

HIAP SENG INDUSTRIES LIMITED
(Company Registration No.: 202200187H)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS PRIOR TO THE ANNUAL GENERAL MEETING TO BE HELD AT CONFERENCE ROOM, 28 TUAS CRESCENT, SINGAPORE 638719 ON WEDNESDAY, 30 JULY 2025 AT 2.30 P.M.

The Board of Directors of Hiap Seng Industries Limited (the “**Company**” or together with its subsidiaries, the “**Group**”), refers to questions raised by shareholders prior to the Annual General Meeting scheduled to be held on 30 July 2025 at 2.30 p.m..

The Company’s response to the relevant and substantial questions submitted by shareholders before 2.30 p.m. on 23 July 2025 is set out below:

QUESTION 1

Hiap Seng Industries’ core profit rose commendably from \$1.9 million in FY2024 to \$4.1 million in FY25. In Hiap Seng’s ongoing core business of maintenance work for the oil & gas sector mainly, what is the current order book size and visibility for maintenance and shutdown projects over the next 12-24 months, and how does it compare to historical levels?

COMPANY’S RESPONSE

The Group currently holds a project order book of approximately SGD 5 million over the next 12 months. This figure excludes routine maintenance works, as their volume is variable and dependent on client-specific requirements. Operating in a highly competitive and challenging market environment, the Group maintains a cautious yet optimistic outlook, and continues to actively pursue additional projects that could further strengthen the forward order book beyond the 12-month horizon.

QUESTION 2(a)

Can you provide more details on the diversification strategy, including specific industries or assets under exploration, and timelines, and how these will leverage existing capabilities to reduce reliance on oil and gas?

COMPANY’S RESPONSE

The Group has not set a fixed timeline for its diversification strategy, nor has it confined its exploration to specific industries or asset classes. Instead, it maintains a flexible and opportunistic approach—evaluating any suitable and viable opportunities that align with its long-term growth objectives and leveraging on its core capabilities. This includes both organic expansion and inorganic avenues such as partnerships, acquisitions, or strategic investments.

QUESTION 2(b)

In particular, given the sizeable JTC land that Hiap Seng sits on, what is the utilisation rate of the land, and what alternative uses is Hiap Seng contemplating for under-utilised space that previously was allocated for EPC work?

COMPANY’S RESPONSE

While the Group did not specifically allocate space for EPC activities, it has actively repurposed its facilities to support ongoing business operations—particularly following the consolidation from three sites into one since the end of 2021. Facility utilization remained high throughout FY25, driven by a diverse range of activities including the execution of maintenance and service contracts, in-house logistics, and storage requirements.

Looking ahead, the Group will continue to strategically manage under-utilized space, balancing between reserving capacity for potential new projects and opportunistically subletting to third parties. Additionally, the Group actively explores opportunities to extract greater value from its land assets, such as through the ongoing construction of a workers' dormitory.

QUESTION 3

The FY25 annual report noted that the company has invested in the construction of a worker's dormitory within its Tuas premises, scheduled for completion in Q4 2025.

- a) what is the capex
- b) how many workers can it house
- c) is there scope to rent beds to third parties,
- d) how much cost savings (and revenue?) will the dormitory bring for Hiap Seng?

COMPANY'S RESPONSE

The ongoing construction of the ancillary dormitory is designed to accommodate up to 299 personnel, with a budget cap of SGD 3 million. While the development is expected to yield cost savings, the extent of these benefits depends on the renewal of temporary approval by the authorities for its continued use as a dormitory. As such, the Group refrains from making speculative projections. Nonetheless, the Group has assessed that the development remains beneficial, even in the short term.

QUESTION 4

What synergies have materialized or are expected from the new controlling shareholder, Vibrant Group, particularly in logistics or new business areas, and how might these impact revenue growth in the coming year?

COMPANY'S RESPONSE

As disclosed, the Group has identified minor opportunities with Vibrant Group, including the leasing of equipment and the provision of maintenance and storage services. The Group is also in preliminary discussions with Vibrant Group regarding the potential use of its facilities for operational purposes, should the opportunity or need arise.

In addition to direct transactions between the parties, Vibrant Group continues to support the Group's growth by facilitating introductions and connections within its network of contacts and partners, thereby fostering new business opportunities and collaborative initiatives.

QUESTION 5

With a strong net cash position of S\$23.7 million and near-zero borrowings, what is the capital allocation strategy, including potential for dividends, or investments?

COMPANY'S RESPONSE

The Group intends to adopt a prudent capital allocation strategy in light of ongoing market headwinds, potential opportunities for mergers and acquisitions, and anticipated working capital needs should sizable projects or expansion opportunities arise. Hiap Seng Engineering Limited, the Group's main operating entity, is currently undergoing a capital reduction exercise. This initiative is primarily aimed at neutralizing its accumulated losses, thereby enabling the Board of Directors to consider dividend distributions when deemed appropriate.

BY ORDER OF THE BOARD
Khua Kian Hua
Executive Director

25 July 2025