



HIAP TONG CORPORATION LTD

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Response to Questions Received from Shareholders on Hiap Tong's Annual Report for the Financial Year ended 31 March 2023

The Board of Directors of Hiap Tong Corporation Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide responses to substantial and relevant questions raised by its shareholders prior to the Company’s Fifteenth Annual General Meeting to be held at Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Level 1 Hall 3, Singapore 609607 on Thursday, 27 July 2023 at 3.00 p.m. as follows:

Q1. Describe Hiap Tong’s financial performance over the past few years. What strategies have you put in place to maintain or accelerate the growth trajectory?

Our financial performance in the past few years had been impacted by the COVID-19 pandemic. Construction activities slowed down dramatically due to the strict COVID-19 restrictions, higher material cost and bottleneck in manpower availability. Nevertheless, with the easing and lifting of the COVID-19 restrictions, the financial performance of the Group has been improving.

With the lifting of COVID-19 restrictions in financial year ended 31 March 2023 (“**FY2023**”), our main strategy is to ride the upturn in construction activities by expanding our lifting and haulage segment to include more crawler cranes. This enables us to provide our customer a comprehensive suite of lifting solutions for the increasing complex projects requirements.

Q2. There are research analysts who are optimistic of the building materials sector in Singapore as a result of reopening of the economy as well as the anticipated pipelines of projects from HDB, infrastructure, commercial, industrial and oil & gas sector. Do you think Hiap Tong will also be a beneficiary as well? Please provide some colours on the opportunities and challenges for the company.

We service the construction, offshore & marine as well as the oil & gas sector. With the uplift from the reopening of Singapore’s economy, management expects healthy demand for our lifting and haulage services in the short to medium term. However, we do caution that we operate in a highly competitive environment with strict regulations on many aspects such as safety and environment.

Q3. What notable developments can shareholders expect from Hiap Tong in the coming year(s)?

The Group will announce any notable developments via SGXNET. Please refer to our annual report or results announcement for FY2023 for significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months from FY2023.

Q4. What are the factors that are critical to Hiap Tong's success against competition? What differentiates Hiap Tong from competition?

Hiap Tong has strong working relationship with many well-established customers. We have been providing reliable services with the Group's extensive fleet of cranes of up to 1,200 tonnes. Such strong track records and services have differentiated Hiap Tong from the other competitors.

Q5. What is Hiap Tong's value proposition to its shareholders and potential investors? What do you think investors may have overlooked about Hiap Tong's business?

Hiap Tong aims to provide long term value to its investors through sustainable recurring earnings by providing top quality services, extensive lifting capabilities and value to our customers.

While the Group's earnings may fluctuate from time to time, we have grown shareholder's equity from S\$74.6 million to S\$93.6 million in the past 10 years.

Q6. Does Hiap Tong benefit from wider adoption of pre-fabricated construction modules in Singapore?

Generally, Hiap Tong will benefit from more infrastructure projects such as the construction of MRT and bus depots in Singapore where our mobile cranes and crawler cranes are required.

Q7. Did the S\$2M finance charge include interest on lease liabilities given that bank loans were only S\$9.7M? Will loans be pared down?

The S\$2 million finance charge included interest expense of about S\$1.6 million relating to bank loans and hire purchase lease liabilities which amount to S\$9.7 million and S\$44.1 million respectively. The balance of the finance charge of S\$0.4 million was interest expense relating to ROU lease liabilities mainly relating to the use of land.

The management has planned to pare down the bank loans of S\$9.7 million which consist of term loans and short-term loans.

Q8. Did the current ratio of 77% place a constraint on dividend payment?

Currently, the Group does not have a fixed dividend policy. The Board will take into consideration various factors such as the Group's performance and cashflow requirements in our assessment for any proposal for dividend payment.

Q9. Has the group been expanding its lifting fleet and haulage fleet given that \$32.8M and \$25.0M were spent on plants and machineries in FY2022 and FY2023 respectively? Did utilisation rates drop as Hiap Tong expanded?

The Group has increased its lifting and haulage fleet in FY2022 and FY2023 due to the resumption of business activities from the COVID-19 pandemic.

The utilisation rate of its cranes did not drop as Hiap Tong expanded its fleet due to healthy demand for FY2022 and FY2023.

Q10. Can you elaborate on the scope of jobs provided under the work train operation service?

The current scope of job under work train operation service is to provide manpower services to Land Transport Authority for the development of MRT projects.

By Order of the Board

Lim Guek Hong
Company Secretary
21 July 2023

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

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