Staying Steadfast and Persistent

Annual Report **2019**

Hiap Seng Engineering Ltd

OUR VISION

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

OUR MISSION

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

OUR CORE VALUES

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

CONTENTS

ABOUT THE GROUP

We are one of the leading integrated service providers of mechanical engineering, plant fabrication & installation and plant maintenance to the oil-and-gas (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

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the financial year ended 31 March 2019 ("FY2019").

FINANCIAL REVIEW

In FY2019, despite a slight improvement in the demand for services in the oil-and-gas industries, the Group still witnessed intense competition and higher-than-expected operating costs which led to a challenging financial year. The Group's business improved with revenue increasing by 15% to S$140.9 million in FY2019 from S$122.4 million in the previous corresponding period ("FY2018"). Due to cost overrun caused by delay in project work commencement and the higher-than-expected operating costs, gross loss amounted to S$21.5 million for FY2019 as compared to gross profit of S$5.4 million for FY2018. As a result, the Group's net loss attributable to shareholders amounted to S$37.5 million in FY2019, an increase of S$21.3 million from S$16.2 million in FY2018.

SEGMENTAL CONTRIBUTIONS

Revenue for the plant construction and maintenance segment increased from S$113.2 million in FY2018 to S$134.4 million in FY2019, largely attributable to the higher recognition of project revenue.

Revenue for the compression and process equipment fabrication segment decreased from S$9.2 million in FY2018 to S$6.5 million in FY2019 due to lower recognition of project revenue.

Geographically, the Group's revenue in Singapore, UAE and Others recorded an increase. On the other hand, the Group's revenue in Vietnam and Thailand declined, mainly on the back of lower recognition of project revenue for FY2019.

FINANCIAL POSITION REVIEW

The Group's shareholders' funds decreased by S$39.5 million, from S$46.8 million or 15.4 cents per share as at 31 March 2018, to S$7.3 million or 2.4 cents per share as at 31 March 2019.

Hiap Seng's current assets decreased to S$62.1 million as at 31 March 2019 from S$65.1 million as at 31 March 2018. However, current liabilities, including bank borrowings of S$30.0 million and contract liabilities of S$10.6 million, increased to S$82.6 million as at 31 March 2019 from S$43.8 million as at 31 March 2018. As a result, our current ratio declined from 1.49 as at 31 March 2018 to 0.75 as at 31 March 2019.

The Group's non-current assets increased to S$28.4 million as at 31 March 2019, from S$26.7 million as at 31 March 2018. This was largely due to increase in property, plant and equipment of S$3.5 million for FY2019.

Hiap Seng's cash and cash equivalents stood at S$8.1 million as at 31 March 2019 as compared to S$8.4 million as at 31 March 2018. Correspondingly, bank borrowings stood at S$30.2 million as at 31 March 2019 as compared to S$18.6 million as at 31 March 2018. Hiap Seng's gearing ratio was 77% as at 31 March 2019 as compared to 18% as at 31 March 2018.

BUSINESS REVIEW AND OUTLOOK

The Group will continue to direct our business in the EPC & plant maintenance including mechanical, civil and electrical & instrumentation for oil-and-gas, petrochemical, pharmaceutical and energy sectors. We are providing EPC services for process plants and facilities including storage terminals and for process equipment, gas compressors, FPSO topsides and tank-farms.

The Group aims to develop a sustainable and growing long-term business with emphasis on continuous improvements in product quality, health and safety standards, timely deliveries, cost efficiencies and optimal resource allocation and utilisation. We recognise the need to remain focused on providing customers with quality products and services, particularly within areas of our core competencies.

The Group will also be making investments in automation processes and machinery to reduce reliance on foreign workers and improve our productivity and quality of work. With continued tight labour market and rising costs, the Group will continue to monitor our operating costs closely, increase productivity and ensure profitability of our projects.

The Group's order book amounted to approximately S$126.0 million as at 28 June 2019. A substantial portion of the order book will be recognised as revenue in FY2020. Hiap Seng continues to perform plant maintenance works for oil-and-gas and petrochemical majors. Our client list includes Shell, ExxonMobil, Singapore Refining Company, Linde Gas Singapore, Singapore LNG Corporation, Neste Oil Singapore Pte Ltd, Lanxess Butyl Pte Ltd, PETRONAS, Fujairah Refining Ltd and Vietnam's Dung Quat Refinery.

The outlook for the process sector in the oil-and-gas industry has improved. This is likely to translate into higher capex spending in the near to medium term that will benefit the Group's business. However, operating conditions remain competitive. The Group will continue to control costs, secure new projects and improve productivity.

Key players including our customers will continue to make further investments in new facilities as well as expand and enhance capabilities of current facilities presenting business opportunities for the Group. The Group will continue to expand its engineering capabilities, pursue cost controls and take active steps to improve productivity while exploring further potential business opportunities, both domestically and regionally, so as to diversify and widen both its customer and revenue base.

MTP WATCH-LIST

The Company was placed on the watch-list with effect from 5 June 2018 due to the Minimum Trading Price (MTP) entry criterion which entails maintaining a volume-weighted average price of at least 20 cents and an average daily market cap of less than $40 million over the last six months. We have 36 months from 5 June 2018 to meet the criteria.

RIGHTS ISSUE

The Company has proposed a renounceable non-underwritten rights issue of up to 151,875,000 new ordinary shares. Shareholders can subscribe for one rights share at S$0.05 each for every two existing shares held. The net proceeds raised from the rights issue, ranging from S$1.1 million to S$7.4 million, depending on the subscription rate, will be used for the Group's working capital needs.

Apart from the rights issue, we are currently in active discussions with potential investors to seek ways to strengthen the financial position and capital base of the Group. With the support from banks and shareholders, we believe that we will be able to tide through these tough times and continue to operate as a going concern.

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 second edition of our Sustainability Report this financial year, which is based on Global Reporting Initiative (GRI) Standards. You may find a copy of this on our website at www.hiapseng.com and SGXnet by 15 August 2019.

A WORD OF APPRECIATION

On behalf of the Board, I wish to thank our business partners, associates, customers, bankers, government agencies and shareholders for their continuous support and invaluable trust in the Group. I would also like to thank our management team and staff for their dedication and commitment in the consistent effort to work together and improve productivity. To my fellow Board members, who have been generous with their invaluable advice and guidance throughout these challenging years, I would like to express my heartfelt gratitude.

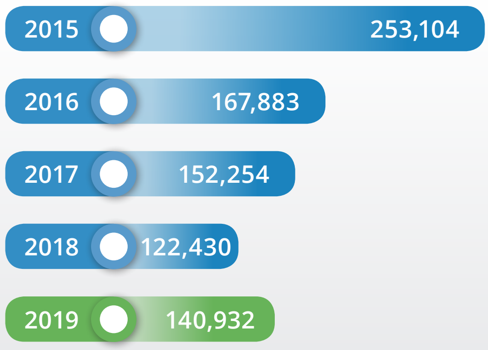
TAN AH LAM, FRANKIE
EXECUTIVE CHAIRMAN

FINANCIAL HIGHLIGHTS

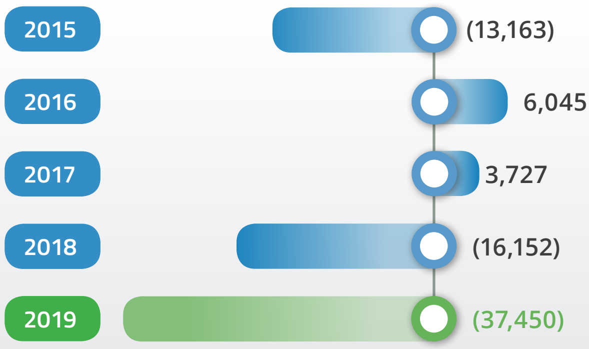
S$'000	FY2015	FY2016	FY2017 (Restated)*	FY2018 (Restated)*	FY2019
INCOME STATEMENT					
Revenue	253,104	167,883	152,254	122,430	**140,932**
Gross profit / (loss)	10,300	23,482	20,572	5,403	**(21,474)**
Profit / (loss) before tax	(11,777)	6,089	2,945	(16,687)	**(39,294)**
Profit / (loss) attributable to shareholders	(13,163)	6,045	3,727	(16,152)	**(37,450)**
BALANCE SHEET					
Current assets	83,608	84,668	61,446	65,075	**62,099**
Non-current assets	33,708	31,370	28,786	26,716	**28,378**
Total assets	117,316	116,038	90,232	91,791	**90,477**
Current liabilities	53,882	50,040	24,854	43,797	**82,552**
Non-current liabilities	2,238	1,545	1,093	1,419	**1,217**
Total liabilities	56,120	51,585	25,947	45,216	**83,769**
Net assets	61,196	64,453	64,285	46,575	**6,708**
SHAREHOLDERS' EQUITY					
Share capital	36,178	36,178	36,178	36,178	**36,178**
Reserves	707	(79)	1,293	2,233	**191**
Retained profits / (Accumulated losses)	22,319	26,845	26,017	8,346	**(29,104)**
Shareholders' equity	59,204	62,944	63,488	46,757	**7,265**
Non-controlling interests	1,992	1,509	797	(182)	**(557)**
Total equity	61,196	64,453	64,285	46,575	**6,708**
FINANCIAL RATIOS					
Gross profit / (loss) margin	4.1%	14.0%	13.5%	4.4%	**(15.2%)**
Net profit / (loss) margin	(5.2%)	3.6%	1.9%	(13.6%)	**(27.9%)**
Return / (loss) on equity	(22.2%)	9.6%	5.9%	(34.5%)	**(515.5%)**
Return / (loss) on assets	(11.2%)	5.2%	4.1%	(17.6%)	**(41.4%)**
PER SHARE DATA					
Earnings / (loss) (cents)	(4.3)	2.0	1.2	(5.3)	**(12.3)**
Net asset value (cents)	20.1	20.7	20.9	15.4	**2.4**
Dividends (cents)	0.5	1.0	1.0	0.0	**0.0**

*Please refer to Note 2.2 to the financial statements for details on the effects of adoption of Singapore Financial Standards (International) on 1 April 2018.

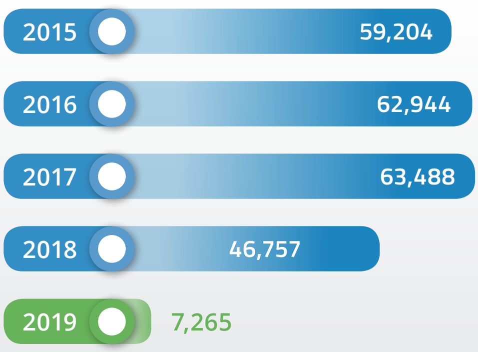
REVENUE



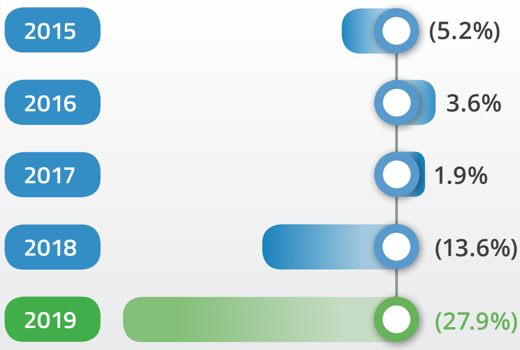
PROFIT / (LOSS) ATTRIBUTABLE TO SHAREHOLDERS



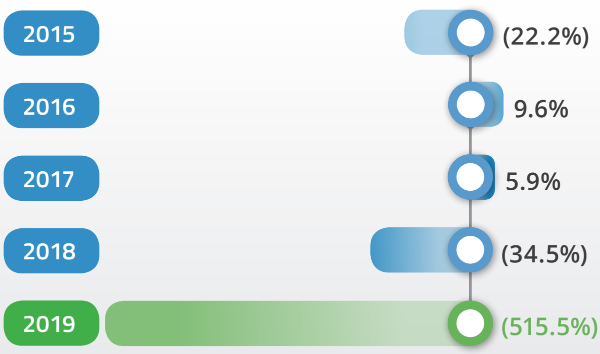
SHAREHOLDERS' EQUITY



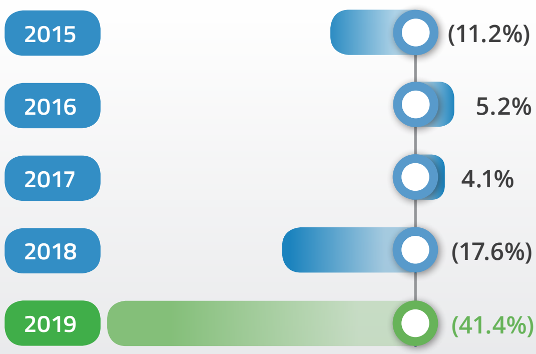
NET PROFIT / (LOSS) MARGIN



RETURN / (LOSS) ON EQUITY



RETURN / (LOSS) ON ASSETS



BOARD OF DIRECTORS

TAN AH LAM, FRANKIE
EXECUTIVE CHAIRMAN

TAN LEAU KUEE, RICHARD
EXECUTIVE DIRECTOR AND CEO

TAN LIAN CHEW
EXECUTIVE DIRECTOR (FINANCE)

DR JOHN CHEN SEOW PHUN
LEAD INDEPENDENT DIRECTOR

KOH KIM WAH
INDEPENDENT DIRECTOR

M. RAJARAM
INDEPENDENT DIRECTOR

GROUP STRUCTURE

- SUBSIDIARIES
- ASSOCIATES

Hiap Seng Engineering Ltd

- **100%** Asia Process Industries Pte Ltd
- **100%** Orion Tuas Shipyard Pte Ltd
- **87%** HS Compression & Process Pte Ltd
- **100%** Hiap Seng Engineering (Shanghai) Co. Ltd
- **100%** HS Engineering (Middle East) Pte Ltd
  - **49%** Hiap Seng Manco Co. Qatar
- **100%** Hiap Seng-Sanko TPM Pte Ltd
  - **51%** ProEn Scaffold Pte Ltd
- **100%** HS Info-Tech Pte Ltd
  - **30%** Web-Economy Technology Pte Ltd
- **89%** Hiap Seng Engineering (Thailand) Co., Ltd
- **100%** Hiap Seng Engineering (M) Sdn. Bhd.
- **80%** Hiap Seng Engineering Limited FZC
- **100%** Hiap Seng Saudi Engineering Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Ah Lam, Frankie
Executive Chairman

Tan Leau Kuee, Richard
Executive Director and CEO

Tan Lian Chew
Executive Director (Finance)

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)
Lee Pay Lee, ACIS

INVESTOR RELATIONS

Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street, #09-01
The Octagon
Singapore 069534
Tel: (65) 65345122
Fax: (65) 65344171

REGISTERED OFFICE

28 Tuas Crescent
Singapore 638719

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

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

Partner: Maurice Loh Seow Wee
(Year of appointment: FY2017)

SOLICITORS

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

PRINCIPAL BANKERS

United Overseas Bank Limited
DBS Bank Ltd

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2019 and the balance sheet of the Company as at 31 March 2019.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 18 to 96 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2019 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, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, having considered the factors presented in Note 2.1 of these consolidated financial statements.

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' 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 31.3.2019	At 1.4.2018	**At 31.3.2019**	At 1.4.2018
Hiap Seng Engineering Ltd				
(No. of ordinary shares)				
Mr Tan Ah Lam	**3,319,500**	3,319,500	**70,788,639**	70,788,639
Mr Tan Leau Kuee @ Tan Chow Kuee	**–**	–	**70,788,639**	70,788,639
Mr Tan Lian Chew	**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 31.3.2019	At 1.4.2018
HS Compression & Process Pte Ltd	**4,124,999**	4,124,999
Hiap Seng Engineering (Thailand) Co., Ltd	**2,749,999**	1,499,999
Hiap Seng Engineering Limited FZC	**97,906**	800
ProEn Scaffold Pte Ltd	**1,362,878**	1,020,000

(c) The directors' interests in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

Share options

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

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

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

Audit Committee

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

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

All members of the Audit Committee were independent non-executive directors. The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

(a) the scope and the results of internal audit procedures with the internal auditor;

(b) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

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

(d) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2019, as well as the Independent Auditor's Report thereon, before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

Independent Auditor

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

On behalf of the directors

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

15 August 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP SENG ENGINEERING LTD

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Hiap Seng Engineering Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2019, 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 2019;
- the balance sheet of the Group as at 31 March 2019;
- the balance sheet of the Company as at 31 March 2019;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Group incurred a net loss of $39,492,000 for the year ended 31 March 2019 and, as of that date, the Group's and Company's current liabilities exceeded their current assets by $20,453,000 and $10,420,000 respectively. The continued availability of credit facilities required for the Group and the Company to support their current level of operations is subject to the completion of an equity funding exercise by 30 November 2019. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, 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.

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

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 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to communicated in our report.

Key Audit Matter	***How our audit addressed the Key Audit Matter***
Contracts with performance obligations satisfied over time (Refer to Note 2.3, Note 3 and Note 4) During the financial year ended 31 March 2019, revenue from shutdown maintenance and plant and equipment construction contracts amounted to $101.1 million (Note 4), which represented 72% of the total revenue of the Group. 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. 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.	We performed the following audit procedures for contracts selected on a sample basis: (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: (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) Obtain the re-forecast of project costs and corroborated with on-going project documentation and committed suppliers quotations; (v) Assess the adequacy of the amount of provision for onerous contracts (where relevant) for each project.

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

Key Audit Matters (continued)

Key Audit Matter	***How our audit addressed the Key Audit Matter***
	We performed the following audit procedures for contracts selected on a sample basis (continued): (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. 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.

Other information

Management is responsible for the other information. The other information comprises all the sections of the Annual Report but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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

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.

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Maurice Loh Seow Wee.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 15 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Revenue	4	**140,932**	122,430
Cost of services rendered	5	**(162,406)**	(117,027)
Gross (loss)/profit		**(21,474)**	5,403
Other income	7	**2**	111
Other gains/(losses) - net			
- Allowance for impairment of financial assets	32(b)	**(115)**	(225)
- Others	7	**425**	(4,839)
Expenses			
- Administrative	5	**(17,185)**	(16,795)
- Finance	8	**(933)**	(384)
		(39,280)	(16,729)
Share of (loss)/profit of associated companies	14	**(14)**	42
Loss before income tax		**(39,294)**	(16,687)
Income tax expense	9	**(198)**	(988)
Total loss		**(39,492)**	(17,675)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(867)**	940
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(18)**	22
Financial assets, at FVOCI			
- Fair value losses – equity investments	27(b)(iii)	**(1,175)**	–
Other comprehensive (loss)/income, net of tax		**(2,060)**	962
Total comprehensive loss		**(41,552)**	(16,713)
Loss attributable to:			
Equity holders of the Company		**(37,450)**	(16,152)
Non-controlling interests		**(2,042)**	(1,523)
		(39,492)	(17,675)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(39,492)**	(15,212)
Non-controlling interests		**(2,060)**	(1,501)
		(41,552)	(16,713)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share	10	**(12.3)**	(5.3)

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

BALANCE SHEETS - GROUP

As at 31 March 2019

	Note	Group **31 March 2019** **$'000**	 31 March 2018 $'000	 1 April 2017 $'000
ASSETS				
Current assets				
Cash and cash equivalents	11	**8,098**	8,355	9,666
Trade and other receivables	12	**25,435**	13,045	20,065
Contract assets	4(b)	**22,285**	39,633	29,600
Other current assets	13	**6,281**	4,042	2,115
		62,099	65,075	61,446
Non-current assets				
Investments in associated companies	14	**297**	310	269
Property, plant and equipment	17	**26,447**	22,997	21,155
Intangible assets	18	**–**	503	4,440
Available-for-sale financial assets	19	**–**	2,482	2,482
Financial assets, at FVOCI	20	**1,307**	–	–
Deferred income tax assets	25	**57**	105	99
Club memberships	21	**270**	319	341
		28,378	26,716	28,786
Total assets		**90,477**	91,791	90,232
LIABILITIES				
Current liabilities				
Trade and other payables	22(a)	**36,153**	22,538	15,874
Provision for onerous contracts	22(b)	**5,852**	–	–
Contract liabilities	4(b)	**10,590**	3,119	2,824
Current income tax liabilities		**7**	15	38
Borrowings	23	**29,950**	18,125	6,118
		82,552	43,797	24,854
Non-current liabilities				
Borrowings	23	**284**	444	92
Deferred income tax liabilities	25	**933**	975	1,001
		1,217	1,419	1,093
Total liabilities		**83,769**	45,216	25,947
NET ASSETS		**6,708**	46,575	64,285
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26	**36,178**	36,178	36,178
Other reserves	27	**191**	2,233	1,293
(Accumulated losses)/retained profits		**(29,104)**	8,346	26,017
		7,265	46,757	63,488
Non-controlling interests	15	**(557)**	(182)	797
Total equity		**6,708**	46,575	64,285

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

BALANCE SHEETS - COMPANY

As at 31 March 2019

	Note	**31 March 2019** **$'000**	31 March 2018 $'000	1 April 2017 $'000
			Company	
ASSETS				
Current assets				
Cash and cash equivalents	11	**6,512**	4,953	4,679
Trade and other receivables	12	**29,085**	28,316	38,568
Contract assets	4(b)	**17,813**	24,934	22,974
Other current assets	13	**1,762**	2,608	1,759
		55,172	60,811	67,980
Non-current assets				
Investments in subsidiaries	15	**5,018**	10,538	10,538
Investment property	16	**–**	–	–
Property, plant and equipment	17	**8,497**	4,555	6,132
Available-for-sale financial assets	19	**–**	2,482	2,482
Financial assets, at FVOCI	20	**1,307**	–	–
Club memberships	21	**270**	319	341
		15,092	17,894	19,493
Total assets		**70,264**	78,705	87,473
LIABILITIES				
Current liabilities				
Trade and other payables	22(a)	**35,201**	21,273	21,277
Provision for onerous contracts	22(b)	**5,852**	–	–
Contract liabilities	4(b)	**3,414**	1,244	2,782
Current income tax liabilities		**–**	–	22
Borrowings	23	**21,125**	7,518	85
		65,592	30,035	24,166
Non-current liabilities				
Borrowings	23	**–**	–	18
Deferred income tax liabilities	25	**478**	478	466
		478	478	484
Total liabilities		**66,070**	30,513	24,650
NET ASSETS		**4,194**	48,192	62,823
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26	**36,178**	36,178	36,178
Other reserves	27	**(1,175)**	–	–
(Accumulated losses)/retained profits	28	**(30,809)**	12,014	26,645
Total equity		**4,194**	48,192	62,823

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Note	Share capital $'000	Other reserves $'000	(Accumulated losses) / retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to equity holders of the Company					
2019							
Balance as at 1 April 2018		**36,178**	**2,233**	**8,346**	**46,757**	**(182)**	**46,575**
Loss for the year		–	–	(37,450)	(37,450)	(2,042)	(39,492)
Other comprehensive loss for the year		–	(2,042)	–	(2,042)	(18)	(2,060)
Total comprehensive loss for the year		–	(2,042)	(37,450)	(39,492)	(2,060)	(41,552)
Capital contribution from non-controlling interests		–	–	–	–	1,685	1,685
Balance as at 31 March 2019		**36,178**	**191**	**(29,104)**	**7,265**	**(557)**	**6,708**
2018							
Balance as at 31 March 2017		**36,178**	**1,293**	**24,762**	**62,233**	**640**	**62,873**
Adoption of SFRS(I) 15	2.2(b)	–	–	1,255	1,255	157	1,412
Balance as at 1 April 2017		**36,178**	**1,293**	**26,017**	**63,488**	**797**	**64,285**
Loss for the year		–	–	(16,152)	(16,152)	(1,523)	(17,675)
Other comprehensive income for the year		–	940	–	940	22	962
Total comprehensive loss for the year		–	940	(16,152)	(15,212)	(1,501)	(16,713)
Acquisition of subsidiary		–	–	–	–	522	522
Dividend relating to 2018 paid	29	–	–	(1,519)	(1,519)	–	(1,519)
Balance as at 31 March 2018		**36,178**	**2,233**	**8,346**	**46,757**	**(182)**	**46,575**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Total loss		**(39,492)**	(17,675)
Adjustments for:			
- Income tax expense		**198**	988
- Allowance made for impairment of trade and other receivables		**115**	225
- Depreciation		**4,809**	4,076
- Net gain on disposal of property, plant and equipment		**(357)**	(342)
- Property, plant and equipment written off		**2**	12
- Club membership written off		**–**	23
- Net loss on disposal of an associated company		**–**	1
- Unrealised currency translation (losses)/gains		**496**	1,344
- Interest expense		**933**	384
- Interest income		**(2)**	(111)
- Impairment of goodwill		**503**	4,440
- Share of loss/(profit) of associated companies		**14**	(42)
		(32,781)	(6,677)
Change in working capital, net of effects from acquisition of subsidiary:			
- Contract assets		**17,349**	(10,355)
- Trade and other receivables		**(12,703)**	6,137
- Other current assets		**(2,239)**	(1,845)
- Contract liabilities		**7,470**	296
- Trade and other payables		**18,016**	5,692
Cash used in operations		**(4,888)**	(6,752)
Income tax paid		**(198)**	(1,044)
Net cash used in operating activities		**(5,086)**	(7,796)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**650**	403
Purchases of property, plant and equipment *		**(8,340)**	(2,858)
Proceeds from disposal of club membership		**49**	–
Interest received		**2**	111
Acquisition of a subsidiary, net of cash acquired	35	**–**	(607)
Net cash used in investing activities		**(7,639)**	(2,951)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		**–**	(1,519)
Repayment of lease liabilities		**(211)**	(205)
Interest paid		**(933)**	(384)
Proceeds from trust receipt creditors		**10,699**	8,101
Repayment of trust receipt creditors		**(10,980)**	(5,719)
Release of bank deposit pledged		**1,127**	–
Proceeds from bank borrowings		**63,709**	34,813
Repayment of bank borrowings		**(50,084)**	(27,313)
Proceeds from loans from non-controlling interests		**197**	1,441
Net cash generated from financing activities		**13,524**	9,215
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents		**799**	(1,532)
Beginning of financial year	11	**6,683**	8,446
Effects of currency translation on cash and cash equivalents		**147**	(231)
End of financial year	11	**7,629**	6,683

* In 2018, the Group acquired property, plant and equipment with an aggregate cost of $3,076,000 of which $218,000 were acquired on finance leases.

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

Reconciliation of liabilities arising from financing activities

	1 April 2018 $'000	Proceeds $'000	Repayment $'000	Non-cash changes $'000			31 March 2019 $'000
				Interest expenses	Conversion of loan to equity	Foreign exchange movement	
Bank borrowings	(12,500)	(25,549)	22,400	(476)	–	–	(16,125)
Bank financing (Trust receipts)	(3,429)	(10,699)	11,134	(154)	–	(46)	(3,194)
Finance lease liabilities (Hire purchase)	(654)	–	237	(26)	–	(3)	(446)
Trade receivables invoice financing	–	(38,160)	28,367	(207)	–	–	(10,000)
Loans from non-controlling interests	(1,441)	(197)	–	–	1,685	(47)	–

	1 April 2017 $'000	Proceeds $'000	Repayment $'000	Non-cash changes $'000			31 March 2018 $'000
				Interest expenses	Acquisition	Foreign exchange movement	
Bank borrowings	(5,000)	(34,813)	27,313	–	–	–	(12,500)
Bank Financing (Trust Receipt)	(962)	(8,101)	5,719	–	–	(85)	(3,429)
Finance lease liabilities (Hire purchase)	(229)	–	205	–	(626)	(4)	(654)
Loans from non-controlling interests	–	(1,441)	–	–	–	–	(1,441)

Significant non-cash transactions

On 31 March 2019, a subsidiary of the Group issued 121,382 ordinary shares for a total consideration of $6,722,000 (AED 18,207,300), of which 24,276 ordinary shares was issued to the non-controlling interest. The proceeds from the non-controlling interest of the subsidiary of $1,355,000 (AED 3,641,460) was offset against the loan owing to the non-controlling interest. Subsequent to the share issue, the shareholding of the non-controlling interest was unchanged at 20% as at 31 March 2019.

On 31 March 2019, another subsidiary of the Group issued 672,310 ordinary shares for a total consideration of $672,000, of which 329,432 ordinary shares was issued to the non-controlling interest. The proceeds from the non-controlling interest of the subsidiary of $330,000 was offset against the loan owing to the non-controlling interest. Subsequent to the share issue, the shareholding of the non-controlling interest was unchanged at 49% as at 31 March 2019.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

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

The principal activities of the Company consist of the provision of building construction, engineering, procurement, construction and plant maintenance services for oil and gas and energy sectors and, provision of process and industrial plant engineering and consultancy services. The principal activities of the subsidiaries are set out in Note 39 to the financial statements.

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

For the financial year ended 31 March 2019, the Group reported a net loss of $39,492,000 and a net cash outflow from operating activities of $5,086,000. As at 31 March 2019, the Group's and the Company's current liabilities exceeded their current assets by $20,453,000 and $10,420,000 respectively.

On 4 April 2019, the Company secured an additional credit facility of $10,000,000 from one of their principal bankers. The continued availability of credit facilities required for the Group and the Company to support their current level of operations is subject to the completion of equity funding by 30 November 2019.

The Company has commenced activities to obtain additional equity funding from current shareholders through a proposed 1-for-2 rights issue for an estimated cash consideration of up to $7,594,000. On 6 August 2019, Tan Kuay Hoe Holdings Pte Ltd, Mr. Tan Ah Lam and Mr. Tan Lian Chew, whose total shareholdings represented 25.58% of the issued share capital of the Company, has each executed an irrevocable letter of undertaking to the Company to subscribe and pay in full for its or his entire pro-rata entitlement. As of the date of these financial statements, the equity funding exercise has not been completed.

The Group has also prepared a cash flow forecast, which indicates that the Group and the Company are expected to have sufficient cash to meet their operating cash flow requirements for at least twelve months from the date of these financial statements. The Group's and the Company's ability to achieve its cash flow forecast is based on the following key considerations:

(i) The Group and the Company are able to secure and execute projects in FY2020 at pricing and gross margins that are expected to be in line with Group management's expectations; and

(ii) Collections from customers are to be maintained at normal operating cycles.

The continuing viability of the Group and the Company and their ability to continue as going concerns is dependent upon the Group and the Company being successful in their equity funding exercise so as to have the continued availability of credit facilities and the ability to secure and execute projects based on management plans, and in monitoring their ongoing working capital requirements and minimum expenditure requirements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

In the event that the Group and the Company are unable to operate as going concerns, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business, and additional liabilities may arise. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets or liabilities. No such adjustments have been made in the financial statements for the financial year ended 31 March 2019.

However, the directors expect that the future net cash inflows from operating activities, in addition to the continued availability of credit facilities from its principal bankers and additional equity funding, will be sufficient to cover the Group's and the Company's net current liability position and support their current level of operations. Accordingly, these financial statements have been prepared on a going concern basis.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018. These financial statements for the year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Leases

The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(ii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 March 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(a) Optional exemptions applied (continued)

(iii) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 April 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- The Group did not retrospectively restate contracts that commenced or ended within the same financial year, or were completed contracts as at 1 April 2017.
- For the financial years ended 31 March 2017 and 31 March 2018, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

As at 1 April 2017	Note	Reported under SFRS $'000	Effects of applying SFRS(I) 15 $'000	Reported under SFRS(I) $'000
ASSETS				
Current assets				
Cash and cash equivalents		9,666	–	9,666
Trade and other receivables	A1,A3	52,566	(32,501)	20,065
Construction contract work-in-progress	A1	1,493	(1,493)	–
Contract assets	A1,A3	–	29,600	29,600
Other current assets		2,115	–	2,115
		65,840	(4,394)	61,446
Non-current assets				
Investments in associated companies		269	–	269
Property, plant and equipment		21,155	–	21,155
Intangible assets		4,440	–	4,440
Available-for-sale financial assets		2,482	–	2,482
Deferred income tax assets		99	–	99
Club memberships		341	–	341
		28,786	–	28,786
Total assets		94,626	(4,394)	90,232
LIABILITIES				
Current liabilities				
Trade and other payables	A1,A3	24,504	(8,630)	15,874
Contract liabilities	A1,A3	–	2,824	2,824
Current income tax liabilities		38	–	38
Borrowings		6,118	–	6,118
		30,660	(5,806)	24,854
Non-current liabilities				
Borrowings		92	–	92
Deferred income tax liabilities		1,001	–	1,001
		1,093	–	1,093
Total liabilities		31,753	(5,806)	25,947
NET ASSETS		62,873	1,412	64,285

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

As at 1 April 2017	Note	Reported under SFRS	Effects of applying SFRS(I) 15	Reported under SFRS(I)
		$'000	$'000	$'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		36,178	–	36,178
Other reserves		1,293	–	1,293
Retained profits		24,762	1,255	26,017
		62,233	1,255	63,488
Non-controlling interests		640	157	797
Total equity	A1	62,873	1,412	64,285

	Note	As at 31 March 2018 reported under SFRS	Effects of applying SFRS(I) 15	As at 31 March 2018 reported under SFRS(I)	Effects of applying SFRS(I) 9	As at 1 April 2018 reported under SFRS(I)
		$'000	$'000	$'000	$'000	$'000
ASSETS						
Current assets						
Cash and cash equivalents		8,355	–	8,355	–	8,355
Trade and other receivables	A1, A3	43,084	(30,039)	13,045	–	13,045
Construction contract work-in-progress	A1	9,741	(9,741)	–	–	–
Contract assets	A1, A3	–	39,633	39,633	–	39,633
Other current assets		4,042	–	4,042	–	4,042
		65,222	(147)	65,075	–	65,075
Non-current assets						
Investments in associated companies		310	–	310	–	310
Property, plant and equipment		22,997	–	22,997	–	22,997
Intangible assets		503	–	503	–	503
Available-for-sale financial assets	B1	2,482	–	2,482	(2,482)	–
Financial assets, at FVOCI	B1	–	–	–	1,214	1,214
Deferred income tax assets		105	–	105	–	105
Club memberships		319	–	319	–	319
		26,716	–	26,716	(1,268)	25,448
Total assets		91,938	(147)	91,791	(1,268)	90,523

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

	Note	As at 31 March 2018 reported under SFRS	Effects of applying SFRS(I) 15	As at 31 March 2018 reported under SFRS(I)	Effects of applying SFRS(I) 9	As at 1 April 2018 reported under SFRS(I)
		$'000	$'000	$'000	$'000	$'000
LIABILITIES						
Current liabilities						
Trade and other payables	A1, A3	29,627	(7,089)	22,538	–	22,538
Contract liabilities	A1, A3	–	3,119	3,119	–	3,119
Current income tax liabilities		15	–	15	–	15
Borrowings		18,125	–	18,125		18,125
		47,767	(3,970)	43,797	–	43,797
Non-current liabilities						
Borrowings		444	–	444	–	444
Deferred income tax liabilities		975	–	975	–	975
		1,419	–	1,419	–	1,419
Total liabilities		49,186	(3,970)	45,216	–	45,216
NET ASSETS		42,752	3,823	46,575	(1,268)	45,307
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		36,178	–	36,178	–	36,178
Other reserves		2,210	23	2,233	(1,268)	965
Retained profits		4,391	3,955	8,346	–	8,346
		42,779	3,978	46,757	(1,268)	45,489
Non-controlling interests		(27)	(155)	(182)	–	(182)
Total equity	A1	42,752	3,823	46,575	(1,268)	45,307

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(c) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I)

As at 1 April 2017	Note	As at 1 April 2017 reported under SFRS	Effects of applying SFRS(I) 15	As at 1 April 2017 reported under SFRS(I)
		$'000	$'000	$'000
ASSETS				
Current assets				
Cash and cash equivalents		4,679	–	4,679
Trade and other receivables	A1,A3	63,054	(24,486)	38,568
Construction contract work-in-progress	A1	891	(891)	–
Contract assets	A1,A3	–	22,974	22,974
Other current assets		1,759	–	1,759
		70,383	(2,403)	67,980
Non-current assets				
Investment in subsidiaries		10,538	–	10,538
Property, plant and equipment		6,132	–	6,132
Available-for-sale financial assets		2,482	–	2,482
Club memberships		341	–	341
		19,493	–	19,493
Total assets		89,876	(2,403)	87,473
LIABILITIES				
Current liabilities				
Trade and other payables	A1,A3	26,667	(5,390)	21,277
Contract liabilities	A1,A3	–	2,782	2,782
Current income tax liabilities		22	–	22
Borrowings		85	–	85
		26,774	(2,608)	24,166
Non-current liabilities				
Borrowings		18	–	18
Deferred income tax liabilities		466	–	466
		484	–	484
Total liabilities		27,258	(2,608)	24,650
NET ASSETS		62,618	205	62,823
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		36,178	–	36,178
Retained profits		26,440	205	26,645
Total equity	A1	62,618	205	62,823

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(c) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I) (continued)

	Note	As at 31 March 2018 reported under SFRS $'000	Effects of applying SFRS(I) 15 $'000	As at 31 March 2018 reported under SFRS(I) $'000	Effects of applying SFRS(I) 9 $'000	As at 1 April 2018 reported under SFRS(I) $'000
ASSETS						
Current assets						
Cash and cash equivalents		4,953	–	4,953	–	4,953
Trade and other receivables	A1, A3	46,850	(18,534)	28,316	–	28,316
Construction contract work-in-progress	A1	5,898	(5,898)	–	–	–
Contract assets	A1, A3	–	24,934	24,934	–	24,934
Other current assets		2,608	–	2,608	–	2,608
		60,309	502	60,811	–	60,811
Non-current assets						
Investment in subsidiaries		10,538	–	10,538	–	10,538
Property, plant and equipment		4,555	–	4,555	–	4,555
Available-for-sale financial assets	B1	2,482	–	2,482	(2,482)	–
Financial assets, at FVOCI	B1	–	–	–	1,214	1,214
Club memberships		319	–	319	–	319
		17,894	–	17,894	(1,268)	16,626
Total assets		78,203	502	78,705	(1,268)	77,437
LIABILITIES						
Current liabilities						
Trade and other payables	A1, A3	26,378	(5,105)	21,273	–	21,273
Contract liabilities	A1, A3	–	1,244	1,244	–	1,244
Borrowings		7,518	–	7,518	–	7,518
		33,896	(3,861)	30,035	–	30,035
Non-current liabilities						
Deferred income tax liabilities		478	–	478	–	478
		478	–	478	–	478
Total liabilities		34,374	(3,861)	30,513	–	30,513
NET ASSETS		43,829	4,363	48,192	(1,268)	46,924
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		36,178	–	36,178	–	36,178
Retained profits		7,651	4,363	12,014	(1,268)	10,746
Total equity	A1	43,829	4,363	48,192	(1,268)	46,924

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(d) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I)

For the financial year ended 31 March 2018	Note	Reported under SFRS	Effects of applying SFRS(I) 15	Reported under SFRS(I)
		$'000	$'000	$'000
Revenue	A1	109,377	13,053	122,430
Cost of services rendered	A1	(106,358)	(10,669)	(117,027)
Gross profit		3,019	2,384	5,403
Other income		111	–	111
Other gain/(losses) - net				
- Allowance for impairment of financial assets		–	(225)	(225)
- Others		(4,839)	–	(4,839)
Expenses				
- Administrative		(17,020)	225	(16,795)
- Finance		(384)	–	(384)
Share of profit of associated companies		42	–	42
		(19,071)	2,384	(16,687)
Loss before income tax				
Income tax expense		(988)	–	(988)
Total loss		(20,059)	2,384	(17,675)
Other comprehensive income:				
Other comprehensive income, net of tax		935	27	962
Total comprehensive loss		(19,124)	2,411	(16,713)

(e) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) mainly arises from the adoption of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

A. Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. As disclosed in Note 2.2(a)(iii), the Group has also elected to apply the transition provisions under paragraph C5 of SFRS(I) 15 at 1 April 2018.

The adoption of SFRS(I) 15 resulted in adjustments to the previously issued SFRS financial statements as explained below:

A1. Measurement of progress of shutdown maintenance and plant and equipment construction contracts

Previously under SFRS 11, revenue on shutdown maintenance and plant and equipment construction contracts was recognised by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). The stage of completion was measured using an output method by reference to the customer's certification of value of work done to date.

Under SFRS(I) 15, the Group has assessed that an input measure by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract ("input method") will best depict the Group's performance in transferring control of services to customers for its existing shutdown maintenance and plant and equipment construction contracts. Accordingly, the Group adopted the input method for measuring progress and recognising contract revenue under SFRS(I) 15. This resulted in an increase of $13,053,000 in the Group's revenue and $10,669,000 in the Group's cost of services rendered for the financial year ended 31 March 2018, a decrease in the Group's and the Company's construction contract work-in-progress as at 31 March 2018 of $9,741,000 (1 April 2017: $1,493,000) and $5,898,000 (1 April 2017: $891,000) respectively, and an increase to the Group's equity of $3,823,000 as at 31 March 2018 and $1,412,000 as at 1 April 2017 and the Company's equity of $4,363,000 (1 April 2017: $205,000) respectively, under SFRS(I) 15.

A2. Accounting for loss-making plant and equipment construction contracts

Previously under SFRS 11, when it was probable that total contract costs will exceed total contract revenue for plant and equipment construction contracts, the expected loss was recognised as an expense immediately on a contract by-contract basis, and was accounted for on the balance sheet in accordance with SFRS 11.

Under SFRS(I) 15, there is no guidance on how to account for expected losses on loss-making contracts. As such, the Group applies SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* to identify and account for onerous contracts.

There were no material adjustments to provision for onerous contracts as at 31 March 2018 and 1 April 2017 arising from the adoption of SFRS(I) 15. Please refer to Note 22(b) for further details.

A3. Presentation of contract assets and contract liabilities

The Group and the Company has also changed the presentation of certain amounts in the balance sheet as at 31 March 2018 on adopting SFRS(I) 15:

(i) Contract assets relating to shutdown maintenance and plant and equipment construction contracts of the Group and the Company were previously presented as "amounts due from customers arising from construction contracts" within "trade and other receivables", and retentions on construction contracts within "trade and other receivables" of $26,535,000 and $6,125,000 (1 April 2017: $27,080,000 and $6,423,000). and $15,030,000 and $6,125,000 (1 April 2017: $19,066,000 and $6,423,000) respectively under SFRS.

(ii) Contract liabilities relating to shutdown maintenance and plant and equipment construction contracts of the Group and the Company were previously presented as "amounts due to customers arising from construction contracts" of $700,000 (1 April 2017: $42,000) under SFRS.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

B. Adoption of SFRS(I) 9

As disclosed in Note 2.2(a)(ii), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 March 2018.

At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.11.

B1. Classification and measurement of financial assets

For financial assets held by the Group on 1 April 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

		Financial Assets	
	Note	AFS	FVOCI
		$'000	$'000
Balance as at 31 March 2018 – before adoption of SFRS(I) 9		2,482	–
Reclassify non-trading equities from AFS to FVOCI	(i)	(2,482)	2,482
Fair value adjustment through OCI	(i)	–	(1,268)
Balance as at 1 April 2018 – after adoption of SFRS(I) 9		–	1,214

(i) Equity investments reclassified from available-for-sale to FVOCI

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets of $2,482,000 were reclassified from "financial assets, available-for-sale" to "financial assets, at FVOCI" on 1 April 2018. On 1 April 2018, a fair value loss of $1,268,000 was recognised in the fair value reserve.

(ii) Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables and contract assets recognised under SFRS(I) 15; and
- loans to related parties and other receivables at amortised cost.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.11 and Note 32(b).

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 the 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.

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

2. **Significant accounting policies** (continued)

2.3 **Revenue recognition** (continued)

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

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. 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) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Dividend income*

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

2.4 **Group accounting**

(a) *Subsidiaries*

(i) *Consolidation*

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

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

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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(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. Please refer to the paragraph "Intangible assets - Goodwill on Acquisitions" in Note 2.6(a) for the subsequent accounting policy on goodwill.

(iii) Disposals

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

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

Please refer to the paragraph "Investments in subsidiaries and associated companies" in Note 2.8 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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(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' or joint ventures' 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 or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture 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 or joint venture. If the associated company or joint venture 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.

(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 2.8 for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2. Significant accounting policies (continued)

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:

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

2. Significant accounting policies (continued)

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum 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 (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated companies represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets acquired.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets include customer contracts and customer relationships. Other intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using straight-line method over 2 to 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet. The effects at any revision are recognised in profit or loss when the changes arise.

2.7 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.

2.8 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. Significant accounting policies (continued)

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Club memberships
Property, plant and equipment
Investments in subsidiaries and associated companies
Investment property
Other intangible assets

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

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

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

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

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

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

2. Significant accounting policies (continued)

2.10 Financial assets

The accounting for financial assets before 1 April 2018 are as follows:

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "cash and cash equivalents", "trade and other receivables" and deposits within "other current assets" except for non-current interest-free receivables from subsidiaries which in substance forms part of the Company's net investment in the subsidiaries ("quasi-equity loan") have been accounted for in accordance with Note 2.8.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) 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 financial asset, 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.

(c) Measurement

Financial assets are initially recognised at fair value plus transaction costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently measured at each reporting date at fair value. Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably are measured at cost less provision for impairment in value.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

The accounting for financial assets from 1 April 2018 are as follows:

(e) Classification and measurement

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

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

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.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(e) *Classification and measurement* (continued)

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:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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 is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

(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 and losses", 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.

(iii) Equity investments

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".

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(f) 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 32 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.

(g) 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.

2.11 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.

2.12 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. Significant accounting policies (continued)

2.12 Financial guarantees (continued)

Prior to 1 April 2018, financial guarantees were subsequently amortised to profit or loss over the period of the subsidiaries borrowings, unless it was probable that the Company would reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees would be carried at the expected amount payable to the banks in the Company's balance sheet.

2.13 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.

2.14 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.

2.15 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.

2.16 Leases

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

(a) Finance leases - when the Group is a lessee

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2. **Significant accounting policies** (continued)

2.16 **Leases** (continued)

(b) *Operating leases - when the Group is a lessee*

Leases of factories and offices where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made by the Group as a penalty is recognised as an expense when termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.17 **Income taxes**

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

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

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

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

Deferred income tax is measured:

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

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

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

2.18 **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. Significant accounting policies (continued)

2.19 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.

2.20 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

(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. Significant accounting policies (continued)

2.21 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.

2.22 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.

2.23 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.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Government grants

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

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

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

2.26 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.

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.

Estimation of total contract costs

The Group has significant 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 costs ("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.

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/lower by 10% from management's estimates, the Group's revenue and results before tax would have been lower/higher by $2,195,000. The increase in total contract costs by 10% would not result in additional provision for onerous contracts, except for those that had been identified at balance sheet date where the provision would have increased by $556,000.

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.

		Over time		
	At a point in time	Plant construction and maintenance	Compression and process fabrication	Total
	$'000	$'000	$'000	$'000
2019				
Rendering of maintenance services	**–**	**39,772**	**–**	**39,772**
Shutdown maintenance	**–**	**29,210**	**–**	**29,210**
Construction of plant and equipment	**–**	**65,439**	**6,492**	**71,931**
Others	**19**	**–**	**–**	**19**
	19	**134,421**	**6,492**	**140,932**
2018				
Rendering of maintenance services	–	45,778	27	45,805
Shutdown maintenance	–	26,167	–	26,167
Construction of plant and equipment	–	41,307	9,128	50,435
Others	23	–	–	23
	23	113,252	9,155	122,430

4. Revenue from contracts with customers (continued)

(b) Contract assets and liabilities

	31 March		1 April
	2019	2018	2017
	$'000	$'000	$'000
Group			
Contract assets	**22,285**	39,633	29,600
Contract liabilities	**10,590**	3,119	2,824
Company			
Contract assets	**17,813**	24,934	22,974
Contract liabilities	**3,414**	1,244	2,782

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 less revenue being recognised during the financial year but which has not yet been billed to the customers.

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 increase in contract liabilities was mainly due to more contracts in which the Group billed and receive consideration ahead of the provision of services.

(i) Revenue recognised in relation to contract liabilities

	Group	
	31 March	
	2019	2018
	$'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	**3,119**	2,824

(ii) Unsatisfied performance obligations

	31 March		1 April
	2019	2018	2017
	$'000	$'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	**126,000**	*	*

* As permitted under the transitional provisions in the SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 March 2018 and 1 April 2017 is not disclosed.

Management expects that 80% of transaction price allocated to the unsatisfied performance obligations as of 31 March 2019 may be recognised as revenue during the next reporting period ($100,800,000) as the Group continues to perform to complete the construction. The remaining 20% ($25,200,000) may be recognised in the financial year ending 31 March 2021. The amount disclosed above does not include variable consideration, which is subject to significant risk of reversal.

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

5. Expenses by nature

	Group	
	2019	2018
	$'000	$'000
Sub-contractor charges	**71,502**	48,427
Structural materials and other related costs	**20,895**	19,957
Employee compensation (Note 6)	**62,323**	47,811
Foreign worker levy	**6,488**	3,685
Rental on operating leases	**1,819**	1,704
Transportation & logistic expenses	**6,876**	3,263
Professional fees	**479**	474
Directors' fees	**195**	212
Utilities expenses	**646**	623
Depreciation of property, plant and equipment (Note 17)	**4,809**	4,076
Entertainment and travelling expenses	**597**	472
Computer and automation expenses	**668**	749
Maintenance expenses	**820**	957
Fees on audit services paid to:		
- Auditor of the Company		
- Current year	**255**	210
- Other auditors *	**74**	46
Non-audit fees paid to:		
- Auditor of the Company	**–**	76
- Other auditors *	**9**	67
Other expenses	**1,136**	1,013
Total cost of services rendered and administrative expenses	**179,591**	133,822

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

6. Employee compensation

	Group	
	2019	2018
	$'000	$'000
Wages and salaries	**60,702**	46,154
Government grants:		
- Wage Credit Scheme	**(86)**	(73)
- Special Employment Credit	**(77)**	(66)
- Temporary Employment Credit	**(30)**	(108)
- Other	**(117)**	(91)
Employer's contribution to defined contribution plans including Central Provident Fund	**1,931**	1,995
	62,323	47,811

6. Employee compensation (continued)

The Wage Credit Scheme ("WC") is a scheme that was introduced in the Singapore Budget 2013 (extended in Budget 2018 for 3 years up to 2020) to help businesses alleviate business costs in a tight labour market. The WC will be paid to eligible employers for wage increases between 2013 to 2020.

The Special Employment Credit ("SEC") is a scheme that was introduced in the Singapore Budget 2011 (extended in Budget 2019 for 1 year up to 2020) to support employers, and to raise the employability of older low-wage Singaporeans. The SEC will be paid to eligible employers for wage increases between 2012 to 2020.

The Temporary Employment Credit ("TEC") is a scheme that was introduced in the Singapore Budget 2014 (extended in Budget 2015 for 2 years up to year 2017), as an initiative to help employer adjust to the increase in CPF contribution rates. The TEC payments will be made based on CPF contributions paid to eligible employees between 2015 and 2017.

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

	Group	
	2019	2018
	$'000	$'000
Interest income	**2**	111
Other gains/(losses) – net:		
- Currency exchange gain/(loss) - net	**405**	(769)
- Net gain on disposal of property, plant and equipment	**357**	342
- Property, plant and equipment written off	**(2)**	(12)
- Net loss on disposal of an associated company	**–**	(1)
- Loss on disposal of club membership	**–**	(23)
- Impairment of goodwill (Note 18(a))	**(503)**	(4,440)
- Sundry gain	**168**	64
	425	(4,839)

8. Finance expenses

	Group	
	2019	2018
	$'000	$'000
Interest expense		
- Bank borrowings	**907**	365
- Finance lease liabilities	**26**	19
	933	384

9. Income taxes

	Group	
	2019	2018
	$'000	$'000
Tax expense attributable to results is made up of:		
Current income tax		
- Foreign	**192**	1,014
	192	1,014
Deferred income tax (Note 25)	**6**	(26)
	198	988

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

	Group	
	2019	2018
	$'000	$'000
Loss before tax	**(39,294)**	(16,687)
Share of loss/(profit) of associated companies, net of tax	**14**	(42)
Loss before tax and share of profit of associated companies	**(39,280)**	(16,729)
Tax calculated at tax rate of 17% (2018: 17%)	**(6,678)**	(2,844)
Effects of:		
- different tax rates in other countries	**181**	147
- income not subject to tax	**(23)**	(214)
- expenses not deductible for tax purposes	**322**	937
- utilisation of previously unrecognised capital allowances	**(151)**	(11)
- tax losses not recognised during the financial year	**6,355**	2,031
- withholding tax	**192**	988
- others	**–**	(46)
Tax expense	**198**	988

10. Earnings per share

(a) Basic earnings per share

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

	Group	
	2019	2018
Net loss attributable to equity holders of the Company ($'000)	**(37,450)**	(16,152)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**303,750**	303,750
Basic loss per share (cents per share)	**(12.3)**	(5.3)

10. Earnings 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 2019 and 31 March 2018 as the Group did not have any potential ordinary shares outstanding as at 31 March 2019 and 31 March 2018.

11. Cash and cash equivalents

	Group			Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cash at bank and on hand	**8,098**	7,202	8,441	**6,512**	4,953	4,679
Short-term bank deposits	**–**	1,153	1,225	**–**	–	–
	8,098	8,355	9,666	**6,512**	4,953	4,679

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

	Group		
	2019	2018	2017
	$'000	$'000	$'000
Cash and bank balances (as above)	**8,098**	8,355	9,666
Less: Bank deposits pledged	**–**	(1,127)	(1,201)
Less: Bank overdrafts (Note 23)	**(469)**	(545)	(19)
Cash and cash equivalents per consolidated statement of cash flows	**7,629**	6,683	8,446

As at 31 March 2018, the Group has restricted bank deposits amounting to US$859,000 (equivalent of $1,127,000) (1 April 2017: US$859,000 (equivalent of $1,201,000)), which are pledged for bank guarantee issued.

12. Trade and other receivables

	Group			Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade receivables:						
- Non-related parties	**25,873**	13,597	20,619	**18,032**	7,966	11,623
- Subsidiaries	**–**	–	–	**8,613**	7,423	7,997
- Associated companies	**–**	–	9	**–**	–	9
	25,873	13,597	20,628	**26,645**	15,389	19,629
Less: Allowance for impairment of receivables						
- non-related parties (Note 32(b))	**(994)**	(859)	(900)	**(74)**	(74)	(74)
- subsidiaries	**–**	–	–	**(3,364)**	(3,292)	(2,014)
Trade receivables - net	**24,879**	12,738	19,728	**23,207**	12,023	17,541
Other receivables	**477**	277	293	**18**	45	147
Dividend receivables	**–**	–	–	**–**	–	3,400
Staff advances	**79**	30	44	**3**	2	31
Loans to subsidiaries	**–**	–	–	**21,733**	20,207	18,236
Less: Allowance for impairment	**–**	–	–	**(17,507)**	(17,149)	(9,202)
Loans to subsidiaries - net (Note 33(c))	**–**	–	–	**4,226**	3,058	9,034
Non-trade receivables:						
- Subsidiaries (Note 33(d))	**–**	–	–	**1,631**	13,188	8,415
	25,435	13,045	20,065	**29,085**	28,316	38,568

13. Other current assets

	Group			Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Deposits	**2,998**	1,447	254	**288**	313	230
Prepayment	**3,283**	2,595	1,861	**1,474**	2,295	1,529
	6,281	4,042	2,115	**1,762**	2,608	1,759

14. Investments in associated companies

	Group			Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Beginning of financial year	**310**	269	372	**–**	–	109
Currency translation differences	**1**	–	(31)	**–**	–	(29)
Disposal of an associated company	**–**	(1)	(80)	**–**	–	(80)
Share of (losses)/profits	**(14)**	42	8	**–**	–	–
End of financial year	**297**	310	269	**–**	–	–

Details of associated companies are provided in Note 39.

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

15. Investments in subsidiaries

	Company		
	2019	2018	2017
	$'000	$'000	$'000
Equity investments at cost			
Beginning of financial year	**10,538**	10,538	14,775
Additions	**16,215**	–	57
Less: Allowance for impairment losses	**(21,735)**	–	(4,294)
End of financial year	**5,018**	10,538	10,538

Details of subsidiaries are provided in Note 39.

Carrying value of non-controlling interests

	2019	2018	2017
	$'000	$'000	$'000
HS Compression & Process Pte Ltd	**(1,460)**	(1,001)	(239)
Hiap Seng Engineering (Thailand) Co., Ltd	**103**	832	1,036
Other subsidiaries with immaterial non-controlling interests	**800**	(13)	–
Total	**(557)**	(182)	797

15. Investments in subsidiaries (continued)

Summarised financial information of 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. These are presented before inter-company eliminations.

Summarised balance sheet

	HS Compression & Process Pte Ltd			Hiap Seng Engineering (Thailand) Co., Ltd		
	As at 31 March			As at 31 March		
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Assets	**5,256**	7,812	11,426	**3,185**	10,811	5,966
Liabilities	**(16,487)**	(15,543)	(13,359)	**(12,196)**	(19,289)	(13,400)
Total current net liabilities	**(11,231)**	(7,731)	(1,933)	**(9,011)**	(8,478)	(7,434)
Non-current						
Assets	**48**	73	119	**10,020**	10,601	11,268
Liabilities	**(8)**	(12)	(19)	**(58)**	(125)	(48)
Total non-current net assets	**40**	61	100	**9,962**	10,476	11,220
Net (liabilities)/assets	**(11,191)**	(7,670)	(1,833)	**951**	1,998	3,786

Summarised statement of comprehensive income

	HS Compression & Process Pte Ltd			Hiap Seng Engineering (Thailand) Co., Ltd		
	For the year ended 31 March			For the year ended 31 March		
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Revenue	**6,045**	9,155	1,624	**1,511**	15,579	10,677
Loss before income tax	**(3,132)**	(5,797)	(4,483)	**(6,311)**	(1,879)	(1,222)
Income tax expense	**(50)**	(40)	(123)	**–**	–	–
Loss after tax and total comprehensive loss	**(3,182)**	(5,837)	(4,606)	**(6,311)**	(1,879)	(1,222)
Total comprehensive loss allocated to non-controlling interest	**(415)**	(761)	(601)	**(721)**	(215)	(140)

15. Investments in subsidiaries (continued)

Summarised cash flows

	HS Compression & Process Pte Ltd			Hiap Seng Engineering (Thailand) Co., Ltd		
	For the year ended 31 March			For the year ended 31 March		
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cash flows from operating activities						
Cash generated from/(used in) operations	**1,692**	1,070	(1,406)	**868**	(4,565)	927
Income tax paid	**(54)**	(47)	(449)	**(7)**	(2)	72
Net cash provided by/(used in) operating activities	**1,638**	1,023	(1,855)	**861**	(4,567)	999
Net cash used in investing activities	**(1)**	(1)	(1)	**(246)**	(432)	(33)
Net cash (used in)/provided by financing activities	**(2,081)**	(487)	1,208	**(1,051)**	2,897	(229)
Net (decrease)/increase in cash and cash equivalents	**(444)**	535	(648)	**(436)**	(2,102)	737
Cash and cash equivalents at beginning of year	**1,010**	401	1,031	**(280)**	1,889	1,098
Exchange gains/(losses) on cash and cash equivalents	**70**	74	18	**(1)**	(67)	54
Cash and cash equivalents at end of year	**636**	1,010	401	**(717)**	(280)	1,889

16. Investment property

	Company		
	2019	2018	2017
	$'000	$'000	$'000
Cost			
Beginning and end of financial year	**1,797**	1,797	1,797
Accumulated depreciation			
Beginning and end of financial year	**1,797**	1,797	1,797
Net book value			
End of financial year	**–**	–	–

The Company engages external independent and qualified valuers to determine the fair value of the investment property at the end of every financial year based on the properties' highest and best use. The fair values of the property were determined by Suntec Real Estate Consultants Pte. Ltd.

16. Investment property (continued)

The fair value of the investment property at the balance sheet date is $3,200,000 (31 March 2018: $4,200,000; 1 April 2017: $5,400,000).

Fair value hierarchy

	Fair value measurements using significant unobservable inputs (Level 3)
	$
31 March 2019	
- An office building - Singapore	**3,200,000**
31 March 2018	
- An office building - Singapore	4,200,000
31 March 2017	
- An office building - Singapore	5,400,000

Level 3 fair value of the investment property was derived using the Direct Comparison Method. Under the Direct Comparison Method, sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, tenure, location, condition of buildings and prevailing market conditions. The most significant input to the valuation approach would be the adapted value per square feet.

17. Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Leasehold buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Group							
2019							
Cost							
Beginning of financial year	1,666	10,920	12,461	30,294	5,989	7,468	68,798
Additions	–	–	161	7,564	49	566	8,340
Disposals	–	–	–	(999)	(458)	(218)	(1,675)
Written-off	–	–	–	–	–	(5)	(5)
Currency translation differences	20	175	–	160	7	19	381
End of financial year	1,686	11,095	12,622	37,019	5,587	7,830	75,839
Accumulated depreciation							
Beginning of financial year	–	3,703	9,419	21,388	4,335	6,956	45,801
Depreciation charge (Note 5)	–	643	671	2,588	492	415	4,809
Disposals	–	–	–	(818)	(346)	(218)	(1,382)
Written-off	–	–	–	–	–	(3)	(3)
Currency translation differences	–	66	(2)	87	5	11	167
End of financial year	–	4,412	10,088	23,245	4,486	7,161	49,392
Net book value							
End of financial year	**1,686**	**6,683**	**2,534**	**13,774**	**1,101**	**669**	**26,447**
2018							
Cost							
Beginning of financial year	1,621	9,800	15,063	28,472	5,268	7,234	67,458
Additions	–	779	–	1,527	338	432	3,076
Acquisition of subsidiary (Note 35)	–	–	–	2,062	497	30	2,589
Disposals	–	–	(2,579)	(1,984)	(123)	(260)	(4,946)
Written-off	–	–	–	–	–	(4)	(4)
Currency translation differences	45	341	(23)	217	9	36	625
End of financial year	1,666	10,920	12,461	30,294	5,989	7,468	68,798
Accumulated depreciation							
Beginning of financial year	–	2,957	11,325	21,322	3,891	6,808	46,303
Depreciation charge (Note 5)	–	632	667	1,881	559	337	4,076
Disposals	–	–	(2,579)	(1,971)	(123)	(212)	(4,885)
Written-off	–	–	–	–	–	(1)	(1)
Currency translation differences	–	114	6	156	8	24	308
End of financial year	–	3,703	9,419	21,388	4,335	6,956	45,801
Net book value							
End of financial year	**1,666**	**7,217**	**3,042**	**8,906**	**1,654**	**512**	**22,997**

17. 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
Group							
2017							
Cost							
Beginning of financial year	1,548	9,244	14,425	27,466	4,566	7,056	64,305
Additions	–	7	682	810	834	225	2,558
Disposals	–	–	–	(197)	(151)	(12)	(360)
Written-off	–	–	(26)	–	–	(71)	(97)
Currency translation differences	73	549	(18)	393	19	36	1,052
End of financial year	1,621	9,800	15,063	28,472	5,268	7,234	67,458
Accumulated depreciation							
Beginning of financial year	–	2,246	10,703	19,615	3,500	6,554	42,618
Depreciation charge	–	562	625	1,663	517	272	3,639
Disposals	–	–	–	(170)	(138)	(12)	(320)
Written-off	–	–	(3)	–	–	(31)	(34)
Currency translation differences	–	149	–	214	12	25	400
End of financial year	–	2,957	11,325	21,322	3,891	6,808	46,303
Net book value							
End of financial year	**1,621**	**6,843**	**3,738**	**7,150**	**1,377**	**426**	**21,155**

	Leasehold buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Company					
2019					
Cost					
Beginning of financial year	7,523	18,117	4,219	5,100	34,959
Additions	–	5,979	49	473	6,501
Disposals	–	(49)	(458)	(44)	(551)
Written-off	–	–	–	(5)	(5)
End of financial year	7,523	24,047	3,810	5,524	40,904
Accumulated depreciation					
Beginning of financial year	6,794	15,360	3,372	4,878	30,404
Depreciation charge	466	1,470	309	200	2,445
Disposals	–	(49)	(346)	(44)	(439)
Written-off	–	–	–	(3)	(3)
End of financial year	7,260	16,781	3,335	5,031	32,407
Net book value					
End of financial year	**263**	**7,266**	**475**	**493**	**8,497**

17. Property, plant and equipment (continued)

	Leasehold buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Company					
2018					
Cost					
Beginning of financial year	7,523	19,529	4,227	5,213	36,492
Additions	–	113	115	104	332
Disposals	–	(1,525)	(123)	(214)	(1,862)
Written-off	–	–	–	(3)	(3)
End of financial year	7,523	18,117	4,219	5,100	34,959
Accumulated depreciation					
Beginning of financial year	6,328	16,045	3,077	4,910	30,360
Depreciation charge	466	839	418	134	1,857
Disposals	–	(1,524)	(123)	(166)	(1,813)
Written-off	–	–	–	–	–
End of financial year	6,794	15,360	3,372	4,878	30,404
Net book value					
End of financial year	**729**	**2,757**	**847**	**222**	**4,555**
2017					
Cost					
Beginning of financial year	7,534	19,274	3,486	5,134	35,428
Additions	15	354	834	93	1,296
Disposals	–	(99)	(93)	(12)	(204)
Written-off	(26)	–	–	(2)	(28)
End of financial year	7,523	19,529	4,227	5,213	36,492
Accumulated depreciation					
Beginning of financial year	5,865	15,250	2,753	4,790	28,658
Depreciation charge	466	892	417	133	1,908
Disposals	–	(97)	(93)	(12)	(202)
Written-off	(3)	–	–	(1)	(4)
End of financial year	6,328	16,045	3,077	4,910	30,360
Net book value					
End of financial year	**1,195**	**3,484**	**1,150**	**303**	**6,132**

(a) Certain freehold land and buildings of the Group with a net carrying amount of $7,441,000 (31 March 2018: $8,670,000; 1 April 2017: $9,750,000) at 31 March 2019, were pledged as collateral to secure credit facilities granted by financial institutions amounting to $5,476,000 (31 March 2018: $6,421,000; 1 April 2017: $3,428,000).

(b) Certain leasehold buildings of the Group with a net carrying amount of $22 (31 March 2018: $22; 1 April 2017: $22) at 31 March 2019, were mortgaged to banks to secure banking facilities amounting to $72,425,000 (31 March 2018: $67,000,000; 1 April 2017: $70,682,000).

17. Property, plant and equipment (continued)

(c) The carrying amount of plant and equipment held under finance leases are $1,362,000 (31 March 2018: $1,952,000; 1 April 2017: 1,814,000) and $725,000 (31 March 2018: $1,130,000; 1 April 2017: $1,535,000) for the Group and Company respectively at the balance sheet date.

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

Description	Location	Land Area (sq metres)	Tenure
Group and Company			
Three single-storey factory building and a two-storey office building	4 Benoi Place Singapore	7,501	Lease term of 30 years commencing 16 June 1971 extended to 15 June 2031
A three-storey office building and two adjoining single-storey workshops	19 Tuas Crescent, Singapore	13,344	Lease term of 10 years commencing 1 September 2002 extended to 31 December 2021
A two-storey office building and two adjoining single-storey workshops	21 Tuas Crescent, Singapore	10,925	Lease term of 30 years commencing 16 June 1981 extended to 31 December 2021
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
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
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
Group			
Factory buildings and workshops and two-storey office building	27/58 Moo 8, Bueng, Sriracha, Chonburi 20230, Thailand.	116,504	Freehold
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
An office unit	Unit 2101, Regal Tower, Business Bay, Dubai, UAE	139	Freehold
A factory workshop	Land No. L308, Phase III, Al Hayl Free Zone, UAE	9,000	Lease term of 10 years commencing 7 February 2017

18. Intangible assets

	Group		
	2019	2018	2017
	$'000	$'000	$'000
Composition:			
Goodwill arising on consolidation (Note (a))	**–**	503	4,440
Customer contracts (Note (b))	**–**	–	–
Customer relationships (Note (c))	**–**	–	–
	–	503	4,440

(a) Goodwill on consolidation

	Group		
	2019	2018	2017
	$'000	$'000	$'000
Cost			
Beginning of financial year	**4,943**	4,440	4,440
Acquisition of a subsidiary (Note 35)	**–**	503	–
End of financial year	**4,943**	4,943	4,440
Accumulated impairment losses			
Beginning of financial year	**4,440**	–	–
Impairment charge (Note 7)	**503**	4,440	–
End of financial year	**4,943**	4,440	–
Net book value	**–**	503	4,440

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") as follows:

	Group		
	2019	2018	2017
	$'000	$'000	$'000
Singapore	**–**	503	–
Thailand	**–**	–	4,440
	–	503	4,440

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the country in which the CGU operates.

18. Intangible assets (continued)

(a) Goodwill on consolidation (continued)

Key estimates used for value-in-use calculations:

	Singapore	←	Thailand	→
	2019	**2019**	**2018**	**2017**
Gross margin [1]	**2.9%**	**–**	10.0% – 15.0%	20.0% – 23.0%
Growth rate [2]	**0.0%**	**–**	2.0%	3.1%
Discount rate [3]	**15.0%**	**–**	15.0%	15.1%

1 Budgeted gross margin

2 Growth rate used to extrapolate cash flows beyond the budget period

3 Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The growth rate used was consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

An impairment charge of $503,000 (2018: $4,440,000) is included within 'Other losses/gains - net' in the consolidated statement of comprehensive income. The impairment charge for the current financial year arose as a result of the CGU not achieving the underlying profit assumptions of the business plan which supported the investment. In 2018, the impairment charge arose as a result of the Thailand CGU not achieving expected gross margins. Management performed a revision of the estimate in relation to the expected gross margin, which was consistent with the revised business strategy in response to the competitive business environment.

As at 31 March 2019, goodwill on consolidation was fully impaired.

(b) Customer contracts

	Group		
	2019	2018	2017
	$'000	$'000	$'000
Cost and accumulated amortisation			
Beginning and end of financial year	**454**	454	454
Net book value	**–**	–	–

(c) Customer relationships

	Group		
	2019	2018	2017
	$'000	$'000	$'000
Cost and accumulated amortisation			
Beginning and end of financial year	**2,405**	2,405	2,405
Net book value	**–**	–	–

19. Available-for-sale financial assets

	Group and Company		
	2019	2018	2017
	$'000	$'000	$'000
Beginning of financial year	**2,482**	2,482	2,482
Reclassification at 1 April 2018 (Note 20) *	**(2,482)**	–	–
End of financial year	**–**	2,482	2,482

* *See Note 2.2 for details of reclassification as at 1 April 2018 on adoption of SFRS(I) 9.*

The available-for-sale financial assets, comprised investment in unlisted equity securities in Vietnam, stated at cost.

Fair value information has not been disclosed for the Group's investment in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in the companies that are not quoted on any market. The Group does not intend to dispose of these investments in the foreseeable future.

20. Financial assets, at FVOCI

	Group and Company		
	2019	2018	2017
	$'000	$'000	$'000
Beginning of financial year	**–**	–	–
Reclassification at 1 April 2018 (Note 19)	**2,482**	–	–
Net fair value losses (Note 27(b)(iii))	**(1,175)**	–	–
End of financial year	**1,307**	–	–

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 32(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 investments made and cash, less any liabilities.

As at 31 March 2019, the Group's share in the investee's NAV for its financial assets at FVOCI classified as Level 3 is S$1,307,000.

Net fair value losses of $1,175,000 comprises a fair value loss of $1,268,000 (Note2.2,B1(i)) recognised as at 1 April 2018 as a result of the adoption of SFRS(I) 9.

The Group's Chief Financial Officer 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 classified as Level 3.

21. Club memberships

	Group and Company		
	2019	2018	2017
	$'000	$'000	$'000
Transferable club memberships, at cost	277	423	445
Less: Allowance for impairment	(7)	(104)	(104)
Net book value	270	319	341

22(a). Trade and other payables

	Group			Company		
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade payables to:						
- Non-related parties	**33,147**	19,196	13,095	**22,487**	13,481	10,470
- Subsidiaries	**–**	–	–	**10,460**	5,488	6,941
- Associated companies	**63**	32	2	**63**	32	2
	33,210	19,228	13,097	**33,010**	19,001	17,413
Non-trade payables:						
- Subsidiaries (Note 33(e))	**–**	–	–	**263**	181	1,828
Other payables	**696**	798	346	**42**	11	29
Accruals for operating expenses	**2,247**	2,512	2,431	**1,886**	2,080	2,007
Total trade and other payables	**36,153**	22,538	15,874	**35,201**	21,273	21,277

22(b). Provision of onerous contracts

	Group and Company
	2019
	$'000
Beginning of financial year	**–**
Provision made	**5,852**
End of financial year	**5,852**

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.

23. Borrowings

	Group			Company		
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Bank overdrafts (Note 11)	**469**	545	19	**–**	–	–
Bank borrowings	**26,125**	12,500	5,000	**21,125**	7,500	–
Trust receipts creditors	**3,194**	3,429	962	**–**	–	–
Finance lease liabilities (Note 24)	**162**	210	137	**–**	18	85
Loans from non-controlling interests	**–**	1,441	–	**–**	–	–
	29,950	18,125	6,118	**21,125**	7,518	85
Non-current						
Finance lease liabilities (Note 24)	**284**	444	92	**–**	–	18
	284	444	92	**–**	–	18
Total borrowings	**30,234**	18,569	6,210	**21,125**	7,518	103

Bank borrowings of $26,125,000 (31 March 2018: $12,500,000; 1 April 2017: $5,000,000) are contractually repriced within 1 month (31 March 2018: 1 month; 1 April 2017: 1 month) from balance sheet date and are subject to variable interest rates ranging from 2.94% to 3.60% (31 March 2018: 2.18% to 3.26%; 1 April 2017: 1.86% to 2.35%) per annum.

As at 31 March 2018, loans from non-controlling interests of $1,441,000 were unsecured, interest-free and repayable on demand.

(a) Security granted

(i) Bank overdrafts and trust receipts creditors of the Group amounting to $3,663,000 (31 March 2018: $3,974,000; 1 April 2017: 981,000) are secured by a mortgage of the subsidiary's land and buildings, and corporate guarantees granted by the Company amounting to THB 361,000,000 (equivalent of $15,395,000) (31 March 2018: THB 361,000,000 (equivalent of $15,168,000); 1 April 2017: THB 361,000,000 (equivalent of $15,860,000)). Interest on bank overdrafts and trust receipts are charged at rate based on Minimum Loan Rate (MLR).

(ii) Bank borrowings of the Group amounting to $26,125,000 (31 March 2018: $12,500,000; 1 April 2017: $5,000,000) are secured by the corporate guarantee granted by the Company amounting up to $92,025,000 (31 March 2018: $81,631,000; 1 April 2017: $40,050,000).

(iii) Finance lease liabilities of the Group are effectively secured over the leased plant and equipment (Note 24), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

23. Borrowings (continued)

(b) Undrawn borrowing facilities as at 31 March 2019 comprise the following:

	Group 2019 $'000	Company 2019 $'000
Bank overdrafts	**3,384**	**2,000**
Bank borrowings	**1,000**	**1,000**
Trust receipts	**13,502**	**4,200**
	17,886	**7,200**

The continued availability of these facilities is subject to the completion of equity funding by 30 November 2019 (Note 32(d)(ii)).

24. Finance lease liabilities

The Group leases certain plant and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

		Group			Company	
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Minimum lease payments due						
- Not later than one year	**186**	236	144	**–**	18	86
- Between one and five years	**334**	518	96	**–**	–	19
	520	754	240	**–**	18	105
Less: Future finance charges	**(74)**	(100)	(11)	**–**	–	(2)
Present value of finance lease liabilities	**446**	654	229	**–**	18	103

The present values of finance lease liabilities are analysed as follows:

		Group			Company	
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Not later than one year (Note 23)	**162**	210	137	**–**	18	85
Between one and five years (Note 23)	**284**	444	92	**–**	–	18
Total	**446**	654	229	**–**	18	103

25. 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		
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Beginning of financial year	**870**	902	1,267	**478**	466	362
Tax charged/(credited) to profit or loss (Note 9)	**6**	(26)	(365)	**–**	12	104
Acquisition of a subsidiary (Note 35)	**–**	(6)	–	**–**	–	–
End of financial year	**876**	870	902	**478**	478	466

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 2019, the Group has unutilised tax losses of approximately $59,365,000 (31 March 2018: $23,101,000; 1 April 2017: $11,372,000) and unutilised capital allowances of $1,379,000 (31 March 2018: $2,975,000; 1 April 2017: $1,331,000). These unutilised tax losses 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
2019	
Beginning of financial year	**975**
Credited to profit or loss	**(42)**
End of financial year	**933**
2018	
Beginning of financial year	1,001
Credited to profit or loss	(26)
End of financial year	975
2017	
Beginning of financial year	1,327
Credited to profit or loss	(326)
End of financial year	1,001

25. Deferred income taxes (continued)

Group

Deferred income tax assets

	Fair value adjustments $'000	Excess of depreciation over capital allowances $'000	Total $'000
2019			
Beginning of financial year	**(6)**	**(99)**	**(105)**
Charged to profit or loss	**–**	**48**	**48**
End of financial year	**(6)**	**(51)**	**(57)**
2018			
Beginning of financial year	–	(99)	(99)
Acquisition of a subsidiary (Note 35)	(6)	–	(6)
End of financial year	(6)	(99)	(105)
2017			
Beginning of financial year	–	(60)	(60)
Acquisition of a subsidiary	–	(39)	(39)
End of financial year	–	(99)	(99)

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2019	
Beginning and end of financial year	**478**
2018	
Beginning of financial year	466
Charged to profit or loss	12
End of financial year	478
2017	
Beginning of financial year	362
Charged to profit or loss	104
End of financial year	466

26. Share capital

	Issued share capital					
	Number of shares			Amount		
	2019	2018	2017	**2019**	2018	2017
	'000	'000	'000	**$'000**	$'000	$'000
Group and Company						
Beginning and end of financial year	**303,750**	303,750	303,750	**36,178**	36,178	36,178

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

27. Other reserves (non-distributable)

	Group		
	2019	2018	2017
	$'000	$'000	$'000
(a) Composition:			
Currency translation reserve (Note(b)(i))	**1,524**	2,391	1,451
Capital reserve (Note(b)(ii))	**(158)**	(158)	(158)
Fair value reserve (Note(b)(iii))	**(1,175)**	–	–
	191	2,233	1,293
(b) Movements:			
(i) Currency translation reserve			
Beginning of financial year	**2,391**	1,451	79
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(885)**	954	1,400
Less: Non-controlling interest	**18**	(14)	(28)
	(867)	940	1,372
End of financial year	**1,524**	2,391	1,451
(ii) Capital reserve			
Beginning and end of financial year	**(158)**	(158)	(158)
(iii) Fair value reserve			
Beginning of financial year	**–**	–	–
Fair value losses on financial assets at FVOCI (Note 20)	**(1,175)**	–	–
End of financial year	**(1,175)**	–	–

28. (Accumulated losses)/Retained profits

Movement in (accumulated losses)/retained profits for the Company is as follows:

	Company		
	2019	2018	2017
	$'000	$'000	$'000
Beginning of financial year	**12,014**	26,645	32,473
Net loss	**(42,823)**	(13,112)	(1,272)
Dividends paid (Note 29)	**–**	(1,519)	(4,556)
End of financial year	**(30,809)**	12,014	26,645

29. Dividends

	Group and Company		
	2019	2018	2017
	$'000	$'000	$'000
Ordinary dividends			
Final exempt dividend paid in respect of the previous financial years of nil cent (31 March 2017: 0.5 cent, 1 April 2016: 1.0 cent) per share	**–**	1,519	3,038
Interim exempt dividend paid in respect of the current financial years of nil (31 March 2018: Nil, 1 April 2017: 0.5 cent) per share	**–**	–	1,518
	–	1,519	4,556

30. Corporate guarantees

The Company has issued corporate guarantees to banks for credit facilities granted to its subsidiaries. The principal risk to which the Company is exposed is credit risk of the subsidiaries in connection with the guarantees it has issued.

Corporate guarantees issued by the Company are as follows:

	Company		
	2019	2018	2017
	$'000	$'000	$'000
THB 361,000,000 (31 March 2018: THB361,000,000; 1 April 2017: THB 390,600,000)	**15,395**	15,168	15,860
SGD 40,050,000 (31 March 2018: SGD40,050,000; 1 April 2017: SGD 40,050,000)	**40,050**	40,050	40,050
	55,445	55,218	55,910

31. Commitments

Operating lease commitments - where the Group and Company is a lessee

The Group and Company lease various pieces of land from non-related parties under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group			**Company**		
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Not later than one year	**1,740**	1,206	1,539	**1,568**	1,103	1,273
Between one and five years	**6,230**	2,534	2,936	**5,494**	1,872	1,960
Later than five years	**26,448**	1,825	1,298	**25,704**	906	1,298
	34,418	5,565	5,773	**32,766**	3,881	4,531

Included in the above are the Group's and the Company's lease commitments in respect of certain leases in which the monthly rental payments are subject to revision every year to market rate, but the increase, if any, shall not exceed 5.5% of the land rent for each immediately preceding year.

32. 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.

32. 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 2019							
Financial assets							
Cash and cash equivalents	**3,119**	**4,110**	**26**	**11**	**544**	**288**	**8,098**
Trade and other receivables	**17,545**	**2,707**	**1,148**	**902**	**3,128**	**5**	**25,435**
Deposits	**479**	**–**	**10**	**5**	**2,504**	**–**	**2,998**
Financial assets, at FVOCI	**1,307**	**–**	**–**	**–**	**–**	**–**	**1,307**
	22,450	**6,817**	**1,184**	**918**	**6,176**	**293**	**37,838**
Financial liabilities							
Borrowings	**(26,444)**	**–**	**(3,790)**	**–**	**–**	**–**	**(30,234)**
Trade and other payables	**(31,181)**	**(611)**	**(690)**	**(153)**	**(3,494)**	**(24)**	**(36,153)**
	(57,625)	**(611)**	**(4,480)**	**(153)**	**(3,494)**	**(24)**	**(66,387)**
Net financial (liabilities)/ assets	**(35,175)**	**6,206**	**(3,296)**	**765**	**2,682**	**269**	**(28,549)**
Add/(Less): Net financial liabilities/(assets) denominated in the respective entities functional currencies	**35,175**	**–**	**3,568**	**(797)**	**(2,682)**	**(14)**	**35,250**
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	**–**	**6,206**	**272**	**(32)**	**–**	**255**	**6,701**

32. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

	SGD $'000	USD $'000	THB $'000	MYR $'000	Others $'000	Total $'000
At 31 March 2018						
Financial assets						
Cash and cash equivalents	2,558	5,003	41	16	737	8,355
Trade and other receivables	7,869	3,138	979	1,001	58	13,045
Deposits	542	–	10	5	890	1,447
	10,969	8,141	1,030	1,022	1,685	22,847
Financial liabilities						
Borrowings	(13,287)	–	(4,171)	–	(1,111)	(18,569)
Trade and other payables	(15,988)	(184)	(2,799)	(2,946)	(621)	(22,538)
	(29,275)	(184)	(6,970)	(2,946)	(1,732)	(41,107)
Net financial (liabilities)/assets	(18,306)	7,957	(5,940)	(1,924)	(47)	(18,260)
Add: Net financial liabilities denominated in the respective entities functional currencies	18,306	–	5,957	1,841	132	26,236
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	–	7,957	17	(83)	85	7,976
At 1 April 2017						
Financial assets						
Cash and cash equivalents	3,830	4,845	110	749	132	9,666
Trade and other receivables	9,312	9,338	394	1,007	14	20,065
Deposits	239	–	7	6	2	254
	13,381	14,183	511	1,762	148	29,985
Financial liabilities						
Borrowings	(5,155)	–	(1,055)	–	–	(6,210)
Trade and other payables	(14,245)	(58)	(1,333)	(177)	(61)	(15,874)
	(19,400)	(58)	(2,388)	(177)	(61)	(22,084)
Net financial (liabilities)/ assets	(6,019)	14,125	(1,877)	1,585	87	7,901
Add/(Less): Net financial liabilities/ (assets) denominated in the respective entities functional currencies	6,019	–	2,073	(1,569)	(75)	6,448
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	–	14,125	196	16	12	14,349

32. 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	Others $'000	Total $'000
At 31 March 2019						
Financial assets						
Cash and cash equivalents	**2,984**	**3,439**	**15**	**–**	**74**	**6,512**
Trade and other receivables	**28,373**	**(502)**	**1,207**	**(4)**	**11**	**29,085**
Deposits	**288**	**–**	**–**	**–**	**–**	**288**
Financial assets, at FVOCI	**1,307**	**–**	**–**	**–**	**–**	**1,307**
	32,952	**2,937**	**1,222**	**(4)**	**85**	**37,192**
Financial liabilities						
Borrowings	**(21,125)**	**–**	**–**	**–**	**–**	**(21,125)**
Trade and other payables	**(35,183)**	**(17)**	**–**	**(1)**	**–**	**(35,201)**
	(56,308)	**(17)**	**–**	**(1)**	**–**	**(56,326)**
Net financial (liabilities)/assets	**(23,356)**	**2,920**	**1,222**	**(5)**	**85**	**(19,134)**
Add: Net financial liabilities denominated in the functional currency	**23,356**	**–**	**–**	**–**	**–**	**23,356**
Currency exposure	**–**	**2,920**	**1,222**	**(5)**	**85**	**4,222**
At 31 March 2018						
Financial assets						
Cash and cash equivalents	2,045	2,822	16	–	70	4,953
Trade and other receivables	21,201	3,899	3,221	(5)	–	28,316
Deposits	313	–	–	–	–	313
	23,559	6,721	3,237	(5)	70	33,582
Financial liabilities						
Borrowings	(7,518)	–	–	–	–	(7,518)
Trade and other payables	(21,246)	(24)	–	(3)	–	(21,273)
	(28,764)	(24)	–	(3)	–	(28,791)
Net financial (liabilities)/assets	(5,205)	6,697	3,237	(8)	70	4,791
Add: Net financial liabilities denominated in the functional currency	5,205	–	–	–	–	5,205
Currency exposure	–	6,697	3,237	(8)	70	9,996

32. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

	SGD $'000	USD $'000	THB $'000	MYR $'000	Others $'000	Total $'000
At 1 April 2017						
Financial assets						
Cash and cash equivalents	3,548	1,060	16	–	55	4,679
Trade and other receivables	27,254	2,892	3,162	4,210	1,050	38,568
Deposits	230	–	–	–	–	230
	31,032	3,952	3,178	4,210	1,105	43,477
Financial liabilities						
Borrowings	(103)	–	–	–	–	(103)
Trade and other payables	(21,299)	33	(2)	(1)	(8)	(21,277)
	(21,402)	33	(2)	(1)	(8)	(21,380)
Net financial assets	9,630	3,985	3,176	4,209	1,097	22,097
Less: Net financial assets denominated in the functional currency	(9,630)	–	–	–	–	(9,630)
Currency exposure	–	3,985	3,176	4,209	1,097	12,467

If the USD, THB and MYR changes against the SGD by 5% (31 March 2018: 5%; 1 April 2017: 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)		
	2019 Results after tax $'000	2018 Results after tax $'000	2017 Results after tax $'000
Group			
USD against SGD			
- strengthened	**258**	330	586
- weakened	**(258)**	(330)	(586)
Company			
USD against SGD			
- strengthened	**146**	278	165
- weakened	**(146)**	(278)	(165)
THB against SGD			
- strengthened	**51**	134	132
- weakened	**(51)**	(134)	(132)
MYR against SGD			
- strengthened	*	*	175
- weakened	*	*	(175)

32. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

The Group does not have significant currency exposures to other foreign currencies except for USD.

* The Company does not have significant exposure to MYR as at 31 March 2019 and 31 March 2018.

(ii) *Price risk*

The Group has insignificant exposure to equity securities price risk as it does not hold significant equity financial assets.

(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% (31 March 2018: 0.50%; 1 April 2017: 0.50%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $109,000 (31 March 2018: $52,000; 1 April 2017: $21,000) 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 Chief Financial Officer 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, and additionally as follows:

		Company	
	31 March 2019	31 March 2018	1 April 2017
	$'000	$'000	$'000
Corporate guarantees provided to banks for credit facilities granted to subsidiaries (Note 30)	**55,445**	55,218	55,910

32. 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 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	**31 March 2019 $'000**	31 March 2018 $'000	1 April 2017 $'000
By geographical areas						
Singapore	**19,790**	10,771	16,694	**23,207**	12,023	17,541
Malaysia	**896**	972	973	**–**	–	–
Thailand	**1,281**	951	2,061	**–**	–	–
United Arab Emirates	**2,912**	44	–	**–**	–	–
	24,879	12,738	19,728	**23,207**	12,023	17,541

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

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	**31 March 2019 $'000**	31 March 2018 $'000	1 April 2017 $'000
By geographical areas						
Singapore	**19,426**	29,042	27,447	**17,813**	24,934	22,974
Malaysia	**248**	329	610	**–**	–	–
Thailand	**1,602**	9,604	1,543	**–**	–	–
United Arab Emirates	**1,009**	658	–	**–**	–	–
	22,285	39,633	29,600	**17,813**	24,934	22,974

The trade receivables of the Group and of the Company comprise 3 debtors (31 March 2018: 2 debtors; 1 April 2017: 5 debtors) and 3 debtors (31 March 2018: 2 debtors; 1 April 2017: 3 debtors) respectively that individually represented 15 - 19% (31 March 2018: 4 - 16%; 1 April 2017: 6 - 17%) of trade receivables.

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

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Balance at 1 April under SFRS(I) 9	**859**	900	**74**	74
Loss allowance recognised in profit or loss during the year	**115**	225	**–**	–
Write-back of allowance	**–**	(247)	**–**	–
Currency translation difference	**20**	(19)	**–**	–
Balance at 31 March	**994**	859	**74**	74

32. Financial risk management (continued)

(b) *Credit risk* (continued)

Cash at bank, loans to subsidiaries, other receivables, staff advances, non-trade receivables due from subsidiaries, contract assets and trade 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 and staff advances;
- 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. 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*

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are assessed based on individual customers and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of customers over a period of 5 years before 31 March 2019 or 1 April 2018 and the corresponding historical credit losses experienced within this period. In calculating the expected credit loss rates, the Group considers historical loss rates for each customer and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables where necessary. The Group has assessed that there were no macroeconomic factors that would have a significant impact on the ability of the customers to settle the receivables.

Management has assessed and concluded that the expected credit loss rate for trade receivables past due less than 120 days approximates nil and is immaterial, while the expected credit loss rate for trade receivables past due more than 120 days approximates 50% to 100%, except for specific cases where management has assessed the amount is still fully recoverable.

32. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Trade receivables and contract assets (continued)

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 March 2019 and 1 April 2018 are set out in the provision matrix as follows:

	Current	Past due less than 30 days	Past due 31 to 120 days	Past due over 120 days	Total
	$'000	$'000	$'000	$'000	$'000
31 March 2019:					
Trade receivables	**17,672**	**2,756**	**1,127**	**4,318**	**25,873**
Contract assets	**22,285**	**–**	**–**	**–**	**22,285**
Loss allowance *	**–**	**–**	**–**	**–**	**–**
1 April 2018:					
Trade receivables	7,669	762	68	5,098	13,597
Contract assets	39,633	–	–	–	39,633
Loss allowance *	–	–	–	–	–

* Excludes trade receivables which were individually determined to be impaired.

Trade receivables and contract 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. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. 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.

Trade receivables and contract assets are subject to immaterial credit loss.

(iii) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(iv) Previous accounting policy for impairment of trade receivables

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

32. Financial risk management (continued)

(b) Credit risk (continued)

(iv) Previous accounting policy for impairment of trade receivables (continued)

The Group considered that there was evidence that the receivable is uncollectible if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probable that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 90 days overdue)

Financial assets that are neither past due nor impaired

Bank balances and deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables and contract assets that are neither past due nor impaired are substantially companies with a good collection track record with the Group and Company.

There was no other class of financial assets that were past due and/or impaired except for trade receivables.

Financial assets that are past due and/or impaired

The age analysis of trade receivables past due but not impaired is as follows:

	Group		**Company**	
	31 March 2018 $'000	1 April 2017 $'000	31 March 2018 $'000	1 April 2017 $'000
Past due < 3 months	3,406	1,903	562	98
Past due 3 to 6 months	25	3,231	–	904
Past due over 6 months	813	2,699	714	1,164
	4,244	7,833	1,276	2,166

32. Financial risk management (continued)

(b) *Credit risk* (continued)

(iv) *Previous accounting policy for impairment of trade receivables* (continued)

Financial assets that are past due and/or impaired (continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	31 March 2018 $'000	1 April 2017 $'000	31 March 2018 $'000	1 April 2017 $'000
Gross amount	859	900	74	74
Less: Allowance for impairment	(859)	(900)	(74)	(74)
	–	–	–	–
Beginning of financial year	900	326	74	74
Currency translation difference	(19)	(1)	–	–
Allowance made	225	575	–	–
Write-back of allowance made in prior year	(247)	–	–	–
End of financial year	859	900	74	74

In 2018, the Group has written back an allowance of $247,000 as a result of subsequent collection of debts.

In 2018 and 2017, the impaired trade receivables arose mainly from customers who had cash flow difficulties arising from the current economic conditions.

(c) *Liquidity risk*

The Group and Company manages liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 23). 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 11.

Management monitors quarterly forecasts of the liquidity reserve (comprising undrawn borrowing facilities (Note 23(b)) and cash and cash equivalents (Note 11)) of the Group and the Company on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these obligations, monitoring liquidity ratios and maintaining debt financing plans.

32. Financial risk management (continued)

(c) *Liquidity risk* (continued)

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**	**Less than 1 year $'000**	**Between 1 and 5 years $'000**
At 31 March 2019				
Trade and other payables	**36,153**	**–**	**35,201**	**–**
Borrowings	**29,974**	**334**	**21,125**	**–**
Financial guarantee contracts	**–**	**–**	**55,445**	**–**
	66,127	**334**	**111,771**	**–**
At 31 March 2018				
Trade and other payables	22,538	–	21,273	–
Borrowings	16,710	518	7,518	–
Financial guarantee contracts	–	–	55,218	–
	39,248	518	84,009	–
At 1 April 2017				
Trade and other payables	15,874	–	21,277	–
Borrowings	6,124	96	87	18
Financial guarantee contracts	–	–	55,910	–
	21,998	96	77,274	18

(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 an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, 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.

Management monitors capital based on a gearing ratio. The Group's and Company's strategies, which were unchanged from 2018, are to maintain gearing ratios within 50% to 80%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group			Company		
	31 March		1 April	**31 March**		1 April
	2019 $'000	2018 $'000	2017 $'000	**2019 $'000**	2018 $'000	2017 $'000
Net debt	**22,136**	10,214	–	**14,613**	2,565	–
Total equity	**6,708**	46,575	64,285	**4,194**	48,192	62,823
Total capital	**28,844**	56,789	64,285	**18,807**	50,757	62,823
Gearing ratio	**77%**	18%	–	**78%**	5%	–

32. Financial risk management (continued)

(d) *Capital risk* (continued)

For the financial year ended 31 March 2017, the Group's and Company's carrying amount of cash and cash equivalents exceeded the carrying amount of borrowings. This resulted in a nil gearing ratio.

The Company's credit facility is subject to covenant clauses as set out below:

(i) The Company is required to meet certain key financial ratios. As at 31 March 2019, the Company did not fulfil the minimum consolidated Tangible Net Worth of $20 million (31 March 2018: $45 million; 1 April 2017: Nil) for a credit line of $1,500,000 (31 March 2018: $3,000,000; 1 April 2017: Nil), of which the Company has currently drawn down an amount of $1,125,000 (31 March 2018: $3,000,000; 1 April 2017: Nil).

Tangible Net Worth is calculated as the aggregate of paid-up capital, capital reserves, and revenue reserves/retained earnings, excluding amounts attributable to goodwill and deferred liabilities.

Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $1,125,000 (31 March 2018: $3,000,000; 1 April 2017: Nil). The outstanding balance is presented as a current liability as at 31 March 2019 and 31 March 2018.

The bank has agreed for the outstanding loan as at 31 March 2019 to be settled by the Company through 9 monthly fixed instalments of $125,000, with the first instalment to be paid on 30 April 2019. As of the date of these financial statements, the Company has made 4 instalment payments amounting to $500,000.

On 18 July 2019, the bank issued a written letter of consent to the Company to temporarily waive the breach of the above-mentioned covenant for the financial year ended 31 March 2019.

(ii) The continued availability of credit facilities from another bank, required for the Company and the Group to support its current level of operations, is subject to the completion of an equity funding exercise by 30 November 2019. Refer to Note 2.1 and Note 23(b) for further details. As of the date of these financial statements, the equity funding exercise has not been completed.

Other financial covenants relating to the Group's borrowings include gearing ratio of a subsidiary and loan-to-value ratio of the Company, which were unchanged from 2018.

Management expects that the Company and the Group will be able to meet all contractual obligations from borrowings going forward.

Except as set out above, the Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2019 and 2018.

(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 20.

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

32. Financial risk management (continued)

(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 Notes 19 and 20 to the financial statements, except for the following:

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Financial assets, at amortised cost	**36,531**	22,847	29,985
Financial liabilities, at amortised cost	**66,387**	41,107	22,084

	Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Financial assets, at amortised cost	**35,829**	33,582	43,477
Financial liabilities, at amortised cost	**56,326**	28,791	21,380

33. 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	
	2019 $'000	2018 $'000
Purchase of computer equipment from an associated company	**27**	22
Computer maintenance fees paid to an associated company	**180**	194

Outstanding balances as at 31 March 2019 and 31 March 2018 are set out in Notes 12 and 22(a).

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2019 $'000	2018 $'000
Salaries and other short-term employee benefits	**2,749**	2,968
Employer's contribution to defined contribution plans, including Central Provident Fund	**61**	77
	2,810	3,045

33. Related party transactions (continued)

(b) Key management personnel compensation (continued)

Included in the above is total compensation to directors of the Company amounting to $1,371,000 (2018: $1,474,000).

The banding of directors' remuneration is as follows:

	Company	
	2019	2018
Number of directors of the Company in remuneration bands:		
$500,000 to $749,999	**1**	1
$250,000 to $499,999	**1**	1
Below $250,000	**4**	4
Total	**6**	6

(c) Loans to subsidiaries

Loans to subsidiaries amounting to $4,226,000 (31 March 2018: $3,058,000, 1 April 2017: $9,034,000) as set out in Note 12 are unsecured, interest-free and have no fixed repayment terms.

(d) Non-trade receivables from subsidiaries

The non-trade receivables from subsidiaries amounting to $1,631,000 (31 March 2018: $13,188,000, 1 April 2017: $8,415,000) as set out in Note 12, are unsecured, interest-free and repayable on demand.

(e) Non-trade payables to subsidiaries

The non-trade payables to subsidiaries amounting to $263,000 (31 March 2018: $181,000, 1 April 2017: $1,828,000) as set out in Note 22(a), are unsecured, interest-free and repayable on demand.

34. 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.

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.

34. Segment information (continued)

The segment information provided to the management team for the reportable segments for the year ended 31 March 2019 and 31 March 2018 is as follows:

	Plant construction and maintenance $'000	Compression and process equipment fabrication $'000	Total $'000
Group			
2019			
Revenue			
Revenue from external parties	**134,440**	**6,492**	**140,932**
Adjusted EBITDA	**(29,771)**	**(3,280)**	**(33,051)**
Depreciation	**4,781**	**28**	**4,809**
Goodwill impairment	**503**	**–**	**503**
Share of loss of associated companies	**(14)**	**–**	**(14)**
Segment assets	**83,539**	**5,304**	**88,843**
Segment assets include:			
Investment in associated companies	**297**	**–**	**297**
Additions to:			
- Property, plant and equipment	**8,338**	**2**	**8,340**
Segment liabilities	**(36,108)**	**(16,487)**	**(52,595)**
2018			
Revenue			
Revenue from external parties	113,275	9,155	122,430
Adjusted EBITDA	(2,261)	(5,637)	(7,898)
Depreciation	(4,026)	(50)	(4,076)
Goodwill impairment	(4,440)	–	(4,440)
Share of profit of associated companies	42	–	42
Segment assets	81,000	7,885	88,885
Segment assets include:			
Investment in associated companies	310	–	310
Additions to:			
- Property, plant and equipment	3,072	4	3,076
Segment liabilities	(10,101)	(15,556)	(25,657)

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.

34. Segment information (continued)

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"). 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 loss before tax is provided as follows:

	2019	2018
	$'000	$'000
Adjusted EBITDA for reportable segments	**(33,051)**	(7,898)
Depreciation	**(4,809)**	(4,076)
Impairment loss on goodwill	**(503)**	(4,440)
Finance expense	**(933)**	(384)
Interest income	**2**	111
Loss before tax	**(39,294)**	(16,687)

(ii) Segment assets

Segments' assets are reconciled to total assets as follows:

	2019	2018
	$'000	$'000
Segment assets for reportable segments	**88,843**	88,885
Deferred income tax assets	**57**	105
Available-for-sale financial assets	**–**	2,482
Financial assets, at FVOCI	**1,307**	–
Club memberships	**270**	319
Total assets	**90,477**	91,791

(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.

Segments' liabilities are reconciled to total liabilities as follows:

	2019	2018
	$'000	$'000
Segment liabilities	**52,595**	25,657
Borrowings	**30,234**	18,569
Current income tax liabilities	**7**	15
Deferred income tax liabilities	**933**	975
Total liabilities	**83,769**	45,216

34. Segment information (continued)

(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.

(c) *Geographical information*

The Group's two main business segments operate in six 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;
- Vietnam - the operations in this area are principally the provision of plant maintenance;
- 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.

	2019	2018
	$'000	$'000
Revenue		
Singapore	**112,229**	80,994
Malaysia	**889**	334
Thailand	**3,357**	21,534
Vietnam	**50**	12,998
United Arab Emirates	**15,340**	4,166
Other countries	**9,067**	2,404
	140,932	122,430
Non-current assets		
Singapore	**12,686**	9,846
Malaysia	**4**	5
Thailand	**10,020**	10,601
Vietnam	**–**	–
United Arab Emirates	**3,582**	2,859
Other countries	**452**	499
	26,744	23,810

34. Segment information (continued)

(c) Geographical information (continued)

Revenues of $87,376,000 (2018: $54,036,000) are derived from 4 (2018: 4) external customers which individually contributed 10% or more of the Group's revenues. These revenues are attributable to the Singapore plant construction and maintenance segment.

	2019	2018
	$'000	$'000
Customer A	**19,519**	13,695
Customer B	**22,563**	13,946
Customer C	**27,331**	16,538
Customer D	**17,963**	9,857
	87,376	54,036

35. Business combinations

On 25 September 2017, the Group, through one of its wholly-owned subsidiaries, entered into a Subscription and Shareholders' agreement with ProEn Scaffold Pte Ltd ("ProEn") and its founder, to acquire 51% interest of ProEn for a total consideration of S$1,020,000. The principal activity of ProEn is that of a scaffolding contractor in petro-chemical, refinery, construction and marine and process plant engineering services.

The Group has accounted for the transaction as a business combination. Management engaged external valuers to perform the purchase price allocation exercise. Goodwill on acquisition of S$503,000 was recognised.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		2018
		$'000
(a)	Purchase consideration	
	Cash paid	1,020
	Consideration transferred for the business	**1,020**
(b)	Effect on cash flows of the Group	
	Cash paid (as above)	1,020
	Less: cash and cash equivalents in subsidiary acquired	(413)
	Cash outflow on acquisition	**607**

35. Business combinations (continued)

		At fair value $'000
(c)	Identifiable assets acquired and liabilities assumed	
	Cash and cash equivalents	413
	Property, plant and equipment (Note 17)	2,589
	Inventories	60
	Trade and other receivables (Note (e) below)	1,350
	Deferred tax assets (Note 25)	6
	Total assets	4,418
	Trade and other payables	2,300
	Borrowings	1,079
	Total liabilities	3,379
	Total identifiable net assets	**1,039**
	Less: Non-controlling interest at carrying value	(522)
	Add: Goodwill (Note 18)	503
	Consideration transferred for the business	**1,020**

(d) Acquisition-related costs

Acquisition-related costs of $10,000 are included in “administrative expenses” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is $1,350,000 and includes trade receivables with a fair value of $1,257,000.

(f) Non-controlling interests

The Group has chosen to recognise the 49% non-controlling interest at its carrying value of $522,000. The non-controlling interest reflects the proportionate interest of the non-controlling shareholder in the pre-combination carrying amounts of the net assets of ProEn.

(g) Goodwill

The goodwill of $503,000 arising from the acquisition is attributable to the synergies expected to arise from the economies of scale in combining the Singapore operations with those of ProEn in relation to scaffolding works.

(h) Revenue and profit contribution

The acquired business contributed revenue of $2,075,000 and net loss of $379,000 to the Group from the period from 1 October 2018 to 31 March 2019.

Had ProEn been consolidated from 1 April 2018, consolidated revenue and consolidated loss for the year ended 31 March 2019 would have been $111,399,000 and $20,339,000 respectively.

36. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2019 and which the Group has not early adopted:

SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 April 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 March 2019, the Group has non-cancellable operating lease commitments of $34,418,000 (Note 31). Of these commitments, approximately $372,000 relate to low-value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group has yet to determine to what extent the commitments as at 31 March 2019 will result in the recognition of an asset and a liability for future payments and how this will affect the Group's results and classification of cash flows.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

37. Events occurring after balance sheet date

On 14 August 2019, the directors of the Company intend to undertake a non-underwritten and renounceable rights issue (the "Rights Issue") of up to 151,875,000 new ordinary shares in the Company (the "Rights Shares") to raise gross proceeds of up to $7,594,000. Undertakings were provided by Tan Kuay Hoe Holdings Pte Ltd, Mr. Tan Ah Lam and Mr. Tan Lian Chew, to subscribe or procure subscription for their pro-rata entitlements of the Rights Shares. As of the date of these financial statements, the Rights Issue has not been completed.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Hiap Seng Engineering Ltd on 15 August 2019.

39. Listing of companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding			
			Company		Subsidiary	
			2019	2018	**2019**	2018
			%	%	**%**	%
Subsidiaries						
Orion Tuas Shipyard Pte Ltd [(a)]	Provision of facilities for plant fabrication	Singapore	**100**	100	**–**	–
Asia Process Industries Pte Ltd [(a)]	Plant maintenance for the petroleum and petrochemical industry	Singapore	**100**	100	**–**	–
HS Compression & Process Pte Ltd [(a)]	Provision of engineering services, compression and process equipment fabrication for oil and gas industry	Singapore	**87**	87	**–**	–
Hiap Seng-Sanko TPM Pte Ltd [(a)]	Provision of engineering services and plant maintenance	Singapore	**100**	100	**–**	–
HS Info-Tech Pte Ltd [(a)]	Investment holding	Singapore	**100**	100	**–**	–
Hiap Seng Engineering (Thailand) Co., Ltd [(b)]	Mechanical engineering services, plant fabrication and installation and plant maintenance for petroleum and petrochemical industries	Thailand	**89**	89	**–**	–
HS Engineering (Middle East) Pte Ltd [(a)]	Provision of engineering services and plant maintenance	United Arab Emirates/ Singapore	**100**	100	**–**	–
Hiap Seng Engineering (M) Sdn Bhd [(d)]	Provision of engineering services, plant construction and maintenance services	Malaysia	**100**	100	**–**	–
Hiap Seng Engineering Shanghai Co. Ltd [(c)]	Provision of engineering services and plant maintenance	People's Republic of China	**100**	100	**–**	–
Hiap Seng Engineering Limited FZC [(e)]	Provision of engineering services and plant maintenance	United Arab Emirates	**80**	80	**–**	–
ProEn Scaffold Pte Ltd [(f)]	Provision of scaffolding service and plant engineering services	Singapore	**–**	–	**51**	51
Hiap Seng Saudi Engineering Ltd	Provision of engineering services and plant maintenance	Saudi Arabia	**100**	100	**–**	–

39. Listing of companies in the Group (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding			
			Company		Subsidiary	
			2019	2018	**2019**	2018
			%	%	**%**	%
Associated companies						
Web-Economy Technology Pte Ltd [g]	Internet e-business solutions including internet professional services	Singapore	**–**	–	**30**	30
Hiap Seng Manco Co.[h]	General construction and trade of electrical tools and mechanical equipment	Qatar	**–**	–	**49**	49

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Audited by PricewaterhouseCoopers member firms outside Singapore
(c) Audited by Shanghai Asahi Certified Public Accountants.
(d) Audited by Crowe Horwath AF 1018.
(e) Audited by Crowe Mak – UAE.
(f) Audited by T&C Partners.
(g) Audited by DP & Associates.
(h) Not required to be audited under the laws of the country of incorporation.

Hiap Seng Engineering Ltd (the "Company") is committed to achieving a high standard of corporate governance within the Group and to putting in place effective self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholder value. The Company has generally complied with the principles and recommendations of the Code of Corporate Governance 2012 (the "Code"). The Board of Directors ("the Board") is pleased to report compliance of the Company with the Code except where otherwise stated.

BOARD OF DIRECTORS
(Code of Corporate Governance Principles 1, 2, 3, 6 and 10)

The Board's primary role is to protect shareholders' interests and enhance long-term shareholders' value. It sets the overall strategy for the Company and its subsidiaries (the "Group") and supervises the management. To fulfill this role, the Board is responsible for setting the strategic direction for the Group, establishing goals for management and monitoring the achievement of these goals.

Apart from its statutory responsibilities, the Board's principal functions include the following:

(i) approve annual reports, periodic financial announcements and accounts;

(ii) ensure management leadership of high quality, effectiveness and integrity;

(iii) appoint key personnel;

(iv) review financial performance and implement financial policies which incorporate risk management, internal controls and reporting compliance;

(v) assume responsibility for corporate governance framework of the Company;

(vi) identify the key stakeholder groups;

(vii) establish the Company's values and standards; and

(viii) consider sustainability issues such as economic, social and governance factors as part of the Company's strategic formulation.

The Board comprises six Directors, three of whom are Independent Non-Executive Directors. With three out of six members of the Board being independent, the Company maintains a satisfactory independent element on the Board. The Board, taking into account the nature of operations of the Company, considers its current size to be adequate for effective decision making.

The Directors of the Company as at the date of this report are:-

Mr Tan Ah Lam, Frankie (Executive Chairman)
Mr Tan Leau Kuee @ Tan Chow Kuee, Richard (Chief Executive Officer and Executive Director)
Mr Tan Lian Chew (Executive Director)
Dr John Chen Seow Phun (Lead Independent Non-Executive Director)
Mr Koh Kim Wah (Independent Non-Executive Director)
Mr M. Rajaram (Independent Non-Executive Director)

Of the six Directors, two have specialised training. Mr M. Rajaram is a renowned lawyer in the legal sector and Mr Tan Lian Chew has vast number of years of experience in the finance, corporate and tax services sectors. The remaining Directors each have 35-45 years of industry experience. Key information regarding the Directors' academic and professional qualifications and other appointments is set out on pages 112 to 113 of the Annual Report.

The Directors will receive relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The Directors will also be updated on the business of the Group through regular presentations and meetings. The Company will conduct comprehensive and tailor induction for incoming directors on joining the Board. Induction and orientation will be provided to new and existing directors. The Company will also arrange for new Director with no prior experience of serving as a director in a listed company to attend appropriate courses, conferences or seminars, including programmes or courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge. All expenses in relation to the trainings are at the expenses of the Company. A formal letter of appointment is furnished to any newly appointed directors, upon his appointment during the financial year, explaining among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

The Company does not have a written policy with regards to diversity in identifying director nominees. However, it will consider the benefits of all aspects of diversity, including of skills, experience, background, gender, age, ethnicity and other relevant factors.

The Company has adopted internal guidelines governing matters that require the Board's approval. The Board Authority Matrix forms a guideline and provides clear directions on matters requiring Board's approval which include:

- Issuance of shares
- Major investments
- Material acquisitions and disposal of assets
- Major corporate or financial restructurings
- Major divestment or capital expenditure
- Material legal suits and or claims
- Announcement of the Company's quarterly and full-year results and the release of the Annual Reports.

To facilitate effective management, certain functions have been delegated to various Board Committees namely, the Audit Committee, Remuneration Committee and Nominating Committee, each of which has its own written terms of reference.

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Independent and Non-Executive Directors constructively challenge, review and discuss key issues and assist in develop proposals on strategy, as well as review the performance of management in meeting identified goals and monitor the reporting of performance. The Independent and Non-Executive Directors meet quarterly without the presence of Management to discuss the affairs of the Company. All Directors take decisions objectively in the interests of the Company.

The Board is accountable to the shareholders and the Management is accountable to the Board. To assist the Board in fulfilling its responsibilities, the Board will be provided quarterly or when the Board or Board committees requested, with copies of disclosure documents, budgets, forecasts and monthly internal financial statements and any material variance between the projects and actual results, containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision making process.

All Directors have separate and independent access to Key Management Personnel and to the Company Secretaries. The Company Secretaries administer, attend and prepare minutes of Board and Board Committee meetings, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act and the Singapore Exchange Securities Trading Limited ("SGX-ST"), are complied with. The appointment and the removal of the Company Secretaries is a matter for the Board as a whole.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

The Board meets on quarterly basis and additional meetings are held whenever necessary. The Company's Articles of Association allow a Board meeting to be conducted by way of telephone conferencing or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other, provided that the requisite quorum is present.

The number of Board and Board Committees meetings held in the financial year, as well as the attendance of every Board member at those meetings are as follows:

Name & Attendance of Directors	Board	Audit Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
No. of Meetings held:	5	6	1	1
Tan Ah Lam (Executive Chairman)	5	NM	1	NM
Tan Leau Kuee @ Tan Chow Kuee (Chief Executive Officer and Executive Director)	5	NM	NM	NM
Tan Lian Chew (Executive Director)	5	NM	NM	NM
Dr. John Chen Seow Phun (Lead Independent Director)	5	6	NM	1
Koh Kim Wah (Independent Director)	5	6	1	1
M. Rajaram (Independent Director)	5	6	1	1

NM: Not a Member of the Committee

Executive Chairman and Chief Executive Officer

The Board subscribes to the principles set out in the Code on the separation of the roles of the Executive Chairman and the Chief Executive Officer ("CEO"). The roles and responsibilities of the Executive Chairman and CEO in the Company are distinct and separate. This is to ensure appropriate balance of power and authority, accountability and decision making.

Since the Executive Chairman and the CEO are immediate family members and the Executive Chairman is part of the management team, the independent directors formed half of the composition of the Board. The Company believes that there is a good balance of power and authority within the Board and no individual or small group can dominate the Board's decision-making process. In addition, the independent directors have demonstrated their commitment in their roles and are expected to act in good faith and in the best interest of the Company. In addition, the AC, NC and RC are chaired by independent directors. The Board keeps this situation under regular review and will make suitable recommendations should the circumstances change.

The Executive Chairman 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. The Executive Chairman 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.

The CEO is the brother of the Executive Chairman. The CEO 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.

Based on the Code, it is recommended that each company shall appoints an independent director to be the Lead Independent Director where the Chairman and CEO are the same person, the Chairman and CEO are immediate family members, the Chairman is part of the management team and/or the Chairman is not an independent director. In consonance with the Company's commitment to the Code, Dr John Chen Seow Phun has been appointed as the Lead Independent Director of the Company.

NOMINATING COMMITTEE
(Code of Corporate Governance Principles 4 and 5)

The current members of the NC are:

Mr M. Rajaram (Chairman)
Mr Tan Ah Lam
Mr Koh Kim Wah

Mr M. Rajaram and Mr Koh Kim Wah are independent directors and are not associated with the substantial shareholders of the Company.

The Board has approved the written terms of reference of the NC. The functions of the NC among others, include the following:

a) Review and make recommendations to the Board on all candidates nominated for appointment to the Board;

b) Review and make recommendations to the Board on all new employment of related persons and Key Management Personnel and the proposed terms of their employment;

c) Review training and professional development programme for the Board;

d) Procure that at least one-third of the Board shall comprise independent Directors (or such other minimum proportion and criteria as may be specified in the Code from time to time);

e) Identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each Annual General Meeting ("AGM") of the Company, having regard to the Directors' contribution and performance, including independent Directors;

f) Conduct vigorous review of the independence of any Director who had served on the Board beyond nine (9) years from the date of his appointment, and the Board should explain why any such Director should be consider independent;

g) Determine whether a Director is independent (taking into account the circumstances set out in the Code and other salient factors);

h) Propose a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;

i) Decide if a Director is able to and has carried out his duties adequately as a Director of the Company, taking into consideration the Director's number of listed company board representatives and other principal commitments; and

j) Put in place plans for succession, in particular, the Chairman of the Board and the CEO.

In search and nomination process for new directors, the NC identifies the key attributes that an incoming director should have, which is based on a matrix of the attributes of the existing Board and the requirement of the Group. After the Board endorsed the key attributes, the NC taps on the resources of the directors' personal contacts and recommendations of potential candidates, and proceed with the shortlisting process. If the candidates identified from this process are not suitable, executive recruitment agencies may be appointed to assist in the search process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached.

For the year under review, the NC evaluated the Board's performance as a whole. The assessment process adopted both quantitative and qualitative criteria, such as return on equity, the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the Management's performance against the goals that had been set by the Board.

The NC also evaluate the contribution of each Director to the effectiveness of the Board by having the Directors complete a questionnaire. The findings of the above were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. The Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. No external facilitator was used in FY2019.

The NC, in assessing the contribution of each director, had considered his attendance and participation at Board and Board Committees Meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including management's access to the directors for guidance or exchange of views as and when necessary.

The Company's Articles of Association require one-third of its Directors, other than the Managing Director, to retire by rotation and subject themselves for re-election by shareholders at every AGM. No Director shall stay in office for more than three years without being re-elected by shareholders. A retiring Director is eligible for re-election.

The dates of initial appointment, last re-election/ re-appointment and other directorships of each of the Directors are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-Election	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company
Tan Ah Lam	Executive Chairman	31 March 1972	27 July 2018	Member of Nominating Committee	Present NIL Past three years NIL
Tan Leau Kuee @ Tan Chow Kuee	Executive Director and CEO	24 September 1990	28 July 2017	–	Present NIL Past three years NIL
Tan Lian Chew	Executive Director	22 November 1983	27 July 2018	–	Present NIL Past three years NIL

Director	Position	Date of Initial Appointment	Date of Last Re-Election	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company
Dr John Chen Seow Phun	Lead Independent Director	18 September 2002	28 July 2017	Chairman of Audit Committee Member of Remuneration Committee	Present 1. OKP Holdings Limited 2. Hanwell Holdings Ltd 3. Matex International Limited 4. Tat Seng Packaging Group Ltd 5. HLH Group Limited 6. Fu Yu Corporation Limited 7. Pavillon Holdings Ltd Past three years NIL
Koh Kim Wah	Independent Director	28 July 2005	28 July 2016	Chairman of Remuneration Committee Member of Audit Committee and a member of Nominating Committee	Present NIL Past three years NIL
M Rajaram	Independent Director	28 July 2005	28 July 2016	Chairman of Nominating Committee Member of Audit Committee and a member of Remuneration Committee	Present 1. Global Palm Resources Holdings Ltd Past three years NIL

Although the Independent Directors hold directorship in other companies which are not within the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. The Board does not prescribe a maximum limit on the number of listed company representations a Director may hold, as the Board believes that a Director can only determine by himself the number of board representations he can manage and the more appropriate measure is the ability of such Director.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers including any relationships and circumstances as stipulated in the Code that could interfere, or be reasonably perceived to interfere, with the existence of independent judgment in carrying out the functions as Independent Directors. Annually, each Independent Director is required to complete the Director's Independence confirmation checklist in their assessment of independence. The NC has reviewed, determined and confirmed the independence of the Independent Directors in accordance with the Code and Listing Manual of SGX-ST.

The NC affirmed that Dr John Chen Seow Phun, Mr Koh Kim Wah and Mr M. Rajaram are independent. Each Independent Director has abstained from deliberating in respect of their independence status respectively.

The Board recognises that the Independent Directors may over time develop significant insights into the Group's business and operations, and can continue to objectively provide significant and valuable contributions to the Board as a whole. Where there are such Directors serving as an Independent Director for beyond nine years from their first appointment, the Board will do a rigorous review of their continuing contribution, character, background and independence. An independent professional consultant was engaged in FY2018 to conduct a rigorous review of self-assessment as well as evaluation on the independent of Dr John Chen Seow Phun, Mr Koh Kim Wah and Mr M. Rajaram, who have been on the Board for more than nine (9) years.

The NC considered that Dr John Chen Seow Phun, Mr Koh Kim Wah and Mr M. Rajaram continued to demonstrate a strong spirit of professionalism, independence of conduct at the Board and Board Committee meetings. They have been consistent and diligent in discharging their duties and exercise sound independent business judgment in the deliberation for the best interest of the Company and objectivity which did not diminish over time. The length of their services on the Board didn't affect their independence from the Management and the Board as they continue to express their independent views and debate the issues in the Meetings.

In view of the above, the NC confirms that Dr John Chen Seow Phun, Mr Koh Kim Wah and Mr M. Rajaram continue to be independent notwithstanding each of them having served beyond nine years.

The Directors retiring by rotation pursuant to Article 91 of the Company's Articles of Association at the forthcoming AGM are Mr Koh Kim Wah and Mr M. Rajaram.

The NC recommended to the Board that Mr Koh Kim Wah and Mr M. Rajaram be nominated for re-election as Directors of the Company at the forthcoming AGM.

In making the recommendation, the NC evaluates such Director's competency, commitment, contribution and performance, such as his attendance at meetings of the Board and Board Committees, where applicable, participation, candour and any special contributions.

There is no alternate Director on the Board.

REMUNERATION COMMITTEE
(Code of Corporate Governance Principles 7, 8 and 9)

The current members of the RC comprise entirely of Non-Executive Directors. All of them including the Chairman, are independent. The members of the RC are:

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

The Board has approved the written terms of reference of the RC. The functions of the RC, among others, include the following:

a) Recommend to the Board a framework of remuneration for the Board and the Key Management Personnel of the Group covering all aspects of remuneration such as Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;

b) Propose to the Board, appropriate and meaningful measures for assessing the executive Directors' performance;

c) Determine the specific remuneration package for each executive Director;

d) Consider the eligibility of Directors for benefits under long-term incentive schemes;

e) Consider and recommend to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the Directors and Key Management Personnel of the Company to those required by law or by the Code; and

f) Determine the specific remuneration package (including the base/fixed salary, allowances, bonuses, benefits-in-kind and performance-related incentives) for each executive Director and the CEO of the Company (or executive of similar rank) if he is not an executive Director.

In carrying out the above, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Company. No external remuneration consultant was used in FY2019.

The Company has no share-based compensation schemes or any long-term scheme involving the offer of shares or option in places.

In setting remuneration packages for Directors and Key Management Personnel of the Company, the pay and employment conditions within the industry and in comparable companies are taken into consideration. The RC seeks to establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate Directors and Key Management Personnel. The RC also ensures that the remuneration policies support the company's objectives and strategies. The remuneration policy for key executives follows the guidelines laid down by the National Wages Council and also meeting key performance indicators (KPIs) for variable payment of performance bonus. These KPIs would include achieving targeted Group's profitability, project management capabilities, timely completion of projects, targeted profit margins and safety standards set by customers. Further, the Company's performance, the responsibility and performance of the individual key executive are taken into consideration. The RC recommends the remuneration packages of key executives for the Board's approval.

All members of RC are abstained from deciding on its own remuneration.

In preparation for the extent of termination of executive directors' and key management personnel's contract of service, the RC reviews such contracts of services and institutes safeguards for fair and reasonable termination clauses which are not overly generous.

Remuneration and Benefits of Directors and Top Five Key Management Personnel

The following table shows a breakdown of the remuneration of Directors/CEO for FY2019:

Directors/CEO	Total Remuneration	Base Salary[(a)]	Variable Payment[(b)]	Other Benefits[(c)]	Directors' Fees[(d)]	Total
	$'000	%	%	%	%	%
Tan Leau Kuee @ Tan Chow Kuee	525	81	–	19	–	100
Tan Ah Lam	466	97	–	3	–	100
Tan Lian Chew	185	100	–	–	–	100
Dr. John Chen Seow Phun	77	–	–	–	100	100
M. Rajaram	59	–	–	–	100	100
Koh Kim Wah	59	–	–	–	100	100

(a) Base Salary includes fixed allowance, contractual bonus and employer's CPF contribution.

(b) Variable Payment includes performance bonus and non-contractual bonus.

(c) Other Benefits refer to benefit-in-kind such as club and car benefits.

(d) Independent Directors are paid Directors' fees inclusive of attendance fees, subject to approval at the AGM.

Both Mr Tan Ah Lam and Mr Tan Leau Kuee @ Tan Chow Kuee have service contracts with the Company. Their compensations consist of salary, bonus, and performance awards that are dependent on the performance of the Group. The performance-related awards form a significant portion of their compensation. Mr Tan Lian Chew's compensation consists of salary and bonus. All of them do not receive Directors' fees.

The Non-Executive and Independent Directors do not have any service contracts with the Company. The Non-Executive and Independent Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The compensation should be appropriate and not excess to the extent that the independence could be compromised. The RC would consider, if necessary, implementing schemes to encourage non-executive directors to hold shares in the Company so as to align the interests of such non-executive directors with the interests of the shareholders. The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

Directors' fees are recommended by the Board for approval at the Company's AGM.

The annual remuneration of top five Key Management Personnel for FY2019 is as follows:

Key Management Personnel	Base Salary(a) %	Variable Payment(b) %	Other Benefits(c) %	Total %
S$250,000 to S$499,999				
Tan Yew Kun (note 1)	85	–	15	100
Tan Yaw Song (note 2)	99	–	1	100
Below S$250,000				
Tan Hak Jin (note 3)	100	–	–	100
Lim Chin Boo Paul	100	–	–	100
Tan Puay Chye Leon	100	–	–	100

Notes:

1) Tan Yew Kun is also a Director of the Company's subsidiary, Asia Process Industries Pte Ltd.

2) Tan Yaw Song is also a Director of the Company's subsidiary, Hiap Seng Engineering (Thailand) Co. Ltd.

3) Tan Hak Jin is also a Director of the Company's subsidiaries, Hiap Seng Engineering (M) Sdn Bhd, Hiap Seng Engineering (Shanghai) Co. Ltd, Hiap Seng Engineering (Thailand) Co. Ltd and ProEn Scaffold Pte Ltd..

The aggregate amount of the remuneration paid to the abovementioned Key Management Personnel is S$1,439,000. It is in the best interest of the Company for not disclosing the details of remuneration of each Director and Key Management Personnel to maintain confidentiality of remuneration matters, given the competitive conditions in the industry and poaching of employees from within the same industry. Instead, the Company is disclosing the remuneration of each Director in the nearest thousand dollars and Key Management Personnel in bands of S$250,000 up to S$499,999. The aggregate amount of the remuneration paid to the Directors and top five (5) Key Management Personnel in FY2019 was approximately S$2,810,000.

Remuneration of employees related to directors or substantial shareholders

Apart from Messrs Tan Ah Lam and Tan Leau Kuee @Tan Chow Kuee, there are 8 (2018: 9) other employees of the Group who are shareholders of or related to the shareholders of Tan Kuay Hoe Holdings Pte Ltd, a substantial shareholder of the Company. The aggregate remuneration of such employees (excluding remuneration for Messrs Tan Ah Lam and Tan Leau Kuee @Tan Chow Kuee) for the financial year ended 31 March 2019 was S$1,655,000 (FY2018: S$1,856,000).

The remuneration of Executive Directors of the Company and all employees of the Group who are related to any of the Directors or substantial shareholders of the Company will be reviewed annually by the RC of the Company.

The number of employees who are immediate family members of a Director, and whose remuneration exceed S$50,000 during the financial year are as follows:

Immediate family members	Relationship with director or CEO	Base Salary[a] %	Variable Payment[b] %	Other Benefits[c] %	Total %
S$400,000 to S$449,999					
Tan Yew Kun	Brother of Tan Ah Lam and Tan Leau Kuee	85	–	15	100
S$350,000 to S$399,999					
Tan Yaw Song	Brother of Tan Ah Lam and Tan Leau Kuee	99	–	1	100
S$150,000 to S$349,999					
None	–	–	–	–	–
S$100,000 to S$149,999					
Tan Yeow Lan	Sister of Tan Ah Lam and Tan Leau Kuee	100	–	–	100
Tan Phuay Hung Max	Son of Tan Leau Kuee	100	–	–	100
Tan Biby Valarie	Daughter of Tan Leau Kuee	100	–	–	100

RISK MANAGEMENT AND INTERNAL CONTROLS
(Code of Corporate Governance Principles 11)

The Board is responsible for the governance of risk and is fully aware of the need to put in place a sound system of the risk management and internal controls to safeguard the Shareholders' interests and the Group's assets. On an annual basis, the internal audit function prepares the internal audit plan taking into consideration the risks identified which is approved by the AC and the audits are conducted to assess the adequacy and the effectiveness of the Group's internal control system put in place, including financial, operational, compliance, information technology controls and risk management systems. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC.

The Group's internal controls and systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial information and to safeguard and maintain the accountability of the assets.

The Board has established a separate Risk Management Work Team to assist in carrying out its responsibility of overseeing the Company's risk management framework and policies. The Risk Management Work Team would determine the Group's levels of risk tolerance and risk policies, and oversees the Management in the design implementation and monitoring of the risk management and internal control systems. The Board would also monitor the Group's risks through the work performed by the AC, Risk Management Work Team, internal auditors and external auditors.

During the financial year, the AC had reviewed the existing internal control systems, work performed by the internal and external auditors and reviews performed by the Management, is not aware of any issue causing it to believe that the system of internal controls as inadequate and the same was reported to the Board. Based on the abovementioned review, the Board with the concurrence of the AC is of the opinion that there are adequate and effective risk management and internal controls systems in the Company in addressing financial, operational, compliance and information technology controls.

The Board regularly reviews the effectiveness of all internal controls, including operational controls.

AUDIT COMMITTEE ("AC")
(Code of Corporate Governance Principles 12)

The current members of the AC comprise entirely of Non-Executive Directors. All of them including the Chairman, are independent. The members of the AC are:

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

The Board is of the view that the members of the AC are appropriately qualified, having accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

The Board has approved the written terms of reference of the AC. The functions of the AC, among others, include the following:

a) Review with external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and their audit report;

b) Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal control, including financial, operational, compliance and information technology controls and risk management policies and system established by the Management at least once a year;

c) Review the Group's financial results and the announcements before submission to the Board for approval;

d) Review the assistance given by Management to external and internal auditors;

e) Review significant findings of internal investigations;

f) Review the scope, results and cost effectiveness of the external audit and the independence and objectivity of the external auditors;

g) Consider the appointment/re-appointment of the external auditors;

h) Review interested person transactions;

i) Other functions as required by law or the Code; and

j) Meet the internal and external auditors without the presence of Management at least once a year.

The AC meets quarterly and also holds informal meetings and discussions with the Management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings.

The AC has been given full access to and is provided with the co-operation of the Company's Management and authority to investigate any matter within it terms of reference. In addition, the AC has independent access to both internal and external auditors. The AC meets with the internal and external auditors without the presence of Management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the quarterly and full-year financial statements of the Group in conjunction with the report issued by the external auditors before announcements on SGXNET. The following significant matter was highlighted by external auditors as a key audit matter (KAM) for the financial year ended 31 March 2019, which was discussed with management and reviewed by the AC.

Key Audit Matters	How the AC reviewed these matters and what decisions were made
Contracts with performance obligations satisfied over time (Refer to page 14 of this annual report)	The AC reviewed the approach and methodology applied to the revenue recognition on shutdown maintenance and plant and equipment construction contracts. The AC considered the approach and methodology adopted by the Group to be appropriate for its nature of business and they are in line with prevailing accounting standards and business practices with reference to the proportion of contract costs incurred to date over the estimated total contract costs ("input method"), where applicable.

The AC also discussed the material uncertainty in relation to the going concern of the Group and the Company, and the judgements and estimates underlying the appropriateness of the going concern assumption applied for the preparation of the financial statements.

The AC reviewed the work performed by Management and made enquiries relevant to the significant issues. In addition, the AC also reviewed and discussed the findings presented and related work performed by the external auditors. The AC was satisfied that these significant issues have been properly addressed and appropriately adopted and disclosed in the financial statements.

The AC is kept abreast by the Management of changes to accounting standards, the SGX-ST Listing Rules and other regulations which could have an impact to the Group's business and financial statements.

No former partner or Director of the Company's existing auditing firm or audit corporation is a member of the AC.

The AC, having reviewed the independence and objectivity of the external auditors, is satisfied with the independence and objectivity of the external auditors. The audit fee and non-audit fee for FY2019 paid to the external auditor, Messrs PricewaterhouseCoopers LLP ("PWC") were S$255,000 and nil respectively.

The AC is also satisfied that the external auditor, PWC, is able to meet the audit obligations of the Company and is pleased to recommend to the Board of Directors, the nomination of PWC for re-appointment at the forthcoming AGM.

The Group has appointed different auditors for its overseas subsidiaries and associated companies as well as Singapore incorporated associated companies. The Board and the AC are satisfied that the appointments would not compromise the standard and effectiveness of the audit of the Group.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712, 715 and 716 of the Listing Manual.

The AC has established a whistle blowing policy to provide persons employed by the Group with a confidential and independent channel to report any suspicions of fraud and non-compliance with regulations and Company policies, to the appropriate authority for resolution, without any prejudicial implications to these employees. The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any such suspicion is brought to its attention.

During the financial year, there was no material whistle-blowing report received by the AC regarding the abovementioned concerns.

In addition, the AC has established a fraud risk management policy to facilitate the development of controls aimed to prevent, detect and respond to fraud against the Group.

INTERNAL AUDIT
(Code of Corporate Governance Principle 13)

KPMG Services Pte Ltd has been appointed as the Company's internal auditor for the purposes of reviewing the effectiveness of the Company's material internal controls. KPMG Services Pte Ltd has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor reports directly and primarily to the Chairman of the AC with administrative reporting to the CEO. The appointment, removal, evaluation and compensation of the internal auditor is approved by the AC. The AC will ensure that the internal auditor is qualified and appropriate to undertake the tasks and have unfettered access to all the company's documents in carrying out its entrusted tasks.

The AC reviews annually the effectiveness of the internal auditors and internal audit function, the scope and results of internal audit procedures and ensures that the internal audit function is adequately resourced and effective.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES
(Code of Corporate Governance Principles 10, 14, 15 and 16)

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

In line with the Listing Manual of SGX-ST, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Executive Chairman, CEO and Chief Financial Officer ("CFO") have provided assurance to the Board on the integrity of the Group's financial statements respectively.

Further, the Company has procured undertakings in the format set out in Appendix 7.7 from all its Directors and executive officers pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

The Board reviews and approves the financial results as well as any announcements before its release. In presenting the annual financial statements and quarterly announcements to shareholders, the Board aims to provide to the shareholders with analysis and a balanced and understanding assessment of the Company's performance, position and prospects.

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

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

All shareholders of the Company will receive the Annual Report and the notice of the AGM. The notice is also advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at AGMs and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees. The Chairman of the Audit, Remuneration and Nominating Committees and all directors of the Company are required to attend the AGMs. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders. The Company ensures that there are separate resolutions at general meetings on each distinct issue.

Besides the AGM, the Company believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' view and addressing their concerns where possible. The Company has an investor relations team which attends to their queries or concerns. The investor relations team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and act as a liaison point for such entities and parties.

CORPORATE GOVERNANCE REPORT

The Company is committed to disclose as much relevant information as is possible to shareholders in a timely basis through SGXNet and other information channels, including a will-maintained and update corporate website – http://www.hiapseng.com in which contain various investor-related information on the Company which serves as an important resource for investors.

The Company does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders.

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

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

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

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

The Company will prepare the detailed Shareholders' Meeting minutes, which include comments and the questions received from shareholders, if available. The Company will be pleased to make these minutes available to shareholders upon their request.

When the opportunities arise, the Executive Chairman, CEO and Executive Directors will solicit and try to understand the views of the shareholders before and/or after General Meetings of the Company.

The Company has been conducting voting by poll. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made immediately after the AGM/EGM is concluded.

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

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

The Board has appointed KPMG Services Pte Ltd in FY2013 to perform an exercise to facilitate its review of the Company's existing risk management processes, including processes for identification and assessment of business risks and the appropriate measures taken to mitigate these risks. The Enterprise Risk Assessment has been completed and the results of the exercise has been brought to the attention of the AC and Directors.

The Management regularly reviews the Group's business and operational activities to identify areas of potential business risk as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control procedures and will highlight any significant potential matters to the AC and the Board.

The Board has received assurance from the CEO and the CFO at the Board Meeting held on 22 May 2019 that the Group's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Group in its current business environment including material financial operational, compliance and information technology risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

DEALINGS IN SECURITIES
(Listing Manual Rule 1207(19))

The Company has adopted an internal compliance code with respect to dealings in securities by Directors, and officers of the Group. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares on short-term considerations and during the periods commencing two weeks before the announcement of the Group's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Group's full-year financial statements or when they are in possession of unpublished price-sensitive information on the Group.

MATERIAL CONTRACTS
(Listing Manual Rule 1207(8))

Save for the service agreements between the executive Directors and the Company, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO or any Director or controlling shareholders subsisting at the end of the financial year ended 31 March 2019.

INTERESTED PERSON TRANSACTIONS
(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

There are no interested person transactions entered into during the financial year under review.

INFORMATION ON DIRECTORS

Tan Ah Lam, Frankie
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. However, he remains as Executive 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
Executive Director (Finance)

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. He is also a director of several other private companies in Singapore.

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. Mr Koh is also a director of Smartt Papers International Pte Ltd and Quadstone Energy Ltd.

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 of Singapore Indian Chambers of Commerce & Industry and 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. He is also currently the Vice President of the Law Society of Singapore

INFORMATION ON KEY EXECUTIVE OFFICERS

Tan Yew Kun
Director of Plant Maintenance

Mr Tan Yew Kun joined the Group in 1972. He is in charge of the Group's Plant Maintenance Department and the operations and management of Asia Process Industries Pte Ltd, a wholly-owned subsidiary of the Company. He has more than 35 years of experience in plant maintenance and construction for the petroleum and petrochemical industry.

Tan Yaw Song
Director of Projects

Mr Tan Yaw Song joined the Group in 1988. He oversees the Group's project operations and management. He has more than 25 years of working experience in plant maintenance and construction for the petroleum and petrochemical industry. He is currently also in charge of the operations of the Company's subsidiary, Hiap Seng Engineering (Thailand) Co., Ltd.

Tan Hak Jin
Chief Financial Officer

Mr Tan Hak Jin joined the Group in December 2004 as a Group Financial Controller and was promoted to Chief Financial Officer on 1 July 2009. He is responsible for the Group's reporting and accounting functions including corporate planning and investment analysis. Mr Tan graduated from Nanyang University in 1979 with a Bachelor of Commerce Degree in Accountancy and has over 30 years of working experience in accounting, financial and corporate matters. He is a member of the Institute of Singapore Chartered Accountants.

Lim Chin Boo Paul
General Manager

Mr Lim Chin Boo Paul joined the Group on 1 February 2010 as a General Manager and is responsible for the Group's business development and project services. Mr Lim graduated from National University of Singapore in 1985 with a Bachelor of Engineering (Mechanical) Degree and has more than 25 years of working experience in the utilities and energy industries in Singapore and other parts of Asia.

Tan Puay Chye Leon
Vice-President

Mr Tan Puay Chye Leon joined the Group in 2007. As a Vice-President of HS Compression & Process Pte Ltd, a subsidiary of the Company, he is in charge of the Group's gas compression and process business. Mr Tan graduated from the University of Birmingham in 2003 with a Bachelor Degree in Mechanical Engineering with 1st Class Honour followed by a Master Degree in Construction Management in 2004. He has about 10 years of working experience in the oil-and-gas industry.

STATISTICS OF SHAREHOLDINGS

As at 22 July 2019

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	178	4.04	4,073	0.00
100 - 1,000	145	3.29	96,311	0.03
1,001 - 10,000	2,104	47.80	12,136,051	4.00
10,001 - 1,000,000	1,949	44.28	118,420,995	38.99
1,000,001 AND ABOVE	26	0.59	173,092,570	56.98
TOTAL	**4,402**	**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	11,095,400	3.65
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	2,686,060	0.88
11	UOB KAY HIAN PRIVATE LIMITED	2,502,780	0.82
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,445,770	0.81
13	RAFFLES NOMINEES (PTE.) LIMITED	2,394,400	0.79
14	CITIBANK NOMINEES SINGAPORE PTE LTD	2,114,650	0.70
15	JOHN RITCHIE	1,990,000	0.66
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,734,890	0.57
17	TAYERS HOLDINGS PTE LTD	1,666,000	0.55
18	LEW WING KIT	1,562,400	0.51
19	WONG TOON SAN	1,448,700	0.48
20	YEOW HOE SEAH	1,390,500	0.46
	TOTAL	**166,011,130**	**54.66**

STATISTICS OF SHAREHOLDINGS

As at 22 July 2019

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders) as at 22 July 2019

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

Notes:

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

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

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

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

FREE FLOAT

As at 22 July 2019, 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hiap Seng Engineering Ltd (the "Company") will be held at Conference Room, 28 Tuas Crescent, Singapore 638719 on Friday, 30 August 2019 at 10.00 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Koh Kim Wah as a director retiring pursuant to Article 91 of the Company's Articles of Association.

   (See Explanatory Note 1) **(Resolution 2)**

3. To re-elect Mr M. Rajaram as a director retiring pursuant to Article 91 of the Company's Articles of Association.

   (See Explanatory Note 2) **(Resolution 3)**

4. To approve the payment of Directors' fees of S$195,000 for the financial year ended 31 March 2019 (2018: S$215,000). **(Resolution 4)**

5. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Special Business

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

7. Authority to allot and issue shares – Ordinary Resolution

That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(A) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 6)**

(See Explanatory Note 3)

By Order of the Board

Tan Hak Jin
Lee Pay Lee
Joint Company Secretaries

Singapore, 15 August 2019

Explanatory Note:

1. Mr Koh Kim Wah will, upon re-election as a director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. The detailed information of Koh Kim Wah can be found in page 102 of Corporate Governance Report and page 112 of Information of Directors of the Annual Report. There is no relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.

2. Mr M. Rajaram will, upon re-election as a director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. The detailed information of M. Rajaram can be found in page 102 of Corporate Governance Report and page 113 of Information of Directors of the Annual Report. There is no relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.

3. The Ordinary Resolution no. 6 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

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

2. 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.

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

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 28 Tuas Crescent, Singapore 638719 not less than forty-eight hours (48) before the time for holding the Annual General Meeting.

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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (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 DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr Koh Kim Wah and Mr M. Rajaram, all of whom are seeking re-appointment as Director at the forthcoming annual general meeting, is to be read in conjunction with their respective biographies on pages 112 to 113.

	MR KOH KIM WAH	**MR M. RAJARAM**
Date of Appointment	28 July 2005	28 July 2005
Date of last re-appointment	28 July 2016	28 July 2016
Age	76	67
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The re-election of Mr Koh Kim Wah as the Independent Non-Executive Director of the Company was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, past experiences and overall contribution since he was appointed as an Independent Non-Executive Director of the Company.	The re-election of Mr M. Rajaram as the Independent Non-Executive Director of the Company was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, past experiences and overall contribution since he was appointed as an Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.	Independent Non-Executive Director, Chairman of the Remuneration Committee, member of the Audit Committee and NC	Independent Non-Executive Director, Chairman of the NC, member of the Audit Committee and Remuneration Committee
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interests (including any competing business)	No	No
Working experience and occupation(s) during the past 10 years	Advisor at Smarttpapers International Pte. Ltd. and Quad Stone Energy Ltd	Partner at K&L Gates Straits Law LLC
Undertaking has been submitted to the listed issuer in the form of Appendix 7.7 under Rule 720(1)	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Yes Deemed Interest: 278,000	Yes Direct Interest: 300,000
Other Principal Commitments Including Directorships: Past (for the last 5 years)	Nil	Nil

	MR KOH KIM WAH	MR M. RAJARAM
Present	Directorships: 1) Smarttpapers International Pte. Ltd. 2) Quad Stone Energy Ltd	Directorship: 1) Global Palm Resources Holdings Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against 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	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	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	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR KOH KIM WAH	MR M. RAJARAM
(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	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	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	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	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	No

		MR KOH KIM WAH	MR M. RAJARAM
(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 (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing s uch entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (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	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	No

HIAP SENG ENGINEERING LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197100300Z)

Personal data privacy
By submitting an instrument appointing a proxy and/or representative, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 August 2019.

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote (s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING - PROXY FORM

I/We ____ (Name)

of ____ (Address)

being a member/members of HIAP SENG ENGINEERING LTD (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting of the Company (the "Meeting") to be held at Conference Room, 28 Tuas Crescent, Singapore 638719 on Friday, 30 August 2019 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any matter arising at the Meeting.

No.	Ordinary Resolutions Relating to:	No. of Votes For*	No. of Votes Against*
	Ordinary Business		
1.	Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' Statement and the Auditors' Report thereon.		
2.	Re-election of Mr Koh Kim Wah as a director.		
3.	Re-election of Mr M. Rajaram as a director.		
4.	Approval of Directors' fees amounting to S$195,000.		
5.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors.		
	Special Business		
6.	Authority to issue shares.		

If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

Dated this __________ day of ____________________ 2019

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

____

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

*Delete accordingly
IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

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

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **28 Tuas Crescent, Singapore 638719**, not less than 48 hours before the time set for the Meeting.

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

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

9. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

GENERAL:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company. It is the appointor's responsibility to ensure that this proxy form is properly completed in all respects. Any decision to reject this proxy form on the ground that it is incomplete, improperly completed or illegible will be final and binding and neither the Company nor Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility for the consequences of such a decision.

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

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