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, 31 JULY 2024 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 the questions raised by shareholders prior to the Annual General Meeting scheduled to be held on 31 July 2024 at 2.30 p.m..

The Company's response to the relevant and substantial questions submitted by shareholders before 24 July 2024 is set out below:

RESPONSE TO QUESTIONS RAISED BY SHAREHOLDERS

QUESTION 1

Can you give us an idea of the main maintenance activities for O&G clients that the "new"/restructured Hiap Seng does?

COMPANY'S RESPONSE
Hiap Seng's maintenance services includes routine daily maintenance, unplanned shutdown, revamp & debottlenecking works, tankage maintenance and rehabilitation and major turnaround maintenance activities for its clients.

QUESTION 2

What is the proportion of recurring/routine maintenance vs one-off maintenance (shutdowns/turnarounds)?
COMPANY'S RESPONSE
Proportion of maintenance revenues breakdown as below: -

	S$'000	
Recurring/routine maintenance	(19,424)	77.9%
One-off maintenance	(5,376)	21.6%
Others	(136)	0.5%
Total	**(24,936)**	**100%**

QUESTION 3

Is the higher volume of maintenance work in FY2023 attributable to existing long-term clients or new clients?

COMPANY'S RESPONSE
The higher volume of maintenance work in FY2024, as compared to FY2023, is mainly attributable to increased work volume with existing long-term clients of the Company.

QUESTION 4

What's Hiap Seng's orderbook currently?

COMPANY'S RESPONSE
Currently the Group does not have any material project order book (excluding maintenance contracts), largely due to challenges in securing projects due to the Group's financial status pre-restructuring. With healthy financials post-restructuring, the Group continues to seek for suitable project opportunities.

QUESTION 5

Post-restructuring, has Hiap Seng secured banking facilities for projects? If yes, has the company been able to secure larger projects? If no, can you explain the situation?

COMPANY'S RESPONSE
Based on current position, the Group intends to utilize its internal funds for working capital, especially in-lieu of the high interest rate environment. Nevertheless, the Group has also discussed with its principal bankers and other financial institutions regarding future requirements for banking facilities, and has received favourable feedback. At present, the Group has not secured any larger projects mainly due to the softening demand in the industry.

QUESTION 6

What steps towards business synergy with Vibrant Group has Hiap Seng undertaken or will soon undertake?

COMPANY'S RESPONSE
Hiap Seng will tap on Vibrant Group's knowledge and expertise in logistics solutions to explore possibilities in enhancing returns from its industrial land asset, amongst other potential synergies.

QUESTION 7

How many foreign workers are on your payroll as of end-FY24? How has the no. changed from the year before and what's the expected no. this year?

COMPANY'S RESPONSE
The Group employed approximately 250-300 foreign workers as of end FY24. This is a decrease from the year before, and expects the figure to remain fairly consistent for the upcoming year. The Group will continue to exercise prudence in its employment strategy, and consider other alternatives including subcontracting in fulfilling short term work volume variances.

BY ORDER OF THE BOARD
Khua Kian Hua
Executive Director

26 July 2024