequently, we were unable to determine whether any adjustments to the opening retained earnings and loss from discontinued operation recorded in the financial year ended 31 March 2021 were necessary. Our audit opinion on the financial statements for the financial year ended 31 March 2021 was modified accordingly. Our opinion on the current financial year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, the Group's and Company's current liabilities exceeded their current assets by \$20,528,000 and \$20,049,000 respectively as at 31 March 2022. In addition, the Group and the Company were in net liabilities position of \$14,501,000 and \$14,127,000 respectively. It is further indicated that the Company and one of its subsidiaries were placed under judicial management since 15 September 2020. The ability of the Group and the Company to continue as going concerns is subject to the completion of the Restructuring Exercise as disclosed in Note 2.1 which is currently ongoing. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Our opinion is not modified in respect of this matter.

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* and the *Material Uncertainty Related to Going Concern* sections, we have determined the matter described below to be the key audit matter to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

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

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

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Contracts with performance obligations satisfied over time</u> (Refer to Note 2.3, Note 3 and Note 4)</p> <p>During the financial year ended 31 March 2022, revenue from shutdown maintenance and plant and equipment construction contracts amounted to \$11.4 million (Note 4), which represented 41.5% of the total revenue of the Group.</p> <p>Revenue from shutdown maintenance and equipment construction contracts are recognised over time by reference to the progress towards satisfaction of performance obligations under these contracts. Measurement of progress of the projects at the reporting date is based on the proportion of contract costs incurred to date over the estimated total contract costs.</p> <p>We focused on this area due to the significant amount of judgement required in the estimation of the total contract costs to complete used to determine the measurement of progress of the projects at the reporting date, which affects the revenue recognised and the provision for onerous contracts.</p>	<p>We performed the following audit procedures for contracts selected on a sample basis:</p> <ul style="list-style-type: none"> (a) Understand and evaluate the relevant controls relating to the preparation of, and revision to, total project revenue and costs. (b) Obtain an understanding of the projects in progress through discussions with management and project managers. (c) Trace total contract sums to contract entered into by the Group and its customers. (d) Obtain evidence of contract modifications (including variation orders and claims) recognised by verifying to customer orders and acknowledgement of the claims. (e) Assess the adequacy of the amount of liquidated damages to be net off against contract sums, based on our understanding of the projects. (f) Assess the reasonableness of management's estimates of total project costs: <ul style="list-style-type: none"> (i) Review the project status and risks associated with the timely completion of the project; (ii) Compare actual costs incurred against budgeted project costs; (iii) Agree actual costs incurred to invoices from material suppliers and subcontractors, and payroll records; (iv) Assess the adequacy of the amount of provision for onerous contracts (where relevant) for each project. (g) Re-compute the measurement of progress based on contract costs incurred to date as a proportion over the estimated total contract costs. (h) Re-compute the amount of revenue recognised in the current financial year based on the measurement of progress. <p>Based on the audit procedures performed above, we found management's estimation of project revenue and project costs to be appropriately supported, and the disclosures in this respect, to be adequate.</p>

INDEPENDENT AUDITOR'S REPORT

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, our opinion on the current year's financial statements is modified because of the possible effect on the comparability of the current year's figures and the corresponding figures. We are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matter described in the *Basis for Qualified Opinion* section above, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 30 November 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	Note	2022 \$'000	2021 \$'000
Continuing operations			
Revenue	4	27,415	29,392
Cost of services rendered	5	(20,898)	(31,447)
Gross profit/(loss)		6,517	(2,055)
Other income	7	1,239	1,190
Other gains/(losses) - net			
- Write back of/(allowance for) impairment of financial assets and contract assets		65	(243)
- Others	7	5,210	4,340
Expenses			
- Administrative	5	(5,770)	(7,788)
- Finance	8	(875)	(1,265)
Share of (loss)/profit of associated companies	15	(12)	19
Profit/(loss) before income tax		6,374	(5,802)
Income tax (expense)/credit	9	(87)	565
Profit/(loss) from continuing operations		6,287	(5,237)
Discontinued operation			
Loss from discontinued operation	10	-	(126)
Total profit/(loss)		6,287	(5,363)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		573	523
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		(8)	(22)
Financial assets, at FVOCI			
- Fair value gains/(losses) - equity investments	26(b)(iii)	113	(12)
Other comprehensive income, net of tax		678	489
Total comprehensive income/(loss)		6,965	(4,874)
Profit/(loss) attributable to:			
Equity holders of the Company		6,443	(5,017)
Non-controlling interests		(156)	(346)
		6,287	(5,363)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations		6,443	(4,916)
Loss from discontinued operation		-	(101)
		6,443	(5,017)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		7,129	(4,506)
Non-controlling interests		(164)	(368)
		6,965	(4,874)
Basic and diluted earnings/(loss) per share (cents per share)			
From continuing operations	11	2.1	(1.6)
From discontinued operation	11	-	(*)

* Less than 0.1 cents per share

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

BALANCE SHEET - GROUP

As at 31 March 2022

		Group	
	Note	31 March 2022 \$'000	31 March 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	15,120	14,126
Trade and other receivables	13	10,306	7,168
Contract assets	4(b)	964	3,747
Other current assets	14	868	1,087
		27,258	26,128
Assets of disposal group classified as held-for-sale	10	-	6,295
		27,258	32,423
Non-current assets			
Investments in associated companies	15	262	274
Property, plant and equipment	18	4,952	6,995
Financial assets, at FVOCI	19	813	700
		6,027	7,969
Total assets		33,285	40,392
LIABILITIES			
Current liabilities			
Trade and other payables	21(a)	32,628	31,321
Provision for onerous contracts	21(b)	-	114
Contract liabilities	4(b)	113	107
Current income tax liabilities		-	376
Borrowings	22	14,281	26,901
Lease liabilities		764	789
		47,786	59,608
Liabilities of disposal group classified as held-for-sale	10	-	4,171
		47,786	63,779
Non-current liability			
Lease liabilities		-	821
Total liabilities		47,786	64,600
NET LIABILITIES		(14,501)	(24,208)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	36,178	36,178
Other reserves	26	806	17
Accumulated losses		(51,485)	(57,928)
		(14,501)	(21,733)
Non-controlling interests	16	-	(2,475)
Total equity		(14,501)	(24,208)

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

BALANCE SHEET - COMPANY

As at 31 March 2022

		Company	
	Note	31 March 2022 \$'000	31 March 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	11,766	9,197
Trade and other receivables	13	15,125	9,500
Contract assets	4(b)	63	2,806
Other current assets	14	767	820
		27,721	22,323
Non-current asset classified as held-for-sale	10	-	993
		27,721	23,316
Non-current assets			
Investments in subsidiaries	16	615	1,231
Property, plant and equipment	18	4,494	6,409
Financial assets, at FVOCI	19	813	700
		5,922	8,340
Total assets		33,643	31,656
LIABILITIES			
Current liabilities			
Trade and other payables	21(a)	32,617	32,696
Provision for onerous contracts	21(b)	-	44
Contract liabilities	4(b)	108	100
Current income tax liabilities		-	13
Borrowings	22	14,281	21,693
Lease liabilities		764	777
		47,770	55,323
Non-current liability			
Lease liabilities		-	821
Total liabilities		47,770	56,144
NET LIABILITIES		(14,127)	(24,488)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	36,178	36,178
Other reserves	26	(1,669)	(1,782)
Accumulated losses	27	(48,636)	(58,884)
Total equity		(14,127)	(24,488)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2022

	← Attributable to equity holders of the Company →					
	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
2022						
Balance as at 1 April 2021	36,178	17	(57,928)	(21,733)	(2,475)	(24,208)
Profit/(loss) for the year	–	–	6,443	6,443	(156)	6,287
Other comprehensive income/(loss) for the year	–	686	–	686	(8)	678
Total comprehensive loss for the year	–	686	6,443	7,129	(164)	6,965
Reclass upon disposal of subsidiaries	–	103	–	103	–	103
Disposal of controlling interest in subsidiaries (Note 16)	–	–	–	–	2,639	2,639
Total transactions with owners, recognised directly in equity	–	103	–	103	2,639	2,742
Balance as at 31 March 2022	36,178	806	(51,485)	(14,501)	–	(14,501)
2021						
Balance as at 1 April 2020	36,178	(494)	(52,911)	(17,227)	(2,107)	(19,334)
Loss for the year	–	–	(5,017)	(5,017)	(346)	(5,363)
Other comprehensive loss for the year	–	511	–	511	(22)	489
Total comprehensive loss for the year	–	511	(5,017)	(4,506)	(368)	(4,874)
Balance as at 31 March 2021	36,178	17	(57,928)	(21,733)	(2,475)	(24,208)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Total profit/(loss)		6,287	(5,363)
Adjustments for:			
- Income tax expense/(credit)		87	(565)
- (Write back of)/allowance for impairment of financial assets and contract assets		(65)	243
- Depreciation of property, plant and equipment		2,320	4,612
- Loss on lease modification		-	147
- Net gain on disposal of property, plant and equipment		(4,633)	(4,390)
- Property, plant and equipment written off		72	13
- Net gain on disposal of club membership		-	(35)
- Net gain on disposal of subsidiaries		(586)	(204)
- Unrealised currency translation losses		630	559
- Interest expense		875	1,265
- Interest income		(3)	(2)
- Dividend income		-	(35)
- Share of loss/(profit) of associated companies		12	(19)
		4,996	(3,774)
Change in working capital, net of effects from disposals of subsidiaries:			
- Contract assets		2,783	5,842
- Trade and other receivables		(2,977)	11,537
- Other current assets		116	2,034
- Contract liabilities		255	(3,347)
- Trade and other payables and provisions		3,130	(7,727)
Cash generated from operations		8,303	4,565
Income tax paid		(460)	-
Net cash provided by operating activities		7,843	4,565
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		4,759	13,877
Purchases of property, plant and equipment		(48)	(292)
Proceeds from disposal of club membership		-	288
Interest received		3	2
Disposal of subsidiaries, net of cash disposed	16	(680)	(26)
Net cash provided by investing activities		4,034	13,849
Cash flows from financing activities			
Interest paid		(66)	(251)
Net repayment of bank financing (trust receipts)		(872)	(795)
Repayment of bank borrowings		(9,551)	(370)
Repayment of principal portion of lease liabilities		(1,260)	(1,440)
Net cash used in financing activities		(11,749)	(2,856)
Cash and cash equivalents			
Net increase in cash and cash equivalents		128	15,558
Beginning of financial year	12	15,049	(391)
Effects of currency translation on cash and cash equivalents		(57)	(118)
End of financial year	12	15,120	15,049

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

Reconciliation of liabilities arising from financing activities

	1 April 2021 \$'000	Cash flows \$'000	Non-cash changes \$'000					31 March 2022 \$'000
			Lease modification	Disposal of right- of-use assets	Interest expenses	Disposal of subsidiaries	Foreign exchange movement	
Bank borrowings	15,649	(9,551)	–	–	390	(2,953)	–	3,535
Trade receivables invoice financing	9,233	–	–	–	331	–	24	9,588
Bank financing (trust receipts)	1,982	(872)	–	–	90	–	(42)	1,158
Lease liabilities	1,610	(1,326)	1,236	(820)	64	–	–	764

	1 April 2020 \$'000	Cash flows \$'000	Non-cash changes \$'000			31 March 2021 \$'000
			Lease modification	Interest expenses	Foreign exchange movement	
Bank borrowings	15,100	(26)	–	575	–	15,649
Trade receivables invoice financing	9,247	(347)	–	428	(95)	9,233
Bank financing (trust receipts)	2,703	(941)	–	160	60	1,982
Lease liabilities	3,178	(1,536)	(128)	96	–	1,610

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

1. General information

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

The principal activities of the Company consist of the provision of building construction, engineering, procurement, construction and plant maintenance services for oil and gas and energy sectors and, provision of process and industrial plant engineering and consultancy services. The principal activities of the subsidiaries are set out in Note 35 to the financial statements.

On 15 September 2020, the Company and its subsidiary, HS Compression & Process Pte Ltd (in Compulsory Liquidation) ("HSCP"), were placed under Judicial Management. During this period, all powers conferred and duties imposed on the Directors of the Company by the Insolvency, Restructuring and Dissolution Act 2018 or the Companies Act 1967 or by the constitution of the Company, must be exercised and performed by the Judicial Managers and not by the Directors.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Going concern

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

As at 31 March 2022, the Group and the Company reported a net current liabilities position of \$20,528,000 and \$20,049,000 respectively. In addition, the Group and the Company were in net liabilities position of \$14,501,000 and \$14,127,000 respectively.

Judicial Management

On 15 September 2020, the Company and its subsidiary, HSCP, were placed under judicial management.

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

- (a) Survival of the Company, or the whole or part of its undertaking as a going concern;
- (b) The approval under Section 210 of the Companies Act 1967 or Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 of a compromise or arrangement between the Company and any such persons as mentioned in those sections; and/or
- (c) A more advantageous realisation of the Company's assets than on winding up.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

Judicial Management (continued)

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

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

On 29 August 2022, the High Court of Singapore ("the Court") granted the extension of the judicial management order for the Company till 8 March 2023 to allow the Company to complete the Proposed Transaction with the Investors.

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

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

Borrowings from the Creditors

The Group has classified the outstanding borrowings amounting to \$14,281,000 as at 31 March 2022, as "Current Liabilities" as the Company had breached certain covenant requirements and the repayment of the borrowings are on a short term basis.

As at the date of this report, the Company also has outstanding amounts due to unsecured creditors prior to 15 September 2020 of approximately \$19,646,000.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

Borrowings from the Creditors (continued)

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

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

Cash flows from operating activities

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

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

On the above basis, the financial statements for the financial year ended 31 March 2022 is prepared on a going concern basis.

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

If for any reason the Group and the Company are unable to continue as a going concern, this could impact the Company's ability to realise its assets at book values and adjustments may have to be made to provide for any potential/future losses and liabilities which might arise.

2.2 Interpretations and amendments to published standards effective in 2022

On 1 April 2021, the Group adopted the new or amended SFRS(I) and Interpretations to SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.3 Revenue recognition

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

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

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

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

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

(b) *Rendering of maintenance services*

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

(c) *Sale of goods*

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

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

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

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals (continued)

Please refer to the paragraph "Investments in subsidiaries and associated companies" in Note 2.7 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

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

(c) Associated companies

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

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

(i) Acquisitions

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

(ii) Equity method of accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies (continued)

(iii) Disposals

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

Please refer to paragraph "Investments in subsidiaries and associated companies" in Note 2.7 for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

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

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment, including freehold building, is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Investment property

Investment property comprises significant portions of leasehold office building that are held for long-term rental yields and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the period of the estimated useful lives of 10 to 30 years, or over the lease term, whichever is shorter. The residual values, useful lives and depreciation method of investment property are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

2.7 Investments in subsidiaries and associated companies

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

2.8 Impairment of non-financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.9 Financial assets

(a) *Classification and measurement*

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

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

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

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

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

(ii) Equity investments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(ii) Equity investments (continued)

Movements in fair values of investments classified as FVOCI are presented as “fair value gains/ losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29(b) details how the Group determines whether there has been a significant increase in credit risk.

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

(c) Recognition and derecognition

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

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

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

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

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.11 Financial guarantees

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

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

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.12 Borrowings

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

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

2.13 Trade and other payables

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

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

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

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

2.15 Leases

- (a) When the Group is the lessee:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.15 Leases (continued)

(a) When the Group is the lessee (continued):

Right-of-use assets

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

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

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

Lease liabilities

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

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

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

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

Short-term and low-value leases

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

(b) When the Group is the lessor:

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

Lessor – Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.15 Leases (continued)

- (b) When the Group is the lessor (continued):

Lessor – Operating leases (continued)

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

Lessor – Subleases

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

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

2.16 Income taxes

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

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.17 Provisions

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

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

2.18 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.19 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.19 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

- (i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.20 Segment reporting

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

2.21 Cash and cash equivalents

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

For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital

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

2.23 Government grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Significant accounting policies (continued)

2.24 Borrowing costs

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

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

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

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

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

3. Critical accounting estimates, assumptions and judgements

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

(a) *Estimation of total contract costs*

The Group has ongoing contracts to construct plant and equipment and render shutdown maintenance services. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the plant and equipment or the shutdown maintenance services. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract cost ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of contract revenue. When it is probable that the total contract costs will exceed the total contract revenue, a provision for onerous contracts is recognised immediately.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

3. Critical accounting estimates, assumptions and judgements (continued)

(a) Estimation of total contract costs (continued)

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management has applied its past experience of completing similar projects, as well as quotations from and contracts with suppliers and sub-contractors. These estimations are also made with due consideration of the circumstances and relevant events that were known to management at the date of these financial statements. Total project costs may also be affected by factors such as uncertainties in contract execution, variation in scope of works and acceptance of claims by customers.

If the estimated contract costs to complete of on-going contracts to be incurred had been higher by 10% from management's estimates, the Group's revenue and results before tax would have been lower by \$7,000 respectively.

(b) Critical judgement over the lease terms

As at 31 March 2022, the Group's lease liabilities, which are measured based on the lease terms, amounted to \$764,000. Extension options at the discretion of the lessee are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

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

As at 31 March 2022, future (undiscounted) cash outflows of approximately \$25,585,000 have not been included in lease liabilities because it is not reasonably certain based on the Group's financial position that it is able to fulfil the conditions associated with the lease extension granted.

4. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

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

	At a point in time \$'000	Over time		Total \$'000
		Plant construction and maintenance \$'000	Compression and process fabrication \$'000	
2022				
Rendering of maintenance services	-	14,740	-	14,740
Shutdown maintenance	-	8,047	-	8,047
Construction of plant and equipment	-	3,310	15	3,325
Others	1,156	147	-	1,303
	1,156	26,244	15	27,415

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

4. Revenue from contracts with customers (continued)

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

	At a point in time \$'000	Over time		Total \$'000
		Plant construction and maintenance \$'000	Compression and process fabrication \$'000	
2021				
Rendering of maintenance services	-	14,043	-	14,043
Shutdown maintenance	-	4,238	-	4,238
Construction of plant and equipment	-	9,520	(238)	9,282
Others	1,829	-	-	1,829
	1,829	27,801	(238)	29,392

(b) Contract assets and liabilities

	31 March		1 April
	2022 \$'000	2021 \$'000	2020 \$'000
<u>Group</u>			
Contract assets	964	3,747	10,252
Less: loss allowance (Note 29(b))	-	-	(248)
Total contract assets	964	3,747	10,004
Contract liabilities	113	107	5,667
<u>Company</u>			
Contract assets	63	2,806	1,723
Contract liabilities	108	100	2,902

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

4. Revenue from contracts with customers (continued)

(b) Contract assets and liabilities (continued)

(i) Revenue recognised in relation to contract liabilities

	Group	
	31 March	
	2022	2021
	\$'000	\$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Plant and equipment construction contracts	107	5,667

(ii) Unsatisfied performance obligations

	31 March	
	2022	2021
	\$'000	\$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 March		
- Plant and equipment construction contracts	71	3,482

Management expects that 100% of transaction price allocated to the unsatisfied performance obligations as of 31 March 2022 may be recognised as revenue during the next reporting period as the Group continues to perform to complete the construction. The amount disclosed above does not include variable consideration, which is subject to significant risk of reversal.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

5. Expenses by nature

	Group	
	2022	2021
	\$'000	\$'000
Sub-contractor charges	5,302	7,277
Structural materials and other related costs	1,715	4,114
Employee compensation (Note 6)	10,562	16,767
Foreign worker levy	659	(1,367)
Rental expenses	26	41
Property taxes	514	390
Transportation & logistic expenses	890	1,921
Professional fees (including judicial management related fees)	2,657	1,846
Directors' fees	-	86
Utilities expenses	325	358
Depreciation of property, plant and equipment (Note 18)	2,320	4,306
Fees on audit services paid to:		
- Auditor of the Company		
- Current year	308	341
- Other auditors*	4	42
Other expenses	1,386	3,113
Total cost of services rendered and administrative expenses	26,668	39,235

* Includes the network of member firms of PricewaterhouseCoopers International Limited.

Property tax rebate and foreign worker levy rebate of \$Nil (2021: \$165,000) and \$701,000 (2021: \$2,241,000) were recognised respectively during the financial year under the Covid-19 Government Relief Measures. The property tax rebate was part of the Resilience Budget which seeks to support businesses affected by the COVID-19 outbreak. The foreign worker rebate was introduced to support businesses with foreign workers on work permits and S-passes that were affected by suspension of operation during the circuit breaker period.

6. Employee compensation

	Group	
	2022	2021
	\$'000	\$'000
Wages and salaries	11,874	18,148
Government grants	(1,764)	(2,020)
Employer's contribution to defined contribution plans including Central Provident Fund	452	639
	10,562	16,767

Government grants include grant income of \$1,748,000 (2021: \$1,524,000) under Job Support Scheme ("JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

	Group	
	2022	2021
	\$'000	\$'000
Other income:		
- Sub-lease of leasehold land and building (Note 23(g))	743	990
- Rental of equipment	493	163
- Dividend income	-	35
- Interest income	3	2
	1,239	1,190
Other gains/(losses) - net:		
- Currency exchange loss – net	(565)	(664)
- Net gain on disposal of property, plant and equipment	4,633	4,495
- Property, plant and equipment written off	(72)	(13)
- Net gain on disposal of subsidiaries (Note 16)	586	204
- Gain on disposal of club membership	-	35
- Loss on lease modification	-	(147)
- Sundry gain	628	430
	5,210	4,340

8. Finance expenses

	Group	
	2022	2021
	\$'000	\$'000
Interest expense		
- Bank overdrafts	-	6
- Bank borrowings	811	1,163
- Lease liabilities (Note 23(c))	64	96
	875	1,265

For the financial year ended 31 March 2022

	Group
2022	2021
\$'000	\$'000
87	167
-	(732)
87	(565)
87	(565)

Deferred income tax (Note 24)

- continuing operations

	Group
2022	2021
\$'000	\$'000
6,374	(5,802)
-	(126)
6,374	(5,928)
12	(19)
6,386	(5,947)
1,086	(1,011)
93	477
(1,192)	(250)
365	596
(1,215)	(723)
863	179
87	167
87	(565)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

10. Discontinued operations and disposal group classified as held for sale

In February 2021, the Group's management and shareholders, upon JM's recommendation, agreed to the sale of its 80%-owned subsidiary, Hiap Seng Engineering Limited FZC, in United Arab Emirates. The entire assets and liabilities related to Hiap Seng Engineering Limited FZC was presented as a disposal group classified as held-for-sale as at 31 March 2021, and the entire results from Hiap Seng Engineering Limited FZC was presented separately on the statement of comprehensive income as "Discontinued operations" for the financial year ended 31 March 2022 and 2021. The disposal group was previously presented under the "plant construction and maintenance" reportable segment of the Group (Note 31). The disposal was completed in September 2021 (Note 16).

(a) The results of the discontinued operations are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Revenue	-	11,536
Expenses	-	(11,662)
Loss for the year from discontinued operations	-	(126)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	Group	
	2022	2021
	\$'000	\$'000
Operating cash outflows	-	(688)
Investing cash inflows	-	71
Net cash outflows	-	(617)

(c) Details of the assets of disposal group classified as held-for-sale were as follows:

	Group
	As at
	31 March
	2021
	\$'000
Cash and cash equivalents (Note 12)	960
Trade and other receivables	2,084
Contract assets	408
Other current assets	284
Property, plant and equipment (Note 18)	2,559
	6,295

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

10. Discontinued operations and disposal group classified as held for sale (continued)

	Group As at 31 March 2021 \$'000
(d) Details of the liabilities directly associated with disposal group classified as held-for-sale were as follows:	
Trade and other payables	1,958
Contract liabilities	2,213
	4,171
(e) Cumulative income recognised in other comprehensive income relating to disposal group classified as held-for-sale were as follows:	
Currency translation differences	(24)
	Company As at 31 March 2021 \$'000
(f) Details of assets in non-current asset classified as held-for-sale were as follows:	
Investment in subsidiary (net of allowance for impairment losses)	993

11. Earnings/(losses) per share

- (a) Basic earnings/(losses) per share

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

	Group			
	Continuing operations		Discontinued operation	
	2022	2021	2022	2021
Net profit/(loss) attributable to equity holders of the Company (\$'000)	6,443	(4,916)	-	(101)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	303,750	303,750	303,750	303,750
Basic earnings/(loss) per share (cents per share)	2.1	(1.6)	-	(*)

* Less than 0.1 cents per share

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

11. Earnings/(losses) per share (continued)

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share for the financial years ended 31 March 2022 and 2021 as the Group did not have any potential ordinary shares outstanding as at 31 March 2022 and 2021.

12. Cash and cash equivalents

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	15,120	14,126	11,766	9,197

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2022	2021
	\$'000	\$'000
Cash and bank balances (as above)	15,120	14,126
Add: Cash and cash equivalents of discontinued operation classified as held for sale	-	960
Less: Bank overdrafts (Note 22)	-	(37)
Cash and cash equivalents per consolidated statement of cash flows	15,120	15,049

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

13. Trade and other receivables

	Group 31 March		Company 31 March	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables:				
- Non-related parties	9,105	8,477	9,091	4,710
- Associate	34	-	34	-
- Subsidiaries	-	-	705	5,429
	9,139	8,477	9,830	10,139
Less: allowance for impairment				
- non-related parties (Note 29(b))	(56)	(1,768)	(56)	(206)
- subsidiaries	-	-	(347)	(4,226)
Trade receivables - net	9,083	6,709	9,427	5,707
Other receivables	1,223	436	1,078	383
Less: allowance for impairment	-	(12)	-	-
Other receivables - net	1,223	424	1,078	383
Dividend receivables	-	35	-	35
Loan to subsidiaries	-	-	10,123	23,547
Less: Allowance for impairment	-	-	(10,123)	(23,547)
Loans to subsidiaries - net (Note 30(c))	-	-	-	-
Non-trade receivables:				
- Subsidiaries	-	-	4,709	4,858
Less: Allowance for impairment	-	-	(89)	(1,483)
Non-trade receivables - net (Note 30(d))	-	-	4,620	3,375
	10,306	7,168	15,125	9,500

14. Other current assets

	Group 31 March		Company 31 March	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits	364	617	269	376
Prepayments	504	552	498	444
	868	1,169	767	820
Less: Impairment of other current assets	-	(82)	-	-
	868	1,087	767	820

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

15. Investments in associated companies

	Group	
	31 March	
	2022	2021
	\$'000	\$'000
Beginning of financial year	274	255
Share of (losses)/profits	(12)	19
End of financial year	262	274

Details of associated companies are provided in Note 35.

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

16. Investments in subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	20,830	26,753
Reclassified to asset classified as held for sale	-	(5,423)
Liquidation of subsidiaries	(16,902)	(500)
End of financial year	3,928	20,830
Less: Allowance for impairment losses	(3,313)	(19,599)
	615	1,231

Details of subsidiaries are provided in Note 35.

Carrying value of non-controlling interests

	2022	2021
	\$'000	\$'000
HS Compression & Process Pte Ltd	-	(2,849)
Hiap Seng Engineering (Thailand) Co., Ltd	-	128
Other subsidiaries with immaterial non-controlling interests	-	246
Total	-	(2,475)

Summarised financial information of subsidiaries with material non-controlling interests

As at 31 March 2022, the Group do not have any subsidiaries with material non-controlling interests. Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group as at 31 March 2021. These are presented before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. Investments in subsidiaries (continued)

Summarised balance sheet

	HS Compression & Process Pte Ltd (In Compulsory Liquidation) As at 31 March 2021 \$'000	Hiap Seng Engineering (Thailand) Co., Ltd (In Voluntary Liquidation) As at 31 March 2021 \$'000
Current		
Assets	4,003	1,802
Liabilities	(25,835)	(472)
Total current net (liabilities)/assets	(21,832)	1,330
Non-current		
Liabilities	-	(16)
Total non-current net liabilities	-	(16)
Net (liabilities)/assets	(21,832)	1,314

Summarised statement of comprehensive income

	HS Compression & Process Pte Ltd (In Compulsory Liquidation) For the year ended 31 March 2021 \$'000	Hiap Seng Engineering (Thailand) Co., Ltd (In Voluntary Liquidation) For the year ended 31 March 2021 \$'000
Revenue	1,189	1,488
(Loss)/ profit before income tax	(3,474)	3,715
Income tax expense	6	-
(Loss)/profit after tax and total comprehensive (loss)/income	(3,468)	3,715
Total comprehensive (loss)/income allocated to non-controlling interest	(453)	248

Summarised cash flows

	HS Compression & Process Pte Ltd (In Compulsory Liquidation) For the year ended 31 March 2021 \$'000	Hiap Seng Engineering (Thailand) Co., Ltd (In Voluntary Liquidation) For the year ended 31 March 2021 \$'000
Cash flows from operating activities		
Net cash provided by/(used in) operating activities	2,030	(9,131)
Net cash provided by investing activities	22	13,155
Net cash provided by/(used in) financing activities	426	(1,953)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. Investments in subsidiaries (continued)

During the year, the following events occurred:

- (a) On 2 June 2021, the Company entered into a Conditional Sales Agreement to dispose its 80% interest in Hiap Seng Engineering Limited FZC ("HSFZC") to the existing shareholders at a consideration of AED 2,700,000 (approximately \$1.0 million). The disposal was completed by September 2021.
- (b) On 9 December 2021, the Company's wholly-owned subsidiary, Orion Tuas Shipyard Pte Ltd ("OTS") was placed under voluntary liquidation. As a result, the net assets of OTS was deconsolidated during the financial year.
- (c) On 7 March 2022, the Company's 80% owned subsidiary, HS Compression & Process Pte Ltd ("HSCP") was placed under compulsory liquidation by its Judicial Managers. As a result, the net liabilities of HSCP was deconsolidated during the financial year.
- (d) On 24 March 2022, the Company's 93% owned subsidiary, Hiap Seng Engineering (Thailand) Co. Ltd ("HSET") was placed under voluntary liquidation. As a result, the net assets of HSET was deconsolidated during the financial year.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. Investments in subsidiaries (continued)

The effects of the disposals on the Group were as follows: (continued)

	Group \$'000
<u>Cash outflows arising from disposal/liquidation of subsidiaries:</u>	
Net liabilities disposed of (as above)	(2,061)
Corporate guarantee on HSCP's borrowing recognised in "Trade and other payables" (Note 21(a))	2,953
Payables on behalf of HSCP recognised in "Trade and other payables"	125
Total assets	1,017
Reclassification of currency translation reserve (Note 26(b)(i))	(55)
Reclassification of capital reserve (Note 26(b)(ii))	158
Gain on disposal of subsidiaries (Note 7)	586
Total consideration from disposal/liquidation of subsidiaries	1,706
Less: other receivables from liquidation of subsidiaries recognised in "Trade and other receivables"	(731)
Cash proceeds on disposal of subsidiaries	975
Less: cash and cash equivalents within assets of disposal group classified as held-for-sale, disposed of	(960)
Less: cash and cash equivalent in subsidiaries liquidated	(695)
Net cash outflows on disposal/liquidation of subsidiaries	(680)

17. Investment property

	Company	
	2022	2021
	\$'000	\$'000
<i>Cost</i>		
Beginning financial year	1,797	1,797
Disposal	(1,797)	-
End of financial year	-	1,797
<i>Accumulated depreciation</i>		
Beginning financial year	1,797	1,797
Disposal	(1,797)	-
End of financial year	-	1,797
Net book value		
End of financial year	-	-

The investment property was returned to the lessor on 17 December 2021 due to the expiry of lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

18. Property, plant and equipment

	Leasehold buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
<i>Group</i>					
2022					
<i>Cost</i>					
Beginning of financial year	14,565	21,702	2,956	6,595	45,818
Additions	-	-	44	4	48
Disposals	(3,898)	(1,362)	(549)	-	(5,809)
Disposal of subsidiaries	-	(342)	(66)	(1,040)	(1,448)
Lease modification	1,236	-	-	-	1,236
Written-off	-	(184)	-	(1,287)	(1,471)
Currency translation differences	22	1	(3)	-	20
End of financial year	11,925	19,815	2,382	4,272	38,394
<i>Accumulated depreciation and impairment</i>					
Beginning of financial year	12,412	17,155	2,840	6,416	38,823
Depreciation charge – continuing operations (Note 5)	1,362	859	54	45	2,320
Disposal	(3,044)	(1,294)	(523)	-	(4,861)
Disposal of subsidiaries	-	(342)	(66)	(1,040)	(1,448)
Written-off	-	(116)	-	(1,283)	(1,399)
Currency translation differences	9	-	(2)	-	7
End of financial year	10,739	16,262	2,303	4,138	33,442
Net book value					
End of financial year	1,186	3,553	79	134	4,952

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

18. Property, plant and equipment (continued)

	Freehold Land \$'000	Freehold buildings \$'000	Leasehold buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
<i>Group</i>							
2021							
<i>Cost</i>							
Beginning of financial year	1,712	11,314	17,266	31,777	4,797	8,019	74,885
Additions	-	-	-	270	20	2	292
Disposals	(1,740)	(11,521)	(1,875)	(7,040)	(1,185)	(674)	(24,035)
Reclassified to disposal group	-	-	(778)	(2,598)	-	(292)	(3,668)
Disposal of subsidiary	-	-	-	(555)	(666)	(124)	(1,345)
Lease modification	-	-	-	-	-	(276)	(276)
Written-off	-	-	-	(134)	(20)	(58)	(212)
Currency translation differences	28	207	(48)	(18)	10	(2)	177
End of financial year	-	-	14,565	21,702	2,956	6,595	45,818
<i>Accumulated depreciation and impairment</i>							
Beginning of financial year	-	5,125	12,045	22,237	4,425	7,503	51,335
Depreciation charge							
- Continuing operations (Note 5)	-	517	1,709	1,611	205	264	4,306
- Discontinued operation	-	-	39	211	-	56	306
Disposal	-	(5,740)	(1,219)	(5,617)	(1,113)	(859)	(14,548)
Reclassified to disposal group	-	-	(161)	(757)	-	(191)	(1,109)
Disposal of subsidiary	-	-	-	(479)	(666)	(113)	(1,258)
Lease modification	-	-	-	-	-	(192)	(192)
Written-off	-	-	-	(121)	(20)	(58)	(199)
Currency translation differences	-	98	(1)	70	9	6	182
End of financial year	-	-	12,412	17,155	2,840	6,416	38,823
Net book value							
End of financial year	-	-	2,153	4,547	116	179	6,995

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

18. Property, plant and equipment (continued)

	Leasehold buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
<u>Company</u>					
2022					
<i>Cost</i>					
Beginning of financial year	12,102	21,180	2,854	5,481	41,617
Additions	-	-	44	4	48
Disposals	(3,898)	(1,260)	(524)	-	(5,682)
Written-off	-	(184)	-	(1,287)	(1,471)
Lease modification	1,236	-	-	-	1,236
End of financial year	9,440	19,736	2,374	4,198	35,748
<i>Accumulated depreciation</i>					
Beginning of financial year	10,417	16,725	2,756	5,310	35,208
Depreciation charge	1,328	842	48	43	2,261
Disposals	(3,089)	(1,218)	(509)	-	(4,816)
Written-off	-	(116)	-	(1,283)	(1,399)
End of financial year	8,656	16,233	2,295	4,070	31,254
Net book value					
End of financial year	784	3,503	79	128	4,494
<u>Company</u>					
2021					
<i>Cost</i>					
Beginning of financial year	12,102	21,642	3,746	5,671	43,161
Additions	-	12	20	2	34
Disposals	-	(462)	(912)	-	(1,374)
Written-off	-	(12)	-	-	(12)
Lease modification	-	-	-	(192)	(192)
End of financial year	12,102	21,180	2,854	5,481	41,617
<i>Accumulated depreciation</i>					
Beginning of financial year	8,855	15,761	3,478	5,252	33,346
Depreciation charge	1,562	1,289	174	229	3,254
Disposals	-	(317)	(896)	-	(1,213)
Written-off	-	(8)	-	-	(8)
Lease modification	-	-	-	(171)	(171)
End of financial year	10,417	16,725	2,756	5,310	35,208
Net book value					
End of financial year	1,685	4,455	98	171	6,409

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

18. Property, plant and equipment (continued)

- (a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 23(a).

During the financial year, the Company's secured creditor, United Overseas Bank ("UOB"), has with the consent of the Joint and Several Judicial Managers, made an application to the Court for leave to enforce its first all-monies legal mortgage over the Company's property under the lease contract and thereafter exercising its power of sale pursuant to the Memorandum of Mortgage. An amount of \$4.5 million was recovered and utilised towards partial reduction of these liabilities owing to UOB. This resulted in a gain on disposal of property, plant and equipment of approximately \$4.5 million recognised within "Other gains/(losses) – net" (Note 7).

- (b) Certain leasehold buildings of the Group with a net carrying amount of \$784,000 (2021: \$1,685,000) were mortgaged to banks to secure banking facilities.
- (c) The relevant information on the Group's properties is set out as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

19. Financial assets, at FVOCI

	Group and Company	
	2022	2021
	\$'000	\$'000
Beginning of financial year	700	712
Net fair value gains/(losses) (Note 26(b)(iii))	113	(12)
End of financial year	813	700

The financial assets at FVOCI comprised an investment in unlisted equity securities in Vietnam, which is classified as Level 3 of the fair value measurement hierarchy (Note 29(e)).

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

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

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

20. Club memberships

	Group and Company	
	2022	2021
	\$'000	\$'000
Cost		
Beginning of financial year	-	278
Disposal	-	(278)
End of financial year	-	-
Accumulated impairment		
Beginning of financial year	-	25
Disposal	-	(25)
End of financial year	-	-
Net book value		
End of financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

21(a). Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade payables to:				
- Non-related parties	22,960	26,868	22,927	17,339
- Subsidiaries	-	-	199	6,501
- Associated companies	166	163	166	163
	23,126	27,031	23,292	24,003
Other payables	1,541	460	1,499	427
Corporate guarantee	2,953	-	2,953	5,000
Accruals for operating expenses	5,008	3,830	4,873	3,266
Total trade and other payables	32,628	31,321	32,617	32,696

21(b). Provision of onerous contracts

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	114	266	44	177
Provision made	-	114	-	44
Provision utilised	(114)	(266)	(44)	(177)
End of financial year	-	114	-	44

Provision for onerous contracts is in respect of expected losses arising from non-cancellable specialised equipment construction contracts where the expected total contract costs exceeds the total contract sums, and is expected to be utilised as these contracts progress towards completion.

22. Borrowings

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Bank overdrafts (Note 12)	-	37	-	-
Bank borrowings	3,535	15,649	3,535	10,478
Bank financing (trust receipts)	1,158	1,982	1,158	1,982
Trade receivables invoice financing	9,588	9,233	9,588	9,233
Total borrowings	14,281	26,901	14,281	21,693

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

22. Borrowings (continue)

Bank borrowings, including facilities utilised for trade receivables invoice financing of \$13,123,000 (2021: \$24,882,000) are contractually repriced within 1-6 months (2021: 1-6 months) from balance sheet date and are subject to variable interest rates ranging from 2.24% to 2.97% (2021: 2.24% to 4.18%) per annum.

(a) Security granted

- (i) Bank overdrafts and bank financing (trust receipts) of the Group amounting to \$1,158,000 (2021: \$2,019,000) are secured by a mortgage of certain land and buildings of the Group and corporate guarantee by the Company, legal charge over the Company's bank operating account and all-monies over the accounts receivables' contract proceeds in respect of the projects financed by the bank.
- (ii) Bank borrowings, including facilities utilised for trade receivables invoice financing of the Group amounting to \$13,123,000 (2021: \$24,882,000) are secured by mortgage of certain leasehold buildings of the Group and corporate guarantee by the Company, legal charge over the Company's bank operating account and all-monies over the accounts receivables' contract proceeds in respect of the projects financed by the bank.

23. Leases – The Group as a lessee

Nature of the Group's leasing activities

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

(a) Carrying amounts

	Group	
	31 March 2022 \$'000	1 April 2021 \$'000
Leasehold buildings	764	1,598
Motor vehicles	-	12
	764	1,610

(b) Depreciation charge during the year

	Group	
	2022 \$'000	2021 \$'000
Leasehold buildings	1,283	1,503
Motor vehicles	-	24
Equipment	-	83
	1,283	1,610

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

23. Leases – The Group as a lessee (continued)

Nature of the Group's leasing activities (continued)

(c) Interest expense

	Group	
	2022	2021
	\$'000	\$'000
Interest expense on lease liabilities (Note 8)	64	96

(d) Lease expenses not capitalised in lease liabilities

	Group	
	2022	2021
	\$'000	\$'000
Lease expenses – short-term leases and low value leases	1,472	3,517

(e) Total cash outflow for all the leases in 2022 was \$2,798,000 (2021: \$5,053,000).

(f) There was no addition of ROU assets during the financial years ended 31 March 2022 and 2021.

(g) Total income from subleasing ROU assets was S\$743,000 (2021: \$990,000) (Note 7).

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

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

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

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

Maturity analysis of lease payments – Group as a lessor

No maturity analysis of lease payments to be received by the Group for its leases and sub-leases are presented as there are no ongoing leases as at 31 March 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

24. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Movement in the deferred income tax account is as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	-	748	-	322
Tax credited to profit or loss (Note 9)	-	(732)	-	(322)
Disposal of a subsidiary	-	(16)	-	-
End of financial year	-	-	-	-

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

As at 31 March 2022, the Group has unrecognised tax losses of approximately \$39,000,000 (2021: \$69,029,000) and unrecognised capital allowances of \$3,500,000 (2021: \$3,628,000). These unrecognised tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to the relevant taxation regulations.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation \$'000
2021	
Beginning of financial year	748
Credited to profit or loss	(732)
Disposal of a subsidiary	(16)
End of financial year	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

24. Deferred income taxes (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation \$'000
2021	
Beginning of financial year	322
Credited to profit or loss	(322)
End of financial year	<u>-</u>

25. Share capital

Issued share capital			
Number of shares		Amount	
2022	2021	2022	2021
'000	'000	\$'000	\$'000
Group and Company			
Beginning and end of financial year	<u>303,750</u>	<u>303,750</u>	<u>36,178</u>

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

26. Other reserves (non-distributable)

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Currency translation reserve (Note(b)(i))	2,475	1,957	-	-
Capital reserve (Note(b)(ii))	-	(158)	-	-
Fair value reserve (Note(b)(iii))	(1,669)	(1,782)	(1,669)	(1,782)
	<u>806</u>	<u>17</u>	<u>(1,669)</u>	<u>(1,782)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

		Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
(b)	Movements:				
(i)	Currency translation reserve				
	Beginning of financial year	1,957	1,434	-	-
	Net currency translation differences of financial statements of foreign subsidiaries and associated companies	581	545	-	-
	Reclass on disposal of subsidiaries (Note 16)	(55)	-	-	-
	Less: Non-controlling interest	(8)	(22)	-	-
		518	523	-	-
	End of financial year	2,475	1,957	-	-
(ii)	Capital reserve				
	Beginning of financial year	(158)	(158)	-	-
	Reclass on disposal of subsidiaries (Note 16)	158	-	-	-
	Ending balance	-	(158)	-	-
(iii)	Fair value reserve				
	Beginning of financial year	(1,782)	(1,770)	(1,782)	(1,770)
	Fair value losses on financial assets at FVOCI (Note 19)	113	(12)	113	(12)
	End of financial year	(1,669)	(1,782)	(1,669)	(1,782)

27. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2022	2021
	\$'000	\$'000
Beginning of financial year	(58,884)	(54,885)
Net profit/(loss)	10,248	(3,999)
End of financial year	(48,636)	(58,884)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

28. Corporate guarantees

The Company has issued corporate guarantees to banks for credit facilities granted to its subsidiaries, HSCP and HSET, both of which were placed under liquidation and were deconsolidated during the financial year. The principal risk to which the Company is exposed is credit risk of these entities in connection with the guarantees it has issued.

Corporate guarantees issued by the Company are as follows:

	Company	
	2022	2021
	\$'000	\$'000
THB Nil (2021: THB 390,600,000)	-	17,075
SGD 40,050,000 (2021: SGD 40,050,000)	40,050	40,050
	40,050	57,125

29. Financial risk management

Financial risk factors

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

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

(a) *Market risk*

(i) *Currency risk*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD \$'000	USD \$'000	THB \$'000	MYR \$'000	AED \$'000	Others \$'000	Total \$'000
At 31 March 2022							
Financial assets							
Cash and cash equivalents	11,513	330	-	1,012	2,182	83	15,120
Trade and other receivables	9,618	7	658	2	21	-	10,306
Deposits	269	-	-	3	92	-	364
Financial assets, at FVOCI	813	-	-	-	-	-	813
	22,213	337	658	1,017	2,295	83	26,603
Financial liabilities							
Trade and other payables	(32,540)	(5)	-	(6)	(67)	(10)	(32,628)
Borrowings	(12,729)	(1,552)	-	-	-	-	(14,281)
Lease liabilities	(764)	-	-	-	-	-	(764)
	(46,033)	(1,557)	-	(6)	(67)	(10)	(47,673)
Net financial (liabilities)/ assets	(23,820)	(1,220)	658	1,011	2,228	73	(21,070)
Add/(less): Net financial liabilities/(assets) denominated in the respective entities' functional currencies	23,820	-	-	(1,011)	(2,228)	(23)	20,558
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	(1,220)	658	-	-	50	(512)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to key management is as follows: (continued)

	SGD \$'000	USD \$'000	THB \$'000	MYR \$'000	AED \$'000	Others \$'000	Total \$'000
At 31 March 2021							
Financial assets							
Cash and cash equivalents	8,422	3,477	1,544	6	638	39	14,126
Trade and other receivables	2,726	3,398	272	19	713	40	7,168
Deposits	464	–	3	3	147	–	617
Financial assets, at FVOCI	700	–	–	–	–	–	700
	12,312	6,875	1,819	28	1,498	79	22,611
Financial liabilities							
Trade and other payables	(30,659)	(5)	(84)	39	(607)	(5)	(31,321)
Borrowings	(23,394)	(3,470)	(37)	–	–	–	(26,901)
Lease liabilities	(1,598)	–	(12)	–	–	–	(1,610)
	(55,651)	(3,475)	(133)	39	(607)	(5)	(59,832)
Net financial (liabilities)/ assets	(43,339)	3,400	1,686	67	891	74	(37,221)
Add/(less): Net financial liabilities/(assets) denominated in the respective entities' functional currencies	43,339	–	(1,670)	(51)	(891)	(24)	40,703
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	3,400	16	16	–	50	3,482

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD \$'000	USD \$'000	THB \$'000	MYR \$'000	AED \$'000	Others \$'000	Total \$'000
At 31 March 2022							
Financial assets							
Cash and cash equivalents	11,484	233	-	-	-	49	11,766
Trade and other receivables	10,210	2,472	521	628	1,294	-	15,125
Deposits	269	-	-	-	-	-	269
Financial assets, at FVOCI	813	-	-	-	-	-	813
	22,776	2,705	521	628	1,294	49	27,973
Financial liabilities							
Borrowings	(12,729)	(1,552)	-	-	-	-	(14,281)
Trade and other payables	(32,612)	(5)	-	-	-	-	(32,617)
Lease liabilities	(764)	-	-	-	-	-	(764)
	(46,105)	(1,557)	-	-	-	-	(47,662)
Net financial (liabilities)/ assets	(23,329)	1,148	521	628	1,294	49	(19,689)
Add: Net financial liabilities denominated in the functional currency	23,329	-	-	-	-	-	23,329
Currency exposure	-	1,148	521	628	1,294	49	3,640

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows: (continued)

	SGD \$'000	USD \$'000	THB \$'000	MYR \$'000	Others \$'000	Total \$'000
At 31 March 2021						
Financial assets						
Cash and cash equivalents	8,050	1,118	16	-	13	9,197
Trade and other receivables	3,194	5,533	-	17	756	9,500
Deposits	376	-	-	-	-	376
Financial assets, at FVOCI	700	-	-	-	-	700
	12,320	6,651	16	17	769	19,773
Financial liabilities						
Borrowings	(18,223)	(3,470)	-	-	-	(21,693)
Trade and other payables	(32,690)	(5)	-	(1)	-	(32,696)
Lease liabilities	(1,598)	-	-	-	-	(1,598)
	(52,511)	(3,475)	-	(1)	-	(55,987)
Net financial (liabilities)/assets	(40,191)	3,176	16	16	769	(36,214)
Add: Net financial liabilities denominated in the functional currency	40,191	-	-	-	-	40,191
Currency exposure	-	3,176	16	16	769	3,977

If the USD changes against SGD by 5% (2021: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset positions will be as follows:

	← Increase/(Decrease) →	
	2022 Results after tax \$'000	2021 Results after tax \$'000
Group		
USD against SGD		
- strengthened	61	170
- weakened	(61)	(170)
Company		
USD against SGD		
- strengthened	(57)	159
- weakened	57	(159)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

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

If prices for the unquoted equity security had changed by 10% (2021: 10%) with all other variables including tax rate being held constant, the effects on other comprehensive income would have been \$81,000 (2021: \$70,000) higher/lower.

(iii) Cash flow and fair value interest rate risks

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

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

The Group's and the Company's exposure to cash flow interest rate risks arises from variable-rate borrowings. The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 0.50% (2021: 0.50%) with all other variables including tax rate being held constant, the results after tax would have been lower/higher by \$49,000 (2021: \$99,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

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

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

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

	Group		Company	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Corporate guarantees provided to banks on HSCP's borrowings	2,953	-	2,953	5,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(b) Credit risk (continued)

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

	Group		Company	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>By geographical areas</u>				
Singapore	9,035	5,744	9,427	5,707
Thailand	-	221	-	-
United Arab Emirates	48	744	-	-
	9,083	6,709	9,427	5,707

The trade receivables of the Group and of the Company comprise 3 debtors (2021: 3 debtors) and 3 debtors (2021: 3 debtors) respectively that individually represented 17-50% (2021: 10-44%) of trade receivables.

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

	Group		Company	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>By geographical areas</u>				
Singapore	63	2,968	63	2,806
United Arab Emirates	901	779	-	-
	964	3,747	63	2,806

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

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables</u>				
Balance at 1 April	1,768	1,526	206	-
(Write back of)/loss allowance recognised in profit or loss	(65)	243	(7)	256
Written off	(878)	(50)	(143)	(50)
Disposal of subsidiaries	(773)	-	-	-
Currency translation difference	4	49	-	-
Balance at 31 March	56	1,768	56	206

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(b) Credit risk (continued)

	Group	
	2022	2021
	\$'000	\$'000
Contract assets		
Balance at 1 April	-	248
Written off	-	(248)
Balance at 31 March	-	-

Management has identified these debtors mainly from the plant construction and maintenance segment in Malaysia, as well as the compression and process equipment fabrication segment to be credit impaired as they experienced significant financial difficulties. Hence, the recoverability of the outstanding balances for these debtors has been assessed separately from the total expected credit loss.

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

(i) Credit rating

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

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

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

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

(ii) Trade receivables and contract assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Trade receivables and contract assets (continued)

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

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

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 March 2022 and 2021 are set out as follows:

	Current \$'000	Past due less than 30 days \$'000	Past due 31 to 120 days \$'000	Past due over 120 days \$'000	Total \$'000
31 March 2022:					
Trade receivables	3,867	935	3,189	1,148	9,139
Less:					
Loss allowance - credit impaired	-	-	-	(56)	(56)
	<u>3,867</u>	<u>935</u>	<u>3,189</u>	<u>1,092*</u>	<u>9,083</u>
Contract assets	<u>964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964</u>
31 March 2021:					
Trade receivables	1,188	2,216	1,630	3,443	8,477
Less:					
Loss allowance - credit impaired	-	-	(9)	(1,759)	(1,768)
	<u>1,188</u>	<u>2,216</u>	<u>1,621</u>	<u>1,684*</u>	<u>6,709</u>
Contract assets	<u>3,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,747</u>

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

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

(iii) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries, HSCP and HSET (which were placed under liquidation during the year. These guarantees are subject to the impairment requirements of SFRS(I) 9. As at 31 March 2022 and 31 March 2021, the Company has assessed that HSCP no longer has the financial capacity to repay their bank borrowings. Hence the financial guarantee contracts (Note 21) are remeasured in accordance with Note 2.11.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(c) Liquidity risk

Since the appointment of JMs, the JMs monitored the cash flow and managed the liquidity risk of the Company by maintaining sufficient cash to enable them to meet their normal operating commitments. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and bank balances as disclosed in Note 12.

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

	Group			Company		
	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
At 31 March 2022						
Trade and other payables	29,675	-	-	29,664	-	-
Borrowings	14,281	-	-	14,281	-	-
Lease liabilities	764	-	-	764	-	-
Financial guarantee contracts	2,953	-	-	2,953	-	-
	47,673	-	-	47,662	-	-
At 31 March 2021						
Trade and other payables	31,321	-	-	27,696	-	-
Borrowings	26,901	-	-	21,693	-	-
Lease liabilities	831	424	556	777	318	502
Financial guarantee contracts	-	-	-	5,000	-	-
	59,053	424	556	55,166	318	502

(d) Capital risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Financial risk management (continued)

(d) Capital risk (continued)

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Net (cash)/debt	(839)	12,775	2,515	12,496
Total equity	(14,501)	(24,208)	(14,127)	(24,488)
Total capital	(15,340)	(11,433)	(11,612)	(11,992)
Gearing ratio	n.m.	n.m.	n.m.	n.m.

* n.m. - not meaningful

(e) Fair value measurements

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of assets that are recognised or measured at fair value, can be found in Note 19.

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

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 19 to the financial statements, except for the following:

	31 March 2022 \$'000	31 March 2021 \$'000
<u>Group</u>		
Financial assets, at amortised cost	25,790	21,911
Financial liabilities, at amortised cost	47,673	59,832
<u>Company</u>		
Financial assets, at amortised cost	27,160	19,073
Financial liabilities, at amortised cost	47,662	55,987

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

30. Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2022	2021
	\$'000	\$'000
Computer maintenance fees paid to an associated company	57	218

Outstanding balances as at 31 March 2022 and 2021 are set out in Notes 13 and 21(a).

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Salaries and other short-term employee benefits	571	1,025
Employer's contribution to defined contribution plans, including Central Provident Fund	45	41
	616	1,066

Included in the above is total compensation to directors of the Company amounting to \$185,000 (2021: \$381,000).

(c) Loans to subsidiaries

Loans to subsidiaries (net of allowance for impairment) amounting to \$Nil (2021: \$Nil) as set out in Note 13 are unsecured, interest-free and have no fixed repayment terms.

(d) Non-trade receivables from subsidiaries

The non-trade receivables from subsidiaries (net of allowance for impairment) amounting to \$4,620,000 (2021: \$3,375,000) as set out in Note 13, are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. Segment information

Management has determined the operating segments based on the reports that are used to make strategic decisions. Management comprises the Chairman, Chief Executive Officer and Executive Director, Finance Director, Chief Financial Officer and the general managers of each business segment. Since 15 September 2020, the Judicial Managers have been managing the affairs, business and properties of the Group.

Management considers the business mainly from the following two business segments: (i) Plant construction and maintenance and (ii) Compression and process equipment fabrication. Other services include investment holding but this is not included within the reportable operating segments as it is not included in the reports provided to the management.

The segment information provided to the management team for the reportable segments for the year ended 31 March 2022 and 2021 is as follows:

	Plant construction and maintenance \$'000	Compression and process equipment fabrication \$'000	Total \$'000
<u>Group</u>			
2022			
Revenue			
Revenue from external parties	27,378	37	27,415
Adjusted EBITDA	9,699	(133)	9,566
Depreciation	(2,320)	-	(2,320)
Share of loss of associated company	(12)	-	(12)
Segment assets	32,472	-	32,472
Segment assets include:			
Investment in associated companies	262	-	262
Additions to:			
- Property, plant and equipment	48	-	48
Segment liabilities	(32,741)	-	(32,741)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. Segment information (continued)

	Plant construction and maintenance \$'000	Compression and process equipment fabrication \$'000	Total \$'000
<u>Group</u>			
2021			
Revenue			
Revenue from external parties	29,519	(127)	29,392
Adjusted EBITDA	3,062	(3,295)	(233)
Depreciation	(4,298)	(8)	(4,306)
Share of profit of associated company	19	–	19
2021			
Segment assets	29,393	4,004	33,397
Segment assets include:			
Investment in associated companies	274	–	274
Additions to:			
- Property, plant and equipment	292	–	292
Segment liabilities	(10,736)	(20,806)	(31,542)

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

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

(a) Reconciliations

(i) Segment profits

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

	2022 \$'000	2021 \$'000
Adjusted EBITDA for reportable segments	9,566	(233)
Depreciation	(2,320)	(4,306)
Finance expense	(875)	(1,265)
Interest income	3	2
Profit/(loss) before tax and discontinued operations	6,374	(5,802)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. Segment information (continued)

(a) Reconciliations (continued)

(ii) Segment assets

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

Segments' assets are reconciled to total assets as follows:

	2022 \$'000	2021 \$'000
Segment assets for reportable segments	32,472	33,397
Assets of disposal group classified as held-for-sale	-	6,295
Financial assets, at FVOCI	813	700
Total assets	33,285	40,392

(iii) Segment liabilities

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

Segments' liabilities are reconciled to total liabilities as follows:

	2022 \$'000	2021 \$'000
Segment liabilities	32,741	31,542
Borrowings	14,281	26,901
Lease liabilities	764	1,610
Liabilities of disposal group classified as held-for-sale	-	4,171
Current income tax liabilities	-	376
Total liabilities	47,786	64,600

(b) Revenue from major products and services

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. Segment information (continued)

(c) Geographical information

The Group's two main business segments operate in five main geographical areas:

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

	2022 \$'000	2021 \$'000
<u>Revenue</u>		
Singapore	25,128	22,481
Malaysia	15	733
Thailand	-	2,073
United Arab Emirates	2,252	3,577
Other countries	20	528
	27,415	29,392
<u>Non-current assets</u>		
Singapore	5,569	6,683
United Arab Emirates	77	185
Other countries	381	401
	6,027	7,269

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

31. Segment information (continued)

(c) Geographical information (continued)

Revenues of \$22,156,000 (2021: \$19,801,000) are derived from 4 (2021: 4) external customers which individually contributed 5% or more of the Group's revenues. These revenues are attributable to the Singapore plant construction and maintenance segment.

	2022 \$'000	2021 \$'000
Customer A	12,027	8,047
Customer B	4,733	4,299
Customer C	3,143	3,882
Customer D	2,253	3,573
	22,156	19,801

32. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for accounting periods beginning on or after 1 April 2022. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

33. Events occurring after balance sheet date

On 18 August 2022, the JMs convened the Scheme Meeting following the approval obtained on the JMs' statement of proposals, and proposed the Scheme to be made between the Company and its Scheme Creditors. The Scheme was approved by the majority in numbers of the Scheme Creditors representing three-fourths in value of the said Scheme Creditors, who were present and voting at the said meeting (either in person or by proxy). On the same day, the Company also entered into a Restructuring Deed with the principal lender and the Investors. The Restructuring Deed prescribes how the Company's liabilities due to the principal lender will be discharged or provided for.

On 29 August 2022, the Court granted an order to sanction the Scheme and extended the judicial management order of the Company until 8 March 2023.

As at the date of this report, the Restructuring Exercise is still ongoing and its completion is subject to regulatory bodies' and shareholders' approvals.

34. Authorisation of financial statements

These financial statements have been approved by the Judicial Managers, and in consultation with the directors, authorised for issue via a resolution of the Board of Directors of Hiap Seng Engineering Ltd (under Judicial Management) on 30 November 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

35. Listing of companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding			
			Company		Subsidiary	
			2022 %	2021 %	2022 %	2021 %
Subsidiaries						
Orion Tuas Shipyard Pte Ltd (In Voluntary Liquidation)	Provision of facilities for plant fabrication	Singapore	-	100	-	-
HS Compression & Process Pte Ltd (In Compulsory Liquidation)	Provision of engineering services, compression and process equipment fabrication for oil and gas industry	Singapore	-	87	-	-
Hiap Seng-Sanko TPM Pte Ltd	Provision of engineering services and plant maintenance	Singapore	100	100	-	-
HS Info-Tech Pte Ltd	Investment holding	Singapore	100	100	-	-
Hiap Seng Engineering (Thailand) Co., Ltd (In Voluntary Liquidation)	Mechanical engineering services, plant fabrication and installation and plant maintenance for petroleum and petrochemical industries	Thailand	-	93	-	-
HS Engineering (Middle East) Pte Ltd	Provision of engineering services and plant maintenance	United Arab Emirates/ Singapore	100	100	-	-
Hiap Seng Engineering (M) Sdn Bhd	Provision of engineering services, plant construction and maintenance services	Malaysia	100	100	-	-
Hiap Seng Engineering Shanghai Co. Ltd	Provision of engineering services and plant maintenance	People's Republic of China	100	100	-	-
Hiap Seng Engineering Limited FZC	Provision of engineering services and plant maintenance	United Arab Emirates	-	80	-	-
Hiap Seng Engineering Saudi Ltd	Provision of engineering services and plant maintenance	Saudi Arabia	100	100	-	-
Associated companies						
Web-Economy Technology Pte Ltd	Internet e-business solutions including internet professional services	Singapore	-	-	30	30
Hiap Seng Manco Co.	General construction and trade of electrical tools and mechanical equipment	Qatar	-	-	49	49

STATISTICS OF SHAREHOLDINGS

As at 31 October 2022

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	186	4.24	4,263	0.00
100 - 1,000	144	3.28	95,871	0.03
1,001 - 10,000	2,096	47.81	12,100,551	3.99
10,001 - 1,000,000	1,931	44.05	119,739,345	39.42
1,000,001 AND ABOVE	27	0.62	171,809,970	56.56
TOTAL	4,384	100.00	303,750,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN KUAY HOE HOLDINGS PTE LTD	70,788,639	23.30
2	CHENG BUCK POH @CHNG BOK POH	29,938,375	9.86
3	DBS NOMINEES (PRIVATE) LIMITED	8,883,500	2.92
4	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	7,292,614	2.40
5	GOO GUIK BING @ GOH GUIK BING	7,086,440	2.33
6	ANG LIAN HIN	6,850,000	2.26
7	SZE CHAIN FAI @ SZE SOOK SENG	4,102,251	1.35
8	TAN LIAN CHEW	3,601,761	1.19
9	TAN AH LAM	3,319,500	1.09
10	PHILLIP SECURITIES PTE LTD	2,817,560	0.93
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,294,270	0.76
12	LEE CHEE KONG (LI ZHIGUANG)	2,210,800	0.73
13	HSBC (SINGAPORE) NOMINEES PTE LTD	2,105,600	0.69
14	JOHN RITCHIE	1,990,000	0.66
15	YEOW HOE SEAH	1,713,000	0.56
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,672,390	0.55
17	TAYERS HOLDINGS PTE LTD	1,666,000	0.55
18	UOB KAY HIAN PRIVATE LIMITED	1,566,080	0.52
19	LEW WING KIT	1,562,400	0.51
20	WONG TOON SAN	1,448,700	0.48
	TOTAL	162,909,880	53.64

STATISTICS OF SHAREHOLDINGS

As at 31 October 2022

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders) as at 31 October 2022

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

Notes:

- 1) Mr Tan Ah Lam is deemed to have an interest in the shares held by Tan Kuay Hoe Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.
- 2) Mr Tan Leau Kuee @ Tan Chow Kuee is deemed to have an interest in the shares held by Tan Kuay Hoe Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.
- 3) Mr Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares held by Mdm Goo Guik Bing @ Goh Guik Bing by virtue of the fact that he is the spouse of Mdm Goo Guik Bing @ Goh Guik Bing.
- 4) Mdm Goo Guik Bing @ Goh Guik Bing is deemed to have an interest in the shares held by Mr Cheng Buck Poh @ Chng Bok Poh by virtue of the fact that she is the spouse of Mr Cheng Buck Poh @ Chng Bok Poh.

FREE FLOAT

As at 31 October 2022, approximately 62.04% of the total number of issued shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Hiap Seng Engineering Ltd (Judicial Managers appointed) (the “Company”) will be held by way of electronic means on 16 December 2022 at 2.00 p.m for the purpose of considering and, if thought fit, passing the following resolutions as Ordinary Resolutions, with or without modifications:

1. AUDITED FINANCIAL STATEMENTS

That the Audited Financial Statements of the Company for the financial year ended 31 March 2022 together with the Directors’ Statement and Report of the Auditors’ thereon, be and are hereby received and adopted.

(Resolution 1)

2. RE-ELECTION OF DIRECTOR

That Mr Tan Ah Lam, Director who is subject to retirement pursuant to Article 91 of the Company’s Constitution and being eligible, offered himself for re-election, be and is hereby re-elected as Director of the Company. (See Explanatory Note)

(Resolution 2)

3. RE-APPOINTMENT OF AUDITORS

That Messrs PricewaterhouseCoopers LLP be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a fee to be determined by the Judicial Managers / Directors.

(Resolution 3)

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

Singapore, 30 November 2022

Explanatory Note:

Mr Tan Ah Lam will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee. The detailed information of Mr Tan Ah Lam can be found under “Additional Information of Directors” section in the Annual Report 2022.

Mr Tan Lian Chew who is also retiring from office in accordance with the Company’s Constitution would not be seeking re-election as a Director of the Company and would retire from the Board upon the conclusion of the EGM.

Notes:

The Extraordinary General Meeting of the Company (the “EGM”) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Printed copies of the Notice of EGM and accompanying Annual Report and proxy form will not be sent to members. Instead, these documents will be made available on SGXNet at <https://www.sgx.com/securities/company-announcements>.

Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by shareholders can participate at the EGM by observing and/or listening to the proceedings of the EGM through either live audio-visual webcast or live audio-only stream (“electronic means”), submission of questions in advance of the EGM, addressing of substantial and relevant questions, submission of text-based questions during the EGM and participation in the live voting during the EGM are set out in the Company’s announcement dated 30 November 2022 (the “Announcement”), which has been uploaded together with this Notice of EGM on SGXNet on the same day. The Announcement may also be accessed on the Company’s website www.hiapseng.com. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of this Notice of EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

A member will not be able to attend the EGM in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary, whichever is applicable) is able to participate at the EGM by electronic means or appoint proxy(ies) as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM conducted by electronic means, if such member wishes to exercise his/her/its voting rights at the EGM.

Members (whether individual or corporate) may also vote at the EGM in real time via electronic means or by appointing proxy(ies) or the Chairman of the EGM as proxy to vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

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

CPF/SRS Investors who wish to exercise their voting rights at the EGM should not submit proxy forms in the manner specified above. Instead, such investors should approach their respective CPF/SRS Operators to submit their votes by 5.00 p.m. on 7 December 2022 being at least 7 working days before the date of the EGM.

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

The instrument appointing the Chairman of the meeting as proxy must be submitted to the Company in the following manner:

- (a) if in hard copy by post, be lodged at the Company's registered address at 28 Tuas Crescent Singapore 638719 ; or
- (b) if by email, be received by proxyegm22@hiapseng.com

in either case, no later than 14 December 2022 by 2.00 p.m, being 48 hours before the time fixed for the EGM.

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

A proxy need not be a member of the Company. The Chairman of the meeting, as a proxy, need not be a member of the Company.

Important Reminder

As the COVID-19 pandemic continues to evolve, further measures and/or changes to the EGM arrangements may be made on short notice in the ensuing days, even up to the day of the EGM. Shareholders are advised to closely monitor announcements made on SGXNet website at the <https://www.sgx.com/securities/company-announcements> and/or the Company's website at the <http://www.hiapseng.com> for updates on the EGM. The Company also seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.

Personal data privacy

By lodging an instrument appointing a proxy(ies) and/or representative(s), a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (and its agents) for the purpose of the processing and administration by the Company (and its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (and its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (and its agents), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Tan Ah Lam
Date of Appointment *	31 March 1972
Date of last re-appointment	27 July 2018
Name of person *	Tan Ah Lam
Age *	78
Country of principal residence *	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) *	The Board of Directors of the Company has considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tan Ah Lam for re-election as Director of the Company. The Board have reviewed and concluded that Mr Tan Ah Lam possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, area of responsibility *	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman
Professional qualifications	GCE "O" level
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries *	Mr Tan Ah Lam is the brother of the CEO and Executive Director, Mr Tan Leau Kuee @ Tan Chow Kuee
Conflict of interest (including any competing business) *	No
Working experience and occupation(s) during the past 10 years *	Mr Tan has been with the Group since 1962. In 2007 he was appointed as Executive Chairman and CEO. On 1 April 2017, Mr Tan relinquished his position as CEO in order to facilitate the Company's succession plan. However, he remains as Executive Chairman of the Company. On 1 October 2020, Mr Tan Ah Lam resigned from the executive position and designated as Non-Executive Chairman.
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes
Shareholding interest * in the listed issuer and its subsidiaries *	Yes
Shareholding Details	Mr Tan Ah Lam has 3,319,500 ordinary shares and is deemed to have an interest in the 70,788,639 shares held by Tan Kuay Hoe Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	Tan Ah Lam
<u>Other Directorship#</u>	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	
Past (for the last 5 years)	Nil
Present	HS Compression & Process Pte Ltd Asia Process Industries Pte Ltd Orion Tuas Shipyard Pte Ltd Hiap Seng-Sanko TPM Pte Ltd HS Info-Tech Pte Ltd HS Engineering (Middle East) Pte Ltd Tan Kuay Hoe Holdings Pte Ltd
<u>Information required</u>	
Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.	
(a) *	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
	No
(b) *	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
	Yes
(c) *	Whether there is any unsatisfied judgement against him?
	No
(d) *	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

		Tan Ah Lam
(e) *	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) *	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) *	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) *	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) *	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) *	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-	
	(i)* any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)* any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

		Tan Ah Lam
	(iii)* any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv)* any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k)*	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

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

IMPORTANT:

1. The Extraordinary General Meeting ("EGM") will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance via electronic means, submission of questions in advance and/or voting by proxy at the EGM, are set out in the Notice of EGM dated 30 November 2022.
3. A member will not be able to attend the EGM in person. Please refer to the Notes for further details.
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 7 December 2022 to submit their votes.
5. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purported to be used by them.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 30 November 2022.

PROXY FORM

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

of _____ (Address)

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

Name	Address	E-mail address ⁽¹⁾	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy	
				No. of Shares	%

and/or

Name	Address	E-mail address ⁽¹⁾	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy	
				No. of Shares	%

or *the Chairman of the Extraordinary General Meeting of the Company ("EGM") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the EGM to be held by electronic means on 16 December 2022 at 2.00 p.m. and at any adjournment thereof.

*I/We *direct my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, in respect of a resolution, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion. Where the Chairman of the EGM is appointed as proxy and in the absence of specific directions as to voting is given, the appointment of the Chairman of the EGM as proxy will be treated as invalid.

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

No.	Ordinary Resolutions	No. of votes For [#]	No. of votes Against [#]	No. of votes Abstain [#]
1.	Audited Financial Statements for the financial year ended 31 March 2022 together with the Directors' Statement and the Auditors' Report thereon.			
2.	Re-election of Mr Tan Ah Lam as a director.			
3.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors			

⁽¹⁾Compulsory for registration purposes.

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

*Delete accordingly.

Dated this _____ day of _____ 2022

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

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

IMPORTANT: Please read notes overleaf.



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
2. A member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may cast his/her/its votes remotely in real time via electronic means. Members may appoint a proxy or proxies to vote on his/her/its behalf at the EGM. Members (whether individual or corporate) may also vote at the EGM by appointing the Chairman of the EGM as proxy to vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid. The Chairman of the meeting, as a proxy, need not be a member of the Company.

A member who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport Number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this note to the Notice of EGM. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3. A proxy need not be a member of the Company. The Chairman of the EGM, as proxy, need not be a member of the Company.
4. The instrument appointing Chairman of the EGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
5. Where an instrument appointing Chairman of the EGM as proxy is signed and authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The proxy form, duly completed and signed, must be submitted to the Company in the following manner:
 - (a) If submitted by post, be lodged at the Company's registered address at 28 Tuas Crescent, Singapore 638719; or
 - (b) If by email, be received by proxyegm22@hiapseng.comin either case, by no later than 2.00 p.m. on 14 December 2022, being 48 hours before the time fixed for the EGM.
7. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.
8. In the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form if the member being the appointor, is not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies).

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accept and agrees to the personal data privacy terms set out in the Notice of EGM dated 30 November 2022.



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Co. Reg. No.: 197100300Z

Registered Office

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